

# Project Administration Manual

Project Number: 51126-002  
Loan Number: xxxx

October 2019

Islamic Republic of Pakistan: Sindh Secondary  
Education Improvement Project

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
AGP	–	Auditor General of Pakistan
BISE	–	Board of Intermediate and Secondary Education
EARF	–	environmental assessment review framework
EMO	–	education management organizations
EMP	–	environmental management plan
FMA	–	financial management assessment
FMIS	–	financial management information system
GAP	–	gender action plan
GER	–	gross enrolment ratio
IEE	–	initial environmental examination
NER	–	net enrolment rates
PIU	–	project implementation unit
PPP	–	public-private partnership
RFP	–	request for proposals
SDDR	–	social due diligence report
SEF	–	Sindh Education Foundation
SELD	–	School Education and Literacy Department
SESP	–	Sindh Education Sector Plan
SOE	–	statement of expenditures

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### **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with the policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The School Education and Literacy Department (SELD) is wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by SELD and project implementation unit (PIU) of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the loan agreement. Such agreement shall be reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the PAM and the loan agreement, the provisions of the loan agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the PAM.



## I. PROJECT DESCRIPTION

1. **Economic context.** From fiscal year (FY) 2013 to FY2016, the Sindh economy grew by an average of more than 4.0% and this rate accelerated to 5.3% in FY2017. The province benefits from a strategic location, a young and growing workforce, a wealth of resources, and an expanding services sector. These strengths, coupled with Karachi's position as the financial center of Pakistan, provide the potential for Sindh to transform itself into a key driver of economic growth in the country. Despite these advantages, Sindh has yet to translate this potential into economic and social development.<sup>1</sup> While a range of economic and institutional reforms is required to increase Sindh's economic and social potential and generate inclusive growth, education reforms are critically important if the province's education sector is to play its role in developing workers with 21st century skills.

2. **Education sector context.** The 18th Constitutional Amendment of 2010 devolved responsibility for 17 sectors, including education, to provincial governments. The reform ushered in a new education policy framework for provincial governments, including a requirement for the state to provide free and compulsory quality education to children aged 5–16 years, and responsibility for policy areas that were previously shared with the federal government, including education standards, curriculum, and policy and planning. The School Education and Literacy Department (SELD), which oversees school education in Sindh, has since introduced important policy reforms, including merit-based recruitment of teachers, standardized assessment of learning levels, and the expansion of public–private partnerships (PPPs).<sup>2</sup>

3. The SELD has also developed the Sindh Education Sector Plan (SESP), 2014–2018, which sets out strategies to improve the performance of the province's education sector, including expanding educational access in underserved areas, recruiting qualified teachers, improving the public examination system, and developing better school infrastructure.<sup>3</sup> The Government of Sindh (GOS) is preparing a follow-up SESP, 2019–2023. The GOS increased education spending by 39% between FY2015 and FY2018. This helped to lift the share of education in the GOS budget to 20%, or about 1.5% of provincial gross domestic product.

4. **Education sector challenges.** Despite these positive reforms, the education sector in Sindh continues to face significant challenges in terms of access to, and the quality of, education. The continuing poor performance of the province's education system led the GOS to declare an education emergency in 2016. Of the 22.8 million out-of-school children in Pakistan, 28% are in Sindh.<sup>4</sup> Sindh has the second-lowest gross enrollment ratios (GERs) and net enrollment rates (NERs) at all education levels, after Balochistan, among the four provinces, despite growing absolute enrollments.<sup>5</sup> Progress in lifting enrollments has been uneven. From school year (SY) 2008/09 to SY2014/15, the GER in Sindh fell from 59% to 55% at the middle school level and rose from 47% to 51% at the high school level. NERs are lower than GERs because of the large

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<sup>1</sup> World Bank. 2017. *Sindh: Public Expenditure Review*. Washington, DC.

<sup>2</sup> School Sector Governance in Sindh (accessible from the list of linked documents in Appendix 2).

<sup>3</sup> Government of Sindh, School Education and Literacy Department (SELD). 2014. *Sindh Education Sector Plan 2014–2018*.

<sup>4</sup> Government of Pakistan, Ministry of Federal Education and Professional Training. 2017. *Pakistan Education Statistics 2016/17*. Islamabad.

<sup>5</sup> The gross enrollment ratio measures all students who, whatever their age, are enrolled at a given level of education (e.g., secondary) divided by the number of children of the appropriate age for that level of education. The net enrollment ratio measures all students of the appropriate age for that level of education (e.g., secondary) divided by the number of children of the appropriate age for that level of education.

number of overage students in schools. This is due to low enrollments at the primary level and high dropout rates, especially after grade 5, when 31% of public school students drop out.<sup>6</sup>

5. Sector challenges are particularly acute at the secondary education level. The lack of secondary schools is a major constraint to increasing enrollments in Sindh, especially in rural areas, where there are fewer affordable private educational alternatives. Only about 10% of public schools in the province are secondary schools. In rural areas, this figure drops to just 7%. The lack of secondary schools can have a significant impact on girls' enrollments because parents may not allow girls to attend distant schools. Poor learning environments also discourage continued enrollment. This is of concern given that, in SY2016/17, only 33% of public schools in Sindh had buildings rated *satisfactory*, while 55% lacked electricity, and 40% lacked basic facilities such as boundary walls, drinking water, and toilets. While the provision of basic facilities is better in secondary schools, these schools lack advanced facilities, such as laboratories. For example, in SY2016/17, only 15% of the province's secondary schools had a physics laboratory.<sup>7</sup>

6. Access challenges in Sindh are exacerbated by significant disparities in access and learning across gender, socioeconomic groups, and districts. In SY2014/15, the NER for boys aged 14–15 years was 9 percentage points higher than for girls (29% versus 20%) and the gap in the literacy rate for males and females aged 10 and older was 21 percentage points (70% versus 49%).<sup>8</sup> Disparities also exist across districts in Sindh. Education indicators, such as primary school transition rates and literacy rates, in project districts such as Thatta, Badin, Matiari, Sujawal, Tharparkar, and Sanghar are below—and in some cases well below—the provincial average (footnote 7). Low incomes and the opportunity cost of girls' time may limit education access, even though the GOS operates a stipend scheme for girls, and schools run by some education management organizations (EMOs) provide transportation for girls.

7. Quality is also a significant challenge in the Sindh education sector. Learning levels are very low at the secondary level. The mean score in the province's grade 8 standardized achievement test in SY2016/17 was 30.3%, up from 27.8% in 2015/16. In SY2016/17, the mean subject scores were 40% for language, 21% for mathematics, and 26% for science.<sup>9</sup> Data for 2017 show that grade 10 students in Sindh performed poorly (in absolute terms and compared to the national average) on assessments designed to test their competency in mathematics and languages: 13.8% of them could not recognize numbers, 14% could not read the alphabet in English, and 13.8% could not read the alphabet in Urdu or Sindhi.<sup>10</sup>

8. The poor performance of the Sindh school sector is driven in part by weaknesses in the teacher workforce. Uneven deployment of teachers; lack of trained teachers, especially subject specialists; lack of female teachers in remote areas; and poor teacher motivation and accountability are major challenges. Of the 151,000 public school teachers in Sindh in SY2016/17, fewer than 30% were female, only 20% were at the secondary level, and fewer than 1% were subject specialists. Previous hiring policies have resulted in a large pool of unqualified teachers in public schools—about 20% of teachers have a higher secondary education qualification or less (footnote 7). Pre- and in-service teacher training requires substantial improvement. Teacher quality is adversely affected by an accountability framework that provides few incentives for teachers to perform. The poor quality of schools not only hinders learning, but also lowers enrollments as parents see little value in sending children to school.

<sup>6</sup> Asian Development Bank (ADB). 2019. *School Education in Pakistan: A Sector Assessment*. Manila.

<sup>7</sup> Government of Sindh, SELD. 2018. *Better Data, Better Governance: Sindh Education Profile (2016/17)*. Karachi.

<sup>8</sup> Pakistan Bureau of Statistics. 2016. *Pakistan Living Standards and Measurement Survey 2014/15*. Islamabad.

<sup>9</sup> Government of Sindh, SELD. Standardized achievement test (SAT) V. 2016/17 and SELD SAT IV. 2015/16.

<sup>10</sup> ASER (Annual Status of Education Report) Pakistan. 2017. *Annual Status of Education Report 2016*. Islamabad.



9. Weaknesses in teacher training, quality, management, and accountability are exacerbated by an outdated secondary education examination system, particularly for grades 9–12 where board examinations are mandatory for all students. Weaknesses in the current examination system are well documented. They include (i) an emphasis on lower-order learning that focuses on rote memorization rather than critical thinking; (ii) poor test preparation, including frequent repetition of examination items across years and uneven coverage of the curriculum; (iii) weak capacity of examination writers and markers, which is exacerbated by the lack of university training programs in these subject areas; and (iv) rampant malpractice and corruption in the administration of board examinations.<sup>11</sup>

10. While additional spending can help improve the performance of the education system, this alone will not be enough, given that a significant proportion of allocated public funds—and particularly the development budget—goes unspent due to bottlenecks and capacity limitations that hinder effective and timely fund flows and spending on key inputs. To improve education sector performance, the GOS has made greater use of PPPs by expanding and refocusing the Sindh Education Foundation (SEF), which subsidizes students to attend low-fee private schools; and by introducing the EMO program, under which the government contracts private partners to operate public schools. Private providers, including nongovernment organizations, will play a significant role in the project given their role in managing schools under the EMO program.

11. **Strategic fit.** There is considerable complementarity between the project and the SESP, 2014–2018 (and the follow-up SESP, 2019–2023), including in expanding educational access in underserved areas, recruiting qualified teachers, improving the public examination system, and developing better school infrastructure (footnote 4). The European Union, the United States Agency for International Development, and the World Bank have been key development partners supporting education in Sindh. The project supports three of the key operational priority areas in ADB's Strategy 2030: addressing remaining poverty and reducing inequalities, accelerating progress in gender equality, and strengthening governance and institutional capacity.

12. **Value added by ADB assistance.** The project adds value by focusing on secondary education, which faces significant access and quality challenges and yet receives less development partner assistance. The project will also support key initiatives such as the expansion of the EMO program, strengthening of subject specialists in five key subjects, and improvements to the examination system. The development of a teacher training and mentoring program may provide a model for future teacher training, with more sustainable impacts. ADB's entry into secondary education may catalyze other development partners to increase their focus on post-primary education in Sindh.

13. **Lessons learned.** The project heeds the lessons of ADB's education sector experience, including the importance of strong policy commitment and ownership, as reflected in the GOS's SESP, 2014–2018. The small size and limited focus of the project recognize the need for realistic project objectives and time frames. The use of a dedicated independent project implementation unit (PIU) with strong capacity reflects the importance of effective implementation. The use of private school managers recognizes the need for effective school operation and construction. Independent verification of EMO key performance indicators and independent supervision of construction reflect the need for effective monitoring and evaluation of project outcomes.

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<sup>11</sup> Government of Pakistan. 2009. *National Education Policy 2009*. Islamabad.

## A. Impact and Outcome

14. The project is aligned with the following impact: Inclusive and equitable quality education for all ensured (Sustainable Development Goal 4).<sup>12</sup> The project will have the following outcome: Inclusiveness of secondary education system in Sindh increased.<sup>13</sup>

## B. Outputs

15. The project has three outputs: (i) new secondary school blocks constructed, and operated under EMO program, (ii) teaching capacity in five key subjects improved, and (iii) secondary education examination system strengthened.

16. **Output 1: New secondary school blocks constructed, and operated under EMO program.** The project will finance the construction of about 160 new secondary school blocks within existing SELD school compounds, largely in 10 districts in southern Sindh.<sup>14</sup> The districts were chosen based on their socioeconomic and education indicators.<sup>15</sup> More districts may be added depending on the capacity of the initial 10 to absorb new secondary school blocks. School sites will (i) be identified from the SELD's list of 4,560 priority schools; (ii) emphasize schools that enroll girls; and (iii) be selected based on social and technical assessments, including the presence of enough demand for secondary education in the area. School blocks will incorporate gender-responsive features and will be outfitted with solar power.<sup>16</sup> An independent construction supervision firm will monitor civil works.

17. Private partners will operate secondary school blocks under the SELD's EMO program, which was developed in 2015. Under the program, SELD selects private EMO operators through a competitive process. EMO operators are responsible for all aspects of school management and are paid based on performance. EMO-operated schools do not charge tuition fees. The GOS finances contracts with EMOs. The SELD may improve the EMO program, based on implementation experience.<sup>17</sup> The SELD may also update the education PPP framework, including by revising the governance of PPPs, strengthening the SELD PPP node, and streamlining EMO contracting.

18. **Output 2: Teaching capacity in five key subjects improved.** This output will support the introduction of a teacher training and mentoring program aimed at improving the teaching of English, mathematics, biology, chemistry, and physics in selected SELD and SEF secondary schools. The project will (i) assess teacher availability and training requirements, (ii) develop teacher training modules, (iii) provide classroom training and in-class mentoring by subject specialist master trainers to about 2,630 teachers using information and communication technology, and (iv) provide laboratory equipment to some existing secondary schools. The SELD and the SEF will contract private providers to train and mentor teachers. The program will also build the capacity of selected Sindh teacher training institutes and the Sindh Provincial Institute of Teacher Education. It will incorporate gender-sensitive strategies such as the use of gender-bias-free lesson materials and gender-neutral language and classroom management techniques.

<sup>12</sup> Government of Sindh. 2017. *Strategy Document, Sustainable Development Goal 4*. Karachi (draft).

<sup>13</sup> The design and monitoring framework is in Appendix 1.

<sup>14</sup> The districts are Badin, Matiari, Mirpur Khas, Sanghar, Sujawal, Tando Allah Yar, Tando M. Khan, Tharparkar, Thatta, and Umer Kot.

<sup>15</sup> These include multidimensional poverty index scores, Alif Ailaan district education rankings, female literacy rates, enrollment ratios, and teacher availability.

<sup>16</sup> The design and monitoring framework (Appendix 1) includes a list of gender-responsive features.

<sup>17</sup> Education Management Organizations Program (accessible from the list of linked documents in Appendix 2).

19. **Output 3: Secondary education examination system strengthened.** This output will support the development of a uniform examination syllabus and specifications for grades 9–12 for the Sindh boards of intermediate and secondary education (BISE). It will also support the redesign of the content of these examinations to increase their emphasis on critical thinking. Finally, the project will support the provision of optical mark recognition systems to improve the transparency, accuracy, and efficiency of examination grading. This assistance will be provided to all BISE in Sindh and will include the provision of hardware and software, and the development of the capacity of BISE examination assessors. About 400 BISE assessors will benefit from capacity development in item writing and exam development, while 85 BISE staff will benefit from training in optical mark recognition operation, data analysis and research.

## II. IMPLEMENTATION PLANS

### C. Project Readiness Activities

**Table 1: Project Readiness Activities**

Indicative Activity	2019						2020		Responsibility
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
Advance Actions									SELD/TRTA/ADB
Retroactive Financing									SELD/ADB
Board Approval									ADB
Loan Signing									ADB/SELD
Government Legal Opinion									DOJ/SELD
Government budget inclusion									FD
Loan Effectiveness									ADB

ADB = Asian Development Bank, DOJ = Department of Justice (Sindh), FD = Finance Department (Sindh), SELD = School Education and Literacy Department (Sindh), TRTA = transaction technical assistance.

Source: Asian Development Bank.

**Table 2: Advance Actions**

No.	Proposed Advance Actions	Timeline (Estimated Dates)	Responsible Parties
<b>Recruitment of Consultants</b>			
1	<b>Teacher training and assessment consultants (QCBS) - Firm</b> <ul style="list-style-type: none"> <li>Development of draft TORs for the loan consultants</li> <li>Prepare RFP</li> <li>Place advertisement for EOI on CMS</li> <li>Evaluate submitted EOIs</li> <li>Invite shortlisted firms to submit technical and financial proposals</li> <li>Submission of proposals</li> <li>Evaluation of proposals</li> <li>Selection of consulting firm</li> </ul>	Oct 2018  Nov 2018 Oct 2019 Nov 2019 Nov 2019  Jan 2019 Feb 2019 Feb 2019	TRTA consultants/SELD/Start-up national consultant

No.	Proposed Advance Actions	Timeline (Estimated Dates)	Responsible Parties
	<ul style="list-style-type: none"> <li>Contract negotiation and contract award</li> <li>Commencement of services</li> </ul>	Mar 2020 Apr 2020	
2	<b>Design and Supervision (QCBS) - Firm</b> <ul style="list-style-type: none"> <li>Development of draft TORs for the loan consultants</li> <li>Prepare RFP</li> <li>Place advertisement for EOI on CMS</li> <li>Evaluate submitted EOIs</li> <li>Invite shortlisted firms to submit technical and financial proposals</li> <li>Submission of proposals</li> <li>Evaluation of proposals</li> <li>Selection of consulting firm</li> <li>Contract negotiation and contract award</li> <li>Commencement of services</li> </ul>	Oct 2018 Nov 2018 Oct 2019 Nov 2019 Nov 2019 Jan 2019 Feb 2019 Feb 2019 Mar 2020 Apr 2020	TRTA consultants/SELD/Start-up national consultant Retroactive Financing
<b>Establishment of Project Implementation Unit</b>			
3	<b>Recruitment of PIU staff key positions</b> <ul style="list-style-type: none"> <li>Advertise for EOIs</li> <li>Selection and contract award</li> </ul>	Oct 2019 Dec 2019	SELD/Start up consultant Retroactive financing
4	<b>Procurement of PIU office equipment, vehicle, furniture</b> <ul style="list-style-type: none"> <li>Issuance of RFQs</li> <li>Selection and contract award</li> </ul>	Nov 2019 Dec 2019/Jan 2020	SELD/Start up consultant Retroactive financing

CMS = consultant management system, EOI = expression of interest, PIU = project implementation unit, QCBS = quality- and cost-based selection, RFP = request for payment, SELD = School Education and Literacy Department, RFQ = Request for quotation, TOR = terms of reference, TRTA = transaction technical assistance.

Source: Asian Development Bank.





Output / Activity	2018				2019				2020				2021				2022				2023				2024				2025			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
5. Recruit detailed architectural design and construction supervision firm, by Q1 2020.																																
6. Advertise all 10 civil works packages for the construction (along with installation of solar panels) of about 160 new secondary school blocks, by Q3 2020																																
7. Advertise equipment for existing schools by Q1 2021 and equipment and furniture for about 160 new schools by Q4 2021																																
8. Advertise OMRs Q1 2021																																
9. Prepare and submit quarterly reports to ADB and SELD																																
10. Prepare and submit project completion report by October 2025 to ADB																																

ADB = Asian Development Bank, BISE = Board of Intermediate and Secondary Education, EA = executing agency, EMO = education management organization, PIU = project implementation unit.

Source: Asian Development Bank estimates.

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations: Roles and Responsibilities

**Table 4: Roles and Responsibilities**

Project Implementation Organizations	Management Roles and Responsibilities
<b>Project Steering Committee</b> <ul style="list-style-type: none"> <li>PSC</li> </ul>	<p>A PSC will be established to guide the EA and monitor overall project performance and outcome. The PSC will be chaired by the Chairman, Planning and Development Board, and will be composed of the Secretaries of SELD, Planning and Development, Finance, and Universities and Boards; the PIU Director; and others to be identified by the Government of Sindh.</p> <p>The PSC will be responsible for:</p> <ul style="list-style-type: none"> <li>Providing guidance on policy development and overall project implementation;</li> <li>Providing guidance in identification of investment activities based on prioritized targets;</li> <li>Ensuring coordination with relevant government agencies and stakeholders; and</li> <li>Monitoring the project achievement of outcomes.</li> </ul>
<b>Executing Agency</b> <ul style="list-style-type: none"> <li>SELD</li> </ul>	<p>SELD is the executing agency for the project and responsible for overall management and coordination of the project including:</p> <ul style="list-style-type: none"> <li>Designating the PIU Director and Drawing and Disbursement Officer;</li> <li>Setting up the PIU;</li> <li>Oversight supervision and monitoring of all project activities;</li> <li>Coordination and liaison with ADB and other stakeholders;</li> <li>Mobilize the PIU staff to support project implementation; and</li> <li>Provide guidance to PIU as required</li> </ul>
<b>Implementing Agency</b> <ul style="list-style-type: none"> <li>PIU</li> </ul>	<p>A dedicated independent PIU unit will be established. The EA will designate the PIU Director and Drawing Disbursement Officer. PIU staff will be selected and financed as individual consultants.</p> <ul style="list-style-type: none"> <li>Financial management;</li> <li>Monitoring and evaluation;</li> <li>Procurement and civil works engineer;</li> <li>Teacher training and examinations reform</li> <li>Community mobilization</li> <li>Safeguards and gender; and</li> <li>Administration.</li> </ul> <p>The PIU will be responsible for day to day implementation of the project including:</p> <ul style="list-style-type: none"> <li>Preparation of master plan, detailed annual project and program implementation plans, annual disbursement and procurement plans, annual financial and accounting plans and schedules;</li> <li>Procurement of goods and services for all project components;</li> <li>Recruitment of consulting services</li> </ul>



Project Implementation Organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> <li>• Establishment and management of the advance finance account;</li> <li>• Preparation of withdrawal applications and replenishment of the advance finance account;</li> <li>• Coordination and liaison with ADB, other relevant government agencies and implementation partners and stakeholders;</li> <li>• Establishment and implementation of the PPMS and monitoring, evaluation and reporting on program implementation progress;</li> <li>• Preparation of quarterly and annual progress reports, mid-term report and program completion report;</li> <li>• Preparation of annual forecast of contract awards and disbursements;</li> <li>• Organization and management of training programs, including workshops; and</li> <li>• Insurance that the project is implemented in conformity with relevant ADB and government procedures and regulations, and good governance.</li> </ul> <p>SEF and the BISE will be implementation partners and help implement relevant project activities under the PIU and with support from the loan consultants. SEF and the Universities and Boards Department will nominate focal persons for project implementation.</p>
Sindh Finance Department	In collaboration with the Federal Treasury, the Sindh Finance Department is responsible for approval of the applications of funds, management of record revenues and expenditures for the project accounts.
ADB	<p>ADB will be responsible for:</p> <ul style="list-style-type: none"> <li>• Provision of a concessional OCR loan for the project loan;</li> <li>• Overseeing implementation of the project;</li> <li>• Ensuring compliance with loan agreement and the project administration manual;</li> <li>• Monitoring implementation arrangements, disbursement, procurement, consultant selection, and reporting;</li> <li>• Reviewing compliance with loan covenants;</li> <li>• Ensuring effectiveness of the project to achieve its expected outputs and outcomes, safeguards, and anti-corruption measures;</li> <li>• Approving procurement activities and withdrawal applications;</li> <li>• disburse funds for allowable expenditures;</li> <li>• Analyzing the outcome of the capacity building and training programs;</li> <li>• Monitoring conformity with ADB anti-corruption policies;</li> <li>• Undertaking an inception mission and periodic review missions; and</li> <li>• Undertaking a joint midterm review mission and a program completion mission.</li> </ul>

ADB = Asian Development Bank, BISE = Board of Intermediate and Secondary Education, EA = executing agency, PIU = project implementation unit, PPMS = project performance management system, PSC = Project Steering Committee, SEF = Sindh Education Foundation; SELD = School Education and Literacy Department.

Source: Transaction Technical Assistance.

**B. Key Persons Involved in Implementation****Executing Agency**

The School Education and  
Literacy Department (SELD)

Officer's Name  
Position  
Telephone  
Email address  
Office Address

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2nd Floor, Tughlaq House, Old  
Secretariat Building, Karachi

**Asian Development Bank**

Social Sector Division

Staff Name  
Position  
Telephone No.  
Email address

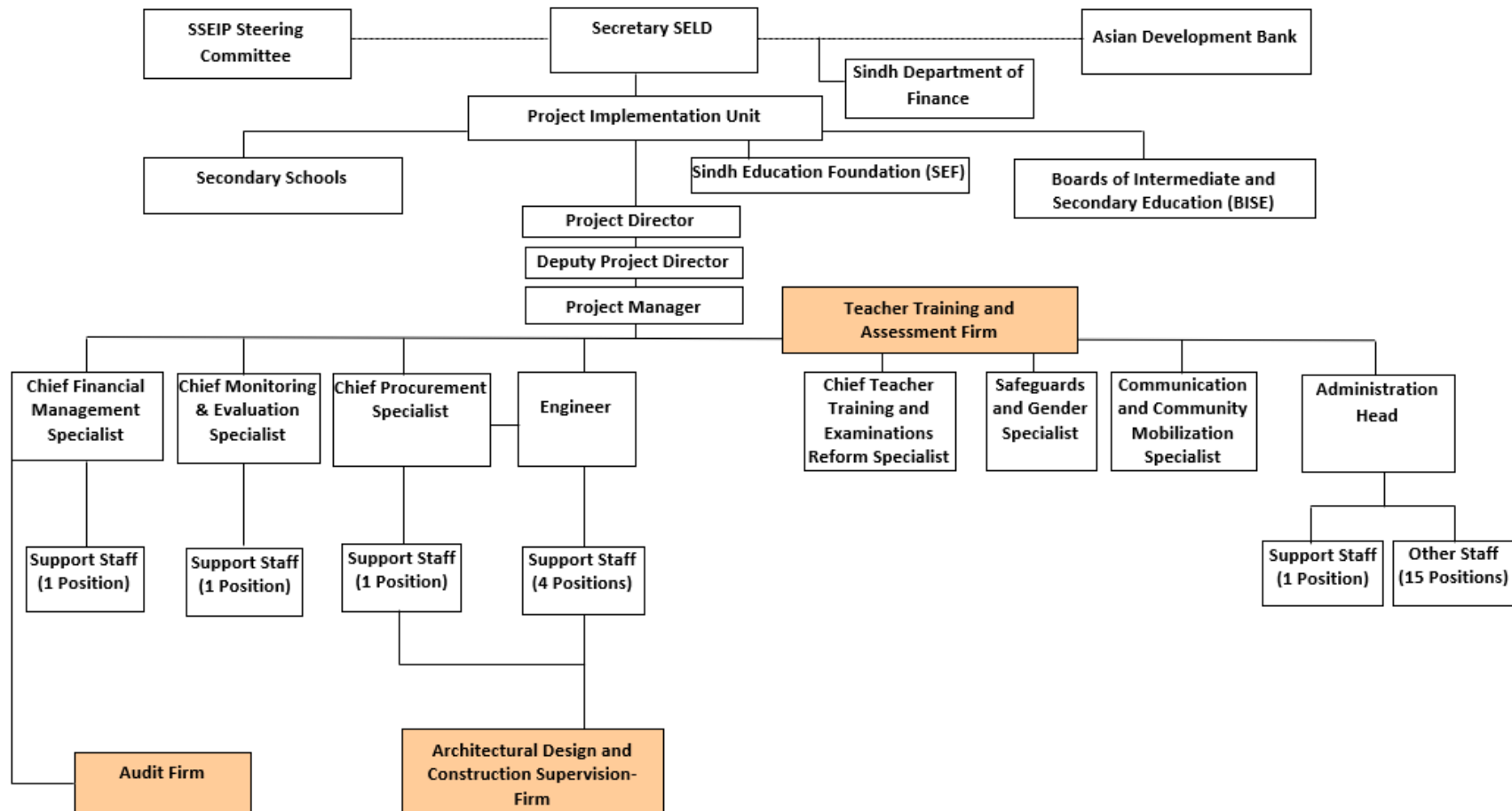
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Mission Leader

Staff Name  
Position  
Telephone No.  
Email address

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### C. Project Organization Structure



**Note:**

Project Implementation Unit staff will be funded out of the SSEIP Loan as part of Project Management  
 All support staff are to be financed by the Government of Sindh as contribution to the project  
 Executing Agency will be SELDP  
 Implementing Agency will be PIU

## IV. COSTS AND FINANCING

### A. Cost Estimates Preparation and Revisions

20. The SSEIP is estimated to cost \$82.5 million, of which the ADB will finance \$75 million from ordinary capital resources (concessional). The Government will contribute in-kind assistance of \$7.5 million, including office accommodation, counterpart staff, building and equipment maintenance. The Project investment plan is set out in Table 1 below:

**Table 5: Project Investment Plan**

Item	Amount (\$)
<b>A. Base Cost</b>	
1. Access to quality secondary education in ten districts expanded	58.63
2. Teaching capacity in five key subjects improved	9.99
3. Secondary education examination system strengthened	2.18
<b>Subtotal (A)</b>	<b>70.80</b>
<b>B. Contingencies</b>	<b>7.65</b>
<b>C. Financial Charges During Implementation</b>	<b>4.05</b>
<b>Total (A+B+C)</b>	<b>82.50</b>

Note:

1. Includes taxes and duties of \$9.37 million of which \$8.77 million will be financed by ADB and \$0.60 million will be financed by the government.
  2. In 2019 prices as at January 2019.
  3. Government counterpart funding can be in cash or in-kind.
  4. Concessional OCR loan terms include: (i) 25-year maturity period, including a 5-year grace period; (ii) interest rate of 2% per annum during the 5-year grace period; (iii) interest rate of 2% during the amortization period; (iv) equal amortization for 20 years; and (v) no commitment fee.
- Source: Asian Development Bank.

21. Climate mitigation is expected to cost \$0.35 million. ADB will finance 100% of that amount.<sup>18</sup>

22. Cost estimates were prepared by the consultants under a transaction technical assistance (TRTA) and reviewed by ADB staff and the executing agency. Cost estimates will be reviewed prior to sending invitations to bid to confirm that they remain valid and revised as required.

### B. Key Assumptions

23. The following key assumptions underpin the cost estimates and financing plan:

- (i) Exchange rate: PKR139.80 = \$1.00
- (ii) Price contingencies are calculated based on escalation rates for domestic and international costs estimated for Pakistan. Annual escalation rate for international costs is estimated at 1.5% for each year from 2020–2026 and annual escalation rate for domestic costs is estimated at 5.0% for each year from 2020–2026.

**Table 6: Escalation Rates**

Item	2020	2021	2022	2023	2024	2025	2026
<b>Foreign rate of price inflation</b>	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

<sup>18</sup> School blocks will be equipped with solar panels, rather than use grid electricity. The annual CO<sub>2</sub> reduction is estimated at 870 tons per year.

**Domestic rate of price inflation** 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0%

Source: Asian Development Bank.

**C. Detailed Cost Estimates by Expenditure Category**

**Table 7: Detailed Cost Estimates by Expenditure Category**

Item	Foreign Exchange	Local Currency	Total Cost	% of Total Base cost
<b>A. Investment Costs</b>				
1 Civil work	-	43.61	43.61	61.6%
2 Safeguards Mitigation Measures	-	0.38	0.38	0.5%
3 Furniture	-	4.85	4.85	6.8%
4 Equipment				
4.1 Equipment by ADB	5.48	1.37	6.85	9.7%
4.2 Equipment by Counterpart fund	1.92	0.48	2.40	3.4%
5 Vehicle				
5.1 Vehicle by ADB	0.12	-	0.12	0.2%
5.2 Vehicle by Counterpart	-	0.04	0.04	0.1%
6 Training	-	5.13	5.13	7.3%
7 Workshop and Survey	-	0.05	0.05	0.1%
8 Consulting Services	0.08	-	2.02	2.9%
<b>Subtotal (A)</b>	<b>7.60</b>	<b>55.92</b>	<b>65.46</b>	<b>92.5%</b>
<b>B. Recurrent Costs</b>				
9 Project Management	1.75	3.60	5.34	7.5%
9.1 PIU staff	1.75	-	1.75	2.5%
9.2 PIU supporting staff	-	1.93	1.93	2.7%
9.3 PIU operation	-	1.66	1.66	2.3%
<b>Subtotal (B)</b>	<b>1.75</b>	<b>3.60</b>	<b>5.34</b>	<b>7.5%</b>
<b>C. Total Base Cost (A+B)</b>	<b>9.35</b>	<b>59.51</b>	<b>70.80</b>	<b>100.0%</b>
<b>D. Contingencies</b>				
1 Physical	0.22	1.40	1.66	2.3%
2 Price	0.79	5.03	5.98	8.4%
<b>Subtotal (D)</b>	<b>1.01</b>	<b>6.42</b>	<b>7.64</b>	<b>10.8%</b>
<b>E. Financial Charges During Implementation</b>	<b>4.05</b>	<b>-</b>	<b>4.05</b>	<b>5.7%</b>
<b>Total Project Cost (C+D+E)</b>	<b>14.41</b>	<b>65.94</b>	<b>82.50</b>	<b>116.5%</b>

Note: Numbers may not sum precisely due to rounding.

Source: Asian Development Bank.

**D. Allocation and Withdrawal of Loan Proceeds****Table 8: Allocation and Withdrawal of Funds**

(\$ million)

Item		Total amount allocated for ADB Financing (\$)	Basis for withdrawal from the Loan Account	
1	Works*, Goods and Services (including PIU recurrent costs)	64,081,349	100%	of total expenditure claimed of amounts due
2	Interest charge	4,053,798		
3	Unallocated	6,864,853		
Total		75,000,000		

\* Subject to the condition for withdrawal described in paragraph 7 of Schedule 3.

## E. Detailed Cost Estimates by Financier

Table 9: Project Cost Estimates by Financier

Item	ADB		Govt.		Total cost	
	Amount (\$ million)	% of Cost Category	Amount (\$ million)	% of Cost Category	Amount (\$ million)	Taxes and duties
<b>A. Investment Costs</b>						
1 Civil work	43.61	100%	-	0%	43.61	6.16
2 Safeguards Mitigation Measures	0.38	100%	-	0%	0.38	0.04
3 Furniture	4.85	100%	-	0%	4.85	0.70
4 Equipment						
4.1 Equipment by ADB	6.85	100%	-	0%	6.85	1.00
4.2 Equipment by Counterpart fund	-	0%	2.40	100%	2.40	0.35
5 Vehicle						
5.1 Vehicle by ADB	0.12	100%	-	0%	0.12	0.02
5.2 Vehicle by Counterpart	-	0%	0.04	100%	0.04	0.01
6 Training	4.45	87%	0.68	13%	5.13	0.57
7 Workshop and Survey	0.05	100%	-	0%	0.05	0.01
8 Consulting Services	2.02	100%	-	0%	2.02	0.18
<b>Subtotal (A)</b>	<b>62.34</b>	<b>95%</b>	<b>3.13</b>	<b>5%</b>	<b>65.46</b>	<b>9.04</b>
<b>B. Recurrent Costs</b>						
9 Project management						
9.1 PIU staff	1.75	100%	-	0%	1.75	0.16
9.2 PIU supporting staff	-	0%	1.93	100%	1.93	0.18
9.3 PIU operation	-	0%	1.66	100%	1.66	-
<b>Subtotal (B)</b>	<b>1.75</b>	<b>33%</b>	<b>3.60</b>	<b>67%</b>	<b>5.34</b>	<b>0.33</b>
<b>C. Total Base Cost (A+B)</b>	<b>64.08</b>	<b>91%</b>	<b>6.72</b>	<b>9%</b>	<b>70.80</b>	<b>9.37</b>
<b>D. Contingencies</b>						
1 Physical	1.52	92%	0.14	8%	1.66	-
2 Price	5.35	89%	0.64	11%	5.98	-
<b>Subtotal (D)</b>	<b>6.86</b>	<b>90%</b>	<b>0.78</b>	<b>10%</b>	<b>7.64</b>	<b>-</b>
<b>E. Interest Charges During Implementation</b>	<b>4.05</b>	<b>100%</b>	<b>-</b>	<b>0%</b>	<b>4.05</b>	<b>-</b>
<b>Total Project Cost (C+D+E)</b>	<b>75.00</b>	<b>91%</b>	<b>7.50</b>	<b>9%</b>	<b>82.50</b>	<b>9.37</b>

Note: Numbers may not sum precisely due to rounding.

Source: Asian Development Bank.

## F. Detailed Cost Estimates by Outputs and/or Components

Table 10: Project Cost Estimates by Outputs and/or Components

Item	Total Cost	Access to quality secondary education in ten districts expanded		Teaching capacity in five key subjects improved		Secondary education examination system strengthened		Project implementation		
	(\$ million)	(\$ million)	% of Cost Category	(\$ million)	% of Cost Category	(\$ million)	% of Cost Category	(\$ million)	% of Cost Category	
A. Investment Costs										
1 Civil work	43.61	43.61	100.0%	-	0.0%	-	0.0%	-	0.0%	
2 Safeguards Mitigation Measures	0.38	0.38	100.0%	-	-	-	0.0%	-	0.0%	
3 Furniture	4.85	4.80	99.0%	-	0.0%	-	0.0%	0.05	1.0%	
4 Equipment										
4.1 Equipment by ADB	6.85	5.00	73.0%	0.60	8.8%	1.20	17.5%	0.05	0.7%	
4.2 Equipment by Counterpart fund	2.40	-	0.0%	2.40	100.0%	-	0.0%	-	0.0%	
5 Vehicle										
5.1 Vehicle by ADB	0.12	-	0.0%	-	-	-	0.0%	0.12	100.0%	
5.2 Vehicle by Counterpart	0.04	-	0.0%	-	-	-	0.0%	0.04	100.0%	
6 Training	5.13	-	0.0%	4.33	84.4%	0.80	15.6%	-	0.0%	
7 Workshop and Survey	0.05	-	0.0%	-	-	-	0.0%	0.05	100.0%	
8 Consulting Services	2.02	-	0.0%	1.83	90.5%	-	0.0%	0.19	9.5%	
Subtotal (A)	65.46	53.79	82.2%	9.17	14.0%	2.00	3.1%	0.50	0.8%	
B. Recurrent Costs										
9 Project management	5.34	-	0.0%	-	0.0%	-	0.0%	5.34	100.0%	
9.1 PIU staff	1.75	-	0.0%	-	0.0%	-	0.0%	1.75	100.0%	
9.2 PIU supporting staff										
9.3 PIU operation	1.66	-	0.0%	-	0.0%	-	0.0%	1.66	100.0%	
Subtotal (B)	5.34	-	0.0%	-	0.0%	-	0.0%	5.34	100.0%	
C. Total Base Cost (A+B)	70.80	53.79	76.0%	9.17	12.9%	2.00	2.8%	5.84	8.3%	
D. Contingencies										
1 Physical	1.66	1.26	76.0%	0.21	12.9%	0.05	2.8%	0.14	8.3%	
2 Price	5.98	4.54	76.0%	0.77	12.9%	0.17	2.8%	0.49	8.3%	
Subtotal (D)	7.64	5.81	76.0%	0.99	12.9%	0.22	2.8%	0.63	8.3%	
E. Financial Charges During Implementation	4.05	3.08	76.0%	0.52	12.9%	0.11	2.8%	0.33	8.3%	
Total Project Cost (C+D+E)	82.50	62.68	76.0%	10.68	12.9%	2.33	2.8%	6.81	8.3%	



## G. Detailed Cost Estimates by Year

**Table 11: Detailed Cost Estimates by Year**

Item	Total Cost (\$ million)	2020 (\$ million)	2021 (\$ million)	2022 (\$ million)	2023 (\$ million)	2024 (\$ million)	2025 (\$ million)	Q1 2026 (\$ million)
<b>A. Investment Costs</b>								
1 Civil work	43.61	0.98	12.59	12.59	12.59	2.51	2.34	-
1.1 Design and supervision	3.26	0.98	0.49	0.49	0.49	0.49	0.33	-
1.2 Construction	40.35	-	12.11	12.11	12.11	2.02	2.02	-
2 Safeguards Mitigation Measures	0.38	0.34	-	-	-	-	0.00	0.03
3 Furniture	4.85	0.05	-	1.44	1.44	1.44	0.05	0.43
4 Equipment	9.25	0.05	3.36	1.92	1.50	1.50	0.47	0.45
4.1 Equipment by ADB	6.85	0.05	1.44	1.68	1.50	1.50	0.23	0.45
4.2 Equipment by Counterpart fund	2.40	-	1.92	0.24	-	-	0.24	-
5 Vehicle	0.16	0.16	-	-	-	-	-	-
5.1 Vehicle by ADB	0.12	0.12	-	-	-	-	-	-
5.2 Vehicle by Counterpart	0.04	0.04	-	-	-	-	-	-
6 Training	5.13	0.87	1.15	1.30	1.30	-	0.44	0.07
7 Workshop and Survey	0.05	0.01	0.01	0.01	0.01	0.01	0.01	-
8 Consulting Services	2.02	0.41	0.24	0.60	0.56	0.01	0.21	-
<b>Subtotal (A)</b>	<b>65.46</b>	<b>2.87</b>	<b>17.36</b>	<b>17.86</b>	<b>17.40</b>	<b>5.46</b>	<b>3.53</b>	<b>0.99</b>
<b>B. Recurrent Costs</b>								
9 Project management	5.34	0.88	0.84	0.91	0.96	1.01	0.75	-
9.1 PIU staff	1.75	0.28	0.30	0.33	0.32	0.32	0.20	-
9.2 PIU supporting staff	1.93	0.37	0.29	0.32	0.35	0.39	0.21	-
9.3 PIU operation	1.66	0.23	0.25	0.27	0.28	0.31	0.33	-
<b>Subtotal (B)</b>	<b>5.34</b>	<b>0.88</b>	<b>0.84</b>	<b>0.91</b>	<b>0.96</b>	<b>1.01</b>	<b>0.75</b>	<b>-</b>
<b>C. Total Base Cost (A+B)</b>	<b>70.80</b>	<b>3.75</b>	<b>18.20</b>	<b>18.77</b>	<b>18.36</b>	<b>6.47</b>	<b>4.27</b>	<b>0.99</b>
<b>D. Contingencies</b>								
1 Physical	1.66	0.09	0.43	0.44	0.43	0.15	0.10	0.02
2 Price	5.98	0.32	1.54	1.59	1.55	0.55	0.36	0.08
<b>Subtotal (D)</b>	<b>7.64</b>	<b>0.40</b>	<b>1.96</b>	<b>2.03</b>	<b>1.98</b>	<b>0.70</b>	<b>0.46</b>	<b>0.11</b>
<b>E. Financial Charges During Implementatio</b>	<b>4.05</b>	<b>-</b>	<b>0.05</b>	<b>0.44</b>	<b>0.86</b>	<b>1.27</b>	<b>1.44</b>	<b>-</b>
<b>Total Project Cost (C+D+E)</b>	<b>82.50</b>	<b>4.16</b>	<b>20.21</b>	<b>21.24</b>	<b>21.19</b>	<b>8.44</b>	<b>6.17</b>	<b>1.09</b>

Note: Numbers may not sum precisely due to rounding.  
Source: Asian Development Bank.

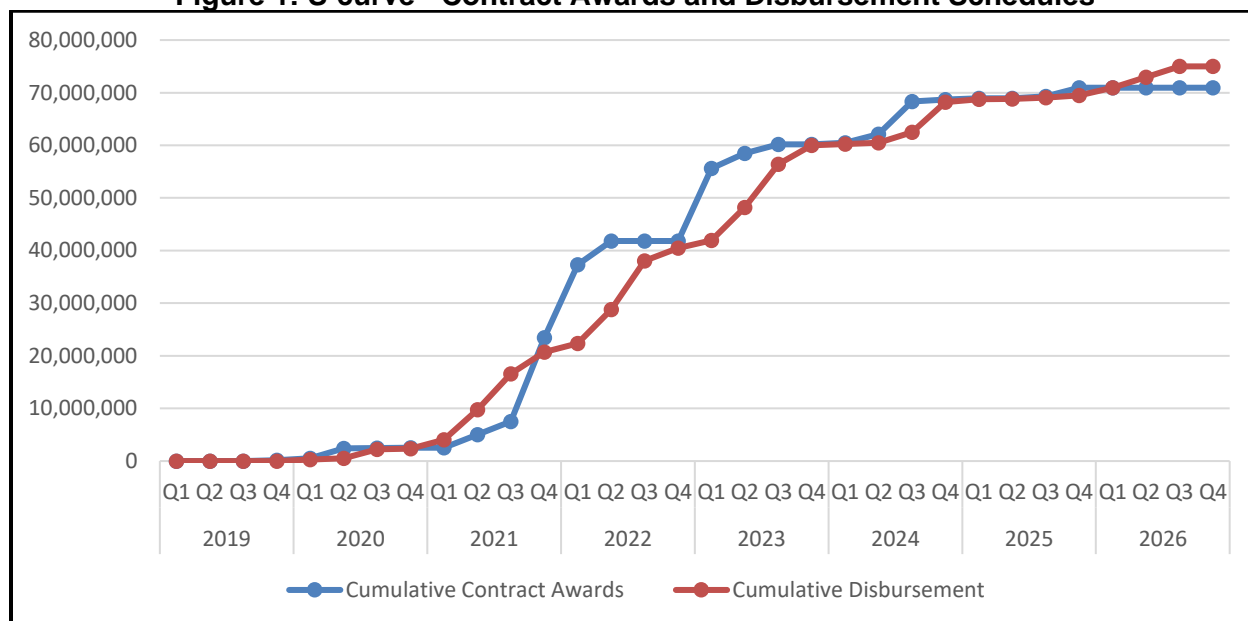
## H. Contract and Disbursement S-Curve

24. Table 12 and Figure 1 show the quarterly contract awards and disbursement projections over the life of the project. The S-curve is only for ADB financing, which will be recorded in ADB's systems and reported through e-Ops. Counterpart funds are excluded. The projections of contract awards include contingencies and unallocated amounts, but exclude front-end fees, service charges, and interest during construction.

**Table 12: Disbursement and Contract Awards**

Years	Contract Awards					Disbursement				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2019	-	-	-	149,785	149,785	-	-	-	-	-
2020	369,087	1,887,667	55,130	51,046	2,362,931	284,349	272,054	1,678,199	123,785	2,358,387
2021		2,526,705	2,475,082	15,959,666	20,961,453	1,672,002	5,732,668	6,823,288	4,147,703	18,375,662
2022	13,816,011	4,543,781	-	-	18,359,792	1,632,329	6,465,651	9,237,493	2,423,598	19,759,071
2023	13,806,619	2,855,976	1,687,805	-	18,350,401	1,445,220	6,279,890	8,176,857	3,594,972	19,496,938
2024	331,437	1,638,441	6,178,878	362,348	8,511,104	266,188	244,690	2,009,486	5,673,135	8,193,498
2025	215,217	-	382,181	1,653,339	2,250,736	563,246	51,791	257,718	405,952	1,278,706
2026	-	-	-	-	-	1,483,938	2,026,899	2,026,899	-	5,537,737
<b>Total</b>					<b>70,946,202</b>					<b>75,000,000</b>

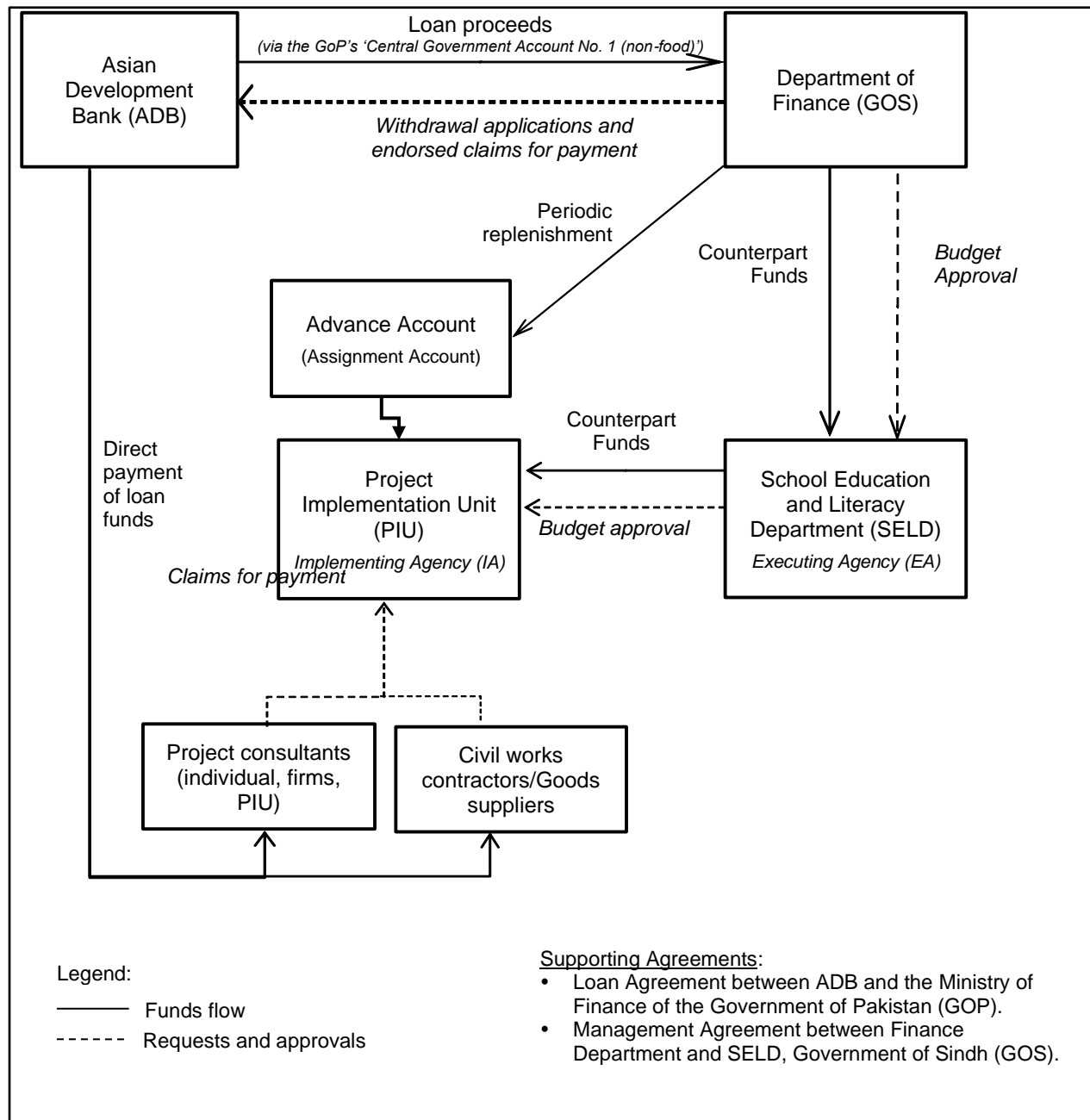
Note: Total contract awards and Disbursement do not include IDC of \$4,053,798.

**Figure 1: S-curve - Contract Awards and Disbursement Schedules**

Note: Contract awards and Disbursement do not include IDC of \$4,053,798.

## I. Funds Flow Diagram

**Figure 2: Project Funds Flow Arrangement**



ADB = Asian Development Bank, GOS= Government of Sindh, SELD= School Education and Literacy Department.

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

25. The financial management assessment (FMA) was conducted during February-March 2018 in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects and the Financial Due Diligence: A Methodology Note. The FMA considered the capacity of the entity within the School Education and Literacy Department (SELD) that ordinarily implements externally-financed projects. The assessment included funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements. Based on the assessment, the key financial management (FM) risks identified are: (i) The staff are not familiar with ADB procedures and requirements; (ii) The SELD does not have an internal audit function; (iii) In addition to the Government's financial management information system (FMIS), spreadsheets are used to capture transactions, which increases processing time and may entail risk of errors; and, (iv) Project financial statements of foreign-funded projects are audited by the Auditor General of Pakistan (AGP), but the AGP does not make audit reports public. It is concluded that the overall pre-mitigation FM risk is moderate. A dedicated project implementation unit (PIU) will be established for project administration. If properly staffed and operationalized, including with training on ADB requirements and procedures, the PIU should have the capacity to administer Advance Fund and Statement of Expenditures (SOE) procedures. The SELD, in its role as executing agency (EA), has agreed to implement an action plan as key measures to address the deficiencies. The FM action plan is provided in Table 13. SELD has the capacity to utilize advance fund and SOE procedures, and appropriateness of the proposed advance fund limit and SOE procedures with the proposed ceiling for individual transaction limit.

**Table 13: Financial Management Risk Assessment and Mitigation Measures**

Risk Assessment		Mitigation Measures	Implementation Period
<i>Inherent Risk</i>			
Country-level risks	Substantial	ADB will continue, as and where possible, to provide technical support and undertake policy-level initiatives to address systemic PFM issues so as to strengthen the GOS's PFM system and procedures.	2019–2023
Entity-specific risks	Moderate	A dedicated PIU will be established with qualified management and staff. FM tasks and responsibilities are outlined in ADB's 'Project Financial Management Manual for Pakistan' which will be basis for the PIU to undertake the day-to-day FM project management tasks.	2019–2023
<b>Overall Inherent Risk</b>	<b>Substantial-Moderate</b>	-	-
<i>Project Risk</i>			
Planning and budgeting	Low	-	-
Funds Flow	Low	-	-

Risk Assessment		Mitigation Measures	Implementation Period
Staffing	Moderate	One or two staff will be engaged to manage the finance/accounting functions for the duration of the project. Training on ADB procedures and requirements and on ADB's 'Project Financial Management Manual for Pakistan' should be provided at project start.	2019–2020
Accounting	Moderate	ADB has developed the 'Project Financial Management Manual for Pakistan', which will be applied and hence also be the basis for training of new staff.	2019–2023
Internal Audit	High	SELD will discuss with ADB the possibility of the Internal Audit Unit (IAU) covering the activities of the PIU and hence the ADB-financed project.	2019
Reporting	Low	-	-
Information Systems	Substantial	ADB and SELD will consider whether dedicated accounting software should be applied for the project.	2019
External Audit	Moderate	ADB will – in accordance with its Public Communications Policy (2011) – disclose the project financial statements and the opinion of the auditors on the financial statements (but not the Management Letter) on ADB's website.	Annually
<b>Overall Project Risk</b>	<b>Moderate</b>	-	-
<b>Overall Risk</b>	<b>Moderate</b>	-	-

ADB = Asian Development Bank, FM = financial management, PIU = project implementation unit, IAU = internal audit unit, PFM = public financial management, SELD = School Education and Literacy Department.

Source: Asian Development Bank.

26. On the basis of the PIU being established and operationalized, and the other proposed risk mitigation measures being implemented, the project FM risk is considered to be moderate and the planned project FM arrangements satisfactory.

## B. Disbursement

### 1. Disbursement Arrangements for ADB Funds

27. The loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time),<sup>19</sup> and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.<sup>20</sup> Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

28. The planned funds flow arrangement is shown in Chapter IV. The loan proceeds from ADB will initially be transferred to the 'Central Government Account No. 1 (non-food)' of the Government of Pakistan (GOP), and from there to the 'Provincial Consolidated Fund Account No.

<sup>19</sup> The handbook is available electronically from the ADB website (<http://www.adb.org/documents/loan-disbursement-handbook>).

<sup>20</sup> Disbursement eLearning. [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning).

1 (non-food)' of the Government of Sindh (GOS).<sup>21</sup> The Finance Department of the GOS will thereafter—since in Pakistan, foreign funding to the government entities is received through assignment accounts—transfer the funds to a dedicated assignment account established for the project.<sup>22</sup> The PIU will be responsible for maintenance of the assignment account as per prevailing rules, including collecting and retaining supporting documents, while the Finance Department of the GOS will be responsible for preparing and sending withdrawal applications (WAs) to ADB (although often this task is delegated to the PIU).

29. Advance fund procedure. An advance account established promptly after loan effectiveness at a commercial bank and will be administered by the PIU. The currency of the advance account will be US dollar. The advance account is to be used exclusively for ADB's share of eligible expenditures. The EA and the IA, which administers the advance account, is accountable and responsible for proper use of advances to the advance account. The total outstanding advance to the advance account should not exceed the estimate of ADB's share of expenditures to be paid through the advance account for the forthcoming 6 months. The PIU may request for initial and additional advances to the advance account based on an Estimate of Expenditure Sheet<sup>23</sup> setting out the estimated expenditures to be financed through the account for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by the EA in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time) when liquidating or replenishing the advance account.

30. Statement of expenditure procedure.<sup>24</sup> The SOE procedure may be used for reimbursement of eligible expenditures or liquidation of advances to the advance account. The ceiling of the SOE procedure is the equivalent of \$100,000 per individual payment. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

31. Before the submission of the first WA, the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per WA is stipulated in the Loan Disbursement Handbook (2017, as amended from time to time). Individual payments below such amount should be paid (i) by the EA and subsequently claimed to ADB through reimbursement, or (ii) through the advance fund procedure, unless otherwise accepted by ADB. The borrower should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements (CPD)<sup>25</sup> system is encouraged for submission of withdrawal applications to ADB.

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<sup>21</sup> The funds received from ADB in \$ are converted into PKR by the State Bank of Pakistan (SBP) based on the relevant exchange rate on the date of transfer of funds by the DPs and will be transferred to the authorized current rupee account.

<sup>22</sup> The opening and maintenance of assignment accounts is governed by GoP's Office Memorandum 'Revised Accounting Procedure for Revolving Fund Accounts (Foreign Aid Assignment Accounts)', dated 2 August 2013 as amended.

<sup>23</sup> Estimate of Expenditure sheet is available in Appendix 8A of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

<sup>24</sup> SOE forms are available in Appendix 7B and 7D of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

<sup>25</sup> The CPD facilitates online submission of WA to ADB, resulting in faster disbursement. The forms to be completed by the Borrower are available online at <https://www.adb.org/documents/client-portal-disbursements-guide>.

32. For direct payments, contractors and consultants will submit their invoices or interim payment certificates, as appropriate, to the PIU which will process them and send with the required WAs to ADB. The PIU will be responsible for: (i) preparing disbursement projections; (ii) requesting budgetary allocations for counterpart funds; (iii) collecting supporting documents; and, (iv) preparing and sending WAs to ADB.

## **2. Disbursement Arrangements for Counterpart Fund**

33. Counterpart funding from the GoS will be received through an assignment account which will be part of the consolidated fund. The PIU will be responsible for maintenance of the assignment account in respect of transfer of funds on the basis of allocations by the GoS as per approved procedures.

34. The government will provide funds of \$7.5 million (10% of total cost of the project). The counterpart funds will be used for project implementation support activities such as covers project implementation costs, such as project office, PIU support staff, office operations and maintenance costs, school consumables, maintenance and repair cost of works, furniture and equipment, and some project vehicles.

35. The EA shall, and shall cause the PIU and other entities, in line with the cost estimate prepared for the project, to make available, promptly and as needed, the necessary and stipulated counterpart funds and in-kind contributions.

## **C. Accounting**

36. The EA will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following cash-based accounting system following the government's financial regulations. The EA will prepare project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

## **D. Auditing and Public Disclosure**

37. The EA will cause the detailed project financial statements to be audited in accordance with international Standards on Auditing and with the government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements together with the auditor's opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by the EA.

38. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the loan were used only for the purpose(s) of the project; and, (iii) whether the borrower or EA was in compliance with the financial covenants contained in the legal agreements (where applicable).

39. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.



40. The government, the EA and IA have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>26</sup> ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

41. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy 2011.<sup>27</sup> After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.<sup>28</sup>

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting and Retroactive Financing

42. All advance contracting and retroactive financing will be undertaken in accordance with ADB's Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time). The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The SELD has been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

43. Advance contracting. Advance contracting will be undertaken for the recruitment of PIU staff, architectural design and construction supervision, and teacher training and assessment firms and procurement of PIU office equipment, furniture and vehicles. The following steps will be concluded in advance: (i) preparation of terms of reference, request for quotations and request for proposals; (ii) advertisement for request for expressions of interest (REOI); (iii) shortlisting, evaluation and recommendations for contract awards.

44. Retroactive financing. To ensure effective implementation of the project, retroactive financing will be provided for the following eligible expenditures: establishment of the PIU

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<sup>26</sup> ADB's approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the EA advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the EA of ADB's actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- (iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.

<sup>27</sup> Public Communications Policy: <https://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>.

<sup>28</sup> This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2018. *Access to Information Policy*. Page 8, Paragraph 16.

(including staff, furniture, office equipment and vehicles) and mobilization of the architectural design and construction supervision firm. Retroactive financing will only be up to 20% of the loan amount and only for those eligible expenditures that are incurred prior to loan effectiveness but not earlier than 12 months before the loan agreement is signed.

## **B. Procurement of Goods, Works, and Consulting Services**

45. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Regulations for ADB Borrowers: Goods, Works, Non-consulting and Consulting Services (2017, as amended from time to time)

46. The project will provide school equipment such as laboratory, office and ICT, solar panels, along with construction of about 160 new secondary level school blocks in 10 districts<sup>29</sup>. Open competitive bidding (OCB) procedures will be used for the construction of secondary level schools including installation of solar panels and procurement of furniture, equipment, optical mark recognition systems (OMRs) and related accessories estimated to cost more than \$100,000. Civil works may use pre-qualification (PQ) exercise or through direct post qualification using single stage two envelopes bidding procedure. Request for quotations (RFQ) will be used for the procurement of off-the-shelf- equipment, small works, furniture and vehicles worth \$100,000 or less.

47. An 18-month procurement plan indicating bidding and review procedures, goods, works, and consulting service contract packages is in Section C.

48. All individual consultants and firms will be recruited in accordance with ADB's Procurement Regulations for ADB Borrowers: Goods, Works, Non-consulting and Consulting Services (2017, as amended from time to time).

49. The terms of reference for all consulting services are detailed in Section D.

50. An estimated 1,496 person-months (39 international, 1,457 national) of consulting services (including PIU staff) are required to (i) facilitate project management and implementation, and (ii) strengthen the institutional and operational capacity of the executing and implementing agency. Consulting firms (teacher training assessment firm and architectural design and supervision firm) will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality–cost ratio of 90:10<sup>30</sup> using full technical proposals (FTP). Individual consultant recruitment (ICR) procedures will be used for hiring individual consultants including PIU staff. Request for Quotation (RFQ), Non-consulting will be used for engaging an audit firm with an estimated contract amount of less than \$100,000.

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<sup>29</sup> The 10 districts are Badin, Matiari, Mirpur Khas, Sanghar, Sujawal, Tando Allah Yar, Tando M. Khan, Tharparkar, Thatta, and Umer Kot.

<sup>30</sup> Greater priority for quality is needed and the impact of the consultant's assignment will be major.

## C. Procurement Plan

<b>Project Name:</b> Sindh Secondary Education Improvement Project		
<b>Project Number:</b> 51126-002	<b>Approval Number:</b>	
<b>Country:</b> Pakistan	<b>Executing Agency:</b> School Education and Literacy Department, Government of Sindh	
<b>Project Procurement Classification:</b> Category B	<b>Implementing Agency:</b> N/A	
<b>Project Procurement Risk:</b> Medium		
<b>Project Financing Amount:</b> US\$ 82,500,000 <b>ADB Financing:</b> US\$ 75,000,000 <b>Cofinancing (ADB Administered):</b> <b>Non-ADB Financing:</b> US\$ 7,500,000	<b>Project Closing Date:</b> 30 June 2026	
<b>Date of First Procurement Plan:</b> 4 September 2019	<b>Date of this Procurement Plan:</b> 4 September 2019	
<b>Procurement Plan Duration (in months):</b> 18	<b>Advance Contracting:</b> Yes	<b>e-GP:</b> No

## I. Methods, Review and Procurement Plan

51. Except as the Asian Development Bank (ADB) may otherwise agree, the following methods shall apply to procurement of goods, works and consulting services.

Procurement of Goods and Works	
Method	Comments
Open Competitive Bidding (OCB) for Goods	
Request For Quotation for Goods	This includes both goods and non-consulting services
Open Competitive Bidding (OCB) for Works	
Request For Quotation for Works	

Consulting Services	
Method	Comments
Quality- and Cost-Based Selection for Consulting Firm	
Competitive for Individual Consultant	

## II. List of Active Procurement Packages (Contracts)

52. The following table lists goods, works and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan duration.

Goods and Works							
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
CW	Construction of about 160 new secondary level school blocks in initial 10 districts, incl installation of solar panels	40,350,000.00	OCB	Prior	1S2E	Q3 / 2020	Advertising: National  No. Of Contracts: 1  Prequalification of Bidders: No  Domestic Preference Applicable: No

							<p>Advance Contracting: No</p> <p>Bidding Document: Small Works</p> <p>Comments: multiple contracts (approx 22 contracts), RFQ, extract no. of contracts/packages will be decided once detailed design is available and subject to market condition</p>
G01	Vehicles (3) for PIU	120,000.00	RFQ	Prior		Q4 / 2019	<p>No. Of Contracts: 1</p> <p>Advance Contracting: Yes</p> <p>Comments: At least 3 quotes. Advance action and Retroactive financing</p>
G02	Office Equipment for PIU including accounting software	50,000.00	RFQ	Prior		Q4 / 2019	<p>No. Of Contracts: 1</p> <p>Advance Contracting: Yes</p> <p>Comments: At least 3 quotes. Advance action and Retroactive financing</p>
G03	Office Furniture and Fixtures for PIU	48,000.00	RFQ	Prior		Q4 / 2019	<p>No. Of Contracts: 1</p> <p>Advance Contracting: Yes</p> <p>Comments: At least 3 quotes. Advance action and Retroactive financing</p>
G04	Audit firm	50,000.00	RFQ	Prior		Q3 / 2020	<p>No. Of Contracts: 1</p> <p>Advance Contracting: No</p>

							Comments: Non-consulting services. Contract for 6 yrs, national advertisement
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Consulting Services							
Package Number	General Description	Estimated Value (in US\$)	Selection Method	Review	Type of Proposal	Advertisement Date (quarter/year)	Comments
CS01	PIU Project Manager	321,200.00	Competitive	Prior		Q4 / 2019	Type: Individual  Assignment: National  Expertise: Manager  Advance Contracting: Yes  Comments: Advance action and Retroactive financing, 72 person-months
CS02	PIU Chief Financial Management Specialist	231,700.00	Competitive	Prior		Q4 / 2019	Type: Individual  Assignment: National  Expertise: Finance  Advance Contracting: Yes  Comments: Advance action and Retroactive financing, 72 person-months
CS03	PIU Chief M&E Specialist	183,400.00	Competitive	Prior		Q4 / 2019	Type: Individual  Assignment: National  Expertise: Monitoring and Evaluation  Advance Contracting: Yes  Comments: Advance action and Retroactive financing, 60 person-months
CS04	PIU Chief Procurement Specialist	231,800.00	Competitive	Prior		Q4 / 2019	Type: Individual  Assignment: National  Expertise: Procurement

							Advance Contracting: Yes  Comments: Advance action and Retroactive financing, 72 person-months
CS05	PIU Engineer	231,800.00	Competitive	Prior		Q4 / 2019	Type: Individual  Assignment: National  Expertise: Engineer  Advance Contracting: Yes  Comments: Advance action and Retroactive financing, 72 person-months
CS06	Chief Teacher Training Specialist	183,400.00	Competitive	Prior		Q4 / 2019	Type: Individual  Assignment: National  Expertise: Teacher Training  Advance Contracting: Yes  Comments: Advance action and Retroactive financing, 60 person-months
CS07	PIU Environment Specialist	80,000.00	Competitive	Prior		Q4 / 2019	Type: Individual  Assignment: National  Expertise: Environment Advance Contracting: Yes  Comments: Advance action and Retroactive financing, 36 person-months
CS08	PIU Social/ Gender Specialist	60,000.00	Competitive	Prior		Q4 / 2019	Type: Individual  Assignment: National  Expertise: Safeguards  Advance Contracting: Yes  Comments: Advance action and Retroactive financing, 36 person-months
CS09	PIU Community Mobilization	84,000.00	Competitive	Prior		Q4 / 2019	Type: Individual

							Assignment: National  Expertise: PR  Advance Contracting: Yes  Comments: Advance action and Retroactive financing, 48 person-months
CS10	PIU Admin Head	139,000.00	Competitive	Prior		Q4 / 2019	Type: Individual  Assignment: National  Expertise: Admin  Advance Contracting: Yes  Comments: Advance action and Retroactive financing, 72 person-months
CS11	Architectural Design and Construction Supervision firm	3,200,000.00	QCBS	Prior	FTP	Q4 / 2019	Type: Firm  Assignment: International  Quality-Cost Ratio: 90:10  Advance Contracting: Yes  Comments: Advance action and retro financing. Includes design of solar panels , furniture, eqpt fitting, landscaping.
CS12	Teacher Training and Assessment Firm	6,000,000.00	QCBS	Prior	FTP	Q4 / 2019	Type: Firm  Assignment: International  Quality-Cost Ratio: 90:10  Advance Contracting: Yes  Comments: Advance action; 36 person-months international and 143 person-months national. Budget includes teacher and BISE staff allowances.

CS13	Procurement Specialist	60,000.00	Competitive	Prior		Q4 / 2019	Type: Individual Assignment: National Expertise: Procurement Advance Contracting: No Comments: BTP. 12pm, intermittent
CS14	Financial Management and Capacity Development	82,000.00	Competitive	Prior		Q1 / 2020	Type: Individual Assignment: International Expertise: Finance Advance Contracting: No Comments: BTP. 3pm, intermittent

### III. List of Indicative Packages (Contracts) Required under the Project

53. The following table lists goods, works and consulting services contracts for which the procurement activity is expected to commence beyond the procurement plan duration and over the life of the project (i.e. those expected beyond the current procurement plan duration).

Goods and Works						
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Comments
G05	Furniture and equipment for existing and new 160 schools	10,400,000.00	OCB	Prior	1S1E	Advertising Type: International No. Of Contracts: 3 Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Goods   Comments: 1 or multiple contracts
	Lot 1: Classroom furniture for 160 new schools	4,800,000.00				
	Lot 2: School	4,000,000.00				



	equipment including IT for 160 new schools  Lot 3: laboratory equipment for existing schools and 160 new schools	1,600,000.00				
G06	Optical mark recognition systems (OMRS) including software, computer, printers and UPS	1,200,000.00	OCB	Prior	1S1E	Advertising Type: International  No. Of Contracts: 1  Prequalification of Bidders: No  Domestic Preference Applicable: No  Bidding Document: Goods

Consulting Services						
Package Number	General Description	Estimated Value (in US\$)	Selection Method	Review	Type of Proposal	Comments
None						

#### D. Consultant's Terms of Reference

**Table 14: Consulting Services Indicative Terms of Reference**

Position Titles	Int/ Ntl	No.	PM	Key Tasks and Outputs
<b>I. Individual consultants</b>				
<b>A. Procurement Specialist</b>	Ntl	1	12	Assist PIU to update and improve the procurement plan and procurement documents; provide training on procurement; provide technical advice to PIU and ADB's regulations on procurement; develop maintenance manuals for the facilities and equipment; assist the civil works unit in technical specifications, bidding documents, and bid evaluation reports; develop a reverse-clock for planning of procurement activities
<b>B. Financial Management and Capacity Development</b>	Intl	1	3	Help PIU set up the accounting system that assists in maintaining all the relevant documents and information. The system will ensure that all the various components of the project are in compliance with the accounting requirements and the IA/EA staff involved is knowledgeable about the same. Provide training to PIU on ADB disbursement procedures and the use of accounting software and help finalize the audit requirements.
<b>Subtotal (I)</b>	<b>Intl</b>	<b>1</b>	<b>3</b>	
	<b>Ntl</b>	<b>1</b>	<b>12</b>	

Position Titles	Int/ Ntl	No.	PM	Key Tasks and Outputs
II. Consulting Firms				
II.I. Teacher Training and Assessment Firm (TTAF)				
C. Team Leader/Educational Management Specialist (International) and Deputy Team Leader (National)	Intl	1	16	The consultant shall provide, for the duration of the entire assignment, a team of international and national experts who are experienced in the capacity assessment of teacher training needs, teacher training curriculum reforms, the development and implementation of teacher training and mentoring programs, secondary education examination syllabi, design and administration reforms, and gender related activities. The project will require 36 person-months of international consulting inputs (estimated) and 143 person months of national consulting inputs through a firm for the capacity assessment of teachers' training programs, the design of teacher training and mentoring programs, the review of the existing teacher training curriculum and preparation of training modules for training and mentoring of secondary teachers in five key subjects – English, mathematics, biology, chemistry and physics, the provision of classroom training and in-class mentoring by subject specialist master trainers in these subjects, the development of a uniform examination syllabus and specifications for grades 9–12 for BISE, and of a training program in item writing and exam development for BISE assessors, as well as in data analysis and research for BISE staff. In addition, the firm will need to advise on the automation of the examination system, including on the use of optical mark recognition systems. It will also need to provide a specialist to focus on gender related activities and implementation of the Gender Action Plan (GAP) to achieve the project objectives on gender related targets.
	Ntl	1	24	
D. Teacher Training and Mentoring Specialist	Intl	1	8	
E. Educational Assessment and Examination Specialist	Intl	1	6	
F. Teacher Needs and Capacity Assessment Specialist	Ntl	1	8	
G. Educational Assessment and Secondary Examination Specialist	Ntl	2	8	
H. Subject Specialists	Ntl	5	10	
I. Teachers Trainers and Mentors	Ntl	5	75	
J. Secondary Syllabus Development Specialist	Ntl	2	6	
K. Social and Gender Specialist	Intl	1	6	
	Ntl	1	12	
Subtotal (II.I)	Intl	4	36	
	Ntl	7	143	
II.II. Architectural Design and Construction Supervision Firm				

Position Titles	Int/ Ntl	No.	PM	Key Tasks and Outputs
<b>L.</b> The Consultant shall provide, for the duration of the entire assignment, a team of national key and non-key experts who are experienced in architectural and structural design of schools, cost estimating and procurement procedures for such projects, know the solar panels requirements for such projects, preparation of bidding documents as per ADB procedure, evaluation of Bids as per ADB guidelines and supervision of civil works and related services contracts. In addition, the Consultant shall supervise the civil works construction till final completion. The project will require 303 person-months of National consulting inputs of key-experts (estimated) and 399 person months of non-key experts (estimated) through a National Firm for the design and construction supervision services would be required to conduct the soils investigations, detailed architectural and structural designs, preparation of construction drawings, engineer's estimates, BoQs and assist in construction supervision, procurement and other implementation aspects of the sub-projects.				
<b>II.III. Audit Firm</b>				
<b>M.</b> The firm will provide auditing and accounting reports that adhere to the requirements of ADB and the government based on internationally accepted accounting and auditing practices. To perform this task, the firm must be composed of team of registered and certified public accountants, and certified auditors. There are no consulting inputs specified in this contract, which is intended to be lump sum. It is intended that RFQ, non-consulting procedures will be used to invite appropriate qualified auditing firms to submit a proposal for the work required and a budget ceiling of \$50,000 will be indicated.				
<b>III. PIU</b>				
<b>N. PIU staff (consultants)</b>	<b>Ntl</b>	<b>10</b>	<b>600</b>	Project Manager, Finance, Monitoring and Evaluation, Procurement, Engineer, Teacher Training and Examination, Safeguards and Gender, Community Mobilization and Administrative staff.
<b>TOTAL (I+II.I+II.II+ III)</b>	<b>Intl</b>		<b>39</b>	
	<b>Ntl</b>		<b>1,457</b>	

## VII. SAFEGUARDS

### A. Environment

54. The Sindh Secondary Education Improvement Project will construct around 160 project secondary school blocks within existing school compounds, largely in 10 project districts in southern Sindh.<sup>31</sup> The EA will ensure (a) that the design, construction, operation and maintenance of project facilities are carried out in accordance with ADB's Safeguard Policy Statement (2009),<sup>32</sup> and Pakistan's and Sindh's environmental laws and regulations; and (b) potential adverse environmental impacts arising from construction and operation of the project secondary school blocks are assessed and minimized through flexible design measures, preparation of requisite initial environmental examinations (IEEs) including Environmental Management Plan (EMP) and implementing all mitigation and monitoring provisions as presented in the specific EMPs. Following the finalization of the school sites and detailed design for the secondary school building blocks, IEEs with EMP will be prepared completing screening and assessment checklists of around 160 project school sites in 10 project districts (the initial list includes 105 school sites). Detailed stakeholder consultations in each school location will be conducted and documented in the IEEs.

55. An environmental assessment review framework (EARF) has been prepared to guide SELD-PIU on screening, assessment and preparation of environmental checklists including site

<sup>31</sup> More districts may be added depending on the capacity of the initial 10 to absorb new project secondary school blocks.

<sup>32</sup> Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>.

specific baseline conditions and specific EMP provisions to address potential short-term impacts from the civil works. The government and ADB endorsed EARF has been disclosed.

56. For smooth compliance to the environmental safeguard requirements, the PIU will ensure that:

- (a) IEEs with EMPs and checklists for some 160 project school sites is submitted to ADB and the Provincial Environmental Agencies for review and clearance prior to award of civil works contract. The EMP provisions of the IEE reports and EMP will be embedded in the bidding documents. IEEs will be disclosed at the ADB and SELD websites upon receipt and approval. It will be ensured that the IEEs are approved and NOC to allow construction is issued by SEPA before commencement of construction.
- (b) Wherever required under EMP provisions, the contractor will prepare and submit site-specific environmental management plans (SEMPs) for SELD's review and approval before taking possession of any project school location/work sites including sites for establishing contractor's camp and facilities. Establishment of contractor's camp and facilities and access to the work site will not be allowed until the SEMP is approved by the EA.
- (c) Institutional set-up as proposed in the EARF with sufficient resources is made available to implement, monitor and supervise safeguards implementation and maintain a record on implementation progress of the EMPs.
- (d) In case of additional or alternative project school site or change in design and construction scope, it will be shared with ADB for review. Environmental assessment and screening of the new project site or changed design/scope will be conducted following criteria outlined in the EARF and the IEE and EMP will be reviewed and updated to cover additional impacts if any.
- (e) An efficient grievance redress mechanism will be put in place and functional at project level prior to loan effectiveness date which will continue throughout project implementation period. The GRM will i) assist affected persons to seek clarification to their project related queries and resolve their concerns and grievances (if any), in a timely manner; ii) ensure all complaints are registered, investigated and resolved in a manner consistent with the provisions of Grievance Redress Mechanism as agreed in ADB approved EARF; and help in information dissemination to the complainants/aggrieved persons about complaint resolution progress.

## **B. Involuntary Resettlement**

57. The project civil works are to be implemented within the compound of existing school sites and acquisition of additional land is unlikely. However, at some school sites resettlement related impacts can emerge due to third-party land use (formal or informal) of existing school land by the local community. Assessment of land availability and screening for involuntary resettlement impacts for the initial list of school sites (105 sites) will be undertaken and summarized in a social due diligence report (SDDR). The SDDR will recommend selection of school sites with adequate land for the school blocks and without resettlement impacts and update the IR categorization for the project. The SDDR will be submitted to ADB for review and will be disclosed in both the ADB and SELD websites. Following the finalization of the 160 school sites and detailed design of the school buildings, the design and supervision consultant will re-confirm the land availability and absence of IR impacts for the proposed works. In case impacts cannot be avoided in certain prioritized schools, a resettlement plan (RP) will be prepared. For such sites, contract award will be conditional to the preparation of a RP and its approval by ADB, while commencement of civil works will be conditional to the implementation of the RP. ADB funds will not be used to finance

resettlement and land acquisition. However, the preparation of SDDR, RP and monitoring of project implementation including emerging land acquisition and resettlement (LAR) issues will be funded under the loan. SELD will need to provide the funds for resettlement and land acquisition as part of their counterpart funds.

58. A Resettlement Framework (RF) including procedures and provisions to be followed for screening, identification and assessment of potential IR impacts and guide the EA on measures needed to address any emerging LAR issues during project implementation has been finalized for the project to ensure compliance with ADB's IR safeguard requirements of Safeguard Policy Statement 2009. The government endorsed and ADB accepted RF will be disclosed.

59. For smooth compliance to the social safeguard requirements, the PIU will ensure that:

- (i) Adequate institutional set-up and resources are in place to conduct and complete social due diligence process at detailed design and project implementation stages; update the SDDR and prepare RPs for project school sites where IR impacts due to third party land uses are identified at implementation stage; and ensure the SDDR and RPs (if prepared) are endorsed by the EA and GoS and submitted to ADB for review and acceptance.
- (ii) the SDDR and final RPs (if needed) prepared based on detailed design will be uploaded on ADB's and SELD's websites. Hard copies of the SDDR and final RPs will be placed in the EA's offices including PIU for SSEIP, district/sub district level SELD offices and the Consultants/Contractors camp offices near project school sites. Information about IR impact assessment and screening, compensation valuation, eligibility and entitlements, grievance redress system and compensation payment mechanism will be summarized and presented as leaflets/brochure in local language for dissemination to the local communities and affected persons;
- (iii) Implementation activities of the civil works contractor for the project school sites in each contract package or a district will be fully compliant with the provisions of approved SDDR and RPs (if required). Physical and economic displacement shall not occur and project school sites with IR impacts will not be handed over for construction until: (a) compensation at full replacement cost has been paid to all affected persons in accordance with the final RP for relevant school sites that are ready to be constructed; (b) other entitlements listed in the RPs have been provided to displaced persons; and (c) the RP implementation report confirming full implementation is submitted to ADB and determined as satisfactory.
- (iv) Any unanticipated IR impacts encountered during implementation of the project will be communicated to ADB immediately after identification and shall be dealt in accordance with the ADB's approved RF/RP and ADB's SPS 2009 requirements.
- (v) Addition of new or alternative project school site or change in design and construction scope will be shared with ADB for review and consensus. After consensus the IR impacts perceived due to intended change will be reviewed following provisions of the Project RF and ADB's SPS 2009 provisions. Accordingly, an SDDR or the RP commensurate with new IR-related impacts will be prepared and submitted for ADB's review and approval. Construction activities shall not be allowed for new sites or sites with design/scope change unless the SDDR or the RP is endorsed and cleared by ADB and RP implementation is confirmed to and accepted by ADB.
- (vi) An efficient grievance redress mechanism will be put in place and functional at PIU prior to loan effectiveness date and will continue throughout project implementation period. The GRM will assist affected persons to seek clarification to their project

related queries and resolve their concerns and grievances (if any), in a timely manner. All complaints will be registered, investigated and resolved in a manner consistent with the provisions of Grievance Redress Mechanism as agreed in ADB approved RF. The complainants/aggrieved persons will be kept informed about status of their grievances and remedies available to them.

### **C. Indigenous Peoples**

60. The project is screened as category C project for Indigenous Peoples planning requirement under SPS 2009 and the EA shall ensure that project school sites financed under the loan do not have any indigenous peoples' impacts within the meaning of the Safeguard Policy Statement (2009). And if during detailed design stage or implementation of the project or consequent to any change of site and scope any impacts are identified to the indigenous people, EA shall take all steps and measures to avoid impacts to IPS and ensure that the project complies with the applicable laws and regulations of Pakistan and the ADB's Safeguard Policy Statement (2009).

### **D. Contract Award and Execution of Works**

61. Contract award and executions of works will follow the conditions provided in the loan agreement, RF and EARF adopted for the project. Particularly, the EA will ensure that, (i) Civil works contracts will not be awarded until an updated SDDR has been prepared that confirms project sites without IR impacts and an implementation-ready RP (in case of sites with IR impacts) is prepared based on detailed design including final inventory of losses, list of entitled person and final compensation costs assessed on replacement cost basis is endorsed by government and accepted by ADB for project school sites with IR impacts; (ii) subsequent to award of a works contract, notice to proceed will not be issued to the contractor until the applicable provisions of the RP (including timely payment of compensations to affected persons) and the updated IEE report and EMP have been complied with. The EA will ensure that any unanticipated impact during civil works will be addressed by the contractor in accordance with provisions of RF or EARF adopted for the project and provisions of ADB's Safeguard Policy Statement (2009).

### **E. Safeguards Management Responsibility**

62. Overall safeguards management responsibility will rest with the EA (SELD) of the GOS. For discharge of its project related functions and day to day supervision and management of project activities including safeguards, the SELD will establish a Project Implementation Unit hosted in SELD. The PIU will have staff including Engineering, procurement, finance and safeguards (Environment, Social and Gender) experts. The PIU will also get support of experts mobilized by Design and Construction Supervision Consultants for: (i) timely preparation of project safeguards documents including updated/final IEE with EMP and site specific environmental assessment checklists, SDDRs and RPs if so required as well as in the bidding documents with EMP provisions embedded in; (ii) day to day supervision of implementation of safeguard activities at construction sites and safeguards provisions outlined in ADB accepted safeguard documents; (iii) review and approval of site specific environmental management plans (SEMPs) and construction plans submitted by the Contractor, and (iii) monitoring of safeguards compliance level including preparation and submission of periodic safeguards monitoring reports as prescribed in section F below. The PIU will ensure SDDR and EMP requirements are fully complied before handing over of possession of sites to contractor for works and the sites with identified IR impacts (if applicable) will be kept on hold until full implementation of RP is confirmed.

63. Following EMP provisions embedded in civil work contracts, the contractor will ensure timely submission of site-specific environmental management plans (SEMPs) and construction plans for review and approval by supervision consultants before commencing construction works at site and all works will be carried out as per agreed provisions in EMP. If any unanticipated impact is encountered during construction, the contractor will stop work at site and report to the SC and PIU immediately to seek guidance. The PIU and SC safeguards team will review unanticipated impacts and shall prepare and submit corrective action plan for ADB's review and acceptance before retrieving civil works at site.

64. The ADB project team will be responsible to supervise and monitor compliance to the agreed safeguard management provisions throughout project implementation period. It will conduct progress review and consultation missions periodically and shall guide the project team to ensure safeguard implementation is compliant with agreed loan covenants and ADB's safeguard requirements outlined in the Safeguard Policy Statement (2009).

65. Prohibited investment activities. Pursuant to ADB's Safeguard Policy Statement (2009), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the Safeguard Policy Statement (2009).

## **VIII. GENDER AND SOCIAL DIMENSIONS**

### **A. Gender**

66. The project outcome will directly contribute to the goal of realizing gender equality and women's empowerment while narrowing gender disparities in Sindh's secondary education. The project is classified as Gender Equity Theme (GEN)<sup>33</sup>, which requires a gender action plan (GAP) and the hiring of a gender specialist to assist in the implementation and monitoring the GAP progress. A detailed Gender Action Plan has been prepared with measurable targets and indicators to ensure that women and girls are equally benefitted from the project's investments. Key actions of the GAP include; (i) ensure gender-responsive school design and construction; (ii) reduce barriers to school enrolment for girls in project districts; (iii) ensure equitable female participation in leadership, management and curriculum-content training programs; and (iv) ensure examination system is gender sensitive. Detailed actions and targets are set out in the GAP table below.

### **B. Social Dimensions**

67. As detailed in Summary Poverty Reduction and Social Strategy (SPRSS), the project is categorized as "General Intervention" (GI). The project therefore will indirectly contribute towards poverty reduction and economic growth. While targeting the public-sector schools the project will significantly benefit the low income and poor segments of the population. It will directly contribute to the human development while increasing access towards secondary education. There are wide disparities in access to schooling across gender, geography, and socio-economic quintiles in Sindh, the province which has a dropout rate of 31% before middle in public sector schools. The project will focus on districts with low socio-economic indicators and gender parity levels in secondary education.

68. The social and gender specialist hired at the PIU will be responsible to work closely with the implementing agencies to ensure the participation of all segments of the population including;

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<sup>33</sup> ADB, Guidelines for Gender Mainstreaming Categories of ADB Projects, July 2012.

parents, community members, civil society organizations (CSOs), parent teacher committees and other concerned in consultations and social awareness raising activities. Social and gender specialists included in the consultancy firm/s will support implementation of the GAP.

69. Core labor, health and safety standards will be implemented and complied with during project implementation. Hired workers hired will : (i) have written terms of employment, (ii) be paid equal wages for work of equal value, regardless of sex and ethnicity, (iii) women's and men's wages are be paid directly to them with distribution of pay slips included, and (iv) not employ children nor forced to work in the project labor." This will be monitored as part of the environment and social monitoring report of the project implementation.

**Table 15: Gender Action Plan**

Activities	Performance Targets/Indicators	Responsibility	Timeframe
Outcome: Inclusiveness of secondary education system in Sindh increased			
0.1 Ensure improved quality of secondary education	0.1.1 At least 80% of teachers, of which 50% are female, pass a competency test in five key subjects (English, mathematics, biology, chemistry and physics) (baseline: None in 2019)	PIU social and gender specialist	2025
0.2 Increase the proportion of female enrollment in secondary schools	0.2.1 Proportion of females among secondary education enrolments in project districts increases to 38% (baseline: 33.0% in 2016/17)		2025
Output 1: New secondary school blocks constructed, and operated under EMO program			
1.1 Ensure gender-inclusive school design and construction	1.1.1 At least 10 community consultations conducted with parents, students, and other community members of project districts (with at least 50% female participation) on school design and construction 1.1.2 100% of project secondary school blocks have the appropriate gender-responsive design features 1.1.3 All EMO contracts for project secondary school blocks include gender-based key performance indicators (e.g., increased number of female enrollees, percent of female teachers recruited and trained, percent of female administrators, etc.)	PIU social and gender specialist, SELD PPP node	Q4 2019–Q4 2024  Q1 2020–Q4 2024  Q4 2020–Q2 2025
1.2 Encourage girls' enrolment in secondary schools	1.2.1 Campaign program developed to spread awareness on the value of sending girls to school, including information on how to access the stipend provided by the Government of Sindh to households for sending their girls to school 1.2.2 At least 2 public campaign activities conducted in each project district to sensitize parents and the community on the value of education for girls and the disadvantages of practices such as early marriages that keep girls from going to school 1.2.3 At least 10% increase in female enrollments in secondary schools in project districts (Baseline: 118,500 females in 2016/17)	PIU social and gender specialist, communication and community mobilization Specialist, SELD PPP node	Q1 2021–Q4 2024  Q1 2021–Q4 2024  2025
1.3. Reduce barriers for girls to enroll and complete their education in project schools	1.3.1 Project secondary school blocks have at least 40% female teachers in all-girls schools, and 35% female teachers in mixed schools (Baseline: 20% female teachers at secondary level in 2016/17)	PIU social and gender specialist, PIU, SELD PPP node	Q4 2020–Onwards  Q4 2020–Onwards



Activities	Performance Targets/Indicators	Responsibility	Timeframe
	1.3.2 EMO contracts for project secondary school blocks include transportation provisions for female students and teachers 1.3.3 All project secondary school blocks have institutionalized anti-bullying and anti-sexual harassment policies and mechanisms in place 1.3.4 Sex-disaggregated student dropout rate, attendance rate, and completion rates monitored and analyzed in each project school		Q4 2020– Onwards  Q1 2022– Onwards
1.4 Monitor EMO performance	1.4.1 Performance of EMO-managed project secondary school blocks monitored quarterly against agreed key performance indicators, including implementation of gender sensitive actions	PIU (with inputs from social and gender specialist), SELD PPP node	Q1 2022 – Onwards
<b>Output 2: Teaching capacity in five key subjects improved</b>			
2.1 Incorporate gender sensitive teaching strategies in teacher training <sup>34</sup>	2.1.1 Teacher training and mentoring program in the five key subjects (i.e., English, biology, chemistry, physics and mathematics) incorporate gender sensitive teaching strategies 2.1.2 At least 80% of other subject teachers (not teaching any of the five key subjects) in project schools undergo training on gender sensitive teaching strategies (2019 Baseline: 0 teachers with gender sensitivity training)	PIU social and gender specialist; teacher training specialist	Q1 2021–Q4 2025  Q1 2021– Q4 2025
2.2 Ensure participation of female teachers in trainings	2.2.1 At least 50% of the 1,250 secondary education teachers targeted for training in the five key subjects are female (2019 Baseline: 0 teachers trained in the 5 key subjects)	PIU social and gender specialist; teacher training specialist	Q1 2021–Q4 2025
<b>Output 3: Secondary education examination system strengthened</b>			
3.1 Ensure that examination system is gender sensitive	3.1.1 Uniform examination syllabus and test items checked for gender bias or any item that promote negative gender stereotypes 3.1.2 All BISE assessors provided with gender sensitivity training	PIU social and gender specialist; educational assessment and examination specialist	Q1 2020–Q4 2020  Q1 2021–Q4 2021
3.2 Ensure female participation in trainings on examination development	3.2.1 At least 40% of BISE assessors trained in item writing and examination development are female 3.2.2 At least 40% of those trained in the implementation of uniform examination syllabus and specifications for grades 9 to 12 are female	PIU social and gender specialist; educational assessment and examination specialist	Q1 2021–Q4 2021  Q1 2021–Q4 2021
3.3 Develop a sex-disaggregated database on learning outcomes	3.3.1 Data on students' learning outcomes, disaggregated by sex and subject areas, regularly collected and analyzed to monitor improvement in girls' participation and performance in mathematics and science-related subjects	PIU social and gender specialist; educational assessment and examination specialist	Q1 2022– Onwards
<b>Project Implementation</b>			
A social and gender specialist will be recruited by the PIU to help implement and monitor the GAP. The specialist will (i) work closely with implementing units to ensure that all GAP-related activities are conducted, and progress is monitored; and (ii) be responsible for GAP-related reporting and documentation of good practices. Project management staff and staff in project implementing units will be provided with gender awareness training. All project quarterly reports, and all review missions adequately report on the progress of GAP implementation.			

<sup>34</sup> Examples of “gender-sensitive strategies” in teaching include using lesson materials that have been reviewed and critiqued for gender bias, use of gender-fair language, classroom management techniques that do not reinforce gender stereotypes, allocating “safe” venues for girls to express themselves, among others.

<sup>a</sup> Gender-responsive design features include enough number of separate male and female toilets proportionate to the size of the student population and equipped with working sanitation facilities and adequate water supply, separate female changing rooms, separate female faculty lounges, separate prayer rooms for females, well-lit rooms and corridors, boundary walls, among others.

<sup>b</sup> Public campaign activities could include community seminars/meetings, school open-house days, house-to-house visits and distribution of brochures, leaflets, and posters in the local language, among others. These public campaign activities should be identified in the campaign program to be developed by the PIU communication and community mobilization specialist together with the gender specialist.

BISE = Board of Intermediate and Secondary Education, EMO = education management organization, GAP = gender action plan, PIU = project implementation unit, PPP = public-private partnership, SELD = School Education and Literacy Department.

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

### A. Project Design and Monitoring Framework

**Table 16: Design and Monitoring Framework**

Impact the Project is Aligned with			
Inclusive and equitable quality education for all ensured (Sustainable Development Goal 4) <sup>a</sup>			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<b>Outcome</b> Inclusiveness of secondary education system in Sindh increased	By 2025: a. Proportion of females among secondary education enrollments in project districts increases to 38.0% (SY2016/17 baseline: 33.0%)  b. At least 80% of teachers, of which 50% female, pass a competency test in five key subjects (English, mathematics, biology, chemistry, and physics) (2019 baseline: None)	a. Annual Sindh school census data (source: SELD)  b. Special pre- and post-training competency tests for teachers trained and mentored in five key subjects (English, mathematics, biology, chemistry, and physics)	The government education strategy changes due to revisions in priorities in the new Sindh Education Sector Plan, 2019–2023.
<b>Outputs</b>			
1. New secondary school blocks constructed, and operated under EMO program	1a. 100% of project secondary school blocks include gender-responsive features by 2024 (2019 baseline: None) <sup>b</sup>  1b. Proportion of secondary schools in Sindh with a (i) science laboratory increases to 30%, (ii) library increases to 20%, all by 2025 (SY2016/17 baselines: 22% for science laboratories, 12% for libraries)	1a. Data from PIU  1b. Annual school census data (source: SELD)	Increase in cost of materials beyond projections reduces the funds available for school construction

	1c. Updated education PPP framework, including revised PPP governance arrangements, strengthened PPP node, and streamlined EMO contracting process, approved by SELD by 2021 (2019 baseline: Not available)	1c. Government notification of updated education PPP framework	
2. Teaching capacity in five key subjects improved	2a. Teacher training and mentoring program in five key subjects (English, mathematics, biology, chemistry, and physics) developed, incorporating gender-sensitive strategies by 2021 (2019 baseline: None)	2a. Data from PIU	
2. Secondary education examination system strengthened	<p>3a. Newly developed uniform examination syllabus and specifications for grades 9–12 approved by Universities and Boards Department and BISE by 2020 (2019 baseline: None)</p> <p>3b. Optical mark recognition systems for grades 9–12 examinations adopted by Sindh BISE by 2022 (2018 baseline: No optical mark recognition systems)</p> <p>3c. At least 80% of BISE assessors, of which 40% are female, pass a competency test in item writing and examination development by 2022 (2019 baseline: None)</p>	<p>3a. Government notification of revised examination syllabus and specifications</p> <p>3b. Data from BISE</p> <p>3c. Special pre- and post-training competency test</p>	
<b>Key Activities with Milestones</b> <b>1. New secondary school blocks constructed, and operated under education management organization program</b> 1.1 Finalize school site selection emphasizing schools that enroll girls (i.e., girls' or mixed schools) by Q1 2020. 1.2 Approve detailed engineering designs for about 160 project secondary school blocks by Q2 2020. 1.3 Complete construction of about 160 project secondary school blocks with solar panels in project districts by Q4 2024. 1.4 Complete provision of furniture and equipment for classrooms, proportionate number of sex-segregated sanitation facilities, libraries, and laboratories for project secondary school blocks by Q1 2025. 1.5 Put EMO contracts in place for all project secondary school blocks by Q2 2025. <b>2. Teaching capacity in five key subjects improved</b> 2.1 Complete study on needs assessment and capacity of secondary school teachers in five key subjects by Q4 2020. 2.2 Complete study on long-term direction of pre and in-serve teacher training system in Sindh, by Q4 2020. 2.3 Develop and pilot the new teacher training and mentoring program by Q1 2021.			

2.4	Provide equipment and teaching aids for existing schools based on the new teacher training and mentoring program by Q2 2021.
2.5	Provide and complete training and mentoring in five key subjects to teachers and to staff in selected teacher training institutes and the Sindh Provincial Institute of Teacher Education by Q2 2023.
<b>3.</b>	<b>Secondary education examination system strengthened</b>
3.1	Complete study on long-term direction of public examination system in Sindh and reform action plan, by Q4 2020
3.2	Develop uniform examination syllabus and specifications for grades 9–12 by Q4 2020.
3.3	Procure and provide optical mark recognition systems to BISE by Q2 2021.
3.4	Provide the new training to BISE and other relevant staff by Q4 2021.
<b>Project Management Activities</b>	
Recruit key staff for dedicated independent PIU by Q4 2019.	
Advertise the teacher training and assessment firm by Q4 2019.	
Advertise the detailed architectural design and construction supervision firm by Q4 2019.	
Recruit the teacher training and assessment firm by Q1 2020.	
Recruit detailed architectural design and construction supervision firm by Q1 2020.	
Advertise all 10 civil works packages for the construction of about 160 secondary school blocks by Q3 2020.	
Advertise equipment for existing schools by Q1 2021 and equipment and furniture for 160 new schools by Q4 2021.	
Advertise optical mark recognition systems by Q1 2021.	
<b>Inputs</b>	
ADB: \$75.0 million ordinary capital resources loan (concessional)	
Government of Sindh: \$7.5 million	
<b>Assumptions for Partner Financing</b>	
Not applicable	

ADB = Asian Development Bank, BISE = Board of Intermediate and Secondary Education, EMO = education management organization, PIU = project implementation unit, PPP = public-private partnership, Q = quarter, SAT = standardized achievement test, SDG = Sustainable Development Goal, SELD = School Education and Literacy Department.

<sup>a</sup> Government of Sindh. 2017. *Strategy Document, Sustainable Development Goal 4*. Karachi (draft).

<sup>b</sup> Gender-responsive design features include a sufficient number of separate male and female toilets in proportion to the size of the student population and equipped with working sanitation facilities and adequate water supply, separate female changing rooms, separate female faculty lounges, separate prayer rooms for females, well-lit rooms and corridors, and boundary walls.

Source: Asian Development Bank.

## B. Monitoring

70. **Project performance monitoring.** There are three phases to the monitoring and evaluation schedule: (i) start up when the overall monitoring and evaluation system is developed and baseline data is collected; (ii) during project implementation; and (iii) final assessment. Baseline data collection disaggregated by sex will be conducted prior to the project start-up. ADB will conduct an inception mission within two months of project start, and a review mission every 6 months, which includes assessing progress on the extent to which outputs and outcome are attained. The Mid-term Review Mission will indicatively be scheduled in early to mid 2023. Within six months after the physical completion of the project loan, the PIU Director will submit to the government and ADB a project completion report (PCR).

71. The PIU will be responsible for monitoring and reporting performance of the project against the DMF's indicators and targets. A Monitoring and Evaluation (M&E) specialist and a Gender/Social safeguards Specialist will be recruited to support the PIU to set up a gender responsive M&E system for the project. At the commencement of project implementation, the PIU, with the assistance of the consulting firms and the M&E and Gender specialist, will use baseline

information from SELD's existing education information management system (Annual School Census (ASC)) to develop a comprehensive project monitoring system (PMS) to generate data systematically on the inputs and outputs as well as the indicators to be used to measure project impact. The PIU will (i) refine the PMS; (ii) confirm achievable targets; (iii) finalize monitoring, recording, and reporting arrangements; and (iv) establish M & E systems and procedures, no later than six months after loan effectiveness. Data from the ASC will be supplemented by three surveys to obtain data and information for baseline, mid-term, and final reviews.

72. **Compliance monitoring.** Compliance with legal, financial, economic, environmental, social, and other covenants contained in the loan and project agreements will be monitored by PIU. The PIU will report the latest situation in respect of covenant compliance in each of its quarterly progress reports to ADB. ADB will monitor compliance through a review of the PIU progress reports and through selective follow-up discussions or more detailed reviews during supervisory missions.

### 73. **Safeguards Monitoring**

#### **a) Environmental Safeguards Monitoring**

74. Contractors will be supervised and monitored on daily basis to ensure compliance with the requirements of the IEEs and the EMPs (including health, safety and labor standards). Monitoring results will be compiled by the contractors and presented to the construction supervision consultants in monthly project progress reports. Besides, the environmental safeguards compliance will be reviewed and monitored periodically, and semi-annual environmental monitoring reports will be prepared and submitted by PIU to ADB for its review acceptance and disclosure. Such semi-annual monitoring reports will be made available to ADB within thirty days from the end date of each reporting period.

75. The semi-annual environmental monitoring reports will include, inter alia, a review of progress made on the implementation of the EMP provisions, grievance redress mechanism and consultations carried out during execution of works as well as issues encountered during execution of works with remedial/corrective measures actions adopted and implemented at site. The template for semi-annual environmental monitoring report is in Appendix 2

#### **b) IR and IP safeguards monitoring**

76. Social safeguards compliance will be reviewed and monitored regularly through PIU Safeguards staff assisted by safeguards experts mobilized through architectural construction design and supervision consultants. The monitoring results will be compiled and reported as periodic social monitoring reports to be submitted semi-annually by the implementation consultant's and PIU's staff for EA's and ADB's review and acceptance. Semi-annual social monitoring reports will be made available within thirty days from the end date of each reporting period and accepted semiannual social monitoring reports will be disclosed on EA's and ADB's web site.

77. ADB's no-objection to the commencement of civil works for project school sites (if any) with IR impacts will be conditional to ADB's review of the RP monitoring report confirming completion of the compensation payment and delivery of other entitlements. Since, it is likely that the RP completion could be achieved before or after due date for the periodic social monitoring report, so to confirm RP implementation special monitoring report focused on RP payment progress can be required and submitted as and when RP implementation is deemed complete.

78. **Gender and social dimensions monitoring.** Among the key social and gender indicators that will be monitored are (i) increase in the proportion of female students; (ii) female participation in community consultations; (iii) gender sensitive messages in campaign materials as well as the reach of the public awareness campaign program to encourage more families to send their girls to school; (iv) institutionalized actions to encourage and keep more girls in school; (v) gender capacity building of teachers and assessors; (vi) gender-fair examination syllabus and test items; and (vii) sex-disaggregated monitoring of students' achievements, retention/drop-out rates, and completion rates. A social and gender specialist will be recruited by the PIU to assist in the implementation and monitoring of the GAP. The specialist will work closely with implementing units to ensure that all GAP related activities are conducted, and progress is monitored. The specialist will also be responsible for GAP-related reporting and documentation of good practices. Project management staff and staff in project implementing units will be provided with gender awareness training. All project quarterly reports, and all review missions adequately report on the progress of GAP implementation.

### **C. Evaluation**

79. Project reviews on performance progress, problems faced, constraints and proposed solutions will be jointly made by ADB and the government every 6 months. The PIU will be responsible for providing information and data disaggregated by sex for these semi-yearly reviews. An aide memoire containing agreed upon actions will be signed by the government and ADB following each review. ADB and the government will conduct the mid-term review mid-way through the project to: (i) review project scope, design, and implementation mechanisms; (ii) review the performance progress as compared with design targets and milestones; (iii) review the compliance with loan covenants; and (iv) propose necessary adjustments. Results of the midterm review will be presented and discussed at the Mid-term Workshop by representatives of stakeholder groups, consultants, and ADB. Necessary corrective actions will be decided at the workshop.

80. Within 6 months of physical completion of the project loan, the PIU Program Director will submit a PCR to ADB analyzing implementation, project performance and achievements against the targets, and expected project impact.

### **D. Reporting**

81. The PIU will prepare and submit to the government and ADB quarterly progress reports in a format consistent with ADB's project performance reporting system, describing (i) project implementation progress, (ii) problems and constraints, and (iii) proposed actions and solutions, (iv) progress achieved by outputs as measured through the indicator's performance targets, (v) key implementation issues and solutions, (vi) an updated procurement plan, (vii) social safeguards compliance; (viii) stakeholder feedback on construction and EMO management; and (ix) an updated implementation plan for the next 12 months. These quarterly reports will provide information necessary to update ADB's project performance reporting system. The PIU will also provide consolidated annual reports including a PCR within 6 months of physical completion of the project. To ensure that the project will continue to be both viable and sustainable, project loan accounts and the executing agency audited financial statement together with the associated auditor's and management reports, should be adequately reviewed.

## E. Stakeholder Communication Strategy

82. In compliance with the minimum requirements of ADB's Access to Information Policy (2018), the PIU will be responsible for: (i) designating a focal point for regular contact with people affected by the project and other stakeholders; (ii) identifying mechanisms for feedback during design and implementation; (iii) identifying details of types of information to be disclosed, and mechanisms for public notice including language and timing; and (iv) implementing and monitoring disclosure and dissemination. The PIU will liaise with SELD and other related agencies in order to coordinate project implementation. The PIU will coordinate with the SELD District Education Offices in project districts to direct, monitor and acquire feedback for smooth project implementation. The Taluka and District Education Offices in each project district will support the PIU in the implementation of project activities. Three formal workshops (inception, mid-term and final) will be organized to provide information to and collection input from stakeholders. For each program, activity workshops are planned to introduce the activity and seek cooperation from stakeholders. ADB will organize visits from ADB board members, VP01/DG, PRM CD and CWSS director to project schools and districts, particularly when certain milestones are reached such as at inauguration of newly constructed school blocks. Project documents will be disclosed on the ADB's and/or SELD's website. Table 17 outlines the framework of communication strategy to be implemented.

**Table 17: Stakeholder Communication Strategy**

<b>Project Documents</b>	<b>Means of Communication</b>	<b>Responsible Party</b>	<b>Frequency</b>	<b>Target Audience</b>
DMF	ADB website	ADB	Included in Report and RRP	Stakeholders impacted by the project
RRP	ADB website	ADB	Within 2 weeks of loan approval	All stakeholders
Legal agreements	ADB website	ADB	Within 2 weeks of loan approval	All stakeholders
PAM	ADB and SELD websites	ADB and SELD	Within 2 weeks of loan approval and at the end of every review missions	General public, consultants and project contractors
PMS	SELD website	SELD	Routinely disclosed	Stakeholders impacted by the project
Major Change in Scope/Implementation arrangements	ADB website	ADB	Within 2 weeks of approval of the change	Stakeholders impacted by the project
Progress Reports	ADB and SELD websites	ADB and SELD	Quarterly from project effectivity	All stakeholders
Completion Report	ADB and SELD websites	ADB and SELD	A year after project financial closing	All stakeholders
Evaluation Report	ADB website	ADB	Routinely disclosed	All stakeholders

ADB = Asian Development Bank, PAM = project administration manual, PMS = performance management system, RRP = Report and Recommendations of the President to the Board, SELD = School Education and Literacy Department.

83. The PIU will hire an experienced communication and community mobilization specialist to ensure regular communication with all stakeholders. The specialist will connect with all key

stakeholders including government education officers, parents, teachers, principals, students, local communities and EMOs early on during project implementation. The specialist will organize regular focus groups and workshops with households, school management committee members, and Taluka and District Education Officers to raise awareness about the EMO model of public-private partnerships and seek inputs on strategies for the EMO schools to achieve “Key Performance Indicators” early during project implementation. These discussions and workshops would enable the PIU to communicate the objectives and strategies to be used in the project to achieve key targets such as increased enrollment, particularly for girls, in secondary school and better teaching and infrastructure quality in project secondary schools. It will be important to create realistic expectations in terms of what the project will deliver. The specialist will create an outreach plan for communication with key stakeholders during project implementation including face to face contact as well as the use of social media as well as local media.

84. The specialist will also work with EMOs who will manage the schools constructed under the project to reach out to households, school administrators and contractors in the areas to build support for the project during the pre-construction phase, construction phase and the transfer of operations and management to the EMOs phase. Further, the specialist will provide mobilization support to contractors during construction to address and help resolve any conflicts on issues such as land demarcation, construction of boundary walls, or any disruptions to school functioning for the existing primary schools. A District Support Committee (“DSC” or “DST”) has been introduced in the Concession Agreements for EMO managed schools under USAID’s SBEP. The DST is empowered to support implementation of the EMO policy by coordinating with provincial and district authorities, and with representatives of EMOs. It supports schools and EMOs by assessing challenges, developing strategies to address the challenges, and advise solutions. The DST is a notified body with representation from senior officials including the Deputy Commissioners of the relevant districts, Director School Education, the District Education Officer, Program Managers of the EMOs, Head teachers of the schools, SMC chairpersons and representation from the PPP Node. The SSEIP will convene similar DSTs in the districts where EMO managed school blocks will be constructed.

85. As school construction begins and schools begin to operate under EMO management, the specialist will also use other forms of communication such as emails, text messages, and a Facebook page to share ongoing updates more widely. The PIU will also develop videos and other material on the EMOs and other aspects of the project to share with stakeholders. School Management Committees and parent-teacher associations will be key partners in ensuring smooth project implementation. In addition, feedback from local communities would be gathered via the Facebook page and through the focus group meetings. This feedback will be valuable information alongside more formal monitoring and evaluation mechanisms to ensure that project implementation is on track. It will be important, however, to validate this informal feedback with visits and field data before the PIU takes any action. The specialist will work closely with the monitoring and evaluation specialist at the PIU to include stakeholder feedback in project reports and ensure that these are disseminated to district and taluka education officers as well as, where appropriate, other stakeholders. The PIU will share quarterly project update reports on the Facebook page and the SELD website and disseminate these to key stakeholders. The specialist will also actively reach out to local media (in addition to social media), both print and radio, to broadcast key successes of the project as implementation progresses. The specialist will assist SELD and communities to organize opening ceremonies at each newly constructed school blocks and special events at project schools to showcase particular achievements such school year end achievements of students. All communication messages and materials will have the logo of the project for facilitating easy identification and branding of the project



86. The communication and community mobilization specialist will also work closely with the social/gender specialist in the PIU to organize focus groups and workshops to raise awareness about the importance of sending girls to secondary school and on the available government schemes such as girls' stipends that households can benefit from when girls are sent to schools. Increasing girls, enrollment and retention in secondary schools is a key target of the project.

## **X. ANTICORRUPTION POLICY**

87. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.<sup>35</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.<sup>36</sup>

88. To support these efforts, relevant provisions are included in the loan agreement/regulations and the bidding documents for the project.

## **XI. ACCOUNTABILITY MECHANISM**

89. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>37</sup>

## **XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL**

90. All revisions and/or updates during the course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the PAM, including revision to contract awards and disbursement s-curves.

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<sup>35</sup> Anticorruption Policy: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>36</sup> ADB's Integrity Office web site: <http://www.adb.org/integrity/unit.asp>

<sup>37</sup> Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism/default.asp>.

## TERMS OF REFERENCE

### I. CONSULTING FIRMS

#### A. Teacher Training and Assessment Firm (TTAF)

##### A.1 International Expertise

##### 1. **Team Leader/Education Management Specialist (16 person-months, intermittent).**

The specialist should have an advanced degree in education, educational management, economics or related field, preferably with at least 10 years of international experience in a leadership role; more than 15 years of experience in education management, institutional development, and policy development in education; and experience in leading the implementation and monitoring and evaluation of ADB funded projects. The specialist should have excellent writing and communication skills. The Team Leader will guide the implementation of project activities and will have overall responsibility for delivering the services required to achieve Output 2 and Output 3. Core tasks include, but are not limited to, the following:

- (i) Lead the TTAC team to achieve Output 2 and Output 3;
- (ii) Serve as focal point for SELD and ADB on project management and Output 2 and Output 3 related activities;
- (iii) Overall responsibility for the organization, conduct and delivery of consultancy services and reporting;
- (iv) Support the PIU in project management and reporting to SELD and ADB;
- (v) Develop detailed work plans for the consultant team and supervise and coordinate inputs;
- (vi) Dialogue and coordinate with development partners on project activities;
- (vii) Assist the Project Director and Project Manager in communicating with ADB on all technical matters related to Output 2 and Output 3 and ensure the quality of technical documentation related to these outputs;
- (viii) Coordinate and oversee completion of baseline studies;
- (ix) Oversee implementation of the GAP related to Output 2 and Output 3;
- (x) Develop and lead regular monitoring and evaluation of Output 2 and Output 3 related activities and produce progress reports for the EA and PIU, and for ADB review missions;
- (xi) Oversee preparation of all surveys, studies, training materials prepared under the project; and
- (xii) Coordinate and lead preparation of those parts of the project completion report related to Output 2 and Output 3.

2. **Teacher Training and Mentoring Specialist (8 person-months, intermittent).** The specialist should have an advanced degree in education or related field, preferably with at least 12 years of experience in the development and implementation of teacher training and mentoring programs, particularly for mathematics and science education. The specialist should have extensive knowledge of teacher education, including in the use of technology in teaching; a demonstrated track record of timely delivery of high-quality outputs; excellent interpersonal skills; and good command of spoken and written English. Core tasks include but are not limited to, the following:

- (i) Assist the team leader in achieving the consultancy objectives;

- (ii) Development and implementation of teacher training and mentoring program, including needs and capacity assessment of teachers' trainings and designing of teacher training and mentoring program;
- (iii) Review the existing teacher training curriculum and prepare training modules for training and mentoring of secondary teachers in five key subjects – English, mathematics, biology, chemistry and physics;
- (iv) Provide classroom training and in-class mentoring by subject specialist master trainers in English, mathematics, biology, chemistry and physics; and
- (v) Undertake any other task assigned by the team leader in order to implement Output 2 and Output 3.

**3. Educational Assessment and Secondary and Higher Secondary Examination Specialist (6 person-months, intermittent).** The specialist should have an advanced degree in education, educational assessment or related field, preferably with at least 12 years of experience in the development and implementation of educational assessment and examination systems at the secondary and higher secondary education levels, and extensive knowledge of the use of technology in educational assessment and examinations. The specialist should have a demonstrated track record of timely delivery of high-quality outputs, excellent interpersonal skills, and good command of spoken and written English. Core tasks include, but are not limited to, the following:

- (i) Assist the team leader in achieving the consultancy objectives;
- (ii) Study of long-term direction of public examination system in Sindh;
- (iii) Development of a uniform examination syllabus and specifications for grades 9–12 for BISE;
- (iv) Development of a training program in item writing and exam development for BISE assessors;
- (v) Development of a training program in data analysis and research for BISE staff;
- (vi) Advise on automation of the examination system, including on the use of optical marking systems; and
- (vii) Any other task assigned by the Team Leader.

## **A.2 National Expertise**

**4. Deputy Team Leader/Education Management Specialist (24 person-months, continuous).** The specialist should have an advanced degree in education, educational management, economics or related field, preferably with at least 12 years of experience in education management; institutional and policy development; and implementation, monitoring and evaluation of projects funded by ADB or other international development partners. The specialist should have excellent writing and communication skills. The Deputy Team Leader will assist the Team Leader in the overall delivery the services to achieve Output 2 and Output 3. Core tasks include, but are not limited to, the following:

- (i) Assist the Team Leader of the TTAC team to achieve Output 2 and Output 3;
- (ii) Act as a team leader in the absence of the Team Leader;
- (iii) Serve as focal point for SELD and ADB on project management and Output 2 and Output 3 related activities in the absence of the Team Leader;
- (iv) Support the Team Leader and have overall responsibility for the organization, conduct and delivery of consultancy services and reporting;
- (v) Support the Team Leader and PIU in project management and reporting to SELD and ADB;

- (vi) Assist and work closely with the Team Leader in development of the detailed work plans for consultant team and supervise and coordinate the inputs;
- (vii) Conduct dialogue and coordinate with development partners on project activities;
- (viii) Assist and work closely with the Team Leader, Project Director and Project Manager in communicating with ADB on all technical matters related to Output 2 and Output 3 and ensure the quality of technical documentation related to these outputs;
- (ix) Conduct, coordinate and oversee completion of baseline studies;
- (x) Coordinate with team members and oversee team members to ensure timely and quality completion of tasks;
- (xi) Develop and lead regular monitoring and evaluation of Output 2 and Output 3 related activities and produce progress reports for the EA, PIU and ADB review missions;
- (xii) Oversee conduct of all surveys, teacher needs assessments, teacher capacity assessments, studies, teacher training materials, and design of the project's teacher training and mentoring program;
- (xiii) Advise on key features of the teacher training and mentoring program and capacity building program for staff in selected teacher training institutes and PITE;
- (xiv) Develop baseline and endline surveys for measuring teacher capacity and satisfaction with improved knowledge from the training programs;
- (xv) Prepare, coordinate and lead the preparation and compilation of the project completion report related to Output 2 and Output 3; and
- (xvi) Undertake any other tasks assigned by the Team Leader and the PIU.

**5. Teacher Needs Assessment and Capacity Assessment Specialist (8 person-months, intermittent).** The specialist should have an advanced degree in education or related field, preferably with at least 10 years of experience in the development and implementation of teacher training and mentoring programs, particularly for mathematics and science education; and extensive knowledge of teacher education, including the use of technology in teaching. The specialist should have a demonstrated track record of timely delivery of high-quality outputs, excellent interpersonal skills, and good command of spoken and written English. Core tasks include, but are not limited to:

- (i) Assist the team leader and international Teacher Training and Mentoring Specialist in achieving the consultancy objectives;
- (ii) Administer teacher capacity and satisfaction baseline and endline surveys;
- (iii) Assist the international Teacher Training and Mentoring Specialist in the development and implementation of teacher training and mentoring programs, including the needs assessment and capacity assessment of teacher training, and the design of the teacher training and mentoring program;
- (iv) Assist and work closely with the international Teacher Training and Mentoring Specialist in reviewing the existing teacher training curriculum and in the preparation of training modules for the training and mentoring of secondary education teachers in five key subjects – English, mathematics, biology, chemistry and physics;
- (v) Conduct and assist the international Teacher Training and Mentoring Specialist in providing classroom training and in-class mentoring by subject specialist master trainers in five key subjects – English, mathematics, biology, chemistry and physics these subjects; and
- (vi) Undertake other tasks assigned by the Team Leader to assist in the achievement of Output 2 and Output 3.

**6. Educational Assessment and Secondary and Higher Secondary Examination Specialists (2 consulting positions, 4 person-months each, intermittent).** The specialist should have an advanced degree in education, educational assessment or related field, preferably with at least 10 years of experience in the development and implementation of educational assessment and examination systems at the secondary and higher secondary education levels. The specialist should have extensive knowledge of the use of technology in educational assessment and examinations, a demonstrated track record of timely delivery of high-quality outputs, excellent interpersonal skills, and good command of spoken and written English. Core tasks include, but are not limited to, the following:

- (i) Assist the Team Leader and international Educational Assessment and Secondary Examination Specialist in achieving the consultancy objectives;
- (ii) Assist and work closely with the international Educational Assessment and Secondary Examination Specialist in development of a uniform examination syllabus and specifications for grades 9–12 for BISE;
- (iii) Assist the international Educational Assessment and Secondary Examination Specialist in the development and preparation of training modules in item writing and exam development for BISE assessors. These modules should emphasize an approach to item writing and exam development that reduces the emphasis of exams on rote memorization and enhances their emphasis on critical thinking, analysis, and problem solving;
- (iv) Prepare training modules in data analysis and research for BISE staff. These modules should be in line with international standards. Undertake training of BISE assessors in item writing and exam development and training of BISE staff in data analysis and research;
- (v) Assist and work closely with the international Educational Assessment and Secondary Examination Specialist in the development of a training program in data analysis and research for BISE staff; and
- (vi) Advise on automation of the examination system, including on the use of optical mark recognition; and
- (vii) Undertake other tasks assigned by the Team Leader, Deputy Team Leader, and international Educational Assessment and Secondary Examination Specialist.

**7. Subject Specialists (5 consulting positions, 2 person-months each, intermittent).** The specialists should have an advanced degree in the specific subject, education or related field, preferably with at least 10 years of experience in the development and implementation of secondary education teacher training and mentoring, and secondary education curricula development. The specialists should have a demonstrated track record of timely delivery of high-quality outputs, excellent interpersonal skills, and good command of spoken and written English. Core tasks include, but are not limited to, the following:

- (i) Assist the Team Leader and Deputy Team Leader in achieving the consultancy objectives;
- (ii) Assist and work closely with the international Educational Assessment and Secondary Examination Specialist in the development of a uniform examination syllabus and specifications for grades 9–12 for BISE;
- (iii) Assist the international Educational Assessment and Secondary Examination Specialist in the development and preparation of training modules;

- (iv) Review the secondary teacher training curriculum and prepare training modules for the training and mentoring of secondary teachers in five key subjects – English, mathematics, biology, chemistry and physics; and
- (v) Undertake other tasks assigned by the Team Leader, Deputy Team Leader, and international Educational Assessment and Secondary Examination Specialist.

**8. Teacher Trainers and Mentors (5 consulting positions, 15 person-months each, intermittent).** The specialists should have an advanced degree in education, training, capacity development or related field, preferably with at least 10 years of experience in capacity development, training, and mentoring of secondary school teachers. The specialist should have a demonstrated track record of timely delivery of high-quality outputs, excellent interpersonal skills, and good command of spoken and written English. Core tasks include, but not limited to:

- (i) Assist the team leader and deputy team leader in achieving the consultancy objectives;
- (ii) Assist and work closely with the team of international specialists and especially with Teacher Training and Mentoring Specialist in finalizing teacher training materials;
- (iii) Undertake in-class training and mentoring of teachers in five key subjects – English, mathematics, biology, chemistry and physics; and
- (iv) Undertake other tasks assigned by the Team Leader and Deputy Team Leader.

**9. Secondary Syllabus Development Specialists (2 consulting positions, 3 person-months each, intermittent).** The specialists shall have an advanced degree education, capacity development, syllabus development or related field. Preferably 10 years of experience in curriculum development and syllabus preparation for secondary schools. Demonstrated track record of timely delivery of high-quality outputs. Excellent interpersonal skills. Good command of spoken and written English. Core tasks includes but not limited to:

- (i) Assist the team leader and deputy team leader in achieving the consultancy objectives;
- (ii) Assist and work closely with the international specialist team in preparation and finalization of the syllabus;
- (iii) Review current examination specifications for Grades 9–12 examinations and propose new uniform specifications and a syllabus to align examinations with the provincial curriculum; and
- (iv) Undertake other tasks assigned by the Team Leader and Deputy Team Leader.

**10. Social and Gender Specialist (12 person-months, intermittent).** The specialist should have an advanced degree in social sciences, gender studies or related field, preferably with 10 years of experience in the provision of gender advice and analysis. The specialist should have a demonstrated track record of timely delivery of high-quality outputs, excellent interpersonal skills, good command of spoken and written English, and familiarity with ADB or other internationally funded projects. The specialist will perform the following functions, duties, and tasks:

- (i) Assist the Team Leader and work with the international Gender Specialist in achieving the consultancy objectives, with a focus on gender related activities and implementation of the project GAP;
- (ii) Assist the international Gender Specialist and provide technical guidance to the PIU Gender Specialist in preparing a more detailed implementation plan for the GAP with updated timeframes to ensure that actions and activities are

- implemented, monitored, complied with, and reported in accordance with ADB's policies;
- (iii) Provide technical guidance to the PIU Gender Specialist in designing and developing a sex-disaggregated database to monitor progress in achieving GAP targets;
  - (iv) Work with the PIU Gender Specialist to ensure that the school design and construction includes gender-responsive elements, such as separate girls' and boys' toilets;
  - (v) Work with the PIU Gender Specialist to orient the Teacher Training and Mentoring Specialist, and Educational Assessment and Secondary and Higher Secondary Examination Specialist, and other project specialists on gender mainstreaming; and ensure that teacher training materials and assessment tools are free from gender bias;
  - (vi) Work with the PIU Gender Specialist to design and implement community mobilization and sensitization strategies aimed at increasing girls' participation in education;
  - (vii) Coordinate with the EA, PIU and stakeholders to ensure they are aware of the project's gender targets and that these are incorporated into their project activities;
  - (viii) Monitor project activities to ensure quality implementation of the GAP, and that progress towards achieving GAP targets is reported in each monitoring and review activity, including providing gender inputs to the project's progress report; and
  - (ix) Undertake other tasks assigned by the Team Leader and Deputy Team Leader.

## **B. Architectural Design and Construction Supervision Firm**

**11. Team Leader/ Senior Resident Engineer (Civil) [also work as the Engineer / Project Manager] (1 National, 30 person-months, Continuous):** The candidate should be a qualified civil engineer preferably masters in engineering, management or equivalent and have over 15 years of experience as a team leader / resident engineer in design and construction supervision of preferably buildings or other construction projects in Pakistan or abroad, whereas experience in Sindh province would be an added advantage. The candidate should have experienced of managing similar works in the building / construction sector in Pakistan or abroad. He/she will have overall responsibility for the organization, conduct and delivery of consultancy services, design and construction supervision of contracts and reporting. He/she will head the Design & Supervision Team of Consultants and will work directly, and manage relations, with the client. He/she will be responsible for all liaisons with and reporting to the client, and for financial control of the consultancy, provide overall guidance and advise to construction supervision/contract administration team, amicably resolve any disputes during the construction and provide decisions whenever required and overall responsibility for progress and completion with assistance from team members. He /She will supervise the work of design team, resident engineers, assistant resident engineers and rest of construction supervision teams and will manage the construction milestones and quality control of works. The construction works will be executed in accordance with the Conditions of Contract contained in issued bidding documents as appropriate. Accordingly, the Project Director PIU will be the Employer, and the TL /SRE will be the Engineer/Project Manager for all civil work contracts. He / She will approve/ recommend for payments the interim payments of the approved worked as checked and recommended by the Res and the consultant field team.

**12. School Architect/ School Designer (1 National, 8 person-months, Intermittent):** The candidate should have bachelor in Architecture / design, engineering or equivalent and have preferably over 10 years of experience as an architect/ designer in designing of buildings

preferably educational facilities and school buildings. The candidate shall have sound knowledge of the current trends of building designs including the climate resilience factors and local factors for building designs, the associated furniture requirements of each school and design of the same, prepare / update the specifications for the same and ensure they fit in the available space. He /She will be responsible for all the architectural designs, 3D, plans, elevations and final construction drawings approved by the client. The consultant will work closely with the structure designer and electrical design engineer to ensure proper comprehensive finalized architecture design for all the schools under the project and keeping in view the solar panels provisions, other equipment including furniture and their suitability in building electrifications in close coordination with structure design engineer and electrical design engineer.

**13. Structural Design Engineer (Civil) (1 National, 8 person-months, Intermittent):** The candidate should have bachelor in civil engineering and preferably masters in structure engineering or equivalent. The candidate should have preferably over 10 years of experience as a structure engineer while designing the buildings structures and preferably the education facilities and schools buildings. The candidate should have sound knowledge of the current trend of structure designs techniques including the climate resilience factors in addition the earthquake resilience factors and other structure safety measure while designing the structure based on the finalized architectural design. The consultant will work closely with the school architect and electrical design engineer to ensure proper comprehensive finalized structure designs including their electrifications, solar panels, furniture and other equipment, water and sanitation, toilets, changing rooms, prayer rooms, faculty lounges, boundary walls, plumbing and sewerage for all the schools under the project. He /She will be responsible for all the structure design and structure elements including the safety of the final designs and final construction drawings approved by the client.

**14. Electrical Design Engineer (Solar Design and Buildings electrification) (1 National, 5 person-months, Intermittent):** The candidate should have bachelor in electrical engineering or equivalent. The candidate should have preferably over 10 years of experience as an electrical design engineer while designing the buildings electrifications and preferably the education facilities and schools buildings electrification. The consultant should also have sound knowledge of solar panels and their voltage /load capacity knowledge and their applicability in buildings. The candidate should have sound knowledge of the current trend of safe and economical electrocutions in public buildings. The consultant will work closely with the school architect and civil structure design engineer to ensure proper comprehensive finalized architecture, structure and electrifications design for all the schools under the project. He /She will be responsible for all the electrifications and solar panels design elements including the safety of the final electrification in the final construction drawings approved by the client.

**15. Resident Engineer- RE (Civil) (2 Nationals, each 24 person-months, Continuous):** The candidate should have preferably over 10 years' experience as Resident Engineer, ARE on civil works projects and have Bachelor's degree in Civil Engineering – preferably Masters in Civil Engineering / Structure Engineering / Construction Management / Project Management or equivalent. Responsibilities will include but not limited to: (i) Provide support to the PIU and ensure liaison with the SELD, Project Steering Committee (PSC), ADB, and other relevant stakeholders; (ii) The Resident Engineer will be responsible for quality, cost, scope, time, safety, and environmental control of the subprojects; (iii) He/she will be responsible for reviewing and assisting in approval of contractor's work program, method statements, material sources, preparing and issuing reports as defined subsequently, approving and/or issuing working drawings including furniture and all other equipment details, approving the setting out of the works, and instructing the contractor; (iv) Certifying work volume and recommending the interim



certificates for progress payments, maintaining consolidated project accounts, and preparation of financial statements, ensuring minimum disruption/damage to the environment by approval of contractors' work statement/methodology; (v) Monitoring the impact of construction works on the environment and local settlements and providing information to the PIU, SELD, and the ADB on the monthly progress reports; (vi) Recommending for approvals /approving and/or issuing working drawings, approving the setting out of the works, and instructing the contractor; (vii) Taking measurements and keep measurement records; (viii) Maintaining records, correspondence, and diaries; (ix) Certifying completion of part or all of the works; (x) Providing the employer with complete records and reports, and approving the contractors' as - built drawings for the works; (xi) Assist the engineer / project manager in the overall project supervision and preparation of an overall project completion report and provide relevant inputs concerning needs for checklists; and (xii) any other duties as assigned by the team leader.

**16. Assistant Resident Engineer- ARE (Civil) (4 Nationals, each 24 person-months, Continuous):** The candidate should have preferably over 8 years' experience as ARE / senior engineer on civil works projects and have Bachelor's degree in Civil Engineering or related field. Reports to the Resident Engineers and responsibilities will include but not limited to: (i) Works directly with the Resident Engineers to ensure timely implementation and efficient construction management of the Project; (ii) Supervise day to day activities of the subprojects and get updates from site engineers and other technical staff; (iii) Ensure quality of civil work is compatible with school furniture, laboratory and ICT requirements ; and (iv) Provide inputs to monthly, quarterly, semi-annual and annual reports as needed.

**17. Assistant Resident Engineer- ARE (Electrical) (1 National, 18 person-months, Intermittent):** The candidate should have preferably over 8 years' experience as ARE / senior electrical engineer on civil works projects and have Bachelor's degree in Electrical Engineering or related field. Reports to the Resident Engineers and responsibilities will include but not limited to: (i) Works directly with the Resident Engineers to ensure timely implementation and efficient implementation of electrifications and solar panels related activities in all the construction sub-projects; (ii) Supervise day to day activities of the subprojects and get updates from site engineers and other technical staff; (iii) Ensure quality of solar and electrical related work; and (iv) Provide inputs to monthly, quarterly, semi-annual and annual reports as needed.

**18. Material Engineer (ME) (1 National, 18 person-months, Intermittent):** The candidate should have preferably over 10 years' experience as material engineer, senior material technician on civil works projects preferably building works and have Bachelor's degree in Civil Engineering, geology or equivalent preferably Masters in Engineering Geology or equivalent. He/she will assist the SRE and REs and will be responsible for quality of materials used in works and goods by performing field and laboratory tests and certifying their acceptance based on recommended specifications for the materials and will also identify the sources of material and query sites. Main responsibilities of the position will include but not limited to: (i) Stipulate Material Testing Procedures and Specifications; (ii) Identify sources of materials, quarry sites and borrow areas; (iii) Confirm the suitability and availability of material in the borrow pits and quarries for concrete works; (iv) If required, identify and evaluate additional sources of materials; (v) Undertake field and laboratory testing of the materials to determine their suitability for various components of the works and goods; be overall responsible for all the Material Testing and specification and certification of material quality. (Cements, sand, wood, steels, bricks etc.); confirm that the furniture and other equipment meet the standards mentioned in technical specifications; and (vi) coordinate with laboratory for testing of the materials in case of outside material testing.

**19. Procurement and Contracts Management Specialist (1 National, 18 person-months, Intermittent):** The candidate should have preferably over 10 years' experience as a Procurement and Contracts Specialist on major civil works and goods projects. Proven credentials in procurement management and contract administration and knowledge of ADB or other MDBs will be an added advantage. Bachelor's degree with a major in Civil Engineering, law, contracts, purchasing, management or equivalent – preferably Master's degree in Civil Engineering, law, contracts / procurement, management or equivalent. Reports to the TL /CRE and responsibilities will include but not limited to: (i) He/she will be the ultimate responsible for assistance in procurement and contracts management of works and goods contracts; (ii) Prepare all the bidding documents in close coordination with the PIU procurement specialists for the procurement of goods and works and make sure that such documents are in accordance with ADB's Procurement Regulations for ADB Borrowers: Goods, Works, Non-consulting and Consulting Services (2017, as amended from time to time).; (iii) Assist the PIU to carry out annual review of the Procurement Plan; (iv) Assist the PIU procurement specialist and the bid evaluation committee in the bidding process for the procurement of works and goods; assist for; (a) the preparation and publication of invitations to bid, (b) answers to bidders' queries, (c) evaluation of tenders; (d) preparation of bid evaluation reports etc.; (v) Assist in organizing, bidder site visits, if applicable; (vi) Work together with the PIU procurement specialists to coordinate the processes of obtaining no-objection from the ADB, during the bid evaluation and for bid evaluation reports; (vii) Work together with the PIU project director for the preparation of the necessary documentation for contract signing and consultant and contractor mobilization; (ix) Provide inputs to periodical and annual reports as required; (x) Ensure contract administration of the works and goods contracts, assist TL in taking timely contractual actions related to cost, time and quality controls in accordance with the provisions of the contract agreement, closure of contracts, evaluating claims and in case of disputes, its referral to dispute resolution including Dispute Review Boards and/or arbitration; (xi) provide early warning of key contractual actions, schedule and document contract management meetings and evaluating/resolving contractor's claims and contractual disputes; and (xii) Assist PIU and SELD in procurement and contract management of civil works and goods contracts.

**20. Chief Quantity Surveyor (1 National, 24 person-months, Intermittent):** The candidate should have preferably over 10 years' experience as senior quantity surveyor on construction projects preferably on building construction projects. The candidate should have DAE in civil or quantity surveying and preferably bachelor's degree in civil engineering or related field. Initially the candidate will help the design team in preparation of the engineers estimates (EE) and BoQs based on the finalized construction drawings. During execution he /she will be responsible for measurement of all type of quantities and preparation of measurement sheet in accordance with approved drawings for the purpose of preparing interim and final payment certificates. He/she will be responsible for preparing the Bills of Quantities and the Engineer's Estimates for the individual subprojects. The quantity surveyors shall review detailed estimates for quantities (considering designs and both architectural and structural) and project cost for the entire project (civil works packages wise), including the cost of environmental and social safeguards proposed and market rate for the inputs or the local schedule of rates. The quantity surveyors will ensure correctness of documentation, IPCs and quantities during the construction and confirming the computation and processing of interim payment certificate, producing details of the final bill and total quantities consumed during the project. The quantity surveyors prepare quantitative estimates for any suggested variation with its cost impact on the project. Assist SRE in all quantity related matter and approvals of payments.

**21. Environmental Specialist (1 National, 15 person-months, Intermittent):** The specialist should have a Bachelor's or graduate degree in environmental science, biology, ecology,

planning or related field. Preferably over 10 years' experience in environment impact assessment preparation, conducting stakeholder consultations, implementation of and addressing environment issues for development projects. Demonstrated track record of timely delivery of high quality outputs. Excellent interpersonal skills. Good command of spoken and written English. Familiarity with ADB or other internationally funded projects desirable. The specialist will perform functions, duties, and tasks enlisted below during design and implementation of the project works.

At design phase the specialist

- (i) will review EARF including draft IEE with EMP prepared at project processing and shall conduct rapid environmental screening and assessment of all project school sites and validate the environmental category of project school sites;
- (ii) following detailed design, shall review/examine environmental implications and coordinate with engineering design team to consider measures/design alternatives to avoid, minimize and mitigate adverse impacts for the project schools under the SSEIP;
- (iii) examine adverse environmental impacts that are likely from execution of civil works planned under the project and suggest measure to minimize and mitigate construction related adverse environmental impacts for each school site;
- (iv) conduct meaningful consultations with stakeholders including affected local communities to explain project school design options, environmental issues with available solution to avoid, minimize and mitigate adverse impacts;
- (v) conduct detailed impact assessment from different project actions for each project school sites and develop site specific environmental checklists with site specific base line environmental condition with mitigation measures;
- (vi) prepare/update/finalize contract package or district specific Initial Environmental Examination Reports including Environmental Management Plan based on detailed design for SSEIP project; and
- (vii) Support PIU safeguards team in the submission and approval of the IEEs with EMPs by the Sindh Environmental Protection Agency (SEPA).

**During execution of the project works the Environmental specialist will be responsible to:**

- (i) ensure the bidding documents and civil work contracts include provisions on safeguards management;
- (ii) review and approve the site-specific Environmental Management Plans (EMPs) prepared by the contractors before start of construction of school blocks and where needed update the Initial Environmental Examination (IEE) report and submit site specific EMPs for PIU and ADB's acceptance and disclosure;
- (iii) support the PIU Safeguards specialist to extend grievance redress mechanism at filed/district level, and organize training for the contractors and other project focal persons at field level;
- (iv) supervise and review day to day implementation progress on the EMPs, undertake site visits as required, identify environment-related implementation issues, and propose necessary corrective actions;
- (v) consolidate day to day implementation progress in monthly progress reports for PIU and ADB's review and assist PIU and PIC safeguard teams in preparation of semi-annual Environmental Monitoring Reports for EA and ADB;
- (vi) Coordinate with the PIU safeguards specialist to organize training for contractors on environmental management of the project in terms of the government's legal and ADB's Safeguards Policy requirements; and
- (vii) Perform such other functions in the area environmental management and safeguards, as may be requested by PIU environmental specialist or the team leader.

**22. Social Safeguards Specialist-Resettlement (1 National, 15 person-months, Intermittent):** The specialist should have a post-graduate or graduate degree in social science, sociology, planning or related field. Preferably over 10 years' experience in social safeguard assessment preparation, conducting stakeholder consultations, implementation of and addressing resettlement issues for development projects. Demonstrated track record of timely delivery of high quality outputs. Excellent interpersonal skills. Good command of spoken and written English. Familiarity with ADB or other internationally funded projects safeguard requirement is desirable. The Safeguard Specialist would be responsible for carrying out the social due diligence on sites for all proposed sub projects, conduct stakeholder consultation and identify the resettlement issues, prepare and update resettlement plans or due diligence reports if needed, following the guidelines of ADB and Government and the resettlement framework using guidelines provided and agreed with ADB, and assist in the implementation of the plans should it be required. Prepare / update the resettlement plan as required and inputs to the monthly / quarterly progress report. Some specific task of social safeguards specialist will include:

- (i) review RF including consolidated SDDR (draft) if prepared during project processing and following detailed design conduct IR and IP impact screening/assessment of all school sites in 10 project districts and confirm IR and IP category of the project following screening criteria outlined in the RF for SSEIP;
- (ii) coordinate with district level school administration, land revenue authorities including local community and confirm land title, identify and document third-party land use about land required for new school building blocks in all selected school sites of project districts;
- (iii) conduct consultations with the stakeholders including local community and people facing IR/IP impacts and maintain record of consultations as meeting minutes of key informant interviews and focus group discussions, signed list of participants and pictorial profile of meetings etc.;
- (iv) review, examine and suggest alternative options (project school site or design alternatives) to avoid and minimize IR impacts;
- (v) following impact screening and review of land record information: b) prepare at least ten (contract package or district specific) Social Due Diligence report (SDDR) confirming project school site without IR/IP impacts and project school site with IR/IP impacts due to identified third party land uses; and
- (vi) if avoidance of IR/IP impacts is not possible, conduct detailed impact assessment based on final detailed design and prepare consolidated RPs for project school sites in each contract package including final inventory of losses, census of AHs/APs, compensation costs and RP implementation timelines.
- (vii) assist PIU and project implementation firm's safeguards specialists in:
- (viii) review and finalize DDRs and RPs (if required) for government's endorsement and ADB's acceptance before award of project works,
- (ix) community outreach and disclosure of DRR and RP provisions and extension of GRM at local (project district or school site) level and implementation of safeguards related training program and RP implementation progress review, assessment of construction related emerging IR issues and finalization of corrective actions, e) and consolidation of periodic social monitoring reports for EA and ADB review.

### **C. Auditing Firm**

**[ENTITY NAME: XYZ]  
AUDITED PROJECT FINANCIAL STATEMENTS (APFS)**

## STATEMENT OF AUDIT NEEDS (AUDITOR'S TERMS OF REFERENCE<sup>38</sup>)

### I. Introduction

23. *[A description of the project will be provided with a focus on the purpose for which the funds are intended consistent with broad project objectives and budget. A description of the executing and implementing agencies will be included along with the related accounting and financial management practices, loan amount, financial reporting periods to be audited, and other relevant information that should be brought to the attention of the auditors.]*

### II. Management Responsibility for Preparing Project Financial Statements

24. Management is responsible for preparing and fairly presenting the project financial statements, and for maintaining sufficient internal controls to ensure that the financial statements are free from material misstatement, whether due to fraud or error. In addition, management is responsible for ensuring that funds were used only for the purpose(s) of the project, for compliance with financial covenants (where applicable), and for ensuring that effective internal controls, including over the procurement process, are maintained. [In this regard, management must:

- (i) Prepare and sign the Audited Project Financial Statements.
- (ii) Prepare and sign a Statement of Compliance.

25. Management must include the following in the Statement of Compliance:

- (i) That project financial statements are free from material misstatements including omissions and errors, and are fairly presented;
- (ii) That the borrower or executing agency has utilized the proceeds of the loan only for the purpose(s) of the project;
- (iii) That the borrower or executing agency was in compliance with the financial covenants of the legal agreement(s) (where applicable);
- (iv) That the imprest fund procedure, where applicable, has been operated in accordance with the Asian Development Bank's (ADB) Loan Disbursement Handbook;
- (v) That adequate supporting documentation has been maintained to authenticate claims stated on the statement of expenditures (SOE), where applicable, for reimbursement of eligible expenditures incurred and liquidation of advances provided to the imprest account; and
- (vi) That effective internal control, including over the procurement process, was maintained.

### III. Objectives

26. The objectives of the audit of the project financial statements is to enable the auditor to (i) express an independent and objective opinion as to whether the project financial statements present fairly, in all material respects, or give a true and fair view of the project's financial position, its financial performance and cash flows, and (ii) provide a reasonable assurance opinion over

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<sup>38</sup> This statement of audit needs was developed to guide project teams and executing and implementing agencies in communicating the Asian Development Bank's (ADB) auditing requirements to private auditors. This statement of audit needs may also be used as a guide when communicating auditing requirements with supreme audit institutions, where applicable.

certain specific representations made in the Statement of Compliance. *(please refer to paragraph 10).*

#### IV. Auditing Standards

27. The *[statutory]* audit is required to be conducted in accordance with *[specify the relevant auditing standards]*. These standards require that the auditor comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the project financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the project financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the project financial statements whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the project financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the project financial statements.

28. The standards to be applied will be documented in the project/loan documents, and will include:

*[Option A: Standards promulgated by the International Auditing and Assurance Standards Board (IAASB):*

1. *International Standards on Auditing (ISA); and*
2. *International Standards on Assurance Engagements (ISAE).*

*Option B: Standards promulgated by the International Organisation of Supreme Audit Institutions (INTOSAI):*

1. *International Standards of Supreme Audit Institutions (ISSAI).*

*Option C: National Auditing Standards:*

1. *The auditing standards promulgated by {national authority}. ]*

29. In complying with ISA, the auditor will pay particular attention to the following standards:

- (a) ISA 800/ISSAI 1800 – Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks.
- (b) ISA 240/ISSAI 1240 – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.
- (c) ISA 250/ISSAI 1250 – Consideration of Laws and Regulations in an Audit of Financial Statements.
- (d) ISA 260/ISSAI 1260 – Communication With Those Charged with Governance.
- (e) ISA 265/ISSAI 1265 – Communicating Deficiencies in Internal Control To Those Charged with Governance and Management.
- (f) ISA 330/ISSAI 1330 – The Auditor's Responses to Assessed Risks.

#### V. Project Financial Reporting Framework

30. The auditor will verify that the project financial statements have been prepared in accordance with *[International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), International Public Sector Accounting Standards (IPSAS) promulgated by the International Public Sector Accounting Standards Board (IPSASB), or national equivalents]*. The executing agency and/or implementing agency are responsible for preparing the project financial statements, not the auditor.

## VI. AUDIT DELIVERABLES

### A. Audited Project Financial Statements

31. An auditor's opinion providing reasonable assurance over the project financial statements, and project financial statements comprising the following:

**Table 1: Content of the Project Financial Statements**

For Cash-Based Financial Statements	For Accrual-Based Financial Statements
A statement of cash receipts and payments	A statement of financial position (balance sheet)
A statement of budgeted versus actual expenditures	A statement of financial performance (income statement)
A statement of imprest account (where applicable)	A statement of cash flows
A summary statement of expenditures (where applicable)	A statement of changes in net assets/equity (where applicable)
Significant accounting policies and explanatory notes	A statement of imprest account (where applicable)
Any additional schedules agreed (e.g., a summary of assets)	Significant accounting policies and explanatory notes
	Statement of budgeted versus actual expenditures
	Summary statement of expenditures (where applicable)
	Any additional schedules agreed

### B. Reasonable Assurance Opinion over the Use of Loan Proceeds and Compliance with Financial Covenants

32. The auditor will provide a reasonable assurance opinion following *[ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" or ISSAI 4200 "Compliance Audit Related to the Audit of Financial Statements"]* for the following confirmations provided by Management in the Statement of Compliance:

- (i) That the proceeds of the loan were used only for the purpose(s) of the project; and
- (ii) That the borrower or executing agency was in compliance with the financial covenants of the legal agreement(s), where applicable.

33. The auditor will outline the degree of compliance for each of the financial covenants in the loan agreement.

### C. Management Letter

34. The auditor will provide a management letter containing, at a minimum, the following:

- (i) Any weaknesses in the accounting and internal control systems that were identified during the audit, including any irregularity in the use of the imprest fund and statement of expenditures (SOE) procedures (where applicable);
- (ii) Any identified internal control weaknesses related to the procurement process such as, over the bidding, evaluation and contract management domains;
- (iii) Recommendations to rectify identified weaknesses;

- (iv) Management's comments on the audit recommendations along with the timeframe for implementation;
- (v) The status of significant matters raised in previous management letters;
- (vi) Any other matters that the auditor considers should be brought to the attention of the project's management; and
- (vii) Details of any ineligible expenditure<sup>39</sup> identified during the audit. Expenditure is considered ineligible if it refers to (i) expenditures incurred for purposes other than the ones intended under the legal agreement(s); (ii) expenditures not allowed under the terms of the legal/financing agreements; and (iii) expenditures incurred in violation of applicable government regulations.

#### **D. Specific Considerations**

35. The auditor will, during the course of the audit, pay particular attention to the following:
- (i) The use of external funds in accordance with the relevant legal and financing agreements;
  - (ii) The provision of counterpart funds in accordance with the relevant agreements and their use only for the purposes intended;
  - (iii) The maintenance of proper books and records;
  - (iv) The existence of project fixed assets and internal controls related thereto;
  - (v) Where the audit report has been issued under ISA 800 or ISSAI 1800, it shall include the mandatory Emphasis of Matter paragraph alerting users of the audit report that the project financial statements are prepared in accordance with a special purpose framework and that, as a result, the project financial statements may not be suitable for another purpose. The auditor shall include this paragraph under an appropriate heading;
  - (vi) Where reasonable assurance has been provided using ISAE 3000 or ISSAI 4200, the assurance report must contain, among others:
    - A statement that the engagement was performed in accordance with ISAE 3000 or ISSAI 4200;
    - Subject matter;
    - Criteria for measurement;
    - A summary of the work performed; and
    - The auditor's conclusion.
  - (vii) On the imprest fund procedure (where applicable), audit procedures are planned and performed to ensure (a) the imprest account (and any sub-accounts) has been managed in accordance with ADB's Loan Disbursement Handbook, (b) the cash balance of the imprest account (and any sub-accounts) is supported by evidence, (c) the expenditures paid from the imprest account (and any sub-accounts) comply with the approved project purpose and cost categories stipulated in the loan agreement, and (d) the amount of expenditures paid from the imprest account (and any sub-accounts) comply with disbursement percentages stipulated in the loan agreement;
  - (viii) Adequate supporting documentation has been maintained to authenticate claims stated in the SOE for reimbursement of eligible expenditures incurred and liquidation of advances provided to the imprest account (where applicable);

<sup>39</sup> If the auditor reports any ineligible expenditure in the management letter, the details of the findings should include the funding source to which the observation relates.



- (ix) On the SOE procedure (where applicable), audit procedures are planned and performed to ensure that (a) the SOEs have been prepared in accordance with ADB's Loan Disbursement Handbook, (b) the individual payments for expenditures stated in the SOE are supported by evidence, (c) the expenditures stated in the SOEs comply with the approved project purpose and cost categories stipulated in loan agreement, and (d) the amount of expenditures stated in the SOEs comply with disbursement percentages stipulated in the loan agreement; and
- (x) Any weaknesses in internal controls over the procurement process.

36. All reports must be presented in the English language within 6 months following the end of the fiscal year.

37. Public disclosure of the project financial statements, including the auditor's opinion on the audited project financial statements, will be guided by ADB's Public Communications Policy (2011). After review, ADB will disclose the audited project financial statements and the opinion of the auditor on the audited project financial statements no later than 14 calendar days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter and the additional auditor's opinions will not be disclosed<sup>40</sup>.

## **I. OTHER MATTERS**

### **A. Statement of Access**

38. The auditor will have full and complete access, at all reasonable times, to all records and documents including books of account, legal agreement(s), bank records, invoices and any other information associated with the project and deemed necessary by the auditor.

39. The auditor will be provided with full cooperation by all employees of [XYZ] and the project implementing units, whose activities involve, or may be reflected in, the annual project financial statements. The auditor will be assured rights of access to banks and depositories, consultants, contractors and other persons or firms hired by the employer.

### **B. Independence**

40. The auditor will be impartial and independent from any aspects of management or financial interest in the entity or project under audit. In particular, the auditor should be independent of the control of the entity. The auditor should not, during the period covered by the audit, be employed by, or serve as director for, or have any financial or close business relationship with the entity. The auditor should not have any close personal relationships with any senior participant in the management of the entity. The auditor must disclose any issues or relationships that might compromise their independence.

### **C. Auditor Experience**

41. The auditor must be authorized to practice in the country and be capable of applying the agreed auditing standards. The auditor should have adequate staff, with appropriate professional

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<sup>40</sup> This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

qualifications and suitable experience, including experience in auditing the accounts of projects or entities comparable in nature, size and complexity to the project or entity whose audit they are to undertake. To this end, the auditor is required to provide curriculum vitae (CV) of the personnel who will provide the opinions and reports, together with the CVs of managers, supervisors and key personnel likely to be involved in the audit work. These CVs should include details of audits carried out by these staff, including ongoing assignments.

## II. Individual Consultants

42. **Procurement Specialist (national, 12 person-months).** The candidate should have a Bachelor's degree with a major in Civil Engineering, law, contracts, project management, purchasing, business, management or equivalent – preferably having Master's degree in Civil Engineering, Project Management, law, contracts / procurement, management or equivalent. In addition have a proven track record of eight years or more of procurement related experience in development projects preferably funded by ADB and other IFIs. The specialist should have experience in preparing bidding documents for international financial institutions, and preferably for ADB. The specialist's tasks will be to assist the international procurement specialist in:

- (i) Providing project start-up assistance, including assisting in the strengthening of the IAs; modifying and updating the project procurement plan, project implementation plan, and project costings;
- (ii) Assisting in the update of terms of reference for hiring of the consulting firms and assisting in other project start-up, monitoring and related tasks, as required.
- (iii) Assisting in the overall recruitment process of the hiring of consulting firm(s);
- (iv) Helping the executing agency prepare a plan of procurement activities covering the whole of the project implementation period;
- (v) Preparing master bidding documents for all procurement (in combination with the school building specialist for civil works);
- (vi) Advising on any procurement issues that may arise;
- (vii) Providing training and other required support to address procurement capacity gaps in the executing agency or IAs;
- (viii) Support in overall procurement activities of civil works (bidding documents for different packages, bid evaluation and contract award) in implementation stage later once the civil works procurement is started;
- (ix) Provide advice in the management of the procurement process at the national level following the procurement manual and ADB procurement guidelines;

43. **Financial Management and Capacity Development Expert (international, 3 person-months).** The consultant will have internationally benchmarked certifications and degrees in audit and accounting fields and must have at least 10 years general experience of work in financial management field. The consultant will support the financial management aspects of the PIU's work. The specific tasks for the assignment will include:

- (i) Understanding the financial management requirements of the PIU and the executing agency (EA) and design capacity building programs to train the accountants and financial officers of the respective agency;
- (ii) Help PIU set up and accounting system that assists in maintaining all the relevant documents and information. The system will ensure that all the various components

- of the project are in compliance with the accounting requirements and the IA/EA staff involved is knowledgeable about the same;
- (iii) Understand the mechanism to complete withdrawal applications and ensure that PIU and EA have a system to complete and submit withdrawal applications to ADB promptly, and knowledgeable on the use of advance account, liquidation and replenishment procedures;
  - (iv) Update the financial management assessment carried out under the project preparatory technical assistance and ensure that it is regularly updated.
  - (v) Train the PIU on finalizing the audit TORs and work with the PIU and EA to hire audit firm for the assignment.
  - (vi) Any other relevant task relating to financial management and audit and accounting under the project.

### III. PROJECT IMPLEMENTATION UNIT (PIU)

44. **Project Director (national, 72 person-months).** The project director will have at least 10 years of professional experience in managing education, infrastructure related projects and programs in Pakistan financed by ADB and/or other bilateral or multi-lateral development banks (MDBs) or international financial institutions. A graduate degree in education, civil engineering, economics, public administration, or other relevant discipline; demonstrated knowledge and experience of the GOS and ADB's procurement, financial management, safeguards procedures, regulations, and guidelines; proficiency in oral and written English, and computer skills are essential. The project director will perform the following functions, duties, and tasks:

- (i) Provide overall direction, supervision and day to day operations of the Project Implementation Unit (PIU);
- (ii) Provide leadership, guidance and support to the PIU staff to enable them to perform their functions and duties effectively;
- (iii) Oversee the setting up of proper program management systems, and implementing, monitoring and reporting systems on the program activities and results, program action plan, risk mitigating measures, and legal covenants in such areas as: procurement, financial planning and management, records keeping, maintaining and reconciliation of project accounts, acquisition of equipment, materials, and supplies for the PIU and other units involved in program implementation, payments of goods and services procured by or through the PIU and suppliers and contractors, preparation and submission of Statements of Expenditures in accordance with ADB Guidelines, rules, and regulations, and recruitment of consultants for the Project;
- (iv) Submit to the appropriate agencies the quarterly, annual and other necessary reports including financial statements and technical components which will be prepared by the consultant team, committees, working groups, etc. for submission to ADB;
- (v) Coordinate activities of consultants or contractors or specialists who may be hired or assigned specialized functions;
- (vi) Represent the SSEIP in all required meetings involving the project including consultation meetings, focus group discussions with stakeholders, ADB, Government of Sindh agencies, other financing institutions;
- (vii) Make the necessary decisions for and in behalf of the project in coordination with and proper approval of the SELD; and

- (viii) Recommend policies, programs or activities to support the effective implementation of the SSEIP.

45. **Project Manager (national, 72 person-months).** The project manager will have at least 10 years of direct professional experience in managing education, infrastructure, construction related projects and programs financed by bilateral, multi-lateral development banks (MDBs) or international financial institutions. A graduate degree in civil engineering, education, infrastructures, economics, public administration, or other relevant discipline; advance degree or certification in urban planning, infrastructure or project management is an added advantage; demonstrated knowledge and experience of the GOS and ADB's procurement, financial management, safeguards procedures, regulations, and guidelines; proficiency in oral and written English, and computer skills are essential. The project manager will perform the following functions, duties, and tasks:

- (i) Provide support to the Project Director in the overall direction, supervision and day to day operations of the PIU;
- (ii) Assist the Project Director in providing leadership, guidance and support to the PIU staff to enable them to perform their functions and duties effectively;
- (iii) Assist the SELD as Executing Agency and the Project Director in setting up the proper project management systems, in accordance with GOS and ADB Guidelines, rules, and regulations;
- (iv) Manage day to day functions and activities of the PIU to ensure that there are no delays in carrying out PIU's responsibilities to meet requirements and expectations of clients and stakeholder (i.e., implementing partner, Project Steering Committee, executing agency, suppliers, contractors, and ADB);
- (v) Prepare the project implementation plan including timelines for various activities and monitor the progress and activities on a regular basis and provide technical guidance to the consultants and contractors on technical matters;
- (vi) Assist the Project Director in the preparation of quarterly progress report and annual report including financial statements and technical components which will be prepared by the consultant team, committees, working groups, etc. for submission to ADB;
- (vii) Coordinate activities of consultants or contractors or specialists who may be hired or assigned specialized functions such as implementation, monitoring, and reporting on the actions taken on Gender Action Plan, initial environmental examination, and other similar activities required under the project; and
- (viii) Perform other duties and tasks as may be reasonably requested or assigned by the Project Director and the SELD as Executing Agency.

46. **Financial Management Specialist (national, 72 person-months).** The specialist will have at least 10 years of experience in managing and maintaining financial management systems for projects and programs in Pakistan financed by ADB and/or other multi-lateral development banks (MDBs) or international financial institutions. Experience working on donor-funded projects is essential. A university degree in finance or related field, preferably with graduate degree or advanced training in financial management. An internationally recognized qualification in accounting and/or financial management, sound understanding of ADB's Financial Management System and Analysis of Projects and excellent communication and reporting skills in English are essential. The specialist will perform the following functions, duties, and tasks:

- (i) Assist the EA to open an advance account for the project at an ADB-approved bank;

- (ii) Under the guidance of the Project Director/Project Manager and with inputs from and in close cooperation with other PIU staff, prepare annual budgets for project implementation based on projection for contract awards for different categories of expenditures;
- (iii) Establish project account(s) to manage and record utilization of program funds;
- (iv) Prepare statements of expenditures and disbursement requests for replenishment of the advance account in accordance with provisions in ADB Loan Disbursement Handbook;
- (v) Prepare a financial plan and budget requirements for each period for approval by PIU Project Director/Project Manager;
- (vi) Develop and maintain financial database for program activities;
- (vii) Prepare monthly financial reports based on standard accounting principles with all necessary qualification documentation (invoice, bank drafts, etc.);
- (viii) Maintain payment records of all invoices received;
- (ix) Ensure that payments for all project related expenditures are made in a timely manner;
- (x) Ensure that adequate financial controls are in place to maintain transparency and proper accountability of expenditures;
- (xi) Arrange for annual external audit of program accounts in accordance with provision in the Loan Agreement and ADB requirements; and
- (xii) Perform other related functions, duties, and tasks as may be requested by PIU Project Director/Project Manager.

**47. Monitoring and Evaluation Specialist (national, 60 person-months).** The specialist will have at least seven years of relevant hands-on experience in monitoring and evaluation of projects preferably those funded by international financial institutions including ADB. A graduate degree in statistics, sociology, education, social sciences, economics, information technology, and other relevant disciplines, working knowledge of quantitative and qualitative research methods, written and oral English proficiency, excellent computer skills and the ability to produce official reports and documentation are essential. The specialist will perform the following functions, duties, and tasks:

- (i) Assist the Project Director/Project Manager and the EA in the establishment of a project performance management system to monitor progress of project implementation, and evaluate project impacts;
- (ii) Oversee and report on the project monitoring and evaluation activities;
- (iii) Conduct site visits to monitor the status of implementation of the all the project outputs (1-3);
- (iv) Prepare M&E reports as required by the EA and ADB;
- (v) Perform regular monitoring of implementation progress to achieve program outputs and indicators as stated in the Design and Monitoring Framework (DMF);
- (vi) Identify issues and shortfalls that need attention and actions and report findings to PIU Project Director/Project Manager for guidance and decisions;
- (vii) Prepare templates containing all outputs, indicators, and outcome for the project to be used as an instrument to monitor progress;
- (viii) Prepare quarterly program monitoring reports for submission to EA and ADB;
- (ix) Monitor progress on key dimensions of projects such as GAP, environment impact, and other related social indicators as identified by the DMF;
- (x) Prepare specific analysis and reports on the economic and social impact of the program activities at mid-term and end of project period;

- (xi) Conduct Mid-Term evaluation of progress and achievements of the project and identify areas and/or project activities that need to be improved, strengthened, including strategies to address problems and issues during the remaining period of project implementation;
- (xii) Provide guidance and support to PIU staff and consultants as well as EA and other relevant stakeholders to ensure comprehensive and high quality project monitoring;
- (xiii) Conduct a comprehensive assessment of the outputs, outcome, and initial impact of the project at the end of the project period to provide feedback to the EA for use as inputs for the preparation of Program Completion Report; and
- (xiv) Perform such other functions in the area of monitoring and evaluation, as may be requested by PIU Project Director/Project Manager.

**48. Chief Procurement Specialist (national, 72 person-months).** The specialist will have at least 10 years of experience and practical knowledge in GOS and ADB or WB procurement and contract administration systems and procedures. Previous experience in an ADB financed project would be an advantage. At least 10 years of experience in the development and use of tendering and contracting procedures, using format documentation, a university degree in civil engineering/ finance/economics/ public administration or a related field; preferably with graduate degree or advanced training in procurement management, project management, a demonstrated track record of timely delivery of high quality outputs and availability to travel regularly to project sites as required are essential. Excellent interpersonal skills and excellent skills on the use of Microsoft Office software, especially Word, Excel, Power Point, and internet use and a good command of spoken and written English are essential. The specialist will perform the following functions, duties, and tasks:

- (i) Coordinate procurement activities for goods, works, and consulting services under the project as specified in the procurement plan in accordance with ADB Guidelines and GOS procurement rules and regulations;
- (ii) Establish and maintain in the PIU a procurement database including letters of interest received from suppliers of services for purpose of their possible inclusion on future short lists or for future reference and consultation;
- (iii) Revise and review the Procurement Plan as needed and prepare detailed schedules for procurement of goods, services, and works for implementation throughout the project implementation period;
- (iv) Prepare procurement documents including Request for Expression of Interest, bidding documents, bid evaluation reports, and other necessary tender documents for the project;
- (v) Assist duly designated Procurement Committees to prepare all necessary documents for bidding of procurement packages for various procurement methods and for various types of procurement (civil works, goods, and services) and consulting services and to carry out public bid openings and draft minutes of these openings;
- (vi) Monitor receipt of proposals and bids to ensure their safekeeping until public opening;
- (vii) Ensure preparation of comprehensive evaluation reports according to ADB Guidelines and timely transmission of evaluation reports to ADB for review;
- (viii) Maintain regular communication with PIU Project Director/Project Manager and Financial Management Specialist to ensure that procurement tracking information is well - coordinated with other project planning, project budgeting and other project financial reporting information

- (ix) Monitor all procurement contracts for compliance with contractual terms and conditions, such as construction and turn-over of completed works, delivery and quality of equipment, and the delivery of outputs of consultancy contracts;
- (x) Ensure that payments are made in a timely manner for contracts entered into by the PIU;
- (xi) Notify winning bidders in a timely fashion, and draw up contracts for approval and signature by those individuals authorized to sign on behalf of the EA, ensuring transmission to ADB of draft contracts requiring prior approval; and
- (xii) Perform other duties and tasks to support the implementation of the Project in procurement related matters as may be requested the PIU Project Director/Project Manager.

49. **Engineer (national, 72 person-months).** The specialist will have at least 10 years work experience in the design and construction supervision of school buildings, preparation and interpretation of CAD drawings, as well as familiarity with ADB or other internationally funded projects. Specialization in structural engineering, review and evaluation of contract documents is highly desirable. At least a bachelor's in civil or structural engineering from a reputable educational institution, a demonstrated track record of timely delivery of high quality outputs, availability to travel regularly to project sites as required, excellent interpersonal skills, excellent skills in the use of Microsoft Office software, especially Word, Excel, Power Point, and internet use, and a good command of spoken and written English are essential. The specialist will perform the following functions, duties, and tasks:

- (i) Validate site survey reports and actual site condition for purposes of preparing or revising construction plans and corresponding programs of work for schools;
- (ii) Validate and where needed provide necessary inputs, recommend revisions and improvements to the detailed design of school building submitted by design consultants to be included in the tender documents as well as for the preparation of the detailed cost estimates;
- (iii) Assist in the preparation of technical specifications and tender documents for procurement purposes and in the validation of due diligence reports, assessments, surveys, procurement plans and other relevant documents;
- (iv) Validate and revise where needed the bills of quantities to be included in the tender documents based on the architectural and engineering designs including the list and specification of equipment, furniture, educational facilities and materials for maintenance to be included in the bill of quantities;
- (v) Develop a set of performance parameters to be used for monitoring the performance of the all school building components;
- (vi) Assist the PIU procurement specialist in the tendering of the works, including the evaluation of bids, clarification of issues in the scope of the works and technical specifications, and in the finalization of the implementation program upon contract award;
- (vii) Develop procedures and plan for the monitoring and evaluation of construction works in each district or contract;
- (viii) Assist the contractor in pre-construction and mobilization requirements for school building construction;
- (ix) Prepare site inspection and supervision guidelines for conducting site spot check to ensure compliance to the contract and construction specifications;
- (x) Oversee site supervisors and ensure adherence to building standards and plans;

- (xi) Conduct periodic reviews and evaluation of civil works including preparation of implementation reports;
- (xii) Assist the PIU in the validation of contractor's accomplishment and progress billings;
- (xiii) Assist the PIU in the preparation of progress and accomplishment reports as required;
- (xiv) In coordination with the contractor, prepare a program of work for each contract and the records of discussions with contractors during actual site inspection conferences;
- (xv) Discuss the final implementation program and the program of inspection and reporting for each contract;
- (xvi) In coordination with the construction supervision consultant, supervise the implementation of the works including the checking of compliance with the conditions of contracts on the workmanship, recommending any contract variation, if necessary, subject to approval of PIU;
- (xvii) Accept the completed project upon authority and subject to approved procedures by PIU; and
- (xviii) Perform such other functions in the area of school building construction, as may be requested by PIU Project Director/Project Manager.

**50. Teacher Training and Examinations Reform Specialist (national, 60 person-months).** The specialist will have at least 15 years of experience in developing and implementing education reform programs, planning and managing teacher training and examination reform programs, projects and activities, and knowledge of the use of technology in teacher education, preferably at the secondary education level. At least a master's degree in education, training administration, and other relevant disciplines, written and oral English proficiency and computer skills are essential. Familiarity with ADB or other internationally funded projects is desirable. The specialist will perform the following functions, duties, and tasks:

- (i) Conduct public consultations with relevant stakeholders in the area of improving secondary education and in identifying necessary reforms and programs to improve teacher training and secondary examinations;
- (ii) Coordinate all stakeholders involved in the preparation and implementation of the secondary education reform program, such as the SELD, SEF, Professional Development Centers, teacher training and other related educational institutions, secondary education service providers and consultants recruited under the project;
- (iii) Oversee preparation of teacher training and mentoring program, including program design, documentation for teacher needs and capacity assessment, and program implementation plan by the "Innovative teacher training program and secondary examination reforms" consulting firm. Advise on key features of the teacher training and mentoring program and capacity building program for staff and on key features of baseline and end line surveys for measuring teacher capacity and satisfaction with improved knowledge from the training programs prepared by consulting firm. Oversee the development of a uniform examination syllabus and specifications for grades 9–12 for BISE., the development of a training program in item writing and exam development for BISE assessors and a training program in data analysis and research for BISE staff. and on the baseline and end line surveys for measuring satisfaction of BISE assessors and BISE staff with training programs all of which will be developed by the consulting firm.
- (iv) Assist the PIU procurement specialist in the preparation of tender documents and procurement of training related consultancy contracts, including the evaluation of



- bids, clarification of issues in the scope of the works and finalization of the implementation program upon contract award;
- (v) Supervise the implementation of all training and examination reform related consultancy contracts and teacher training related activities identified for the project including compliance with the conditions of contracts and outputs;
- (vi) Accept the completed project upon authority and subject to approved procedures by PIU;
- (vii) Prepare the necessary sections of the quarterly and annual progress and accomplishment reports as required and assist the M&E Specialist in monitoring project activities related to the preparation and implementation of related to Output 2 and 3 activities and projects;
- (viii) Develop procedures and plan of monitoring and evaluation of all components of Output 2 and 3; and
- (ix) Perform such other functions in the area of teacher training and examination reforms as may be requested by PIU Project Director/Project Manager.

**51. Environment Specialist (national, 36 person-months).** The specialist will have at least 10 years' experience in environment impact assessment preparation, conducting stakeholder consultations, implementation of and addressing environment issues for development projects. A bachelor's or graduate degree in environmental science, biological sciences, ecology, social science or related field, demonstrated track record of timely delivery of high quality outputs, availability to travel regularly to project sites as required, excellent interpersonal skills, excellent skills in the use of Microsoft Office software, especially Word, Excel, Power Point, and internet use and a good command of spoken and written English are essential. Familiarity with ADB or other internationally funded projects is desirable. The specialist will perform the following functions, duties, and tasks:

- (i) Conduct meaningful public consultations with communities and relevant stakeholders in the area of influence when the final detailed design is available for sharing with all stakeholders;
- (ii) Consult all local and national level stakeholders, including community based organization and national and international NGOs actively working in the area;
- (iii) Ensure and provide evidence that the findings and concerns of the communities have been addressed in the IEEs and EMPs as well as the impact screening check lists with site specific mitigation measures are finalized;
- (iv) Review and endorse the site-specific Environmental Management Plans (EMPs) prepared by the contractors and approved by the Supervision Consultants for construction of schools and where needed update the Initial Environmental Examination (IEE) Report;
- (v) Ensure preparation of IR impact screening checklists for all project school sites and finalize district specific updated SDDR for school sites with out IR impacts and RPs for school sites where IR impacts (third party land use rights on school land are identified;
- (vi) Implement the RPs (if so required) and confirm full implementation of RP before allowing construction of the school building blocks at sites with IR impacts;
- (vii) Establish a Grievance Redress Mechanism (GRM), and organize training for the PIU staff, contractors and GRM focal persons at district/filed level;
- (viii) Monitor the implementation of the EMPs and RPs (if so required), undertake site visits as required, identify construction related emerging IR and environmental issues, and propose necessary corrective actions;

- (ix) Prepare and share semi-annual Environmental and Social Monitoring Reports with EA and ADB and review environmental and social inputs provided into project progress reports prepared for ADB;
- (x) Organize training for PIU and contractors on environmental management and social aspects including IR and IP requirements of the project in terms of GOS and ADB's Policy and national legal framework for safeguards management;
- (xi) Provide input on safeguards implementation progress, lessons learnt and way forward in safeguards section of the Project Completion Report; and
- (xii) Perform such other functions in the area of environmental management and social safeguards, as may be requested by PIU Project Director/Project Manager.

**52. Social and Gender Specialist (national, 36 person-months).** The specialist will have at least 10 years of experience in social development and gender analysis and in collecting gender related information. A graduate degree in social sciences, gender studies and other relevant disciplines, a demonstrated track record of timely delivery of high quality outputs, availability to travel regularly to project sites as required, excellent interpersonal skills, excellent skills in the use of Microsoft Office software, especially Word, Excel, Power Point, and internet use, and a good command of spoken and written English are essential. Familiarity with ADB or other internationally funded projects is desirable. The specialist will perform the following functions, duties, and tasks:

- (i) Work with the safeguard and other specialists in the consulting firm and ADB in preparing a more detailed implementation plan for the Gender Action Plan with updated timeframes, as necessary to ensure that actions and activities are implemented, monitored, complied with and reported in accordance with ADB's relevant policies;
- (ii) Provide inputs in the design of gender sensitivity training for teachers and BISE Assessors, and work with Teacher Training and Examination Reform Specialist and other specialists (national and international) in the conduct of these gender sensitivity trainings
- (iii) Ensure the timely implementation of the Gender Action Plan, monitor the achievements of gender targets, and regularly report on its implementation;
- (iv) Collect sex-disaggregated data to monitor progress in achieving targets of the Gender Action Plan;
- (v) Recommend systems for collecting sex-disaggregated data to monitor and report progress in achieving targets of the Gender Action Plan;
- (vi) Support the Teacher Training Specialist and education content consultants to carry out actions and activities specified in the Gender Action Plan;
- (vii) Assist the PIU in preparing the section on the Social and Gender in the quarterly and annual reports;
- (viii) Through the conduct of social/gender orientations/trainings, ensure that all project implementers, partners and stakeholders are aware of the project's social/gender targets and know how to incorporate gender in their specific job descriptions;
- (ix) Work with the M&E specialist to incorporate gender indicators in the project monitoring system; Participate in the monitoring of project activities to ensure that progress towards achieving gender equality results are reported in each monitoring and review activity, including providing gender inputs to the project's progress report;
- (x) Review and refine Social/Gender indicators in consultation with the PIU Project Director and the ADB RM social/gender specialist, as necessary, to ensure that the project realistically addresses challenges in a timely manner;

- (xi) Apprise the ADB RM social/gender specialist on the progress towards meeting targets, specifically by submitting a filled-in Social/Gender Action Plan implementation and monitoring form on a quarterly basis;
- (xii) Draft the social/gender safeguards section of the Project Completion Report; and
- (xiii) Perform such other functions in the area gender and social safeguards, as may be requested by PIU Project Director/Project Manager.

**53. Administration Head (national, 72 person-months).** The administration head will have at least 5 years of experience in managing and maintaining administration and human resource management systems for projects and programs in Pakistan financed by ADB and/or other multi-lateral development banks (MDBs). A tertiary degree in Human Resource Management, Business or other relevant discipline, demonstrated experience in the development and implementation of innovative integrated human resource management systems that meet statutory and business needs, sound knowledge of contemporary human resource processes and practices, and good interpersonal and communication skills are essential. The administration head will perform the following functions, duties, and tasks:

- (i) Provide overall support for the administrative and human resource requirements of the PIU;
- (ii) Develop and implement human resource policies, procedures and systems for the effective implementation of project objectives;
- (iii) Prepare job descriptions, matrix of employee skills and training requirements and establish remuneration benchmarking;
- (iv) Ensure PIU compliance with all human resource related statutes, ordinances and regulations of the GOS and GOP;
- (v) Work with Project Director/Project Manager and PIU staff to ensure harmonious working relationships; and
- (vi) Ensure that all of PIU Administrative requirements are met.

**54. Communication and Community Mobilization Specialist (national, 48 person-months).** The specialist will have at least 10 years of experience in social development and community mobilization working at the grassroots/community level. A graduate degree sociology, socio-economics and other relevant disciplines, a demonstrated track record of timely delivery of high quality outputs, availability to travel regularly to project sites as required, excellent interpersonal skills, excellent skills in the use of Microsoft Office software, especially Word, Excel, Power Point, and internet use, and a good command of spoken and written English are essential. Familiarity with ADB or other internationally funded projects is desirable. The specialist will perform the following functions, duties, and tasks:

- (i) Support local communities in building partnerships with the EMOs that will manage schools in their community and other NGOs/informal organizations;
- (ii) Organize focus groups and workshops with households, SMCs, and Taluka and District Education Officers to raise awareness about the EMO model of public-private partnerships and seek inputs on strategies for the EMO schools to achieve "Key Performance Indicators" in a meaningful manner;
- (iii) Work with EMOs to reach out to households, school administrators and contractors in the areas in which they are managing schools to build support for the project during the pre-construction phase, construction phase and the transfer of operations and management to the EMOs phase;

- (iv) Provide mobilization support to contractors during construction to address and help resolve any conflicts on issues such as land demarcation, construction of boundary walls, or any disruptions to school functioning for the existing primary schools;
- (v) Working with the PIU and firm's social/gender specialist, organize focus groups and workshops to raise awareness about the importance of sending girls to secondary school and on the available government schemes such as girls' stipends that households can benefit from when girls are sent to schools; and
- (vi) Perform such other functions in the area of communication and community mobilization as may be requested by PIU Project Director/Project Manager.

# Semi-annual Environmental Monitoring Report

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Project Number: {XXXXXX}  
{Reporting period: Month Year}

{Full Country Name}: {Project Title}  
{(Financed by the <source of funding>)}

Prepared by {author(s)}  
{Firm name}  
{City, country}

For {Executing agency}  
{Implementing agency}

Endorsed by: (staff name of IA/PIU) and signature, submission date

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Annexes:  
 Photographs (with date printed)  
 Monitoring data  
 Etc..

### Abbreviations

Include list of abbreviations used in the report

## **1. INTRODUCTION**

### **1.1 Preamble**

1. This report represents the Semi - Annual Environmental Monitoring Review (SAEMR) for INSERT PROJECT NAME.

2. This report is the (insert number of report, i.e. 1<sup>st</sup>, 2<sup>nd</sup> etc) EMR for the project.

### **1.2 Headline Information**

3. Include a brief summary of significant outcomes of the project construction process and any specific areas of concern of which ADB should be informed.

## **2. PROJECT DESCRIPTION AND CURRENT ACTIVITIES**

### **2.1 Project Description**

4. Provide a brief description of the project. – this should not vary from one report to the next.

### **2.2 Project Contracts and Management**

5. Provide a list or table of main organisations involved in the project and relating to Environmental Safeguards. This should include lender, borrower, PIU, Main Contractor/s and significant sub-contractors, environmental staff of various organisations should be named, and contact details provided.

6. Provide a description of how the contracts are being managed and names of key personnel.

### **2.3 Project Activities During Current Reporting Period**

7. Provide an outline of major activities which have been carried out during the current reporting period. Provide adequate information so the reader can understand what has been taking place on site. Include photographs (with date stamp) of activities where possible and relevant. Place bulk photographs into an annex to the main report or a separate photographic record.

8. Where multiple work sites are involved provide information on which work sites have been active during the current reporting period. Provide map of work site areas if relevant.

9. Provide details (chart) of worker numbers (maximum, Minimum) in the current reporting period and anticipated changes in staff in following period.

10. Highlight any significant new activities commenced during the current reporting period.

11. For the above make maximum use of charts, images and tables.

## 2.4 Description of Any Changes to Project Design

12. Describe any changes to the project design from that which was assessed in the Impact Assessment phase of the project and is set out in the Initial Environmental Examination/Environmental Impact Assessment. If none have taken place, please state – No changes.

13. Note if significant changes have occurred the PIU should have already informed ADB of this and made a decision on the need for updates to the EIA/IEE and/or Environmental Management Plans

## 2.5 Description of Any Changes to Agreed Construction methods

14. Provide a description and reason for changes to any construction processes, for example, blasting of rock rather than excavation, open channel rather than thrust boring at road crossings.

## 3. ENVIRONMENTAL SAFEGUARD ACTIVITIES

### 3.1 General Description of Environmental Safeguard Activities

15. Please provide a summary of the routine activities undertaken by environmental safeguard staff during the current reporting period. This should include the work undertaken by the contractor's environmental manager, the Environmental Supervisor and any informal visits by the PIU environmental staff.

### 3.2 Site Audits

16. Please provide details (table form preferred) of any **formal** audits undertaken by environmental safeguard process staff during the current reporting period. This would include Contractors Environmental Manager, Environmental Supervisor, PIU Staff and ADB staff during review missions.

17. Information required includes:

- Date of Visit
- Auditors Name
- Purpose of Audit
- Summary of any Significant Findings
- Cross reference to Audit Report which should be included as an annex.

18. Summarise Findings of Audits under taken in the current period, compare with previous periods and identify any trends or common issues.

### 3.3 Issues Tracking (Based on Non-Conformance Notices)

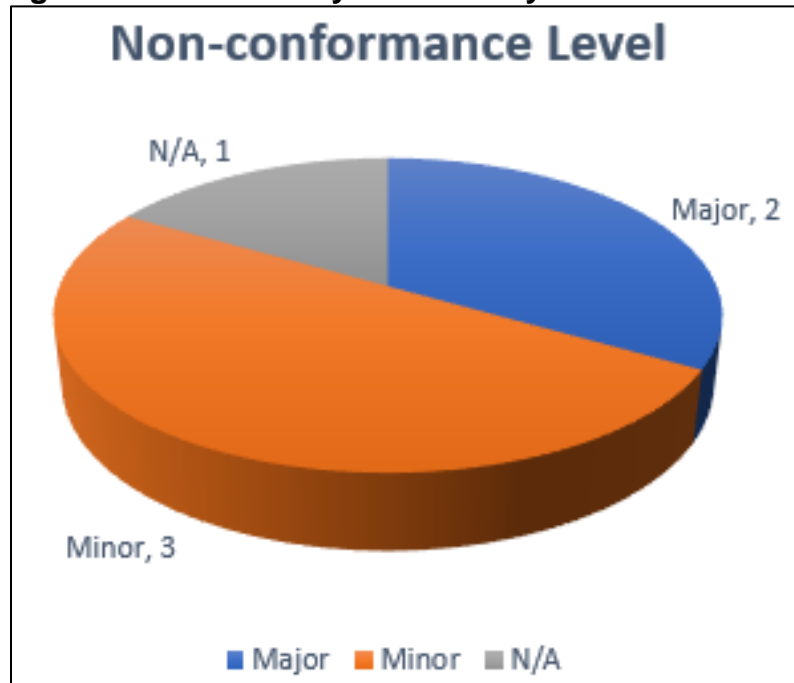
19. Provide an overview and description of issues tracked during the current period.

20. Provide commentary on key statistics based on graphs and tables which can be copied from the Environmental Safeguards Issues Tracing Workbook. For example



**Table XII-1 Summary of Issues Tracking Activity for Current Period****Summary Table**

Total Number of Issues for Project	6
Number of Open Issues	1
Number of Closed Issues	5
Percentage Closed	17%
Issues Opened This Reporting Period	5
Issues Closed This Reporting Period	4

**Figure XII-1 - Summary of Issues by Non-Conformance**

21. Use data from workbook as required.

### 3.4 Trends

22. Use information from previous period reports and the current period information to identify trends in issues. For example -

Quarterly Report No	Total No of Issues	% issues Closed	% issues closed late
1	5	87	0
2	18	56	15
3	59	23	26

23. Provide a commentary on the trends, explain why they may be occurring and in the case of negative trends explain what steps have been taken to make corrections.

24. Provide a copy of all NCN's for all major Non-Conformances in an annex. If none state this.

### **3.5 Unanticipated Environmental Impacts or Risks**

25. Document any unanticipated environmental impacts and risks which have been identified in the current period (as a reminder, these are impacts or risks which were not identified in the Impact Assessment process). State what actions were taken to mitigate the impacts and risks, were these successful.

## **4. RESULTS OF ENVIRONMENTAL MONITORING**

### **4.1 Overview of Monitoring Conducted during Current Period**

26. Provide a commentary on what environmental measurements have been undertaken during the current reporting period. Highlight any areas where agreed monitoring has not taken place.

27. Include sub sections for the report on those environmental media which have been measured, for example.

- Noise
- Air Quality
- Water Quality

28. The sections should present highlights of the outcomes of the monitoring focusing on a comparison of the results with the agreed standards as set out in the Specific Environmental Management Plan and/or Monitoring Plan.

29. Make clear where exceedances in the standards have occurred and provide reasons and actions which have been implemented to correct – refer to relevant NCN as appropriate.

30. Detailed monitoring results should be presented as an annex.

### **4.2 Trends**

31. Based on the current and past periods of monitoring identify and discuss any trends which may be developing.

### **4.3 Summary of Monitoring Outcomes**

32. Provide any recommendations on the need for additional monitoring, or requests for ceasing/altering monitoring if activities have been completed or monitoring is showing no significant effects over long period.

### **4.4 Material Resources Utilization**

#### **4.4.1 Current Period**

33. Provide values (tables, graphs etc) for current reporting period of utilisation of electricity, water and any other materials which have been include in the SEMP for monitoring.

#### **4.4.2 Cumulative Resource Utilization**

34. Provide values (tables, graphs etc) for cumulative resource utilisation of power water etc, for whole project life. Identify trends or significant changes and provide reasons for any such changes.

### **4.5 Waste Management**

35. Provide summary of waste management activities during the current period. Provide waste contractors/s names and location of waste sites.

#### **4.5.1 Current Period**

36. Provide breakdown using graphs, table etc, of waste streams during current reporting period. This information should include

- Type of Waste (description and classification – e.g. hazardous – non-hazardous;
- Waste Source – what activity generated the waste and where;
- Quantity of waste generated;
- Treatment/disposal route – provide information on quantities of waste reused, recycled and sent to landfill or incineration; and
- Final disposal sites for waste.

37. Provide commentary on results.

#### **4.5.2 Cumulative Waste Generation**

38. Using the above bullet points for waste develop cumulative waste generation results.

39. Discuss trends and provide suggestions for waste reduction, increase in reuse and recycling if possible.

### **4.6 Health and Safety**

#### **4.6.1 Community Health and Safety**

40. Provide information on any incidents which have occurred during the reporting period which resulted in or could have resulted in Community Health and Safety issues. Include within this section traffic accidents.

#### **4.6.2 Worker Safety and Health**

41. Provide detailed statistics on accident rates, including Lost Time Incidents, Accidents and near misses.

42. Provide information on safety campaigns conducted during the reporting period.

## **4.7 Training**

43. Provide information on all environmental safeguard related training activities undertaken in this period and cumulatively for project life to date. These may include specific training of environmental staff, HSE inductions of site workers etc.

44. Discuss the need for additional training and what training is planned for coming quarter.

## **5. FUNCTIONING of the SEMP**

### **5.1 SEMP Review**

45. Provide a commentary on the SEMP in terms of the ability of the contractor to implement fully the requirements set out. Highlight any areas where the contractor has not been able to implement mitigation or monitoring measures.

46. Is the SEMP effective, are mitigation measures set out still appropriate and are they working as intended – do they need changing?

47. Are there better alternative mitigation measures?

48. Can some mitigation measures be reduced or removed as the specific risk identified in the IEE/EIA and/or SEMP has not materialised?

49. Provide a table of requests for changes to the current mitigation measures for consideration by ADB. Note you can send these at any time during the project, there is no need to wait until the quarterly reporting period to be completed. If PIU has supplied requests to ADB, these should be listed along with ADB response. Where changes (additions/deletions and modifications) of mitigation or monitoring measures have been approved, the PIU shall ensure that the SEMP is updated to reflect these changes.

## **6. GOOD PRACTICE AND OPPORTUNITY FOR IMPROVEMENT**

### **6.1 Good Practice**

50. Provide an overview with charts, images etc of examples of continuing good practice for the project. State why these have been implemented and how they are reducing environmental impacts or risks.

### **6.2 Opportunities for Improvement**

51. Identify any areas which may be outside of the formal NCN process, but which changes to construction techniques, mitigation etc would result in an improvement in environmental, health and safety performance of the project.

## **7. SUMMARY AND RECOMMENDATIONS**

### **7.1 Summary**

52. Provide a summary of the effective implementation of Environmental Safeguards during the reporting period and for the overall project construction period to date.

## **7.2 Recommendations**

53. Provide any recommendations for consideration by the ADB for changes to the Environmental Safeguarding process for the project.

# Procurement Risk Assessment Report

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Project Number:  
April 2018

Islamic Republic of Pakistan: Sindh Secondary  
Education Improvement Project



ASIAN DEVELOPMENT BANK

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## Abbreviations and Acronyms

ADB	Asian Development Bank
APP	Annual Procurement Plan
APRA	Agency Procurement Risk Assessment
ARAMP	Agency Risk Assessment Management Plan
BISE	Boards of Intermediate and Secondary Education
EA	Executing Agency
EMO	Education Management Organization
GOS	Government of Sindh
IA	Implementing Agency
NIT	Notice of Invitation to Tender
PEC	Pakistan Engineering Council
PPMS	Procurement Performance Management System
PPRA	Project Procurement Risk Assessment
PPRA	Public Procurement Regulatory Authority (Pakistan)
PRAMP	Project Risk Assessment Management Plan
RSU	Reform Support Unit
SBD	Standard Bidding Documents
SEF	Sindh Education Foundation
SELD	School Education and Literacy Department
SESP II	Second Sindh Education Sector Project
SPPR	Sindh Public Procurement Regulations
SPPRA	Sindh Public Procurement Regulatory Authority
SSEIP	Sindh Secondary Education Improvement Project
WB	World Bank

## CURRENCY

Currency Unit = Pakistan Rupees

US\$ 1.00 = PRs 110.00 (February 2018)

## FISCAL YEAR

January 1 – December 31



## EXECUTIVE SUMMARY

1. This Agency and Project Procurement Risk Assessment for the Sindh Secondary Education Improvement Project (SSEIP) was conducted from February–March 2018 utilizing the Asian Development Bank (ADB) Guide on Assessing Procurement Risks and Determining Project Procurement Classification (August 2015).
2. This assessment recommends an overall procurement risk rating of high for the SSEIP.
3. In terms of the Legislative and Regulatory Framework, the School Education and Literacy Department (SELD) complies with the procurement regulations issued by the Sindh Public Procurement Regulatory Authority (SPPRA). These are the Sindh Public Procurement Act of 2009 (amended in 2017) (SPPA) and the Sindh Public Procurement Rules of 2010 (amended in 2017) (SPPR). These regulations are consistent with the national procurement regulations. There are no government issued procurement manuals but the SELD uses government issued standard bidding documents. The tender processes are generally transparent and non-discriminatory and competitive bidding is the default method of procurement. There are no restrictions based on nationality except in cases in which any procuring agency decides to limit participation to national bidders, in accordance with the policy of the Federal Government.
4. Under the National Procurement Strategy (2013-2016), there are plans to implement an electronic procurement system for the government, but this has yet to be implemented. The World Bank (WB) is assisting the Sindh Public Procurement Regulatory Authority (SPPRA) in the development of a Procurement Performance Management System (PPMS) starting 2018 that will include uploading of Notice of Invitation to Tender (NITs), bidding documents, procurement regulation, alerts and notifications, a virtual meeting place and a complaints management mechanism. However, the SELD is highly dependent on the SPPRA and has no existing capacity to support electronic procurement.
5. The SELD follows the formalized procurement planning process instituted by the government to ensure that the submission and approval of annual procurement plans are part of the budget planning and formulation process. The SPPRA serves as the oversight agency for all procurement related activities in the province of Sindh. It conducts an annual training program on its rules and regulations for different government procuring agencies and has tie ups with four educational institutions for the conduct of a five day Certificate Course in Procurement Management for private and public procurement professionals as part of its capacity building and professionalization program. However, since there are no permanent officials involved in procurement, it is difficult to determine exactly what percentage of procurement related officers were trained by the SPPRA.
6. There are also enough local suppliers, contractors and consultants who are able to supply requirements for civil work, school furniture, equipment and consultancy services within the province. In general, private companies are able to access the public procurement market. One area of concern is that only approximately 20% of contracts are awarded for values less than the original cost estimates indicating possibly a lack of capacity in preparing cost estimates by the SELD. Another major finding is that the SELD Education Works estimates for the upgrading and improvement of school buildings have not been updated since 2012 resulting in an estimated 60-70% of contracts having variations of more than 10% of the original contract cost. There are no agency specific procedures to receive and handle procurement related complaints as it follows the SPPRA rules and regulations. The SELD has its own Grievance Redress Committees. Thus

far, there are a negligible number of procurement related complaints received and filed in the SELD using this complaint handling mechanism.

7. The legal framework provides for internal and external audit and control mechanisms to oversee general financial transactions, but internal audit has been newly implemented. External audit is done once a year by the Auditor General of Pakistan (AGP). Information pertaining to public procurement is generally easy to find, however, it is sometimes not comprehensive and relevant. The SELD website includes information on procurement notices which are not updated or monitored. Specific bidding documents for projects are not available in the SPPRA or SELD websites. There are no third-party observers invited to attend public biddings. Neither is civil society organizations involved in procurement monitoring or in the e-procurement system. The limited contract administration system is preventing completion of contracts on time and a major cause of cost and time overruns. There are no specific procedures to verify a bidder's legitimate existence, track records, financial capacity and capacity to complete the job for the SELD and the SPPRA. The SPPRA maintains a register of blacklisted suppliers, contractors and consultants but of the 23 included in this blacklist, none are from the SELD. At present, there is no comprehensive anti-corruption program aimed directly at all stakeholders in the procurement process which assigns clear responsibilities, sanctions and penalties for violation. Overall enforcement of anti-corruption laws is weak, and few are held accountable and punished for corruption in public procurement.

8. In terms of strengths in project procurement, there are Procurement Committees as required under the procurement regulations, but these Committees are composed of part time personnel performing ad-hoc functions. There is a record keeping system and document retention policy for procurement related documents that need to be written as standard procedures. The SELD is generally compliant with procurement processes such as bid preparation, submission and evaluation, goods receiving procedures, registration and tracking of and claiming warranties but lack personnel to monitor contracts, warranties and latent defects liability period. Review and approval processes for procurement transactions are in order with clear delineation of functions

9. In terms of weaknesses, there is no Procurement Unit or Project Management Unit in the SELD, and there are no dedicated personnel to undertake project planning and implementation functions. As a result, there is a lack of adequate facilities to support procurement and project management functions and record keeping facilities and personnel for procurement and contract management records. There is also an absence of a system to manage contracts and monitor contractual performance and inadequate ethics and anti-corruption measures as discussed in the agency risk assessment.

10. Project Risk Assessment and Management Plans (PRAMP) are proposed to address high and substantial risk areas identified under this assessment. Agency PRAMP are also provided to address the risks identified in the agency risk assessment as this has a direct bearing on project procurement operations. The SPPRA has agreed to address some of the risks and measures identified in this Report through an on-going review of its rules and regulations. A dedicated project implementation unit (PIU) will be established within the SELD's reform support unit to implement the SSEIP. It will include a procurement unit.

## **I. Introduction**

11. This Agency and Project Procurement Risk Assessment (A/PPRA) for the SSEIP was undertaken from February–March 2018 in accordance with the Guide on Assessing

Procurement Risks and Determining Project Procurement Classification (August 2015)<sup>41</sup> to: (i) identify risks, in agency or project systems and practices, that could result in sub-optimal use of ADB resources, either through leakage or inefficiency; (ii) assess the severity of the risks; and (iii) develop a practical risk management plan to address the risks that could adversely impact project implementation and achievement of project outcomes. Data gathering was done from February 11-23, 2018. The Procurement Risk Assessment was carried out on two fronts: (i) at the executing agency (EA) level analyzing the existing legal and regulatory framework, institutional framework and management capacity, procurement operations and market practices and integrity and transparency of the agency public procurement system; and (ii) at the project level examining the organizational and staff capacity, information management systems, procurement practices, effectiveness and accountability measures. Preparation activities included reviewing publicly available documents and reports, ADB's ongoing procurement experience, interviews with various counterparts and officials of procurement related agencies of the government and donor partners, other stakeholders.

12. The SSEIP has three outputs: (i) New secondary school blocks operated under EMO program constructed in 10 districts in southern Sindh, (ii) Teaching capacity in five key subjects improved, and (iii) Secondary education examination system strengthened.

13. In 2014, the Pakistan Country and Sector/Agency Procurement Risk Assessment<sup>42</sup> was conducted as part of the Country Partnership Strategy (CPS) formulation covering procurement procedures and practices in the transport, energy and agriculture sectors. The overall assessment of country and sector procurement risk is medium. Pakistan is a federation with a central government and four provincial governments. The national oversight agency for procurement is the Public Procurement Regulatory Authority (PPRA) established on 15 May 2002. The federal counterpart for the GOS is the Sindh Public Procurement Regulatory Authority (SPPRA) created by virtue of the Sindh Public Procurement Act of 2009. The Sindh Public Procurement Rules (SPPR) is based on the Pakistan Public Procurement Act (PPPA) of 2004 (as amended in 2008 and 2010). The SPPR was enacted and approved in 2010 and amended in 2017. Both these rules and regulations are largely based on international best practices, and are applicable to the procurement of goods, works and services by the federal government, state-owned enterprises and semi-autonomous organizations. The SPPRA has released its own standard bidding documents (SBDs) patterned after the PPRA and the Pakistan Engineering Council (PEC)'s SBDs for civil works. The SPPRA is ahead of the other three provincial PPRAs in establishing a comprehensive legislative and regulatory framework. The salient features of the current procurement system include a regulatory body mandated to monitor the public procurement activities, legal framework and procedures for public acquisition of goods, works and services by the public sector enterprises, establishment of grievance redress/appeal mechanism exclusively for settlement of complaints on contract management issues, a mechanism for wide dissemination of government policy decisions, procurement opportunities and results of evaluation exercises for award of contracts and regulatory arrangements for ensuring access to information on the public procurement system.

14. These agency and project procurement risk assessments were undertaken for the SELD as EA for the SSEIP as it was not covered in the national country and sector/agency procurement risk assessment conducted in 2014.

<sup>41</sup> Asian Development Bank. 2015. Guide on Assessing Procurement Risks and Determining Project Procurement Classification.

<sup>42</sup> Asian Development Bank, Pakistan Country and Sector/Agency Procurement Risk Assessment.

## II. AGENCY PROCUREMENT RISK ASSESSMENT

### 1.1. Overview

15. The SELD is the primary arm of the GOS in fulfilling its mandate of providing basic education to its constituents. Its prime responsibility is to manage educational affairs and coordinate with the Federal Government and donor agencies in promoting education in the province. Its main functions include: managing general, primary, secondary, higher secondary and college education; granting scholarships, executing different projects/schemes for the promotion of education in coordination with donor agencies, administering the human resources of the department, undertaking capacity building of teachers, encouraging education and research, developing and maintaining supply and demand side interventions. The SELD has initiated several reforms in recent years to address educational challenges and has a well formulated education sector plan, the Sindh Education Sector Plan (SESP) 2014–2018. Under the current fiscal year, the GOS has allocated more than Rs. 100 billion to the sector. In addition to government expenditure, private household expenditure on education will be more than Rs. 25 billion.

16. The SELD is headed by the Secretary who reports directly to the Minister of Education of GOS. It has a Secretariat headed by Special Secretaries and includes directorates for non-formal education, charter and inspection, private schools, projects and colleges. Its allied institutions include the Sindh Textbook Board, the Bureau of Curriculum, Reform Support Unit, Provincial Institute of Teacher's Education, Sindh Teacher Education and Development Authority and the Sindh Education Foundation, among others. It has an Education Works Division (EWD) that is responsible for the implementation of all civil works (school buildings and other facilities) requirements for the SELD. The EWD is headed by two Chief Engineers, one for Hyderabad and another for Sukkur.

17. Table 1 presents the overall assessment scores for the SELD where the agency received a score of 1.58 exhibiting moderate to substantial risks in the agency assessment. Please refer to Appendix 1 for the completed questionnaire and detailed scores.

**Table 1. Summary of Scores for SELD Procurement Risk Assessment**

Pillars	Score
1. Legislative and Regulatory Framework	2.0
2. Institutional Framework and Management Capacity	1.83
3. Procurement Operations and Market Practices	1.25
4. Integrity and Transparency of the Agency Public Procurement System	1.25
<b>Agency Score</b>	<b>1.58</b>

### 1.2. Legislative and Regulatory Framework

18. **Legislative and Regulatory Framework.** The SELD follows the procurement regulations issued by the SPPRA. These are the Sindh Public Procurement Act of 2009 (amended in 2017) (SPPA) and the Sindh Public Procurement Rules of 2010 (amended in 2017) (SPPR). These regulations are patterned after the Pakistan Public Procurement Rules (PPPR) (2004, 2008, 2010) which require all government agencies, state owned enterprises and semi-autonomous bodies to follow these rules, unless otherwise exempted. The SPPR covers the procurement of goods, works, consulting services and public and private partnership projects and

are largely similar to the PPPR except that they set the limits of \$10 million for NCB contracts. It also utilizes SPPRA issued standard bidding documents for large works (above Rs 50M), smaller works (between Rs 2.5 to 50M) and goods based largely on those issued by the Public Procurement Regulatory Authority (PPRA) of Pakistan and the standard bidding documents for consultancy contracts for small projects, lump sum and time based contracts issued by the PEC. There are no government issued procurement manuals and the general practice is to use the SPPA and SPPR as manuals as in the case of SELD. The SPPRA has initiated the review of its rules and regulations that include some areas of weaknesses identified in this assessment. However, it needs additional funding and support particularly in capacity building of government agencies as well as bidders on the existing as well as the soon to be revised rules and regulations.

19. Open Competitive Bidding is the default method of procurement under Rule 15 of the SPPR and ninety percent (90%) of SELD contracts are procured through open competitive bidding. The average number of bidders for goods and services is three and five for works contracts and sufficient efforts are undertaken to attract more bids. There are available local contractors, suppliers, consulting firms, workers and goods for small to large size contracts. There are no restrictions based on nationality of the bidder, consulting firms and/or origin of goods, works and services except in cases in which any procuring agency decides to limit participation to the national bidders or prohibit participation of bidders of some nationalities, in accordance with the policy of Federal Government. Rule 36 of the SPPR allows procuring agencies to apply a preference scheme for domestic suppliers, contractors and bidder and shall be specified in the bidding documents. For civil works, registration of contractors with PEC is mandatory for purposes of obtaining a contractor's license. The PEC has a regional office in Karachi to receive and process applications.

20. **Electronic Procurement.** The National Procurement Strategy (2013-16) endeavors to lay down a roadmap for procurement regulations in Pakistan and mentions e-procurement as an important step forward. However, Pakistan is one of the few countries in the region where e-procurement is yet to be implemented and efforts to set up an electronic procurement system at the national and provincial levels are at best only found on paper. The World Bank (WB) is assisting the SPPRA in the development of a Procurement Performance Management System (PPMS) starting 2018 that will include uploading of Notice of Invitation to Tender (NITs), bidding documents, procurement regulation, alerts and notifications, a virtual meeting place and a complaints management mechanism. The current SPPRA website includes information on procurement regulations, notice of invitation to tender (NIT), bid evaluation reports, procurement plans, available trainings, among others. However, the SELD is highly dependent on the SPPRA and has no existing capacity to support electronic procurement. It is still basically dependent on paper documents and bidding procedures; contract management processes are not included in the design of the e-procurement strategy. As of April 2018, the PPMS is fully operational but only two hundred (200) out of one thousand two hundred (1,200) government agencies in the province are registered in the system and bidders do not have the capacity to use the system and need training to access the system.

### 1.3. Institutional Framework and Management Capacity

21. **Procurement Planning.** Procurement planning is mandatory and is part of the annual budget planning and formulation process at the start of each fiscal year under Rule 11 of the SPPR. Procurement plans follow budget allocations and are revised to meet the approved budget for the agency. Procurement plans are posted in the SPPRA website, but revisions are generally not monitored and not publicly posted. Multi-year procurement planning is still a new concept and depends a lot on guaranteed availability of resources which remains a problem for the

Government of Pakistan (GOP). As a rule, budget availability is required prior to solicitation of tenders. In some cases, however, the process of tendering can be started but the contract cannot be awarded unless funding support is released. The SELD complies with these planning processes.

22. **Oversight Agency.** By its mandate, the SPPRA serves as the oversight/ regulatory body for procurement and the SELD falls under its remit. The SPPRA Board consists of 18 members including representatives from procuring agencies, Karachi Chamber of Commerce and Industry, Pakistan Engineering Council, information technology and management and finance professionals, the Transparency International, Pakistan (TIP), civil society and the Auditor General of Pakistan. At the national level, the SPPRA is under the supervision of the PPRA. Among the documents that need to be submitted to the SPPRA for review and information purposes are: the Notice of Invitation to Tender, bid documents, bid evaluation reports, contracts. Submission of these documents is mandatory and normally takes seven to fifteen days for review. The primary purpose of the review is to ensure that all documents are in order and provisions under the SPPR are complied with. The SPPRA conducts an annual training program on its rules and regulations for different government procuring agencies. It also has tie ups with four educational institutions for the conduct of a five day Certificate Course in Procurement Management for private and public procurement professionals (NED University of Engineering and Technology, University of Sindh, Jamshoro, Institute of Business Administration Karachi, Sukkur University) as part of its capacity building and professionalization program. For 2016-2017, the SPPRA reported a total of 40 SELD officials BS 16 and above who attended their Capacity Building Workshops for Procurement. These include personnel from the Education Works Unit and school officials from different talukas and districts. However, since there are no permanent officials involved in procurement, it is difficult to determine exactly what percentage of procurement related officers were trained by the SPPRA.

#### 1.4. Procurement Operations and Market Practices

23. **Private Sector Involvement.** There are professional associations representing contractors and consultants in the province of Sindh such as the Constructors Association of Pakistan (CAP), All Pakistan Contractors Association (APCA), Karachi Contractors Association (KCA), Association of Builders and Developers (ABAD). The private sector is also substantially represented in the SPPRA Board. There are also sufficient number of local suppliers, contractors and consultants who are able to supply requirements for civil work, school furniture, equipment and consultancy services within the province. In general, private companies are able to access the public procurement market. The Transparency International of Pakistan (TIP) based in Karachi is one of the very few civil society organizations involved in government procurement and regards public procurement to be open and accessible to the market. One area of concern is that only approximately 20% of contracts are awarded for values less than the original cost estimates indicating possibly a lack of capacity in preparing cost estimates by the SELD. Another major finding is that the SELD Education Works estimates for the upgrading and improvement of school buildings has not been updated since 2012 resulting in an estimated 60-70% of contracts having variations of more than 10% of the original contract cost.

24. There are no agency specific procedures to receive and handle procurement related complaints as it follows the SPPRA rules and regulations. Rules 31 and 32 of the SPPR provide for specific procedures and time frames for the filing of complaints and grievances. The SELD has its own Grievance Redress Committee. Thus far, there are a negligible number of procurement related complaints received and filed in the SELD using this complaint handling mechanism.

### 1.5. Integrity and Transparency of the Public Procurement System

25. **Control and audit systems.** Financial controls and audit framework exists at the GOS level. Internal audit is generally used by management to correct errors in compliance procedures and to improve internal financial/procurement procedures. Unfortunately, internal audit reports are rare and focus only on financial transactions. Such is the case with internal audit at the SELD. It is relatively new and started only in August 2017. An Ad Hoc Internal Audit Unit composed of part time personnel from different units was created only in September 2017. The Internal Audit Plan and rules and regulations are under development, generally covers performance audit and only a limited number of transactions have undergone internal audit. External audit is done once a year by the Auditor General of Pakistan (AGP). It also focuses only on legality of financial transactions. There is no indication that audit reports are acted upon in a timely manner as there is usually delay in the preparation of audit reports. Some organizations are also required to get audited by private chartered accountant firms. The value of these audits is linked with the firm selected as there is a wide variation in the performance of these firms.

26. **Availability of procurement related information.** Information pertaining to public procurement is generally easy to find, however, it is sometimes not comprehensive and relevant. The SPPRA website contains such information as procurement regulations, standard bidding documents, tender notices, bid evaluation reports, annual procurement plans, and available trainings. Procurement forms are generally available online and bidders do not have to pay to access the website. All bidders whether foreign or national have access to the SPPRA website but this is not, however, linked to the PPRA or the SELD websites. Rule 17 of the SPPRA states that all procurements over Rs 1M shall be advertised in the SPPRA website and in newspapers and SELD complies with these requirements. Approximately 70-80% of advertisements above Rs 1M are posted in the SPPRA website. The SELD website only includes information on procurement notices which are not updated or monitored. Rule 45 also states that procuring agencies shall post bid evaluation reports in the SPPRA and agency website. However, the SELD does not generally post this information in its own website. Specific bidding documents for projects are not available in the in the SPPRA or SELD website.

27. **Civil society participation.** Civil society participation as observers to ensure transparency in the procurement process is not practiced in Sindh province or in Pakistan. There are no third-party observers invited to attend public biddings. Neither are civil society organizations involved in procurement monitoring or in the e-procurement system. The Transparency International of Pakistan (TIP) Karachi serves as a watch dog on procurement practices in the Sindh province with the assistance of the United States Agency for International Development (USAID) and receives complaints from bidders and other stakeholders in their website. These complaints are in turn sent to the concerned agency. There is, however, no information on the number of complaints that have been responded to. Bidders and other stakeholders are not able to monitor SELD's e-procurement transactions but can go to the SPPRA website to check on the bid evaluation reports.

28. **Contract administration.** The lack of a credible contract administration system is preventing completion of contracts on time and a major cause of cost and time overruns. There are no specific procedures to verify a bidder's legitimate existence, track records, financial capacity and capacity to complete the job for both the SELD and the SPPRA. This is generally done by the PEC for purposes of issuing a contractor's license. The PEC also registers engineers and consultants (domestic and foreign) and follows its own procedures for such registration. There are no procedures to rate bidder's performance but Rule 35 of the SPPR state the grounds and sanctions for blacklisting suppliers, contractors and consultants. Procedures for blacklisting

are generally based on the discretion of the procuring agencies. The SPPRA maintains a register of blacklisted suppliers, contractors and consultants but of the 23 included in this blacklist, none are from the SELD. This information is available in its website. The Pakistan Engineering Council also maintains a blacklist of suppliers, bidders and consultants but does not publish such information in its website.

29. **Ethics and anti-corruption measures.** At present, there is no comprehensive anti-corruption program aimed directly at all stakeholders in the procurement process which assigns clear responsibilities, sanctions and penalties for violation. The SPPRA requires the use of integrity pacts for public purchases over Rs.10 million (\$90,000) for goods and works and Rs 2.5 million (\$23,000) to prevent corruption in public procurement at the national level. However, there is no guarantee for compliance and the procuring agency has the discretion to define procedures for debarment that can be used for purpose of eliminating unwanted competition. Also, no review mechanism for this decision has been established; recourse to the judiciary seems to be available, however the courts take years in finalizing their verdicts. The most important law dealing with corruption and corrupt practices in Pakistan is National Accountability Bureau (NAB) Ordinance, 1999. This law established NAB; defined corrupt practices; and formulated procedures on how to penalize corrupt officials. Overall enforcement of the law is weak. Few are held accountable and punished for corruption in public procurement. The SPPR does not address violations of procurement procedures, conflict of interest or unethical behavior. The PEC has its own Code of Ethics and Conduct for engineers, contractors and consultants that fill the gap and address many of the issues relating to fraudulent practices in public procurement. While there is a general code of conduct for public servants and the PEC guidelines, a specific code of conduct for officials involved in public procurement is absent. Interviews conducted with the Inquiries and Anti-Corruption Board indicate the presence of measures to address corruption in agencies, among them: (i) preparation of an anti-corruption law for the GOS that has been passed by the Assembly and is now awaiting the approval of the Governor; (ii) creation of Anti-Corruption Committees at the district and provincial levels to delegate and decentralize the prosecution of corruption related cases and a case management system to avoid duplication of efforts; (iii) transfer of prosecution of corruption cases to the Prosecutor General and to the Anti-Corruption Courts; (iv) establishment of a Training Institute to train officials on the management of anti-corruption cases such as detection of white collar crimes, red flags; (v) development of an electronic system to track and monitor cases. Despite these initiatives, however, the Inquiries and Anti-Corruption Board, as an agency under the Police Department, suffers from credibility issues as the police is considered the most corrupt agency in the GOS. In 2017, Pakistan ranked 117 out of 180 countries in the Corruption Perceptions Index.<sup>43</sup> While there may be some semblance of law, enforcement and implementation of these laws are at best weak.

## 1.6. Strengths

30. The following are the specific strengths of the SELD procurement system based on the findings and results using the Agency Procurement Risk Assessment tool. The areas of strength refer to those indicators where all the baseline conditions were substantially met or where scores of two and three were obtained. These strengths are:

- (i) Compliance with SPPRA procurement regulations consistent with national procurement regulations and use of government issued standard bidding documents;
- (ii) Generally transparent non-discriminatory tender processes with competitive

<sup>43</sup> Transparency International, Corruption Perception Index for 2017, Pakistan



- bidding as the default method of procurement, with enough local contractors, suppliers and consulting firms participating in large to medium size contracts;
- (iii) Presence of formalized procurement planning processes that is part of the budget planning and formulation process;
- (iv) Presence of a provincial and national oversight/regulatory agency (SPPRA and PPRA) and a provincial capacity development training and professionalization program for procurement with some personnel attending such training programs;
- (v) Presence of SPPRA procedures to receive and handle procurement related complaints;
- (vi) Availability of legal framework for internal and external audit and control mechanisms to oversee general financial transactions;
- (vii) Availability of procurement related information in SPPRA website

## 1.7. Weaknesses

31. The following are the specific weaknesses of the SELD procurement system that pose risks to ADB loan or grant financed projects. The weaknesses or areas for improvement are classified into high (scores of zero) and medium (scores of one) with regards to the risk it may impose on the public procurement system. These weaknesses are:

- (i) Absence of procurement manuals to explain detailed procurement procedures;
- (ii) Limited national and provincial electronic procurement policies, rules and regulations, infrastructure and capacity building programs;
- (iii) Limited capacity in preparing, revising and updating cost estimates for civil works contracts resulting in the award of contracts above the original cost estimates and in contract variations of more than 10% of original contract costs.
- (iv) Limited civil society participation in ensuring transparency in the procurement process and in monitoring procurement activities and performance;
- (v) Limited system of contract administration to facilitate contract implementation and to minimize time and cost overruns;
- (vi) Absence of a performance evaluation system for suppliers, contractors and consultants to ensure that past performance is factored into award of future contracts;
- (vii) Limited procedures for debarment and blacklisting of suppliers, contractors and consultants including provisions for a review mechanism, sanctions and penalties;
- (viii) Lack of a comprehensive anti-corruption program aimed directly at all stakeholders in the procurement process that assigns clear responsibilities, sanctions and penalties for violation;
- (ix) Poor enforcement mechanisms for existing anti-corruption laws.

## 1.8. Procurement Risk Assessment and Management Plan (P-RAMP)

32. Based on the strengths and weaknesses found in the SELD procurement system, the following risks have been identified and classified as high and substantial and could impact ADB financing for the SSEIP if unmitigated. The corresponding risk mitigation measures are proposed to reduce and address risks that could result in larger than necessary costs, long delays, substandard goods and services procured. A meeting was held with the SPPRA last April 18, 2018 to discuss and validate the results and findings of this Procurement Risk Assessment Report. The following agreements were reached to address the risks and mitigation measures for the SELD and the RSU:

- a. On the limited electronic procurement policies, registration in the PPMS will be accelerated to cover more SELD procuring entities and bidders; the content of the PPMS will undergo review to provide more substantial procurement related Information;
- b. On efforts to review and revise the existing procurement rules and regulations, provisions will be included to address issues on civil society participation, clearer blacklisting and debarment procedures and more specific procurement related anti-corruption measures particularly involving sanctions and penalties
- c. The SPPRA procedures shall be followed for national competitive bidding (NCB) with specific clarifications and modifications under the NCB section of the Procurement Plan.

**Table 2. Agency Risk Assessment and Management Plan (ARAMP) for SELD**

<b>Risk Description</b>	<b>Risk Assessment</b>	<b>Mitigation Measures or Risk Management Plan</b>	<b>Proposed SPPRA Measures to Address Risk Management Plan</b>
Limited national and provincial electronic procurement policies, rules and regulations, infrastructure and capacity building programs	High	a. Expand the existing coverage of the SELD website to include additional procurement related information (opportunities and contract award) as required under the SPPR b. Request SPPRA to make SELD a priority agency under the PPMS c. Develop an electronic records management system for procurement and contract management related records d. Recommend the expansion of the PMMS to include other procurement related activities such as electronic bid submission and evaluation	a. Facilitate the registration of more SELD agencies at the district level and bidders in the PPMS b. Review the contents of the PPMS to provide more substantial information on procurement that would meet international standards and practices c. Secure funding from international donor agencies to improve and implement the provincial electronic procurement policy and infrastructure
Limited civil society participation in ensuring transparency in the procurement process and in monitoring procurement activities and performance	High	a. SPPRA to include provisions in the SPPR for more active participation of civil society organizations in the procurement process such as sitting in as observers and monitoring procurement activities	a. Study the possibility of civil society participation in the revisions to the SPPRA rules and regulations
Absence of procurement manuals to explain detailed procurement procedures	Substantial	a. SPPRA to develop generic procurement manuals and SELD to develop one specific for education related procurements	a. Study possibility of developing procurement manuals
Limited capacity in preparing, revising and updating cost	Substantial	a. Develop clear and specific guidelines in the preparation of	

<b>Risk Description</b>	<b>Risk Assessment</b>	<b>Mitigation Measures or Risk Management Plan</b>	<b>Proposed SPPRA Measures to Address Risk Management Plan</b>
estimates for civil works contracts resulting in the award of contracts above the original cost estimates and in contract variations of more than 10% of original contract costs		bid documents, technical specifications, cost estimates b. Develop and implement training programs for preparation of bidding documents, technical specifications and cost estimates for SELD personnel	
Limited system of contract administration to facilitate contract implementation and to minimize time and cost overruns and cost overruns	Substantial	a. Develop clear and specific guidelines to manage and monitor contracts (works and goods) b. Develop and implement training programs on contract management for SELD personnel.	
Limited procedures for debarment and blacklisting of suppliers, contractors and consultants including provisions for a review mechanism, sanctions and penalties	Substantial	a. Develop and implement clear and specific guidelines procedures for blacklisting that includes a review mechanism, sanctions and penalties for violations	a. Review existing blacklisting and debarment procedures towards providing clearer and more specific guidelines
Lack of a comprehensive anti-corruption program aimed directly at all stakeholders in the procurement process that assigns clear responsibilities, sanctions and penalties for violation	Substantial	a. SPPRA to develop procurement specific anti-corruption measures; b. SPPRA to develop a Code of Conduct for procurement personnel c. Inclusion of solid anti-corruption provisions in the standard bidding documents	a. Inclusion of more specific procurement related anti-corruption measures in the revised rules and regulations and in the standard bidding documents
Poor enforcement mechanisms for existing anti-corruption laws.	Substantial	a. Development of a strong monitoring mechanism to implement and enforce anti-corruption mechanisms included in the standard bid documents	

### III. PROJECT PROCUREMENT RISK ASSESSMENT

#### 2.1. OVERVIEW

33. This Project Procurement Risk Assessment (PPRA) is conducted in accordance with the ADB's Guide on Assessing Procurement Risks and Determining Project Procurement Classification Project (August 2015) in February to March 2017 to assess the capacity of the SELD as executing agency (EA) to procure the required goods, works and consulting services for the

SSEIP, to determine the overall procurement risk, and to establish appropriate review and supervision processes and other measures to mitigate these risks. As in the agency procurement risk assessment, this was done through a review of existing documents and records and interviews with counterpart staff, development partners and other stakeholders.

34. The SSEIP is an investment project with a proposed loan amount of \$75 million with government in-kind contribution of \$7.5 million. The ADB financing will be ordinary capital resources (concessional). The project will be implemented from March 2019 to February 2025. The project has three outputs. Under Output 1, Approximately 160 secondary schools or blocks in around 10 districts in southern Sindh will be constructed and operated under a modified education management organization (EMO) model. Under Output 2, teaching capacity in five key subjects improved. Output 3 will support development of a uniform examination syllabus and specifications for grades 9–12 for Boards of Intermediate and Secondary Education (BISE) in Sindh. It will also support the redesign of the content of these examinations to increase their emphasis on critical thinking. BISE assessors will benefit from capacity development in item writing and exam development, while BISE staff will benefit from training in data analysis and research. Finally, the project will support the provision of optical mark recognition systems to improve the transparency, accuracy and efficiency of examination grading. This assistance will be provided to all BISE in Sindh, and will include the provision of hardware, software, and capacity development of BISE examination assessors.

35. The overall project procurement risk assessment rating for SELD as executing agency for the SSEIP is substantial to moderate as shown in Table 3. The assessment of its procurement and project management units both received a score of high. Appendix 2 presents the completed project procurement risk assessment questionnaire.

**Table 3. Summary of Scores for SELD Project Procurement Risk Assessment**

<b>Pillars</b>	<b>Risk Rating</b>
<b>A. Organizational and Staff Capacity</b>	
Procurement Department/Unit	<b>H</b>
Project Management Unit	<b>H</b>
<b>B. Information Management</b>	<b>M</b>
<b>C. Procurement Practices</b>	
Goods and Works	<b>L</b>
Consulting Services	
Payments	<b>M</b>
<b>D. Effectiveness</b>	<b>M</b>
<b>E. Accountability Measures</b>	<b>M</b>
<b>Average Score</b>	<b>S-M</b>

## **2.2. Organization and Staff Capacity**

36. Rules 7 and 8 of the SPPR state that a procuring agency may constitute as many procuring committees as it deems fit comprising odd number of persons headed by an officer above BPS-18 or an officer of the highest grade available. There are two Procurement Committees (for goods and non-consulting services and for civil works) within the SELD Office in Karachi and as many Procurement Committees at the District level headed by a Chief Engineer (BPS 20). Procurement Committees are appointed on an annual basis by the SELD Secretary. For 2016 and 2017, the Procurement Committee for Goods and Services did not function as there were no procurements for school requirements done during these years due to political issues. In

2018, a new Procurement Committee will be created as funds have been allocated and approved for its goods and services requirements. For School Works, procurement committees created at the district level did not function as expected due to the limited budget allocated for school building construction, improvement and rehabilitation. The SELD does not have a Procurement Unit as all procurement requirements are handled by the Procurement Committees who are part time personnel performing ad-hoc functions from different units within the SELD and the Planning and Development Department. There are no full time staff assigned to undertake regular procurement requirements nor are there adequate facilities to support any procurement under a proposed project. There are no job descriptions for procurement related positions or specific manual for procurement processes for goods, works or consulting services.

37. Aside from the absence of a Procurement Unit, there is also no Project Management Unit for the project within the existing SELD structure. The RSU existing staff serves as the Project Management Unit (PMU) for WB funded projects. The General Administration Unit of the SELD is responsible for managing procurements for goods and services while the Education Works Unit handles civil works. These units are responsible for requirements funded by the government budget and will not be able to serve as a PMU for the project. There are also no available facilities to undertake the planned procurement under the project. There is, therefore, a clear need to establish a Project Implementation Unit (PIU) for the project. There are standard bidding documents for goods, works and consulting services issued by the SPPRA but these still need to be approved by the ADB for use in its proposed project. Technical specifications, bidding documents, terms of reference, request for proposals are prepared by technical experts from the end user units with assistance from the Procurement Committees and approved by the SELD Secretary upon recommendation by the Procurement Committees

### **2.3. Information Management**

38. There is a system for record keeping of procurement related documents in the Education Works Division for civil works and the General Administration Unit for goods and services, but these are not written. Record keeping infrastructure, facilities and personnel are usually not adequate to administer the procurement records management functions. Under Rule 9 of the SPPR, all procuring agencies are required to maintain their procurement records for a minimum period of five years. Documents are usually kept complete until external audit is done, otherwise, these are all kept at the SELD warehouse. Contract management documents such as invoices are kept separately from procurement records and in hard copies due to the absence of overall records management and electronic procurement systems.

### **2.4. Procurement Practices**

39. The SELD has not undertaken procurement of goods, works or consulting services related to foreign assistance in the last three years. Rule 11 of the SPPR requires the preparation of procurement plans that detail all proposed requirements on an annual basis, and, also includes a longer term rolling plan where needed. The SELD has its own annual procurement plan for its operational requirements. The SELD is generally compliant with the procurement processes specified under the SPPR in terms of bid preparation and submission, response to queries from bidders, bid evaluation, time frames. There are established national and local goods receiving procedures. The Inspection Committee created for the purpose is usually responsible for ensuring that the deliveries are in accordance with technical specifications. All goods that are received are recorded as assets in an asset registry. There are proper procedures for the registration and tracking of warranties and for claiming warranties within stipulated periods but due to the lack of

personnel to monitor contracts, warranties and latent defects liability period are usually not tracked.

40. The standard period for payment included in contracts is usually 30 days from submission of complete documents. On average, it normally takes thirty (30) calendar days between receiving a firm's invoice and making payment. Advance payments and interest on late payments are not authorized.

## **2.5. Effectiveness**

41. Contractual performance is not systematically monitored and reported, and tracking of contractual payment obligations is the function of the Finance Department and the end user unit. Rules 31-32 of the SPPR discuss the complaints resolution mechanism for procurement related complaints and procurement decisions and disputes, if any, are supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment under Rule 31 of the SPPR.

## **2.6. Accountability Measures**

42. There is a standard statement of conduct issued by the NAB but this is generally for its own personnel only. Under the SPPR, Part V Rule 89, all procurements exceeding Rs 10M for goods and works and Rs 2.5M for services shall be subject to an Integrity Pact where the supplier/contractor/ consultant signs an undertaking declaring that it has not obtained any contract through any corrupt business practice. There are no specific provisions under the SPPR requiring those involved in procurement to declare any potential conflict of interest. The Ethics and Anti-Corruption practices of the SELD are as discussed under Section 19 of this report. No external approvals are needed to commence procurements as long as these have been provided with the approved budget. The SELD Secretary normally approves the procurement transactions and signs contracts. Procurement invitations, documents, evaluations, recording procurement transactions are approved by the by the Head of the Procurement Committee while custody of assets are the responsibility of the General Administration Unit or the respective District Education Offices. There is a written auditable train of procurement decisions.

## **2.7. Strengths**

- (i) Availability of Procurement Committees as required under the SPPR but these Committees are composed of part time personnel performing ad-hoc functions;
- (ii) Availability of standard bidding documents for goods, works and consulting services that needs to be reviewed and approved by the ADB;
- (iii) Availability of record keeping system and document retention policy for procurement related documents that need to be written as standard procedures;
- (iv) General compliance with procurement plans, procurement processes such as bid preparation, submission and evaluation, goods receiving procedures, registration and tracking of and claiming warranties but lack of personnel to monitor contracts, warranties and latent defects liability period;
- (v) Review and approval processes for procurement transactions are in order with clear delineation of functions

## **2.8. Weaknesses**

- (i) Absence of a Procurement Unit and full time staff to undertake procurement

- requirements;
- (ii) Absence of a Project Management Unit and personnel to undertake project planning and implementation functions;
  - (iii) Limited facilities to support procurement and project management functions;
  - (iv) Limited record keeping facilities and personnel for procurement records;
  - (v) Absence of a system to integrate procurement and contract management records into one contract file and to maintain an electronic filing system
  - (vi) Limited system to manage contracts and monitor contractual performance;
  - (vii) Inadequate ethics and anti-corruption measures such as absence of provisions in the declaration of potential conflict of interest

## 2.9. Procurement Risk Assessment and Management Plan (P-RAMP)

**Table 4. Project Procurement Risk Assessment and Management Plan (PPRAMP) for SELD**

<b>Risk Description</b>	<b>Risk Assessment</b>	<b>Mitigation Measures or Risk Management Plan</b>
Absence of a Procurement Unit and full time staff to undertake procurement requirements	High	a. Establish a Procurement Unit for SSEIP that will handle the procurement of requirements for civil works, goods and consulting. The Procurement Unit shall be composed of 2 national technical staff (Chief Procurement Specialist and Engineer) hired as part of the Project Implementation Unit (PIU), handling the civil works, goods and consulting services requirements, with 5 support staff (3 civil works and 2 procurement staff, all government counterpart staff) . It will be headed by a Procurement and Contract Management Specialist. Qualification requirements for these consultants will include experience in working with ADB funded projects. Local capacity is available for these types of consultants.
Absence of a Project Management Unit and personnel to undertake project planning and implementation functions	High	a. Establish a project implementation unit for SSEIP that will manage the project planning and implementation requirements of the project. The project implementation unit shall be composed of national technical staff consultants who will be hired out of loan funds to support the project. Support staff will also be hired as government counterpart staff.
Limited facilities to support procurement and project management functions	Substantial	a. Provide budgetary support from the loan for the project implementation unit
Limited record keeping facilities and personnel for procurement records	Substantial	a. Provide budgetary support for record keeping facilities
Absence of a system to integrate procurement and contract management records into one contract file and to maintain an electronic filing system	Substantial	a. Develop clear and specific guidelines to integrate procurement and contract management records

<b>Risk Description</b>	<b>Risk Assessment</b>	<b>Mitigation Measures or Risk Management Plan</b>
Limited system to manage contracts and monitor contractual performance;	Substantial	a. Develop clear and specific guidelines to manage contracts and contractual performance of suppliers, contractors and consultants
Inadequate ethics and anti-corruption measures such as absence of provisions in the declaration of potential conflict of interest	Substantial	a. Include clear and specific anti-corruption provisions in the standard bidding documents of the SSEIP; b. Lobby with the SELD and GOS for stronger anti-corruption measures and enforcement particularly in the declaration of potential conflict of interest.

#### **IV. PROJECT SPECIFIC PROCUREMENT THRESHOLDS**

43. This assessment recommends a procurement risk rating of substantial to moderate for SELD as executing agency for the SSEIP at both the agency and the project levels due to the absence of dedicated Procurement and Project Management Units that will be responsible for supervising SSEIP project activities. In addition, there are limited facilities to support procurement and project management functions and record keeping facilities and limited systems to manage and monitor contractual performance. Ethics and anti-corruption measures to support procurement processes are also inadequate

44. In view of the above procurement risk assessment ratings, the current procurement thresholds for ADB funded projects in Pakistan are recommended to be maintained.

#### **V. CONCLUSION**

45. The SELD procurement legal, regulatory and institutional frameworks and project processes may be used for the SSEIP subject to the risk mitigation measures identified under the agency P-RAMP and the project P-RAMP. These measures include: the creation of a PIU with its own civil works and procurement unit responsible for managing project procurement and implementation activities supported out of loan proceeds, the development of clear and specific guidelines to manage contracts and contractual performance of suppliers, contractors and consultants, the inclusion of clear and specific anti-corruption provisions in the standard bidding documents of the SSEIP, and the need to lobby with the SELD and GOS for stronger anti-corruption measures and enforcement particularly for procurement related processes, including stronger conflict of interest provisions. In addition, the SSEIP will engage a start-up procurement consultant who will provide procurement training to PIU and SELD staff. ADB staff will provide training in areas such as consultant recruitment. Establish a project procurement unit within the PIU and engage qualified consultants to staff it.



## APPENDIX 1

**SSEIP PROJECT PROCUREMENT RISK ASSESSMENT  
AGENCY PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE**

**SINDH EDUCATION AND LITERACY DEPARTMENT (SELD)**

<b>Indicators/Questions</b>	<b>Score</b>	<b>Narrative Response</b>
<b>1. Legislative and Regulatory Framework</b>	<b>2.0</b>	
<p>1.1 Is the agency exempted from the national procurement law, or does the agency follow it? Does the agency use government - issued procurement manuals ? Have government-issued documents been tailored to meet agency requirements? Does the agency have its own standard bidding documents/guidelines?</p>	<b>2</b>	<p>The Sindh Education and Literacy Department (SELD) follows the procurement regulations issued by the Sindh Public Procurement Authority (SPPRA). These are the Sindh Public Procurement Act of 2009 (amended in 2017) (SPPA) and the Sindh Public Procurement Rules of 2010 (amended in 2017) (SPPR). These regulations are patterned after the Pakistan Public Procurement Rules (PPPR) (2002, 2004, 2008, 2010) which require all government agencies, state owned enterprises and semi-autonomous bodies to follow these rules, unless otherwise exempted.</p> <p>There are no government issued procurement manuals and the general practice is to use the SPPA and SPPR as manuals. The SELD uses these in all its procurement activities.</p> <p>Since all agencies of the federal government are required to follow the SPPR, these have not been tailored to meet the SELD's requirements. The SELD utilized the SPPRA issued standard bidding documents</p>
<p>1.2 Is competitive bidding a common feature? Is there a core of suppliers who regularly submit responsive bids? What % of procurement is undertaken through open competitive bidding? What is the average number of bidders for publicly bid contracts? Do EAs tend to make sufficient efforts to attract bids? Are there available and qualified suppliers, labor force and/or related goods and services in the domestic market?</p>	<b>3</b>	<p>Open Competitive Bidding is the default method of procurement under Rule 15 of the SPPR. 90% of SELD contracts are procured through open competitive bidding</p> <p>There are available local contractors, suppliers, consulting firms, workers and goods for small to large size contracts.</p> <p>The average number of bidders for goods and services is three and five for works contracts and sufficient efforts are undertaken to attract more bids.</p>
<p>1.3. Has the agency adopted non-discriminatory, transparent tender processes?</p>	<b>3</b>	<p>As SELD follows the SPPRA, non-discriminatory participation and transparent tender processes are observed.</p>
<p>1.4 Does the agency apply a domestic preference scheme? Does the agency require pre-registration of bidders? Are there acceptable provisions in the sector for the participation of State Owned Enterprises?</p>	<b>2</b>	<p>Rule 36 of the SPPR allows procuring agencies to apply a preference scheme for domestic suppliers, contractors and bidder and shall be specified in the bidding documents.</p> <p>Contractors and suppliers are not required to pre-register or prequalify in order to submit bids but requirements for registration may vary on a case to</p>

Indicators/Questions	Score	Narrative Response
		<p>case basis depending on the nature of procurement.</p> <p>For civil works, registration of contractors with Pakistan Engineering Council (PEC) is mandatory for purposes of obtaining a contractor's license. The PEC has a Regional Office in Karachi to receive and process applications.</p> <p>There are no provisions in the SPPR on the participation of state owned enterprises.</p>
<p>1.5 Does the agency use the national e-procurement system or does it use its own e-procurement system?</p> <p>Does the sector/agency abide by the rules, regulations and guidelines for the use of e-procurement incorporated in the national procurement laws?</p> <p>Are electronic and paper documents considered as equally valid by the sector/agency?</p> <p>Are there sector/agency specific tender/bidding procedures, contract management processes and approval ceilings in the e-procurement implementation</p>	0	<p>SELD follows the SPPRA and the national e-procurement strategy which has not been fully implemented. The World Bank is assisting the SPPRA in the development of a Procurement Performance Management System (PPMS) starting 2018 that will include uploading of Notice of Invitation to Tender (NITs), bidding documents, procurement regulation, alerts and notifications. A virtual meeting place and a complaints management mechanism. The current SPPRA website includes information on procurement regulations, notice of invitation to tender (NIT), bid evaluation reports, procurement plans, available trainings, among others. However, the SELD is highly dependent on the SPPRA and has no existing capacity to support electronic procurement. It is still basically dependent on paper documents and bidding procedures, contract management processes are not included in the design of the e-procurement strategy.</p>
<b>2. Institutional Framework and Management Capacity</b>	<b>1.83</b>	
<p>2.1 Are procurement plans in the agency prepared on as part of the budget planning and formulation process?</p> <p>Do systems and processes in the agency require certification of availability of funds before solicitation of tenders?</p>	3	<p>Under Rule 11 of the SPPR, procurement planning is mandatory and is part of the annual budget planning and formulation process at the start of each fiscal year. Annual procurement plans follow the budget allocations, and are revised to meet the approved budget for the agency. Procurement plans are posted in the SPPRA website but revisions are generally not monitored and not publicly posted.</p> <p>As a general rule, budget availability is required prior to solicitation of tenders. In some cases, however, the process of tendering can be started but the contract cannot be awarded unless funding support is released.</p>
2.2 Does the agency have a formalized procurement planning process(s)?	3	<p>Regulations (Rule 11) require procurement plans to be prepared and formulated in the beginning of the fiscal year and its associated expenditures are part of the annual budget formulation process. The SELD complies with these planning processes.</p>
2.3 Does the agency fall under the remit of the national oversight/regulatory body?	3	<p>By its mandate, the SPPRA serves as the oversight/regulatory body for procurement and the SELD falls under its remit. At the national level, the SPPRA is under the supervision of the PPRA. Among the documents that need to be submitted to the SPPRA</p>

Indicators/Questions	Score	Narrative Response
		for review and information purposes are: the Notice of Invitation to Tender, bid documents, bid evaluation reports, contracts. Submission of these documents is mandatory and normally takes seven to fifteen days for review. The primary purpose of the review is to ensure that all documents are in order and provisions under the SPPR are complied with.
2.4 What proportions of procurement-related officers and staff in the agency have been trained under the national or agency capacity development program or participated in any formal procurement training program?	2	For 2016-2017, the SPPRA reports a total of 40 SELD officials BS 16 and above who attended their Capacity Building Workshops. These include personnel from the Education Works Unit and school officials from different talukas and districts. However, since there are no permanent officials involved in procurement, it is difficult to determine exactly what percentage of procurement related officers were trained by the SPPRA. The person in charge of goods and services procurement attended the SPPRA training.
2.5 Does the agency use the national e-procurement system or does it use its own e-procurement system? Is e-procurement strategically positioned in the agency's governance map/long term development plan? How is e-procurement positioned within the overall agency structure? Does the agency have sufficient IT infrastructure to support e-procurement?	0	The SELD does not use the national e-procurement system nor does it have its own e-procurement system.
2.6 What is the agency's e-procurement capacity to implement system? Does the agency recognize the need for knowledge and skill building for the new way of working under e-procurement?	0	Since the e-procurement system is still under development, the SELD itself does not have the capacity to implement the system.
<b>3. Procurement Operations and Market Practices</b>	<b>1.25</b>	
3.1 Is the private agency well organized and able to access the market? Do civil society organizations regard public procurement in the agency to be open and accessible to the market?	2	There are professional associations representing contractors and consultants such as the Constructors Association of Pakistan (CAP), All Pakistan Contractors Association (APCA), Karachi Contractors Association (KCA), Association of Builders and Developers (ABAD). In general, private companies are able to access the market. There are also sufficient number of local suppliers and contractors who are able to supply requirements for civil work, school furniture and equipment within the province.  The Transparency International of Pakistan (TIP) based in Karachi is one of the very few civil society organizations involved in government procurement

Indicators/Questions	Score	Narrative Response
		and regards public procurement to be open and accessible to the market.
3.2 What percentages of contracts are awarded for values less than the original cost estimates? What percentage of contract variations amount to a cumulative impact of more than 10% of the original contract price?	1	Approximately 20% of contracts are awarded for values less than the original cost estimates. An estimated 60-70% of contracts have variations of more than 10% of the original contract cost.
3.3 What functions exist and are being used in the agency e-procurement system? Are all forms available/ accessible online? Do bidders pay any fees for the use of the system? What other government IT systems does the e-procurement system link to? Are foreign bidders able to participate in agency's e-procurement? What percentage of agency's total bids are transacted through the e-procurement system?	0	At present, only procurement notices are posted in the SELD website. However, in the SPPRA website information available: procurement regulations, standard bidding documents, tender notices, bid evaluation reports, annual procurement plans, available trainings. The forms are generally available online and bidders do not have to pay to access the website. All bidders whether foreign or national have access to the SPPRA website. This is not, however, linked to the PPRA website. However, specific bidding documents for projects are not available in this or in the SELD website. Rule 10 of the SPPR requires the posting of bid evaluation reports and contracts in the SPPRA or agency website. However, compliance to posting requirements is generally not monitored.
3.4 Are there agency -specific procedures to receive and handle observations, complaints and protests? Are complaints and protests in the agency processed within the maximum time limit provided for in the law? Have bidders used the complaint and protests mechanisms?	2	There are no agency specific procedures to receive and handle procurement related complaints as it follows the SPPRA rules and regulations. Rules 31 and 32 of the SPPR provide for specific procedures and time frames for the filing of complaints and grievances. The SELD has its own Grievance Redress Committee. There are a negligible number of complaints received and filed.
<b>4. Integrity and Transparency of the Agency Public Procurement System</b>	<b>1.25</b>	
4.1 Does the agency have an independent internal audit function? Does the agency have adequate internal control mechanisms to oversee the procurement function? Is the agency subjected to regular performance or value for money audits? Is the agency subjected to annual financial audits? Are internal or external audit findings/ recommendations acted on in a timely fashion?	2	Internal audit at the SELD started only in August 2017 and the ad hoc internal audit unit composed of part time personnel from different units was created only in September 2017. The internal audit plan and rules and regulations are under development and generally covers performance audit. So far, there has been a limited number of transactions that have undergone internal audit. External audit is done once a year by the Auditor General of Pakistan (AGP) and focuses only on legality of financial transactions. There is no indication that audit reports are acted upon in a timely manner as there is usually delay in the preparation of audit reports.

Indicators/Questions	Score	Narrative Response
<p>4.2 What percentage of bids is published in a medium that is easily and freely accessible? Can bidders easily and freely access bid information? What is the percentage of contract awards announced in medium that is easily and freely accessible? Are third party observers invited to attend public biddings?</p>	<b>2</b>	<p>Rule 17 of the SPPRA states that all procurements over Rs 1M shall be advertised in the SPPRA website and in newspapers and SELD complies with these requirements. Approximately 70-80% of advertisements above Rs 1M are posted in the SPPRA website.</p> <p>Rule 45 also states that procuring agencies shall post bid evaluation reports in the SPPRA and agency website. However, the SELD does not generally post these information in its own website. Bidders easily and freely access bid information. There are no third party observers invited to attend public biddings.</p>
<p>4.3 What is civil society's involvement in the e-procurement system? What kind of dynamics exist between/among private agency and other stakeholder groups? Are bidders and other stakeholders able to monitor all the agency's e-procurement transactions?</p>	<b>0</b>	<p>The e-procurement system is still under development and civil society organizations are not involved in procurement monitoring. The Transparency International of Pakistan (TIP) Karachi serves as a watch dog on procurement practices in the Sindh province with the assistance of the United States Agency for International Development (USAID) and receives complaints from bidders and other stakeholders in their website. These complaints are in turn sent to the concerned agency. There is, however, no information on the number of complaints that have been responded to.</p> <p>Bidders and other stakeholders are not able to monitor SELD's e-procurement transactions but can go to the SPPRA website to check on the bid evaluation reports.</p>
<p>4.4 Are there agency -specific procedures to verify a bidder's legitimate existence, track records, financial capacity and capacity to complete the job? Are there agency -specific procedures to rate performance and/or debar bidders, supplier, contractors and consultants for ethical or integrity violations? Does the agency maintain a register of debarred suppliers, contractors and consultants? Are there agency -specific integrity principles and guidelines?</p>	<b>1</b>	<p>There are no specific procedures to verify a bidder's legitimate existence, track records, financial capacity and capacity to complete the job for both the SELD and the SPPRA. This is generally done by the Pakistan Engineering Council (PEC) for purposes of issuing a contractor's license. The PEC also registers Engineer and consultants (Domestic and foreign) and follows its own procedures for such registration.</p> <p>There are no procedures to rate bidder's performance but Rule 35 of the SPPR state the grounds and sanctions for blacklisting suppliers, contractors and consultants. Procedures for blacklisting are generally based on the discretion of the procuring agencies.</p> <p>The SPPRA maintains a register of blacklisted suppliers, contractors and consultants but of the 23 included in this blacklist, none are from the SELD. This information is available in its website. The Pakistan Engineering Council also maintains a blacklist of suppliers, bidders and consultants but does not publish such information in its website.</p> <p>The SPPRA requires the use of integrity pacts for public purchases over Rs.10 million (\$90,000) for goods and works and Rs 2.5 million (\$23,000) to</p>

Indicators/Questions	Score	Narrative Response
		prevent corruption in public procurement at the national level. The PEC has its own Code of Ethics and Conduct for engineers, contractors and consultants.
<b>Average Agency Score</b>	<b>1.58</b>	

Scoring System: High: likely to occur, high impact if occurs – 4, Substantial: unlikely to occur, high impact if occurs - 3, Moderate: likely to occur, low impact if occurs - 2, Low (L):unlikely to occur, low impact if occurs - 1

## APPENDIX 2

### SSEIP PROJECT PROCUREMENT RISK ASSESSMENT

#### PROJECT PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE

#### SINDH EDUCATION AND LITERACY DEPARTMENT (SELD) – EXECUTING AGENCY (EA)

QUESTION	RESPONSE	RISK
<b>A. ORGANIZATIONAL AND STAFF CAPACITY</b>		
<b>PROCUREMENT DEPARTMENT/UNIT</b>		<b>H</b>
A.1 Does the agency or Government have a Procurement Committee that is independent from the head of the agency?	<p>The Sindh Public Procurement Regulatory Authority (SPPRA) Procurement Regulations under Rule 7 and 8 states that a procuring agency may constitute as many procuring committees as it deems fit comprising odd number of persons headed by an officer above BPS-18 or an officer of the highest grade available.</p> <p>There are two Procurement Committees (for goods and non-consulting services and for civil works) within the SELD Office in Karachi and as many Procurement Committees at the District level headed by the Chief Engineer (BPS 20).</p> <p>Procurement Committees are appointed on an annual basis by the SELD Secretary. As provided under Rule 7, one third of the members come from the SELD and the remaining two thirds are from the Finance and the Planning and Development Departments.</p> <p>For 2016 and 2017, the Procurement Committee for Goods and Services did not function as there were no procurements for school requirements done during these years due to legal issues.</p> <p>In 2018, a new Procurement Committee has been created as funds have been allocated and approved for its goods and services requirements.</p>	<b>M</b>
A.2 Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat of the Procurement Committee?	The SELD does not have a Procurement Unit. All procurement requirements are handled by the Procurement Committees created for the purpose in Karachi and in the different districts of the Sindh province	<b>H</b>

QUESTION	RESPONSE	RISK
	on an ad-hoc basis by part time personnel from different units within the SELD and the Planning and Development Department.	
A.3 If yes, what type of procurement does it undertake?	Procurement undertaken by the Karachi based Procurement Committee for Goods and Services involve the operational requirements for the SELD. At the district level, most procurements involve rehabilitation, repair and maintenance of school buildings and facilities.	H
A.4 How many years' experience does the head of the procurement department/unit have in a direct procurement role?	Not applicable	H
A.5 How many staff in the procurement department/unit are: i. full time ii. part time iii. seconded	There are no specialist or technical personnel involved in procurement. In SELD, procurements are carried out by Grade 14 to grade 18 government officers at district levels	H
A.6 Do the procurement staff have a high level of English language proficiency (verbal and written)?	Yes, the procurement staff have a high level of English proficiency since all procurement and contract related documents are all prepared in English	H
A.7 Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	No, since there are no staff assigned for its own regular procurement	H*
A.8 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	No, there are no facilities at the moment to support any procurements under a proposed project	H
A.9 Does the agency have, or have ready access to, a procurement training program?	While the SPPRA conducts an annual training program on its rules and regulations for different government procuring agencies, not all SELD personnel responsible for procurement attend these since they are appointed on an ad-hoc basis.	S
A.10 At what level does the department/ unit report (to the head of agency, deputy etc.)?	Both Procurement Committees report directly to the SELD Secretary but the Special Secretary and the Additional Secretary also reviews and recommends decisions that will need the approval of the Secretary.	H
A.11 Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Since there is no procurement unit, there are no job descriptions for procurement related positions	H
A.12 Is there a procurement process manual for goods and works? Does the government have prescribed public procurement manuals or guidance?	There is no specific manual for procurement processes for the SELD but it follows the SPPRA Procurement Regulations for Goods and Works which serves as the procurement manual for all government procuring agencies in the Sindh province.	S

QUESTION	RESPONSE	RISK
A.13 If there is a manual, is it up to date and does it cover foreign-assisted projects?	The SPPRA only updates the Procurement Regulations when there is a need for it but the latest amendments to the Sindh Public Procurement Rules were issued in October 2017. For foreign assisted projects, the procurement rules and regulations of the funding agency is utilized and applied as provided for under the SPPRA Rules and Regulations of 2010 Part I Rule 8.	<b>S</b>
A.14 Is there a procurement process manual for consulting services?	There is no specific procurement process manual for consulting services but the Sindh Public Procurement Rules of 2010 Part III provides the general procedures for the procurement of consulting services.	<b>S</b>
A.15 If there is a manual, is it up to date and does it cover foreign-assisted projects?	Updating is done only when there are amendments to the Sind Public Procurement Regulations. It does not cover foreign assisted projects.	<b>S</b>
<b>PROJECT MANAGEMENT UNIT</b>		<b>H</b>
A.16 Is there a fully (or almost fully) staffed PMU for this project currently in place?	No, there is no fully staffed PMU for the project.  The RSU existing staff serves as the Project Management Unit (PMU) for WB funded projects. The General Administration Unit of the SELD is responsible for managing procurements for goods and services while the Education Works Unit handles the civil works.  The SELD units are responsible for all of its own requirements funded by the government budget and will not be able to serve as a PMU for the project.	<b>H*</b>
A.17 Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	No, since there are no personnel designated to undertake procurement or procurement required under the propose project.	<b>H*</b>
A.18 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	There will be a need to identify and procure adequate facilities for the PMU to be created for the proposed project	<b>H*</b>
A.19 Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	There are standard procurement documents for goods, works and consulting services issued by the SPPRA but these still need to be approved by the ADB for use in its propose project.	<b>L*</b>
A.20 Does the agency follow the national procurement law, procurement processes, and guidelines?	Yes, the SELD follows the rules and regulations of the SPPRA which is based on Pakistan Procurement Rules and Regulations	<b>L*</b>
A.21 Do ToRs for consulting services follow a standard format such as background, tasks, inputs, objectives	Yes, ToRs for consulting services follow a standard format as provided for in the	<b>L</b>



QUESTION	RESPONSE	RISK
and outputs?	Standard Form for Engineering Consultancy Contracts	
A.22 Who drafts the procurement specifications?	Technical specifications are prepared by technical experts from the end user units with assistance from the Procurement Committees	L*
A.23 Who approves the procurement specifications?	The SELD Secretary approves the specifications upon recommendation by the Procurement Committees	L
A.24 Who in the PMU has experience in drafting bidding documents?	The support staff assigned to the Procurement Committees drafts the bidding documents and may or may not have the experience to do this.	L*
A.25 Are records of the sale of bidding documents immediately available?	Yes, the records of the sale of bidding documents are immediately available.	L*
A.26 Who identifies the need for consulting services requirements?	The end user unit within the SELD identifies the need for consulting services requirements, drafts the Terms of Reference and prepares the request for proposal. The Consultant Selection Committee created for the purpose approves the Request for Proposal as provided for under Part III Rule 71 (1) of the SPPR.	L
A.27 Who drafts the Terms of Reference (ToR)?		
A.28 Who prepares the request for proposals (RFPs)?		
<b>B. INFORMATION MANAGEMENT</b>		<b>M</b>
B.1 Is there a system for record keeping of procurement related documents and who is responsible for this?	Yes, the procurement related documents are kept at the Education Works Division for civil works and the General Administration Unit for goods and services. There are no specific policies followed on keeping and maintaining procurement related records	M
B.2 Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the agency?	No, there are usually no adequate resources for record keeping	M*
B.3 Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	Under Part I Rule 9 of the SPPR, all procuring agencies are required to maintain their procurement records for a minimum period of five years. Documents are usually kept complete until external audit is done otherwise, these are all kept at the SELD warehouse.	L*
B.4 Are copies of bids or proposals retained with the evaluation?	Yes, bids or proposals are kept with the evaluation reports.	M*
B.5 Are copies of the original advertisements retained with the pre- contract papers?	Yes, copies of the original advertisements are retained with the pre-contract papers	M
B.6 Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes, there is a single contract file	M*

QUESTION	RESPONSE	RISK
B.7 Are copies of invoices included with the contract papers?	Invoices are usually kept at the Finance Division	<b>M</b>
B.8 Is the agency's record keeping function supported by IT?	No, record keeping is generally based on maintaining hard copies of records Procurement related information are usually found in the SPPRA and SELD websites (tenders and public notices)	<b>S*</b>
<b>C. PROCUREMENT PRACTICES</b>		
<b>Goods and Works</b>		<b>L</b>
C.1 Has the agency undertaken procurement of goods or works related to foreign assistance recently (last 12 months or last 36 months)? If yes, indicate the names of the development partner/s and project/s.	Goods and works procurements related to foreign assistance are done by the RSU	<b>S*</b>
C.2 If the answer is yes, what were the major challenges faced by the agency?	Not applicable	<b>*</b>
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)?	Yes, Part II Rule 11 of the SPPR requires the preparation of procurement plans that detail all proposed requirements on an annual basis, and, also includes a longer term rolling plan where needed.	<b>L</b>
C.4 Is there a minimum period for the preparation of bids and if yes, how long? Does it allow sufficient time for bidders to prepare and submit proposals?	Part II Rule 18 of the SPPR provides a response period of not less than fifteen (15) calendar days for National Competitive Bidding and thirty (30) calendar days for International Competitive Bidding.	<b>M*</b>
C.5 Are all queries from bidders replied to in writing?	Yes, queries from bidders are replied to in writing within a period of three (3) calendar , days provided these are received at least five (5) calendar days prior to the date of bid opening (Part II Rule 23)	<b>L*</b>
C.6 Does the bidding document state the date and time of bid opening?	Yes, the bidding document state the date and time of bid opening (Part II Rule 21 (e)).	<b>L*</b>
C.7 Are bids opened in public?	Yes, bids are generally opened in public	<b>L*</b>
C.8 Can late bids be accepted?	No, late bids cannot be accepted (Part II Rule 24 (1))	<b>L*</b>
C.9 Can bids (except late bids) be rejected at bid opening?	Yes. The conditions for the rejection of bids are provided for in Part II Rule 41 of the SPPR	<b>L*</b>
C.10 Are minutes of the bid opening taken?	Yes, minutes of bids opening are taken, bidders are provided a copy of the minutes free of charge. The minutes are also published in the SELD website	<b>L*</b>
C.11 Are bidders provided a copy of the minutes?		
C.12 Are the minutes provided free of charge?		
C.13 Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	The Procurement Committee created for the purpose undertakes the technical and financial evaluation of bids (Part I Rule 8). A Sub-Committee is formed if there is a need for highly specialized expertise.	<b>L*</b>
C.14 What are the qualifications of the evaluators with respect to procurement and the goods and/or works	Members of the Procurement Committee are required to have knowledge of the	<b>M*</b>

QUESTION	RESPONSE	RISK
under evaluation?	procurement at hand and in the evaluation of proposals.	
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	The Procurement Committee recommends award of the contract to the Head of the Procuring Agency. The recommendation also goes to the SPPRA for its review. The SELD Secretary is responsible for approving the award.	M*
C.16 Using the three 'worst-case' examples in the last year, how long from the issuance of the invitation for bids can the contract be awarded?	90 days for the procurement of goods	M*
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	No, there are no standard national and local processes	M*
C.18 Are there established goods receiving procedures? Are there appropriate procedures to monitor delivery of goods and services to verify quantity, quality and timeliness?	Yes, there are established national and local goods receiving procedures. The Inspection Committee created for the purpose is usually responsible for ensuring that the deliveries are in accordance with technical specifications	L*
C.19 Are all goods that are received recorded as assets or inventory in a register?	Yes, all goods are recorded as assets in an asset registry	L*
C.20 Is the agency/procurement department familiar with letters of credit?	Yes, they are familiar with letters of credit. For contracts requiring bid securities usually bank guarantees are required depending on the items to be procured	L*
C.19 Are all goods that are received recorded as assets or inventory in a register?	Yes, there are proper procedures for the registration and tracking of warranties and for claiming warranties within stipulated periods	L*
C.21 Does the procurement department register and track warranty and latent defects liability periods?	Yes, they track warranties and latent defects liability period	L*
<b>Consulting Services</b>		
C.22 Has the agency undertaken foreign- assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	The SELD does not procure consulting services. Any requirements for procurement of consulting services are done through the RSU.	S*
C.23 If the above answer is yes, what were the major challenges?	All succeeding questions on consulting services are not applicable to SELD.	NA
C.24 Are assignments and invitations for expressions of interest (EOIs) advertised?		NA
C.25 Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?		NA
C.26 What criteria are used to evaluate EOIs?		NA
C.27 Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?		NA
C.28 Do firms have to pay for the RFP document?		NA
C.29 Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?		NA

QUESTION	RESPONSE	RISK
C.30 Are pre-proposal visits and meetings arranged?		NA
C.31 Are minutes prepared and circulated after pre-proposal meetings?		NA
C.32 To whom are the minutes distributed?		NA
C.33 Are all queries from consultants answered/ addressed in writing?		NA
C.34 Are the technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed?		NA
C.35 Are proposal securities required?		NA
C.36 Are technical proposals opened in public?		NA
C.37 Are minutes of the technical opening meetings distributed?		NA
C.39 Who determines the final technical ranking and how?		NA
C.40 Are the technical scores sent to all firms?		NA
C.41 Are the financial proposal opened in public?		NA
C.42 Are minutes of the financial opening distributed?		NA
C.43 How is the financial evaluation completed?		NA
C.44 Are face to face contract negotiations held?		NA
C.45 How long after financial evaluation is negotiation held with the selected firm?		NA
C.46 What is the usual basis for negotiation?		NA
C.47 Are minutes of negotiation taken and signed?		NA
C.48 How long after negotiation is the contract signed, on average?		NA
C.49 Is there an evaluation system for measuring the outputs of consultants?		NA
<b>Payments</b>		<b>M</b>
C.50 Are advance payments made?	Generally, advance payments are not authorized	<b>S</b>
C.51 What is the standard period for payment included in contracts?	The standard period for payment included in contracts is usually 30 days from submission of complete documents	<b>M</b>
C.52 On average, how long is it between receiving a firm's invoice and making payment?	It normally takes thirty (30) calendar days	<b>M</b>
C.53 When late payment is made, are the beneficiaries paid interest?	No, interest for late payments are not authorized	<b>M</b>
<b>D. EFFECTIVENESS</b>		<b>M</b>
D.1 Is contractual performance systematically monitored and reported?	No, contractual performance is not generally monitored and reported	<b>M</b>
D.2 Does the agency monitor and track its contractual payment obligations?	Yes, the RSU monitors and tracks its contractual payment obligations	<b>M</b>
D.3 Is a complaints resolution mechanism described in national procurement documents?	Part II Rules 31-32 of the SPPR discuss the complaints resolution mechanism for procurement related complaints	<b>M</b>
D.4 Is there a formal non-judicial mechanism for dealing with complaints?	Yes, this is provided for under Part II Rule 31 of the SPPR	<b>M</b>

QUESTION	RESPONSE	RISK
D.5 Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes as provided for under Rule 31.	M*
<b>E. ACCOUNTABILITY MEASURES</b>		<b>M</b>
E.1 Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	Yes, there is a standard code of conduct issued by the National Accountability Bureau (NAB). Under the SPPR, Part V Rule 89, all procurements exceeding Rs 10M for goods and works and Rs 2.5M for services shall be subject to an Integrity Pact where the supplier/contractor/consultant signs an undertaking declaring that it has not obtained any contract through any corrupt business practice.	M*
E.2 Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	There are no specific provisions under the SPPR requiring those involved in procurement to declare any potential conflict of interest and to remove themselves from the procurement process.	S*
E.3 Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No, there are no external approvals needed to commence procurements as long as these have been provided with the approved budget of the procuring agency	M*
E.4 Who approves procurement transactions, and do they have procurement experience and qualifications?	The SELD Secretary normally approves the procurement transactions.	L*
E.5 Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?		
a) Bidding document, invitation to pre-qualify or RFP	SELD Secretary	L
b) Advertisement of an invitation for bids, pre-qualification or call for EOIs	SELD Secretary	L
c) Evaluation reports	SELD Secretary	L*
d) Notice of award	SELD Secretary	L*
e) Invitation to consultants to negotiate	SELD Secretary	L
f) Contracts	SELD Secretary	L*
E.6 Is the same official responsible for: (i) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	Authority to procure and signing of contracts is done by the SELD Secretary, Procurement invitations, documents, evaluations, recording procurement transactions by the Head of the Procurement Committee. Custody of the asset by the General Administration Unit or the respective District Education Offices	L*
E.7 Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes, there is a written auditable train of procurement decisions.	L*

Legend: High (H): likely to occur, high impact if occurs, Substantial (S): unlikely to occur, high impact if occurs, Moderate (M): likely to occur, low impact if occurs, Low (L): unlikely to occur, low impact if occurs, NA: Not Applicable

**APPENDIX 3**  
**LIST OF PERSONS INTERVIEWED**  
**DATA GATHERING MISSION**  
**February 12 - 23, 2018**

**A. GOVERNMENT AGENCIES**

**1. SINDH EDUCATION AND LITERACY DEPARTMENT**

Dr. Iqbal H. Durrani, Secretary, SELD  
Abdul Nabi Memon, Director General  
Qamar Shahid Siddiqui, Director General, Provincial Institute of Teacher Education  
Mohammad Memon, Chairman, BISE Hyderabad  
Waheed Ahmed Shaikh, Additional Secretary, Procurement Wing  
Mohammed Bashir, Member, Procurement Committee for Goods  
Zahid Shah, Chief Engineer, School Works, Department

**2. REFORM SUPPORT UNIT**

Faisal Ahmed Uqaili, Chief Program Manager, RSU  
Jamshed Alam, Senior Program Manager, Procurement  
Amanullah Bhatti, Procurement Manager

**3. SCHOOL INFRASTRUCTURE DEVELOPMENT**

Mukhtar Soomro, Project Director

**4. Sindh Basic Education Program**

Wahab Soomro, - Project Management Implementation Unit (PMIU)  
Sohail Siddiqui, Chief of Party, Halcrow Pakistan

**5. SINDH EDUCATION FOUNDATION**

Naheed Shah Durrani, Managing Director  
Rafique Mustafa Shaikh, Director, Plans and Programs  
Bilal Lashari

**6. SINDH PUBLIC PROCUREMENT REGULATORY AUTHORITY**

Khalid Chachar, Managing Director  
Imran Razzak, Deputy Director  
Ms. Sumera Soomro

**7. THE CITIZENS FOUNDATION**

Zia Akhter Abbas, Vice President, Inputs  
Rahila Fatima Shakil, Head of Strategic Development Unit  
Waqar Hussain Shah, Head of Engineering and Construction

**8. INQUIRIES AND ANTI-CORRUPTION ESTABLISHMENT**

Mr. Alamudin Bulo, Chairman

**9. JAPAN INTERNATIONAL COOPERATION SYSTEM**

Kenji Kashiwazaki, Representative

Salmoon Naseem, Coordinator

**10. Transparency International Karachi Office**

Saad Rashid, Executive Director

**11. LOCAL CIVIL WORKS CONTRACTORS AND SUPPLIERS**

Haji Muneer Ahmed Arain, Chief Executive, Friends Enterprises, Engineers and Contractors

Syed Wajahat Hussain, President, TipTop Furnishers

Col Zarrat, CCP, Pakistan

Salman Zeheer, CCP, Pakistan

Muhammad Iqzaz, CCP, Pakistan

# Financial Management Assessment Report

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Project Number: 51126-002

17 July 2018

Proposed Loan

Islamic Republic of Pakistan: Sindh Secondary  
Education Improvement Project

Asian Development Bank



## Executive Summary

1. The Asian Development Bank (ADB) plans to support the Government of Sindh through the Sindh Secondary Education Improvement Project (SSEIP). The School Education and Literacy Department (SELD) will be the executing agency (EA), and a dedicated project implementation unit (PIU) will be established to implement the project.

2. A financial management assessment (FMA) has been carried out to review the capacity as regards financial management (FM) system and procedures.<sup>44</sup> This has been done for the SELD's reform support unit (RSU) which has implemented other externally funded education projects such as those funded by the World Bank. This report provides the observations and recommendations of the FMA.

3. The FMA overall finds the project FM risk, pre-mitigation, to be moderate. This is based on the following specific FM weaknesses, which have been identified:

- **Staffing.** The staff of the FM Section in the existing SELD unit that ordinarily manages externally-financed projects are adequately qualified and experienced to implement FM as per GOS requirements, and they are familiar with donor procedures although not specifically with ADB requirements.
- **Accounting.** Accounting and internal control procedures are based on GOS as well as donor requirements, but staff are not familiar with ADB procedures and requirements.
- **Internal audit.** The GOS does not yet have internal audit functions; such units are currently in the process of being established across all GOS departments, including in SELD.
- **Information systems.** The FM Section uses the GOS's financial management information system (FMIS), which is well-functioning and regularly updated, but transactions are also captured in spreadsheets in order to prepare project-specific reports, which increases processing time and may entail risk of errors.
- **External audit.** Project financial statements of foreign-funded projects are audited by the Auditor General of Pakistan (AGP), but the AGP does not make audit reports public.

4. The PIU will manage the day-to-day activities of the project, including administration, disbursement, procurement, contract management, monitoring and reporting. It will comprise 24 staff, including a 'Chief Financial Management' (consultant) and three support staff/assistants. FM staff will receive training in ADB procedures and requirements, including based on ADB's 'Project Financial Management Manual for Pakistan'.<sup>45</sup>

5. While the PIU will provide an overall administrative structure that functions with a number of safeguards against fiduciary risks, the following additional specific mitigation measures are also proposed to address the identified FM weaknesses:

- **Staffing.** One or two finance/accounting staff to be engaged for the duration of the project, and training on ADB procedures and requirements to be provided.
- **Accounting.** ADB's 'Project Financial Management Manual for Pakistan' will be applied and will also be the basis for training of staff.
- **Internal audit.** SELD and ADB will discuss the possibility of the Internal Audit Unit (IAU) being established in SELD to cover the activities of the PIU, including the ADB project.

<sup>44</sup> The FMA does not cover SELD in its role as the EA since it will not be directly involved in project financial management.

<sup>45</sup> ADB. 2017. *Project Financial Management Manual – Pakistan*. Islamabad.

- **Information systems.** ADB and the SELD will consider whether dedicated accounting software should be applied for the project.
- **External audit.** ADB will disclose the project financial statements and the opinion of the auditors on the financial statements on ADB's website.<sup>46</sup>

6. Overall, pre-mitigation, the FM risk is assessed to be moderate. A number of measures, including establishment of the PIU and capacity-building for PIU and SELD staff, would help to mitigate this risk.

## A. Introduction

7. This FMA reviews the systemic and procedural capacity of the RSU, the unit within the SELD that ordinarily manages externally-financed projects in respect of planning and budgeting, accounting, internal control, financial reporting, internal audit, and external audit.<sup>47</sup> The FMA furthermore reviews the proposed funds flow arrangements and disbursement procedure of the project.

8. The assessment was conducted during February–May 2018, involving a desk review and an in-country mission, and follows ADB's FMA guidelines.<sup>48</sup> The FMA questionnaire (FMAQ) was initially completed by the FM Section of the RSU, and then updated and further developed by the assessor based on consultations with the RSU, the EA and other entities during the in-country mission, as well as extensive subsequent e-mail exchanges.

9. The FMA is provided in chapters 2-8 below. The organizational chart for the SELD is included in Appendix A. The proposed funds flow is outlined in Appendix B. The final version of the FMAQ is provided as Appendix C. Appendix D includes a bibliography and Appendix E the list of persons consulted.

## B. Brief Project Description

10. The proposed project will be implemented by a dedicated PIU within the RSU under the guidance of the SELD in its role as EA. The project is aligned with the following impact: Ensure inclusive and equitable quality education for all (Sustainable Development Goal). The project will have the following outcome: Inclusiveness of secondary education system in Sindh increased.

- **Output 1: New secondary school blocks constructed, and operated under EMO program.** The project will finance the construction of about 160 new secondary school blocks within existing SELD school compounds, largely in 10 districts in southern Sindh.<sup>49</sup> The districts were chosen based on their socioeconomic and education indicators.<sup>50</sup> More districts may be added depending on the capacity of the initial 10 to absorb new secondary

<sup>46</sup> This is in accordance with ADB's Public Communications Policy (2011). The Management Letter will not be made public.

<sup>47</sup> The RSU was established in 2006 to help build the institutional capability of SELD, including to manage foreign-funded projects. It has 130 staff of which 43 are GOS civil servants and 87 are technical assistance (TA) consultants.

<sup>48</sup> ADB. 2015. *Financial Management Assessment – Financial Management Technical Guidance Note*. Manila, May 2015.

<sup>49</sup> The districts are Badin, Matiari, Mirpur Khas, Sanghar, Sujawal, Tando Allah Yar, Tando M. Khan, Tharparkar, Thatta, and Umer Kot.

<sup>50</sup> These include multidimensional poverty index scores, Alif Ailaan district education rankings, female literacy rates, enrollment ratios, and teacher availability.

school blocks. School sites will (i) be identified from the SELD's list of 4,560 priority schools; (ii) emphasize schools that enroll girls; and (iii) be selected based on social and technical assessments, including the presence of sufficient demand for secondary education in the area. School blocks will incorporate gender-responsive features and will be outfitted with solar power.<sup>51</sup> An independent construction supervision firm will monitor civil works.

Private partners will operate secondary school blocks under the SELD's EMO program, which was developed in 2015. Under the program, SELD selects private EMO operators through a competitive process. EMO operators are responsible for all aspects of school management and are paid based on performance. EMO-operated schools do not charge tuition fees. The GOS finances contracts with EMOs. The SELD may improve the EMO program, based on implementation experience.<sup>52</sup> The SELD may also update the education PPP framework, including by revising the governance of PPPs, strengthening the SELD PPP node, and streamlining EMO contracting.

- **Output 2: Teaching capacity in five key subjects improved.** This output will support the introduction of a teacher training and mentoring program aimed at improving the teaching of English, mathematics, biology, chemistry, and physics in selected SELD and SEF secondary schools. The project will (i) assess teacher availability and training requirements, (ii) develop teacher training modules, (iii) provide classroom training and in-class mentoring by subject specialist master trainers to about 1,250 teachers using information and communication technology, and (iv) provide laboratory equipment to some existing secondary schools. The SELD and the SEF will contract private providers to train and mentor teachers. The program will also build the capacity of selected Sindh teacher training institutes and the Sindh Provincial Institute of Teacher Education. It will incorporate gender-sensitive strategies such as the use of gender-bias-free lesson materials and gender-neutral language and classroom management techniques.
- **Output 3: Secondary education examination system strengthened.** This output will support the development of a uniform examination syllabus and specifications for grades 9–12 for the Sindh boards of intermediate and secondary education (BISE). It will also support the redesign of the content of these examinations to increase their emphasis on critical thinking. BISE assessors will benefit from capacity development in item writing and exam development, while BISE staff will benefit from training in data analysis and research. Finally, the project will support the provision of optical mark recognition systems to improve the transparency, accuracy, and efficiency of examination grading. This assistance will be provided to all BISE in Sindh and will include the provision of hardware and software, and the development of the capacity of BISE examination assessors.

11. The project will be implemented from March 2019 to February 2025. A project steering committee, chaired by the SELD Secretary, will oversee project implementation and will comprise the Secretaries of Planning and Development, Finance, and Universities and Boards; as well as the PIU Director and others to be identified by the GOS. There will be close collaboration with development partners, including joint review missions.

12. The project is estimated to cost \$82.5 million, including physical and price contingencies, and a GOS in-kind contribution of \$7.5 million that covers project implementation costs, such as

<sup>51</sup> The design and monitoring framework (Appendix 1) includes a list of gender-responsive features.

<sup>52</sup> Education Management Organizations Program (accessible from the list of linked documents in Appendix 2).

project office, PIU support staff, office operations and maintenance costs, school consumables, maintenance and repair cost of furniture and equipment, and some project vehicles. ADB will finance taxes and duties and salaries of PIU technical staff.

13. As the EA, SELD will have overall responsibility for project implementation, including procurement and consultant recruitment, and advising on technical and sector issues. As the IA, the dedicated PIU within the RSU will be responsible for the day-to-day management of the project, including disbursement,<sup>53</sup> procurement, contract administration, monitoring and reporting. The PIU will require staff to carry out its task, which include (i) project management; (ii) procurement; (iii) financial management (FM); (iv) community mobilization; (v) contract management; (vi) PPP; (vii) monitoring and evaluation (M&E); (viii) gender and safeguards; and, (ix) communications. FM and procurement will be the responsibility of the PIU, including on behalf of implementation partners (SEF and BISE).

### C. Country and Provincial Financial Management Issues

14. With regard to public administration, Pakistan is faced with the twin challenge of a centralized public financial management (PFM) system and a decentralized service delivery set-up.<sup>54</sup> PFM issues contribute to Pakistan's weak performance in health and education: despite the 18<sup>th</sup> Constitutional Amendment in 2010 devolving health and education to the provinces as well as substantial increased budgets for these sectors in recent years,<sup>55</sup> budget execution remains problematic.<sup>56</sup> Hence future budget increases will, in order to be effective and thus meaningful, need to be accompanied by improvements in the functioning of the PFM system.<sup>57</sup>

15. In Pakistan, the four main PFM functions – budgeting, expenditure management, accounting, and external auditing – are split between federal and provincial institutions.<sup>58</sup> All four functions, but especially budgeting and expenditure management, have directly impact on provincial governments' capacity for service delivery. Budgeting and expenditure management are the responsibilities of the provincial governments (Finance Departments and line departments/agencies), while accounting and external auditing are federal mandates and managed by the Controller General of Accounts (CGA) and Auditor General of Pakistan (AGP), respectively. Furthermore, the provincial-level Accountant Generals – who are responsible for transaction processing of payments, payroll and pension – are employed by the CGA.

16. In order to assess the enabling PFM environment for the planned ADB project, it is therefore necessary to review the PFM systems at both the federal level and the provincial level.

<sup>53</sup> The PIU will be responsible for: (i) preparing disbursement projections; (ii) requesting budgetary allocations for counterpart funds; (iii) collecting supporting documents, and, (iv) preparing and sending withdrawal applications to ADB with a copy to the Finance Department.

<sup>54</sup> World Bank. 2017c. *PAD on a Proposed Credit ... for a Program-for-Results Public Financial Management and Accountability to Support Service Delivery*. Report No: 121796-PK, 28 November, p. 1.

<sup>55</sup> For example, total education sector allocations of the four provinces increased by PKR 395 billion, equivalent to 159%, from 2010/11 to 2016/17 [calculated based on data from the Institute of Social and Policy Sciences (I-SAPS)].

<sup>56</sup> For example, under-spending in the education sector at the provincial level for 2015/16 varied between 8-15% overall and was 9-44% as regards development expenditure [calculated based on data from the I-SAPS].

<sup>57</sup> There are several reasons for the low education sector budget execution rates, including planning capacity constraints, short financial planning and spending cycles, delayed funds releases (for school-specific budgets and school management committee funds as well as development schemes), lack of coordination between education departments and public works departments (necessary for development projects), few capable contractors in disadvantaged areas, and an insufficient number of Drawing and Disbursement Officers (DDOs) at the district level [ADB. 2018. *Pakistan Education Sector Assessment*, Forthcoming, p. 78].

<sup>58</sup> World Bank. 2017c. op.cit., p. 1.

17. Development partners and the Government of Pakistan (GOP) in 2012 carried out a PEFA-based PFM assessment of the federal government.<sup>59</sup> Many of the findings made at that time remain valid, including:<sup>60</sup>

- **Credibility of the budget.** Revenue predictability had considerably improved as was also the case for aggregate expenditure, but at the disaggregated level high expenditure deviations remained. This was due to substantial re-appropriations under individual expenditure heads and supplementary budgets being approved ex-post by the legislature. Management of arrears had not improved, and reliable arrears data were not available.
- **Comprehensiveness and transparency.** Some improvements in budget transparency had taken place. Classification used for budget formulation and accounting was uniform. Systematic procedures for monitoring consolidated fiscal risk were not in place.
- **Policy-based budgeting.** A well-defined budget preparation process was in place, which included the medium-term budgeting framework (MTBF) as well as sector strategies and preparation of a Budget Strategy Paper. However, linkages between multi-year estimates in the MTBF and annual budgetary ceilings needed to be improved.
- **Predictability and control in budget execution.** There had been improvements in some areas (e.g. payroll controls and treasury functions), but many aspects had poor performance. These included tax administration (especially the discretionary powers of tax authorities), procurement, internal controls on non-salary expenditures, and internal audit.
- **Accounting, recording and reporting.** There was a large backlog of unresolved accounts reconciling differences. In-year budget reports were timely and accurate, but did not capture both commitment and payment stage. Likewise the annual financial statements are timely but lack complete information on financial assets and liabilities.
- **External scrutiny and audit.** Timeliness and quality of audit was strong, and the Public Accounts Committee (PAC) had made progress in addressing a large backlog of audit reports. However, the scope of the legislature's budget review was undermined by the short time available, and charged expenditure (75% of outlays) was not submitted to vote.

18. ADB's Pakistan Country Partnership Strategy (CPS)<sup>61</sup> for 2015-2019 notes that inadequate PFM systems, vulnerability to corruption and lack of capacity in government entities, particularly with decentralization, could pose a risk to CPS implementation.

19. The Open Budget Survey for 2017 scored Pakistan's budget transparency at 44% (compared with 43% in 2015).<sup>62</sup> This was because only four of eight key budget documents were publicly available in a timeframe consistent with international standards. Two documents (Citizens Budget and Mid-Year Review) were not produced, while another two documents (Pre-Budget Statement and Audit Report) were produced only for internal use / not published online, respectively. The score for public participation in the budget process is 6%, which means that Pakistan provides few opportunities for the public to engage in this process. Hence there is room for improvement as regards both transparency and, especially, public participation.

<sup>59</sup> Government of Pakistan and Development Partners. 2012. *Pakistan, Federal Government – Public Financial Management and Accountability Assessment*, Report No. 69185-PK, June.

<sup>60</sup> The World Bank is currently in the process of planning a PEFA-based PFM assessment at the Federal and provincial levels, but the results of this are not yet available.

<sup>61</sup> ADB. 2015a. *Pakistan Country Partnership Strategy 2015-2019*, August, p. 10.

<sup>62</sup> International Budget Partnership. 2018. *Pakistan, Open Budget Survey 2017*.

20. ADB's 2015 Governance Risk Assessment (GRA)<sup>63</sup> for Pakistan notes that the 1973 Constitution provides an adequate legal framework for PFM. The budgeting process is as such deemed well-functioning at both federal and provincial levels, but the routine revenue shortfall and resulting resource gap cascades down to budgeted allocations which are reduced. This affects provincial governments as they are largely dependent on fiscal transfers. The role of internal audit is generally not well-developed and the provinces have difficulties introducing the function. The AGP's work is focusing on compliance audit and is generally limited as regards performance audit. The provincial PACs are making efforts to clear the backlog of audit reports. The GRA furthermore notes that the GOP has a comprehensive and sequenced PFM reform strategy and action plan in place. It is in the process of formulating a unified PFM law, and the Ministry of Finance (MOF) and the Planning Commission are pursuing a process of developing results-based management in an effort to better link budget allocations with development priorities and performance. Efforts are also being made to strengthen the alignment between projected revenues and actual receipts vis-à-vis the approved budget and its outturn.

21. In October 2017, the MOF published a new and updated PFM strategy for the GOP.<sup>64</sup> It focuses on improving the reliability of the budget by enacting a PFM law, eliminating discretion by standardizing internal controls and modernizing internal audit arrangements, and improving cash management so as to reduce the cost of borrowing. Also, the strategy aims to make key fiscal data more readily available, improve internal controls, automate salary and pension payments, implement an external audit management information system, strengthen legislative scrutiny, and improve reporting by and oversight over state-owned enterprises.<sup>65</sup>

22. FMAs undertaken by ADB in recent years for investment loan projects in Pakistan, including Sindh Province, have identified the following general issues:<sup>66</sup> low budget credibility with actual expenditures deviating from budget estimates; inadequate operations and maintenance funds; delayed receipt of government counterpart funding; manual accounting processes resulting in incomplete and inaccurate financial reports; insufficient documentation of project FM policies and procedures; delays in payment of contractors and service providers; absence of an IT-based financial management and reporting system; untimely preparation of financial reports; non-recording of commitments adversely affecting the quality of in-year budget reports; annual financial statements not in full compliance with rules and regulations; internal audit function not effective; fixed asset register not maintained and nor regular inventory process; gaps in financial planning processes and non-recording of contingent liabilities related to public-private partnership (PPP) contracts in financial statements; weaknesses in accounts reconciliation; weaknesses in the legislative scrutiny of the annual budget law and external audit reports; delays in settling audit observations; insufficient FM staffing; and, lack of familiarity with ADB's FM procedures and requirements, including in the external audit function.

<sup>63</sup> ADB. 2015b. *Pakistan, Governance Risk Assessment and Management Plan – Federal and Provincial*, March.

<sup>64</sup> Finance Division. 2017. *PFM Reform Strategy of the Federal Government – Strategy for reforms in support of fiscal sustainability and efficient public service delivery*, October.

<sup>65</sup> World Bank. 2017a. *Pakistan Development Update – Managing Risks for Sustained Growth*, November, p. 30.

<sup>66</sup> Sindh Provincial Road Improvement Project (46377); Punjab Intermediate Cities Improvement Investment Project (46526); Jalalpur Irrigation Project (46528); Supporting Public-Private Partnership Investments in Sindh Province (46538); Pehur High Level Canal Extension Project (47024); Khyber Pakhtunkhwa Provincial Roads Improvement Project (47360); Second Power Transmission Enhancement Investment Program (48078); Peshawar Sustainable Bus Rapid Transit Corridor Project (48289); Access to Clean Energy Investment Program (49056); and, National Disaster Risk Management Fund (50316).

23. The 2013 PEFA-based PFM assessment of the GOS included a number of observations that remain valid and which are summarized below:<sup>67</sup>

- **Credibility of the budget.** Credibility was undermined by the use of supplementary grants and re-appropriations which reduced the usefulness of the budget as a tool for fiscal discipline, economy, and transparency. However, there was no legal or regulatory limitation on the Executive's power to make changes to the budget, which were only subject to ex ante approval by the legislative. Domestic revenue remained well below that set out in the budget. Existing rules for recording liabilities at commitment level were not being enforced, which meant that no consolidated record of expenditure payment arrears was available.
- **Comprehensiveness and transparency.** The budget was overall comprehensive, and the GOS applied the New Accounting Model which was based on international classification standards. All payments were processed through the Government Financial Management Information System (GFMIS). However, fiscal reports did not present complete information relating to donor-funded public expenditure, and the monitoring of aggregate fiscal risk was an area of concern. Public access to key fiscal information remained limited.
- **Policy-based budgeting.** The budget preparation process was well-functioning, but the linkages between policy-making, planning and budgeting could be improved. Preparing the development budget was an independent exercise that was not synchronized with sector strategies and the availability of development funds, which led to a risk of suboptimal use of resources. The MTBF was being rolled out to departments, but only covered recurrent expenditure and did not link investments with forward expenditure estimates.
- **Predictability and control in budget execution.** This area was the main challenge for the GOS and included tax administration and cash flow management. Also, internal controls were generally not effective due to weak implementation of existing rules as well as limited accountability when non-compliance was observed. Internal audit was absent. However, payroll management had been computerized payroll system, and progress had been made in some procurement areas.
- **Accounting, recording and reporting.** Despite GFMIS connectivity in place some weaknesses were observed as regards accounting, recording and reporting. The gaps in performance were largely attributable to lack of implementation of commitment accounting and poor reconciliation practices. Also, while financial statements were quite comprehensive, there was a lack of information on asset and liabilities.
- **External scrutiny and audit.** External audit was completed expeditiously, but there was a significant delay in the review of reports by the provincial PAC. The legislative scrutiny of the annual budget was effective and had a wide scope, but the time available was limited.

24. The Economic Reform Unit (ERU) of the GOS's Finance Department in 2014 prepared a PFM reform strategy with support of the World Bank. This was operationalized with the GOS's PFM Reform Action Plan, prepared with support of an EU-funded project,<sup>68</sup> which covers the

<sup>67</sup> Government of Sindh and Development Partners. 2013. *Pakistan Sindh Province – Public Financial Management and Accountability Assessment*, Report No. 84169-PK, November.

<sup>68</sup> The EUR15 million Public Financial Management Support Programme for Pakistan (PFM-SPP) covers reform activities of the federal government as well as of the governments of Sindh and Baluchistan provinces, and is implemented during 2014-2019.

period 2015/16-2024/25. The Action Plan covers activities supported by both the World Bank (Resource Mobilization<sup>69</sup> and Debt Management; Internal Control Systems and Internal Audit; and, Institutional Framework and Support Systems)<sup>70</sup> and by the EU-funded project (Planning and Budgeting; Budget Execution and Reporting; and, Institutional Framework and Support Systems). Progress has overall been good on the activities supported by the EU, although there have been some delays in the planning and budgeting activities, while many of the activities covered by the World Bank project are facing delays and other challenges.<sup>71</sup>

25. Based on the available information, it appears that there in recent years have been progress in the following PFM areas of the GOS:

- The budget formulation process has been strengthened based on a revised budget calendar and updated circulars developed and implemented;
- Rolling three-year Budget Strategy Paper, which include both a medium-term fiscal framework (MTFF) and a medium-term fiscal framework (MTEF), are being prepared and are approved by the Cabinet as policy guidance for the consolidation of budget proposals;
- Quarterly Budget Execution Reports (QBER) are prepared and submitted to the Provincial Assembly as per the budget calendar;
- Tax revenue mobilization has overall improved through tax policy reforms and increased administrative efficiency of Sindh Revenue Board (SRB);
- Cash flow management is further developed based on an improved release of fund policy as well as rationalization of accounts and enhanced bank account reconciliation;
- A debt management system is in the process of being established and debt servicing estimates are being included in the GOS's annual Budget Analysis;
- An Internal Audit Charter was approved in December 2017 and is in the process of being implemented across departments, including with staff allocations and audit plans;
- Management of the development portfolio is strengthened through a new IT system for which field staff have been trained and equipped to undertake photo-enforced monitoring;
- An increasing number of pensions are paid through the Direct Credit System; and,
- Training and capacity development plans for each PFM function have been developed, and foundational training in core subjects is being carried out.

26. A recent public expenditure review<sup>72</sup> finds that while Sindh Province has the potential to become a high middle-income province, it currently lags far behind in terms of economic and developmental indicators. Its weak social indicators are partly the result of the inadequate reach and low quality of public service delivery, which reflects inefficiencies in provincial government expenditures on both physical infrastructure and public services. The two main reasons are 1)

<sup>69</sup> This is based on the Sindh Tax Revenue Mobilization Plan (STRMP) for 2014-2019.

<sup>70</sup> The Sindh Public Sector Management Reform Project, which is being implemented from 2015 to 2020. It consists of two complementary components: (i) results-based financing with disbursement-linked indicators (DLIs) to provide an incentive for public sector management reforms (\$40 million), and (ii) technical assistance to support activities for achieving DLIs (\$10 million).

<sup>71</sup> This is illustrated by the 'progress towards achievement of project development objectives, and the 'overall Implementation progress' both being rated moderately unsatisfactory. The Intermediate Results Indicators indicate challenges as regards enhancing the human resources capacity of the Sindh Revenue Board (SRB), implementing risk-based audits of taxpayers, improving SRB performance transparency, instituting debt management systems, increasing extra-budgetary releases captured in the GFMS, establishing internal audit, developing procurement procedures and systems, and preparing and publishing quarterly developmental development plan monitoring reports.

<sup>72</sup> World Bank. 2017b. *Pakistan. Sindh: Public Expenditure Review*, June.



that the total resource envelope is insufficient to meet the financing needs,<sup>73</sup> and 2) that the quality of public spending both in terms of allocative and operational efficiency is inadequate. These challenges thus require changes and improvements to the PFM system, in particular as regards revenue mobilization, but also in terms of expenditure prioritization and management so as to address and resolve bottlenecks to budget execution.

## **D. Project Financial Management System**

27. This chapter presents the main strengths and weaknesses of FM system and procedures of the RSU, as regards planning and budgeting, accounting, internal control, financial reporting, internal audit, and external audit. The FMA furthermore reviews the proposed funds flow arrangements and disbursement procedure of the project.

28. Also, the proposed funds flow and disbursement arrangements of the planned project are outlined.

29. **Overview.** This section provides a short narrative description of the country/provincial PFM systems as applied at the entity-level.

30. **Organization and staff capacity.** The RSU was established in 2006 to help build the institutional capability of the SELD. There a total of 130 staff of which 43 are GOS civil servants<sup>74</sup> and 87 are TA consultants.<sup>75</sup> The RSU is headed by the Chief Program Manager and has six Senior Program Managers as well as a number of Program Managers.

31. The RSU is funded under Grant Demand No. 150 (SC21150) as part of the Education Administration and with a separate fund center code (KQ0755). The RSU has authority to manage its budget as approved by the legislature.

32. The RSU's FM Section has five staff which appears to be adequate given the current tasks and workload. The staff are appropriately qualified and experienced, including as regards the procedures applied for some foreign-funded projects (World Bank and the European Union [EU]).

33. There is no training policy in place, but staff in the FM Section participate in some FM-related training.

34. **Information management.** Like all other GOS and GOP entities, the RSU uses the Financial Accounting and Budgeting System (FABS), a SAP-based financial management information system (FMIS) developed under the Project to Improve Financial Reporting and Auditing (PIFRA) in the early 2000s, which is regularly updated. However, for some project-specific activities such as generating financial reports, the FM Section uses spreadsheets.

35. The RSU retains accounting records for five years following which they are transferred to the GOS's Services General Administration & Coordination Department (SGA & CD). However, according to the RSU it is not clear that storage by the SGA & CD is well-functioning.

36. **Budgeting.** As noted in Chapter 3 above, the GOS has relatively well-functioning budget

<sup>73</sup> Although allocations for priority sectors have increased in recent years, most of the additional funding has gone towards increased pay, allowances, and pensions of government staff [ibid, p. 9].

<sup>74</sup> The GOS staff nomination as per the 2017/18 budget is: A011-1 Pay of Officer – 60, A011-2 Pay of Other Staff – 45.

<sup>75</sup> A total of 57 staff are placed in the RSU, 22 in SELD and 51 in field offices. Of the 87 TA consultants, 76 are funded by the World Bank and 11 by Unicef.

formulation process. This includes the preparation of a three-year rolling Budget Strategy Paper that covers both revenue and capital expenditures, and which outlines sectoral priorities.

37. The budgeting of capital expenditure for foreign-funded projects implemented by the RSU is undertaken as part of the project preparation activities of the specific donor. It is not clear if this includes a linkage between capital and revenue budget estimates to ensure that funding for maintenance and repairs are calculated for the capital investment projects and included in forward budget estimates.

38. The RSU's annual budget is prepared by the FM Section in consultation with all entities/portfolios and (external) implementing partners. This is based on a consolidated annual work plan for each project, and includes physical and financial targets. The budget is approved by the Chief Program Manager, SELD and the Finance Department. Upon approval by the Assembly, the budget is reflected in the annual GOS budget (economic code KQ0758).

39. The budget has sufficient detail to allow for monitoring of subsequent budget performance. Budget execution monitoring is undertaken by the FM Section, while SELD has the formal oversight responsibility. Monthly financial reporting is undertaken vis-à-vis the Accountant General Sindh, while financial reporting to donors is usually done on a six-monthly basis as unaudited interim financial report (IFRs). This includes comparing actual expenditures to the budget. Spending beyond the budget limit is not possible as the Treasury Office is not able to approve and process such payments. In-year amendments to the budget can be made, but the process is cumbersome and therefore generally avoided.

40. **Accountability measures.** The accountability framework of the GOP, and hence that of the GOS, consists, inter alia, of a legislative framework that includes the 1947 Prevention of Corruption Act (as amended), 1999 National Accountability Ordinance (as amended), and 1985 Anti-Corruption Establishment Rules. The legal framework and systems for integrity institutions are deemed to be well-established, and checks and balances over the executive and public officials are provided through several different institutions as well as the independent judiciary led by a proactive Supreme Court.<sup>76</sup>

41. The GOS in 2017 repealed the National Accountability Bureau (NAB) Act (as regards the Sindh jurisdiction).<sup>77</sup> Instead the existing Anti-Corruption Establishment (ACE), under the Services General Administration & Coordination Department (SGA & CD) which organizationally refers to the Chief Secretary, would be restructured and strengthened, including through legislation to empower the Provincial Assembly to appoint the ACE Chairman. It is understood that the Governor, to whom the act was sent for assent, returned it to the Assembly with some observations, and where it remains pending for reconsideration.

42. Also, the Provincial Ombudsman (*Mohtasib*) Sindh, established in 1992, investigates the performance of provincial civil servants based on complaints received from the public. The aim is to enforce administrative accountability, and the Ombudsman is empowered to award compensation to those deemed to have suffered loss or damage as a result of maladministration. According to the 2016 Annual Report of the Provincial Ombudsman, during 2016 a total of 7,424

<sup>76</sup> ADB. 2015b. op.cit., p. 3.

<sup>77</sup> The NAB was by the GOS, for historical reasons, deemed unconstitutional. Based on the Provincial Assembly passing the *National Accountability Ordinance, 1999 Sindh Repeal Act, 2017*, which took effect on 9 August 2017, the GoS requested the NAB to transfer all on-going investigations to the Anti-Corruption Establishment (ACE). The status of this request is not clear.

complaints were lodged of which 3,197 were admitted. Of these the highest number related to the police (1,230 complaints with 463 admitted) and the second-highest number related to SELD) (1,155 complaints with 529 admitted), and 301 complaints were decided against SELD<sup>78</sup>). The nature of the complaints, however, is not known.

43. While it is not clear that GOP or GOS legislation or regulation specifically address conflict of interest and related party transactions, the RSU provides safeguards to protect against this through project agreements as well as by including relevant clauses in contracts with contractors, service providers and consultants, including the staff of the RSU.

44. **Strengths.** The following strengths of the RSU's FM arrangements have been identified (based on the FMAQ as well as following from the general functioning of the FM system of the GOS):

- The FM section staff appear to be adequately qualified and experienced to implement FM as per GOS requirements and taking into account development partner-specific procedures.
- The applied accounting and payment procedures are based on the financial rules and regulations of the GOS.
- Financial statements and reports are prepared on a regular basis and as required by the GOS and donors.
- A well-functioning FMIS is in place which ensures that no payments are executed without a budget and which gives confidence in the accuracy of the transaction records.
- The external audit of foreign-funded projects is undertaken by the DG Audit Sindh of the AGP, which thus follows country systems.

45. These elements are thus considered relevant for ADB to rely on for project implementation as they are well-developed and competently applied.

46. **Weaknesses.** The following weaknesses of the RSU's FM arrangements have been identified:

- The majority of FM Section staff are TA consultants whose engagement with the RSU depends on the availability of external financing.
- The use of an assignment account<sup>79</sup> means that payments are not subject to pre-audit by the Accountant General Sindh and hence entails a weaker internal control framework.<sup>80</sup>
- The SELD has no internal audit function and an IAU is only in the process of being set up within the SELD.
- While the FM Section staff have experience with the FM requirements and procedures of World Bank-funded projects, the staff are not familiar with those of ADB-financed projects.

47. ADB cannot rely on these elements for project implementation, and they should be improved or the associated risks mitigated.

<sup>78</sup> Dawn. 2017. *Sindh Ombudsman received most complaints against police, education depts: Report*. 18 December 2017 [<https://www.dawn.com/news/1377221>].

<sup>79</sup> An assignment account is a separate bank account opened at a designated branch of the National Bank of Pakistan (NBP) in favor of a delegated authority (e.g. the RSU), into which funds are released for specified purposes.

<sup>80</sup> However, payments from assignment accounts are subject to post-audit and the details of expenditures incurred are required to be reported by the delegated authority to the District Treasury Offices on monthly basis for recording in the FMIS.

48. **Personnel, Accounting, Internal Control, Internal Audit and External Audit.** This section reviews specific elements of the RSU's FM systems and procedures, taking into account the expected role and responsibilities of the PMU.

49. **Personnel.** It is expected that one 'Chief Financial Management' (consultant) and up to three support staff/assistants (financed by counterpart funds) will be appointed to the PIU, which will be created to manage the FM-related tasks of the project.

50. The appointment of finance/accounting staff should take place based on a dedicated terms of reference (ToR) prepared for the PIU. The required academic/professional qualifications should ideally be certified public accountants (CPAs)<sup>81</sup> and with a minimum of five years relevant work experience, including previous experience with donor-funded projects, preferably from ADB projects. However, given that adequate professional qualifications and relevant experience can be obtained through different approaches, some level of flexibility should be exercised when assessing potential candidates.

51. To the extent that the finance/accounting staff appointed for the PIU do not have previous experience with ADB projects, guidance and training on ADB procedures (as per the Loan Disbursement Handbook) should be provided, preferably prior to project start. This should include advance fund management and procedures, statement of expenditure (SoE), withdrawal applications, financial reporting, and external audit.

52. **Accounting.** The basis for accounting is cash. While this as such means that liabilities are not recorded and reported for unpaid invoices, the FMIS does provide for commitment accounting. Also, commitments above PKR 500,000 must be registered with accounts offices.

53. The GOS prepares, compiles and presents financial statements in a format that is in accordance with the cash-basis International Public Sector Accounting Standards (IPSAS). However, the adoption of cash-basis IPSAS is restricted to the format of financial statements and there remain some gaps in the full implementation of the accounting procedures as stated in the GOP's New Accounting Model (NAM).<sup>82</sup> The NAM prescribes the chart of accounts for civil accounts for budgeting as well as recording of expenditure, which provides for a robust classification on functional and object basis.

54. A number of different instructions, guidelines, rules and regulations on accounting and internal control exist that apply to the GOP and provincial administrations.<sup>83</sup> While it appears that the RSU's FM Section carries out its tasks within this framework as required and relevant, it is noted that the FM Section does not have separate documentation to guide its FM activities.

55. For payment transactions made with cheque, the RSU's authorized signatories for bank accounts are the Chief Program Manager and FMIS Coordinator (the latter also being a GOS Drawing and Disbursement Officer (DDO)). The RSU does not use internet banking and holds no cash balances, and also carries out no cash collection.

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<sup>81</sup> For example, the Institute of Certified Public Accountants of Pakistan (ICPAP) [<http://icpap.com.pk/>] has courses leading to Certificate in Public Accounting (Cert.PA), Post Graduate Diploma in Public Accounting (PGDPA) and Certified Public Accounting (CPA).

<sup>82</sup> Disclosures related to contingencies and accruals are not included.

<sup>83</sup> Including General Financial Rules, Treasury Rules/Orders, Accounting Policies and Procedures Manual, Handbook of Accounting Guidelines and Manual of Accounting Principles as well as numerous circulars, memoranda and ordinances.

56. Payroll, which is prepared monthly by the Accountant General Sindh, is centralized and automated using the GOP/GOS FMIS. Some weaknesses regarding payroll management were identified in the 2013 PEFA assessment (including lack of regular reconciliation between payroll data and personnel records, and also the absence of specific payroll audits), but it does not appear neither the GOP nor the GOS PFM reform agenda appears to have addressed these.

57. The RSU has a fixed assets register, maintained by the Admin Section, which is updated monthly or when required. 'Asset In & Out' entries are recorded to adequately safeguard assets, and periodic physical inventories are undertaken quarterly. All fixed assets and inventories are labeled. A separate register for fully depreciated assets to be maintained. Disposal of fixed assets follows Section 13.5 of the GOP's Accounting Policies & Procedures Manual (APPM) is adopted. All disposals are recorded, and process is followed through SELD and the GOS's Services General Administration & Coordination Department (SGA & CD).

58. Assignment accounts will be established for the project (for the loan proceeds and for counterpart funding), which will be maintained by the PIU, including recording of all expenditures incurred by the project. The basis of accounting will be cash which will thus also apply to reports for the GOS and ADB. The reporting currency to the GOS will be Pakistani Rupee (PKR) and the reporting currency to ADB will be US dollars.

59. Setting up a PIU does not by itself ensure that sound and proper FM procedures will be applied in managing the project. Hence it is advisable that the PIU will carry out the FM-related project activities based on ADB's 2017 'Project Financial Management Manual – Pakistan' as well as ADB's 2017 Loan Disbursement Handbook. Also, adequate training on FM requirements and procedures of ADB-financed projects as well as on the FM Manual and the Loan Disbursement Handbook should be provided to the PIU staff before project start and thereafter on a regular basis when required.

60. **Internal control.** The RSU has internal control procedures in place for the preparation and approval of financial transactions with adequate segregation of duties in that the functional responsibilities are undertaken by different staff within the RSU and the FM Section.<sup>84</sup> The same applies to the functions of ordering, receiving, accounting for, and paying for goods and services, which are appropriately segregated between staff and organizational units. All transactions are recorded in the FMIS as well as in parallel in a project-specific spreadsheet. The general ledger and subsidiary ledgers are reconciled on a monthly basis.

61. The RSU does not manage cash or use petty cash, which in itself mitigates risks. Also, the RSU has no internet banking facility. All payments are made by cheque from the assignment accounts and the RSU submits monthly reconciliation statements to the Treasury Office.

62. Financial statements and reports are prepared on a regular basis and are required based on GOS and donors.

63. **Internal audit.** The GOS does not yet have an internal audit function focusing on systems

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<sup>84</sup> (i) Authorization to execute a transaction is provided by the FMIS Coordinator and Chief Program Manager; (ii) Recording of the transaction is done by the Finance Assistant of the FM Section; (iii) Custody of assets involved in the transaction is within the RSU the responsibility of the Senior Manager Administration, HR & Logistics (and outside the RSU this is done by the respective implementing partner); and, (iv) Reconciliation of bank accounts and subsidiary ledgers is undertaken by the FM Section.

monitoring in place. The Accountant General Sindh does carry out pre-audit before processing payments (including whether there is a corresponding budget, funds are available, appropriate documentary evidence is provided, and approval is obtained by a competent authority), but these processes do not constitute internal audit.<sup>85</sup>

64. The GOS in 2016 approved an Internal Audit Charter for the administrative departments which is currently being implemented. The institutional framework consists of a Provincial Internal Audit Committee (PIAC) – chaired by the Minister of Finance with the Chief Secretary as Vice-Chair and other senior civil servants and a private sector representative as members – to provide strategic and policy directions as well as to review departmental internal audit reports. A private firm (Deloitte Yousuf Adil) has been engaged to help develop an internal audit approach and methodology, establish internal audit functions in four departments, provide training, and prepare risk-based audit plans.<sup>86</sup> An IAU for the Finance Department, including with job descriptions and organizational structure, was notified in May 2017. A risk-based internal audit plan for September 2017-August 2019 was approved by the DIAC in during October 2017 following which the actual internal audit work started. As of February 2018, four internal auditors were hired by the Finance Department, but the position of Chief Internal Auditor remained vacant.<sup>87</sup>

65. As required in Internal Audit Charter, SELD in August 2017 notified the establishment of a Departmental Internal Audit Committee (DIAC) to implement the internal audit function. It consists of the Secretary, three other senior civil servants, and the Chief Internal Auditor. However, the hiring of staff and setting up the internal audit function is still on-going. The Internal Audit Charter prescribes that internal audit reports are to be submitted to the DIAC, which is line with international good practice.

66. It is not at this stage clear whether the coverage of the internal audit functions in GOS departments will include only GOS-funded activities or also externally-financed projects.

67. **External audit.** In accordance with Articles 169 and 170 of the Constitution, the Auditor General of Pakistan (AGP) audits the annual financial statements of the federal and provincial governments. This is in Sindh Province undertaken by the Director General (Audit). The accounts of the RSU are audited as part of SELD.

68. The AGP carries out its audit activities – including financial audits, performance audits, special audits, audits of foreign-funded projects, IT audits, environmental audits – in accordance with the standards of the International Organization of Supreme Audit Institutions (INTOSAI) and international good practice.<sup>88</sup> The AGP has developed a large number of guidelines, including for data extraction analysis and sectoral audits, as well as comprehensive manuals for financial audit and performance audit.

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<sup>85</sup> *Internal control* is the process by which an organization governs its activities to efficiently and effectively accomplish its mission (including ex-ante internal financial control), while *internal audit* is an evaluation of the adequacy and effectiveness of controls (including independent advice to management on the performance of systems and the efficiency of service delivery).

<sup>86</sup> The consulting service is partly funded from the World Bank-managed Sindh Public Sector Management Reform Project.

<sup>87</sup> World Bank. 2018. *Sindh Public Sector Management Reform Project – Implementation Status & Results Report*, Seq. No. 6, ISR30834, 1 February, p. 9.

<sup>88</sup> Government of Sindh and Development Partners. 2013. op.cit., p. 53.

69. Audit reports are laid before the Provincial Assembly by the Governor. This used to be around 8 months after fiscal year-end (as indicated in the 2013 PEFA assessment), but more recently it has taken about 16 months for financial audits and significantly longer for other types of audit.<sup>89</sup> Auditees are informed about the audit observations and a formal response is required within a defined time period. Unresolved audit observations are sent to the Public Accounts Committee (PAC) for consideration. Like other departments, SELD has a Departmental Audit Committee (DAC) which discusses the audit findings of the AGP. It is not clear to which extent the AGP undertakes regular follow-up on the implementation of remedial measures.

70. The AGP does not make audit reports public. It is understood that the audit opinion regarding the provincial accounts is generally always unqualified.

71. Under the prevailing arrangement between ADB and the GOP, external audit of project financial statements of ADB-financed projects is carried out by the AGP.<sup>90</sup> With the AGP, this is done by Field Audit Offices (FAOs) of the Deputy Auditor General – Special Sectors Audit. The AGP has prepared a comprehensive manual to guide the process of carrying out external audit of foreign-funded projects.<sup>91</sup> It is understood that the AGP's external audit of foreign-funded projects generally is done within the time frame stipulated in the project document.

72. It is noted that while ADB's 'Project Financial Management Manual for Pakistan' states that external audit is done based on a terms of reference (ToR) provided by ADB,<sup>92</sup> this is in fact not the case since AGP carries out its work based on its audit manual.

73. **Financial reporting systems, including use of information technology.** As mentioned above, the RSU uses the Financial Accounting and Budgeting System (FABS), which is a SAP-based FMIS. The system was developed under the World Bank-managed PIFRA in the early 2000s and is being regularly updated. However, transactions are also captured in spreadsheets so as to enable the FM Section generate project-specific reports.

74. The use of spreadsheets for accounting and financial reporting purposes for the SSEIP may, depending on the expected number of financial transactions, be practical and acceptable. However, if dedicated accounting software is considered for the PIU, the selection process should follow ADB's guidance.<sup>93</sup> However, in any case it will be important that the PIU is aware of risks regarding information security and back-up, which potentially could compromise the integrity of project accounting records. The PIU must hence ensure full and frequent data back-up of all data as well as safe storage of the applied medium.

75. **Funds flow mechanism and disbursement arrangements.** The proposed funds flow arrangement for the project is shown in Appendix B below. The project will use advance fund and direct payment loan disbursement procedures.

<sup>89</sup> For example, on 18 November 2016, the Audit Report on the Accounts of the GoS for the Audit Year 2015/16 (i.e. the fiscal year 2014/15) and the Performance Audit Report on Hepatitis Prevention & Control Program for the period 2008/09-2013/14 were laid before the Assembly [<http://www.pas.gov.pk/index.php/business/stn/en/31/1017>].

<sup>90</sup> This follows from foreign-funded projects being implemented by federal/provincial governments, which are audited by the AGP.

<sup>91</sup> AGP. 2018. *Audit Manual for Foreign Funded Projects*, January. The manual was developed with the support of a firm as part of an ADB technical assistance (TA) operation (TA 8697-REG).

<sup>92</sup> ADB. 2017 op.cit., p. 96.

<sup>93</sup> See Section 6.5 in ADB's *Project Financial Management Manual – Pakistan*, which lists a number of relevant features.

76. **Advance fund.** Under the advance fund procedure, ADB will make an advance disbursement from the loan account for deposit to an advance account to be used exclusively for ADB's share of eligible expenditures. In Pakistan, ADB's advance fund procedure is managed through assignment accounts.<sup>94</sup>

77. The loan proceeds from ADB will initially be transferred to the GOP's 'Central Government Account No. 1 (non-food)', and from there to the GOS's 'Provincial Consolidated Fund Account No. 1 (non-food)'.<sup>95</sup> The Finance Department of the GOS will thereafter – since in Pakistan, foreign funding to the government entities is received through assignment accounts – transfer the funds to a dedicated assignment account established for the project.<sup>96</sup> The PIU will be responsible for maintenance of the assignment account as per prevailing rules.

78. Counterpart funding from the GOS will be received through assignment account which will be part of consolidated fund.<sup>97</sup> The PIU will be responsible for maintenance of the assignment account in respect of transfer of funds on the basis of allocations by the GOS as per approved procedures.

79. The loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time), and detailed arrangements agreed upon between the GOS and the ADB. Further guidance is provided in ADB's 'Project Financial Management Manual – Pakistan' (2017), which also includes a detailed outline as regards assignment account procedures and other relevant FM aspects.

80. For efficiency reasons, the minimum value per withdrawal application (WA) is \$100,000 equivalent, unless otherwise approved by ADB. ADB reserves the right not to accept WAs below the minimum amount.

81. **Direct payment.** Under the direct payment procedure, ADB will directly credit loan proceeds to a nominated bank account of a designated beneficiary (e.g. supplier, contractor or consultant) at the request of the SSEIP PIU.

82. The disbursement procedures as well as related accounting and auditing arrangements are detailed in Chapter V of the Project Administration Manual (PAM).

## **E. Risk Description and Rating – Including the Financial Management and Internal Control Risk Assessment**

83. The FMA shows that the PFM system of the GOS and the specific FM procedures applied by the RSU exhibit some weaknesses. These and the resulting fiduciary risks are summarized in the table below together with proposed mitigation measures.

<sup>94</sup> An assignment account is a separate bank account opened at a designated branch of the NBP in favor of a delegated authority into which funds are released for specified purposes. Establishing an assignment account is approved by the Finance Department and endorsed by the Accountant General Sindh, and allocation of funds to the account is made under the sanction of the responsible ministry or department based on clearance by the Finance Department.

<sup>95</sup> The funds received from ADB in \$ are converted into PKR by the State Bank of Pakistan (SBP) based on the relevant exchange rate on the date of transfer of funds.

<sup>96</sup> The opening and maintenance of assignment accounts is governed by GOP's Office Memorandum 'Revised Accounting Procedure for Revolving Fund Accounts (Foreign Aid Assignment Accounts)', dated 2 August 2013 as amended.

<sup>97</sup> As per prevailing GOP requirements, the receipts from and payments out of counterpart funding sources in assignment accounts is governed by the CGA's 'Revised Procedure for Operation of Assignment Accounts of Federal Government', dated 24 September 2008 as amended.



**Table 1: Financial Management Risks**

<b>Risk Type</b>	<b>Risk Description</b>	<b>Risk Assessment (without mitigation)<sup>a</sup></b>	<b>Mitigation Measures / Risk Management Plan</b>
<b>Inherent Risk<sup>b</sup></b>			
Country-level risks	The GOS has a relatively well-functioning planning and budget preparation process. However, there are challenges in revenue mobilization, which adversely affects implementation, and shortcomings in regards to budget execution (especially development expenditure), treasury management, internal controls, internal audit and financial reporting, which expose the PFM system to fiduciary risk.	Substantial	ADB will continue, as and where possible, to provide technical support and undertake policy-level initiatives to address systemic PFM issues so as to strengthen the GOS's PFM system and procedures.
Entity-specific risks	While the SELD's RSU has implemented other foreign-funded projects, it does not have previous practical or operational experience with the FM procedures and requirements of ADB-financed projects.	Moderate	A dedicated PIU will be established. FM tasks and responsibilities are outlined in ADB's 'Project Financial Management Manual for Pakistan' which will be basis for the PIU to undertake the day-to-day FM project management tasks.
<i>Overall Inherent Risk</i>		<i>Moderate-Substantial</i>	-
<b>Project Risk<sup>c</sup></b>			
Planning and budgeting	Project budgets are prepared by donors, while the RSU's annual budget is prepared by the FM Section in consultation with relevant entities based on a consolidated annual work plan for each project. Budgets are sufficiently to enable in-year performance monitoring.	Low	-
Funds flow	The funds flow arrangements for ADB's loan are clear, and the government counterpart funding will be in kind.	Low	-
Staffing	The staff of the FM Section are adequately qualified and experienced to implement FM as per GOS requirements, and they are familiar with donor procedures although not specifically with ADB requirements, hence would need support in this regard.	Moderate	One or two staff will be engaged to manage the finance/accounting functions for the duration of the project. Training on ADB procedures and requirements and on ADB's 'Project Financial Management Manual for Pakistan' should be provided at project start.

Risk Type	Risk Description	Risk Assessment (without mitigation) <sup>a</sup>	Mitigation Measures / Risk Management Plan
Accounting and internal control	Accounting and internal control procedures are based on GOS as well as donor requirements, but staff are not (yet) familiar with the procedures and requirements for ADB-financed projects.	Moderate	ADB has developed the 'Project Financial Management Manual for Pakistan', which will be applied and hence also be the basis for training of new staff.
Internal audit	The GOS in 2016 approved a charter to set up internal audit units across all departments. This work is now progress and it will take some time to make the functions operational, including in SELD.	High	SELD will discuss with ADB the possibility of the IAU covering the activities of the PIU and hence the ADB-financed project.
Reporting	Financial statements and reports are prepared on a regular basis and as required by the GOS and donors.	Low	-
Information systems	The RSU has access to and uses then GOS's FMIS, which is well-functioning and regularly updated. However, transactions are also captured in spreadsheets to enable the FM Section generate project-specific reports, but this increases processing time and possibly also the risk of errors.	Substantial	ADB and SELD will consider whether dedicated accounting software should be applied for the project.
External audit	Project financial statements of ADB-financed projects are audited by the AGP. The AGP does not make audit reports public.	Moderate	ADB will – in accordance with its Public Communications Policy (2011) – disclose the project financial statements and the opinion of the auditors on the financial statements (but not the Management Letter) on ADB's website.
<b>Overall Project Risk</b>		<b>Moderate</b>	-
<b>Overall Risk</b>		<b>Moderate</b>	-

ADB = Asian Development Bank, AGP = Auditor General of Pakistan, FM = financial management, FMIS = financial management information system, GOS = Government of Sindh, IAU = Internal Audit Unit, PFM = public financial management, PIU = Project Implementation Unit, RSU = Reform Support Unit.

<sup>a</sup> Low, moderate, substantial, high. The assessment is based on the likelihood of occurrence and degree of impact.

<sup>b</sup> Inherent Risk is the susceptibility of the project FM system to factors arising from the environment in which it operates, such as country or sector-level rules and regulations as well as the agency's working environment (assuming absence of any counter-checks or internal controls).

<sup>c</sup> Project Risk is the risk that the project accounting and internal control framework are inadequate to ensure project funds are used economically and efficiently and for the purpose intended, and that the use of funds is properly reported.

Source: Asian Development Bank (ADB).

84. The table shows that the overall fiduciary risk for the project pre-mitigation is considered to be *moderate*. This is a result of a *moderate-substantial* rating for the inherent risk (country system and agency), and a *moderate* control risk rating for the project FM elements. When proposed mitigation measures are taken into account, the overall fiduciary risk will be considered as *low*.

## F. Proposed Time-bound Action Plan

85. Based on the identified FM challenges and related fiduciary risks, a number of specific actions are recommended to be undertaken. These are outlined in the table below.

**Table 2: Financial Management Action Plan**

	Risk Description	Risk	Action Item	Period	Responsibility
1	<u>Staffing</u> : The staff of the FM section are adequately qualified and experienced to implement FM as per GOS requirements, and they are familiar with donor procedures although not specifically with ADB requirements, hence would need support in this regard.	Moderate	Engage one or two full-time staff to manage the finance/accounting functions of the project.	2019	PIU, ADB
			Carry out training on ADB procedures and requirements.	2019	PIU, ADB
2	<u>Accounting</u> : Accounting and internal control procedures are based on GOS as well as donor requirements, but staff are not (yet) familiar with the procedures and requirements for ADB-financed projects.	Moderate	Apply the 'Project Financial Management Manual for Pakistan' prepared by ADB.	2019-2023	PIU
3	<u>Internal audit</u> : In 2016, the GOS approved a charter to set up internal audit units across all departments. This work is now progress and it will take some time to make the functions operational, including in SELD.	High	Discuss the possibility of the IAU covering the activities of the PIU and hence the ADB-financed project.	2019	SELD, ADB
4	<u>Information systems</u> : The RSU has access to and uses then GOS's FMIS, which is well-functioning and regularly updated. However, transactions are also captured in spreadsheets to enable the FM Section generate project-specific reports, but this increases processing time and possibly also the risk of errors.	Substantial	Consider if dedicated accounting software should be used for the project.	2019	SELD, ADB
5	<u>External audit</u> : Project financial statements of ADB-financed projects are audited by the AGP. The AGP does not make audit reports public.	Substantial	Disclose the project financial statements and the opinion of the auditors on the financial statements.	Annually	ADB

ADB = Asian Development Bank, AGP = Auditor General of Pakistan, FM = financial management, FMIS = financial management information system, GOS = Government of Sindh, IAU = Internal Audit Unit, PFM = public financial management, PIU = Project Implementation Unit, RSU = Reform Support Unit.

Source: Asian Development Bank (ADB).

86. The proposed FM Action Plan will be discussed and agreed between ADB and SELD, in its function as EA, prior to loan negotiations. The agreed FM Action Plan should thereafter be considered a rolling plan to be regularly reviewed for progress, and updated on this basis as well

as if new FM elements are identified to require improvements.

## **G. Suggested Financial Management Covenants**

87. The following is proposed as FM covenants for the project:

- The Borrower shall cause the EA to:
  - maintain separate accounts and records for the Project and the Loan;
  - prepare annual financial statements for the Project and the Loan in accordance with accounting principles acceptable to ADB;
  - have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB;
  - as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Loan proceeds and compliance with the financial covenants of the Loan Agreement as well as on the use of the procedures for imprest fund(s) and statement of expenditures) and a Management Letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any);
  - furnish to ADB, no later than six months after the end of each related fiscal year, copies of such audited financial statements, Audit Report and Management Letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.
- ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.
- The Borrower shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Borrower's financial affairs where they relate to the Project with the auditors appointed, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of authorized officer of the Borrower, unless the Borrower shall otherwise agree,
- The Borrower shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

## **H. Conclusion**

88. The PFM system of the GOS is currently being improved with the support of two major development partners, based on a comprehensive PFM reform strategy and action plan. However, overall the PFM system is weak and there are shortcomings regarding several specific PFM elements and procedures, including revenue mobilization, budget execution (especially development expenditure), treasury management, internal controls, internal audit and financial reporting.

89. Since the SELD's FM is partly based on the GOS framework, it is to some extent affected by the overall systemic issues of the GOS. However, some strengths in the FM arrangements

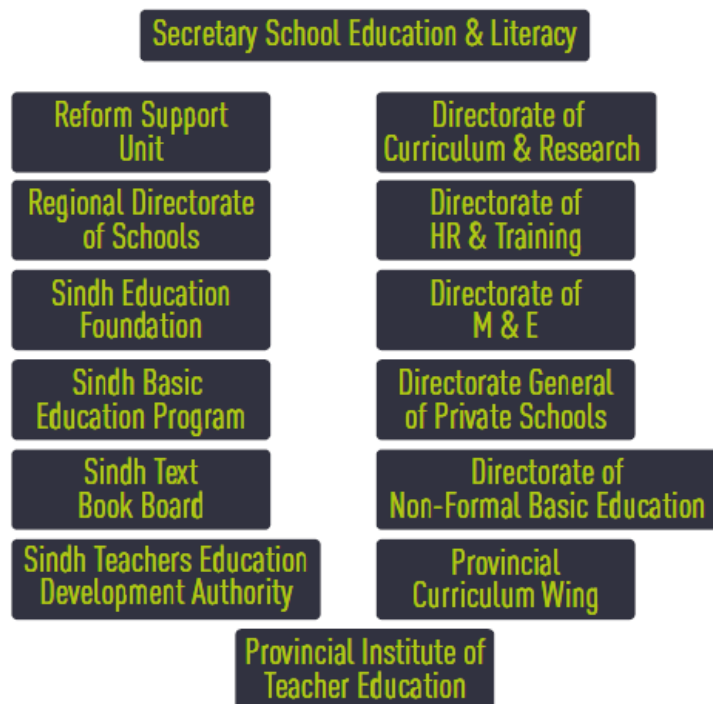
have also been identified, including that the FM Section staff appear to be adequately qualified and experienced, the applied accounting and payment procedures are based on the GOS rules and regulations, financial statements and reports are prepared on a regular basis and as required by the GOS and donors, a well-functioning FMIS is in place, and that the external audit of foreign-funded projects is undertaken based on country systems.

90. Establishing a dedicated independent PIU with professional FM staff and applying specific ADB procedures for FM is expected to provide adequate and sufficient safeguards. In this regard it is particularly helpful that ADB already has the 'Project Financial Management Manual for Pakistan' in place. Some further mitigation measures are proposed to address specific identified FM risks, including the development of a specific terms of reference for the external audit to be undertaken by the AGP.

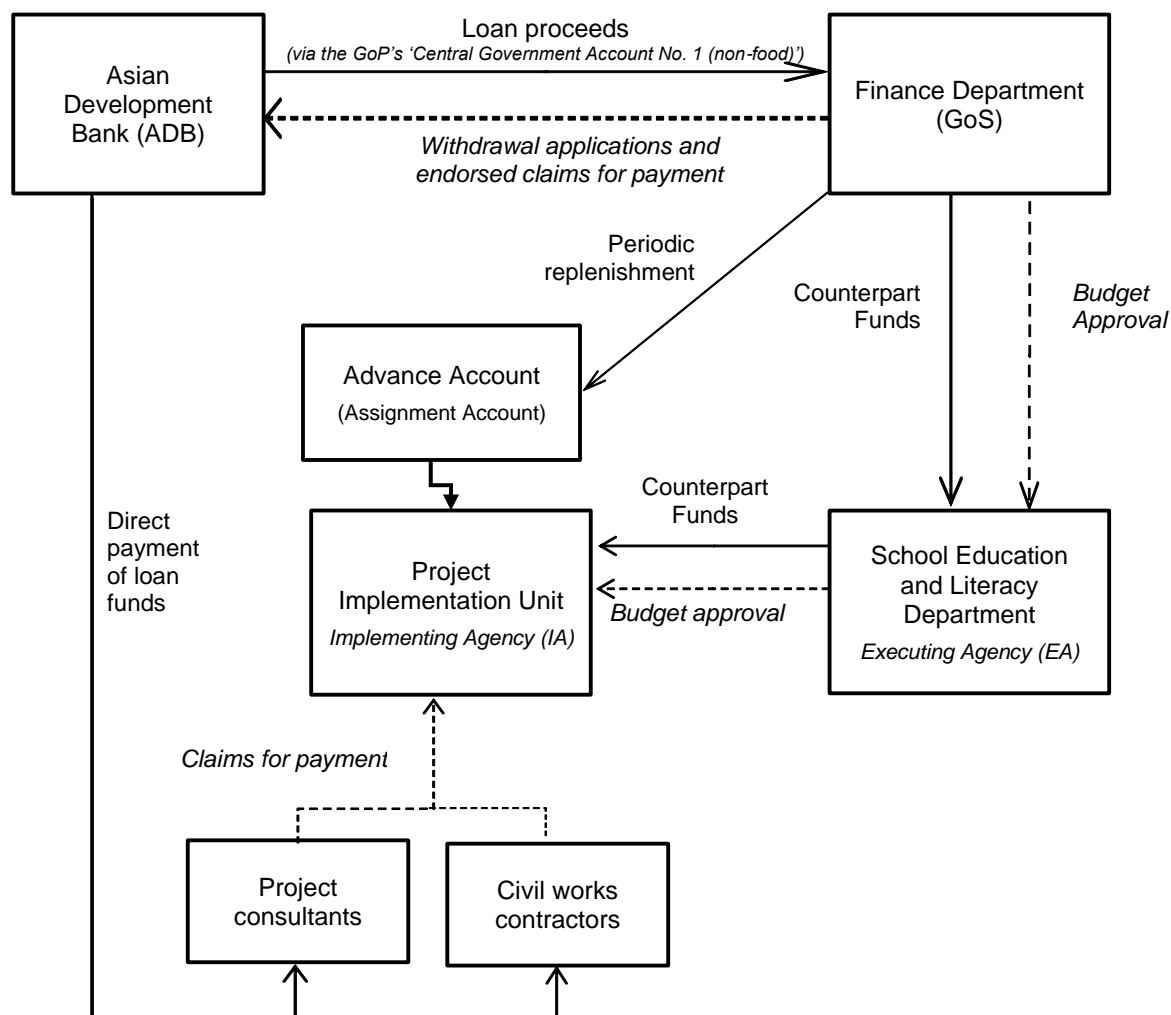
91. On this basis, and with a dedicated PIU being established and other specific mitigation measures implemented as outlined, the planned project FM arrangements are considered satisfactory.



## APPENDIX A – SELD ORGANIZATIONAL CHART



## APPENDIX B – PROPOSED FUNDS FLOW



### Legend:

- Fund flow
- - - - - Requests and approvals

### Supporting Agreements:

- Loan Agreement between ADB and the Ministry of Finance of the Government of Pakistan (GoP).
- Management Agreement between Finance Department and SELD, Government of Sindh (GoS).



## APPENDIX C – FMA QUESTIONNAIRE (FMAQ)

Please refer to separate file for the final version of the FMAQ.

## APPENDIX D – DOCUMENTS REVIEWED

- ADB. 2015a. *Pakistan Country Partnership Strategy 2015-2019*, August,
- ADB. 2015b. *Pakistan, Governance Risk Assessment and Management Plan – Federal and Provincial*, March.
- ADB. 2017. *Project Financial Management Manual – Pakistan*.
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- Government of Sindh. 2014. *Public Financial Management Reform Strategy Government of Sindh 2014/15-2019/20*, Economic Reforms Unit, Finance Department.
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- World Bank. 2018. *Sindh Public Sector Management Reform Project – Implementation Status & Results Report*, Seq. No. 6, ISR30834, 1 February.

**APPENDIX E – PERSONS CONSULTED**

<b>School Education and Literacy Department</b>	<ul style="list-style-type: none"> <li>• <b>Mr Nisar A. Memon</b> – Director General, Monitoring &amp; Evaluation</li> </ul>
<b>Reform Support Unit, SELD</b>	<ul style="list-style-type: none"> <li>• <b>Mr Mehtab Ahmed Bhatti</b> – Senior Manager (Financial Management)</li> <li>• <b>Mr Aftab Alam</b> – FMIS Coordinator</li> </ul>
<b>Sindh Education Foundation</b>	<ul style="list-style-type: none"> <li>• <b>Mr Rafique Mustafa Shaikh</b> – Director, Planning and Programs</li> </ul>
<b>PPP Unit, Finance Department</b>	<ul style="list-style-type: none"> <li>• <b>Mr Irfan Rafi Hashmi</b> – Assistant Director (Finance)</li> </ul>
<b>Economic Reforms Unit, Finance Department</b>	<ul style="list-style-type: none"> <li>• <b>Mr Asad Ali Khan</b> – Director</li> <li>• <b>Mr Md. Amir Ansari</b> – Senior Program Officer</li> <li>• <b>Mr Md. Afzal Channa</b> – Senior Program Officer</li> <li>• <b>Mr Md. Hassan Memon</b> – Database Manager</li> </ul>
<b>Accountant General Sindh</b>	<ul style="list-style-type: none"> <li>• <b>Mr Farrukh Ahmad Hamidi</b> – Accountant General</li> <li>• <b>Mr Azeez Ahmad Zai</b> – Additional Accountant General</li> <li>• <b>Mr K. Hashmi</b> – Additional Accountant General</li> <li>• <b>Mr M. Soomroo</b> – Additional Accountant General</li> </ul>
<b>Budget &amp; Expenditure Wing, Finance Department</b>	<ul style="list-style-type: none"> <li>• <b>Mr Bashir Khan</b> – Section Office, B&amp;E-XII</li> </ul>
<b>District Malir, Karachi Division</b>	<ul style="list-style-type: none"> <li>• <b>Mr Zulfikar Ali Nizamani</b> – District Education Officer (DEO)</li> </ul>
<b>European Union's PFM Support Programme for Pakistan</b>	<ul style="list-style-type: none"> <li>• <b>Mr John Gray</b> – Team Leader</li> <li>• <b>Mr Zulfiqar Mirza</b> – PFM Expert (Budget)</li> <li>• <b>Mr Syed Aftab Raza</b> – PFM Expert (PLD)</li> </ul>
<b>USAID's Sindh Basic Education Program (SBEP)</b>	<ul style="list-style-type: none"> <li>• <b>Mr Abdul Wahab Soomroo</b> – Program Director</li> <li>• <b>Mr Sohail S. Siddiqui</b> – Project Director, Halcrow Pakistan (Pvt) Limited/Architectural &amp; Engineering Services</li> </ul>