

Memorandum of Understanding
between
The Government of Sindh
and
The District Government of Tharparkar

Preamble

WHEREAS THE GOVERNMENT OF SINDH with headquarters at KARACHI, has entered into an Agreement with the Asian Development Bank for the US\$220 million (\$100m for direct transfer to local governments, \$110m for creating fiscal space for social services and \$10m for Institutional Development) Devolved Social Services Program (DSSP) to support financing, institutional building, partnership building and reforms of Sindh's devolved social services at the District level in Education, Health, Rural Water Supply and Sanitation Sector at Town/Taluka Municipal Administration in accordance with the provisions contained in Part I,II &III of this Memorandum of Understanding (hereinafter referred to as MoU).

AND WHEREAS THE DISTRICT GOVERNMENT OF THARPARKAR with headquarters at THARPARKAR city is a legal, representative entity charged with the responsibility of providing social services in the areas of Health and Education to its citizens, under the Sindh Local Government Ordinance – 2001.

AND WHEREAS THE GOVERNMENT OF SINDH and THE DISTRICT GOVERNMENT OF THARPARKAR ("hereinafter referred to as the Parties") mutually desire to improve social sector financing, promote and support programs focusing on improving social services delivery in District THARPARKAR and to contribute to the formulation of long-term strategies to help reduce poverty and gender imbalances, through improving governance and financing, rationalization of services, community participation and public accountability

THEREFORE the Parties execute this Memorandum of Understanding on this _____ day of June 2004 to set forth and coordinate the efforts in favor of improving social services in THARPARKAR District hereinafter referred to as the DISTRICT GOVERNMENT.

I. Areas of Collaboration

1. Program Support

The Parties agree to provide support for the Devolved Social Services Program and its activities to strengthen, improve and expand effective delivery of social services in Education and Health sectors.

2. Financing

THE GOVERNMENT OF SINDH agrees to provide funds equivalent to US\$ 100 million from the DSSP conditional grant funds (ADF) and from the additionality generated through resource management (OCR funds) in subsequent years, to the Local Governments (District Governments and TMAs) over a period of three years as determined by the Provincial Finance Commission based on clear, objective formula as per procedure detailed in the agreement with the Asian Development Bank, and to make public the exact share of the Local Governments before the start of every Fiscal Year.

- a. THE GOVERNMENT OF SINDH further agrees to transfer the annual share of the district from these DSSP funds, directly into the Account IV of the DISTRICT GOVERNMENT subject to fulfilling the criteria given in para 4.
- b. THE DISTRICT GOVERNMENT agrees to use its share of funds as per the parameters set by the DSSP loan agreement generally and in this MOU specifically
- c. THE DISTRICT GOVERNMENT agrees that the funding available under the DSSP conditional grants will not replace existing allocations for the Education and Health sector and that the level of expenditures shall be maintained at or above the level of existing budgetary allocations.

3. Technical Assistance

THE GOVERNMENT OF SINDH agrees to provide and the DISTRICT GOVERNMENT agrees to effectively utilize requisite technical expertise and support through the Provincial Program Support Unit and the Local Support Units, with the latter located in District including Finance & Governance, and Monitoring & Evaluation staff who shall be placed in the Local Support Unit in District for assisting in achievement of DSSP objectives. The GOVERNMENT OF SINDH shall also recruit consultants to staff the Program Support Unit, who will work with the Provincial Line Departments and the DISTRICT GOVERNMENT to provide support and guidance on DSSP activities and objectives

4. Criteria for Accessing Conditional Grants

- a. THE DISTRICT GOVERNMENT can access the conditional grant ONLY if it prepares Annual Sector Plan as given in para-6.
- b. THE DISTRICT GOVERNMENT shall use the conditional grant ONLY in Education and Health sectors.

In Education, the grants can be used for covering all schools from Katchi up to Class 10 and Class 12 in few Higher Secondary Schools but NOT for colleges

In Health, the scope ranges from Community Health Workers to District Hospitals

c. THE DISTRICT GOVERNMENT shall allocate at least 15% of conditional grant funds in year 2005-06, and not less than 25% in subsequent years, through Community Based Organizations (CBOs) in a timely manner as conditional grants for public-private partnership initiatives subject to the guidelines and terms and conditions prepared separately for this purpose by THE GOVERNMENT OF SINDH through PLDS/PSU.

d. THE DISTRICT GOVERNMENT shall NOT invest more than \$100,000 (approximately Rs.5.7 Million) from the funds provided under DSSP in any one scheme / project / activity.

e. DISTRICT GOVERNMENT shall use the conditional grants IN THE FIRST INSTANCE, ONLY for rationalization / operationalization / Rehabilitation of existing services / schemes / projects and staff in accordance with Guidelines for DGs on new schemes of Health and Education Sectors, issued vide letter No.PO(EDU)P&D-116/99-2003,Karachi, dated the 15th December,2003 or any other policy instruction issued by the Government of Sindh from time to time.

f. THE DISTRICT GOVERNMENT can invest in new services /schemes/projects and recruitment of staff only if there is a clear technical and financial feasibility plan as to how it would be sustained and there is clear commitment of the District Government for allocating Maintenance and Repair funds in subsequent financial years as well as for funding the staff hired during the program period. These recruitments would however be need / facility based with preference to the locals specially female candidates. THE GOVERNMENT OF SINDH shall assist in carrying out the technical and financial feasibility studies through PLDs / PSU.

g. THE DISTRICT GOVERNMENT shall NOT use the conditional grants on luxury items such as purchase of vehicles, air conditioners, furnishing of existing offices, office equipments etc. unless these are required for fulfilling obligations under this MOU and the DISTRICT GOVERNMENT can demonstrate to the GOVERNMENT OF SINDH that there exist no other sources for financing them.

h. THE DISTRICT GOVERNMENT shall use these funds for pro-poor, gender balancing projects, investments, schemes and their feasibilities should clearly identify measurable benefits to the poor specially women.

i. THE DISTRICT GOVERNMENT in using the conditional grant funds, shall follow all the planning, budgeting and approval processes outlined in the Sindh Local Government Ordinance,2001 and other relevant rules including the Budget Rules

5. Gender Mainstreaming

The Parties agree to take steps towards gender mainstreaming, giving priority to gender issues and needs in sector plans and also involving women in decision making by including at least two women councilors on Budget, Accounts and Sector Committees formed under Sindh Local Government Ordinance,2001 and by following the provisions of GRAP.

II. Work Method

6. Annual Sector Plans:

a. To access the conditional grant funds, THE DISTRICT GOVERNMENT shall each year prepare detailed Annual Sector Plan for Education and Health, clearly indicating the activities, plans, projects, schemes as well as their source of financing.

b. Sector Plan so prepared shall cover the over all priority of the District Government for Maintenance, Operation, Rehabilitation and Development Schemes in the particular sector.

c. These Annual Sector Plans shall be prepared for the entire sector and NOT just for activities, projects, and schemes to be funded from the DSSP conditional grant.

d. The Annual Sector Plan shall form part of the Annual Budget for the District and shall be approved by the District Council as per the provisions of the Sindh Local Government Ordinance,2001and Budget Rules-2002 for District Governments.

e. Subject to other conditions of this MOU, the DISTRICT GOVERNMENT shall have complete flexibility to use the DSSP funds based on demand-driven, need-based sector priorities in the District.

7. Accounting and Accountability:

THE DISTRICT GOVERNMENT shall place the conditional grant funds in a separate account (Under the umbrella of A/C-IV), prepare Statements of Expenditure for the DSSP funds and shall cause the expenditures made from this DSSP funds to be audited by the District Audit Office of the Pakistan Auditor General and / or supplementary audit by a non-governmental auditor as mutually agreed upon by the Parties.

8. Assessment, Monitoring and Evaluation:

THE PARTIES shall independently and jointly undertake quarterly reviews of the program activities leading up to a comprehensive Annual Performance Review of the whole program and may employ Third Party Validation and Social Audit methods and techniques for this review. The Terms of References for Third Party Validation and Social Audit shall be developed separately and communicated to all Local Governments. The assessment, monitoring and evaluation shall take place on the basis of clear process, input and output indicators.

9. Reporting, Documentation and Communication:

THE DISTRICT GOVERNMENT shall produce and submit all reports and documentation as prescribed by THE GOVERNMENT OF SINDH OR Program Support Unit (PSU) on its behalf. The Parties shall promote the dissemination of learnings from this partnership within their respective organizations and networks.

III. Terms of the Memorandum of Understanding

This MOU will be in effect for the tenure of the DSSP Program and Technical Assistance Loans. It can be terminated either by mutual agreement of the Parties or by the GOVERNMENT OF SINDH if it has demonstrable reason to believe, based on the advice and recommendation of the Provincial Program Steering Committee, that the DISTRICT GOVERNMENT OF is not fulfilling its obligations as laid out under this MOU.

The Parties may receive cooperation from other donors, organisations, Provincial Line Departments/agencies or Federal Government Ministries/agencies, Trusts / Foundations based on the acceptance of the Parties.

In acceptance of the aforementioned, the duly authorized representatives of the Parties sign this Memorandum of Understanding

Seal _____
MALIK ASRAR HUSSAIN
SECRETARY FINANCE DEPARTMENT
Government of Sindh

Seal _____
DISTRICT NAZIM
THE DISTRICT GOVERNMENT OF
THARPARKAR

