



# Draft Design and Monitoring Framework

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Proposed Program Cluster, Loan for Subprogram 1 of the Punjab Government Efficiency Improvement Program, Technical Assistance Loan, and Technical Assistance Grant

The Islamic Republic of Pakistan: The Second Punjab Resource Management Program

A design and monitoring framework is an active document, progressively updated and revised as necessary, particularly following any changes in project design and implementation. In accordance with ADB's public communications policy (2005), it is disclosed before appraisal of the project or program. This draft framework may change during processing of the project or program, and the revised version will be disclosed as an appendix to the report and recommendation of the President.

Asian Development Bank

## DESIGN AND MONITORING FRAMEWORK for PGEIP

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b></p> <p>Sustained high economic growth in the Punjab, with lower poverty incidence and improved delivery of public services</p>	<p>Average growth rate of Provincial GDP of over the FY2007–2014 period at around 7%;</p> <p>By 2014 poverty incidence in GoPb reduced to 10%;</p> <p>By 2014 MDGs in Education and Literacy, Water and Sanitation, Health and Nutrition are met</p>	<p>Punjab Economic Report</p> <p>Country Report of the IMF</p> <p>MTDF</p> <p>Annual pre-budget speech</p> <p>MICS</p>	<p><b>Assumptions</b></p> <p>Continued Government commitment to the reform process</p> <p>Economic and political stability</p> <p><b>Risks</b></p> <p>Endogenous and/or exogenous shocks</p> <p>Delays in implementation of reforms due to weak capacity and lack of coordination</p> <p>Slow pace of reforms due to 2007 elections</p>
<p><b>Outcome</b></p> <p>The Government of Punjab becomes more efficient in the allocation of scarce resources and more responsive to citizens' needs</p>	<p>By 2011 budget allocations to priority social sectors are prepared on the basis of performance indicators and related costing methodologies</p> <p>By 2011 at least 70% of the annual pension outlays are covered from returns of PPF and GPIF investments (pension and GPIF outlays in 2006 amounted to PRs12.6 million and PRs4.3 million respectively)</p> <p>By 2011 all officer cadre positions (i.e. grade 16 and above) have come under the new performance based HRM system</p>	<p>Annual Budget Document</p> <p>MTBF</p> <p>MTDF</p> <p>MICS</p> <p>ADB review missions</p> <p>MTBF</p> <p>PPF and GPIF Reports</p> <p>ADB review missions</p> <p>ADB review missions</p> <p>Civil Service Perceptions Survey</p>	<p><b>Assumptions</b></p> <p>Effective coordination among departments</p> <p>Continued commitment of departments to the reform process</p> <p>Adequate resources are committed for PPF and GPIF capitalization and management</p> <p><b>Risks</b></p> <p>Opposition of vested interests to the reform process</p> <p>Weak enforcement of legal and regulatory framework</p> <p>Political uncertainty</p>

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	By 2011 the cost of doing business in Punjab is in line with the benchmark defined by GoPb	Biennial Survey of the cost of doing business	
<p><b>Outputs</b></p> <p>Public resource management process is developed as a tool for efficient allocation of resources</p> <p>A financially sustainable pension system is established</p>	<p>By 2011 pilot departments will have: (i) formulated a medium term development strategy; (ii) developed minimum service delivery standards with related financing plan and performance targets; (iii) prepared a costing methodology for service standards</p> <p>The number of Supplementary Budget applications submitted by line departments is on a decreasing trend</p> <p>The ratio of own revenues (tax and non tax) as a share of the Provincial Consolidated Fund for GoPb to increase to 16% (as of FY2006 the ratio is 14%)</p> <p>External custodian, investment manager and advisor, and external auditor appointed.</p> <p>All pension and GPF related data verified and automated</p> <p>Incidence of missing contributions and "ghost" pensioners reduced significantly</p>	<p>Medium term strategy document of selected departments Minimum Service Delivery Standards Costing Methodology Annual Budget MTDF/MTDF Departmental Expenditure Review</p> <p>Budget Call Circular Sectoral budget estimates Annual Budget Document MTBF, MTDF Audit report</p> <p>GoPb actual budget data</p> <p>Government notifications ADB review missions</p>	<p><b>Assumptions</b></p> <p>Line Departments have adequate capacity to formulate a medium term strategy and implement it</p> <p>Sectoral budget ceilings are enforced at the level of individual line departments</p> <p><b>Risks</b></p> <p>Qualified staff are lost</p> <p>Coordination between FD and P&amp;DD is not effective</p> <p><b>Assumptions</b></p> <p>Qualified experts and personnel for PPF and GPIF management recruited</p> <p><b>Risks</b></p> <p>Weak coordination among FD, AGP Office and NBP</p>

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Improved efficiency and motivation of civil servants is achieved	Task force on Civil Service Modernization is established	Task force notification  The published Manual	<b>Assumptions</b>  Government stays on track for reforms
Greater participation of private sector in economic activity is promoted	<p>Functional review and business process re-engineering conducted in at least 2 pilot departments</p> <p>Training Institute for Civil Servant strengthened Annual training for civil servants increase by at least 5% between 2008–2010</p> <p>Government to publish results of first round of cost of business survey &amp; changes in laws/rules/procedures based on survey results</p> <p>The government to conduct follow-up surveys every two years</p> <p>PSD committee to identify and approve at least 5 PPP initiatives in the infrastructure and social sectors</p>	<p>ADB review missions</p> <p>Study report approved by P&amp;DD. Major recommendations presented on Punjab Resource Management Program website.</p> <p>Study report by P&amp;DD. Major recommendations presented on Punjab Resource Management Program website.</p> <p>Notification from relevant department of relevant PPP agreement.</p> <p>Notification by P&amp;DD of framework</p>	<p><b>Risks</b></p> <p>Resistance from vested interest</p> <p>Government commitment to reforms not sustained</p> <p><b>Assumptions</b></p> <p>Coordination between P&amp;DD, Secretary of Industry and PS</p> <p><b>Risks</b></p> <p>Absence of leadership/ to take strategy formulation forward</p> <p>No prioritization identified in strategy to guide Government effort</p> <p>Lack of interest on part of PS to participate in process</p> <p><b>Assumptions</b></p> <p>Continued commitment of departments to the reform process</p> <p><b>Risks</b></p> <p>Institutional incentives to implement reforms are insufficient</p> <p>Weak enforcement of legal and regulatory framework</p>

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			<p><b>Assumptions</b></p> <p>There is adequate demand for PS participation</p> <p><b>Risks</b></p> <p>Private sector does not have adequate capacity to respond to PPP incentives</p>
<p><b>Activities with Milestones for SP1</b></p> <p>Activities and Milestones for achievement of outputs under SP1 are contained in the Policy Matrix of PGEIP in Appendix 6.</p>			<p><b>Inputs</b></p> <p><b>ADB program loan</b> \$750 million over 2007-2011 of which: SP1 (October 2007): \$250 million SP2 (May 2009): \$250 million SP3 (December 2010): \$250 million</p> <p><b>ADB TA loan:</b> \$10 million</p> <p><b>ADB Advisory TA Grant:</b> \$800,000.00</p> <p><b>ADB review missions</b></p>

ADB = Asian Development Bank, AGP = Accountant General Punjab, FD = Finance Department, FY = Financial Year, GDP = gross domestic product, GoPb = Government of the Punjab, GPF = General Pension Fund, GPIF = General Provident Investment, HRM = Human Resource Management, MCIS = multiple indicators clusters survey, MDG = millennium development goal, MTBF = Medium Term Planning and Budgeting, MTDf = Medium Term Development Framework, NBP = National Bank of Pakistan, PGEIP = Punjab Government Efficiency Improvement Program, P&DD = Planning and Development Department, PPF = Punjab Pension Fund, PPP = Public Private Partnership, PS = Private Sector, SP = subprogram.