



Draft Design and Monitoring Framework

Project Number: 41666-03

Pakistan: Punjab Government Efficiency Improvement Program (Subprogram 2)

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 THE PUNJAB GOVERNMENT EFFICIENCY IMPROVEMENT PROGRAM**

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>Impact High, sustained, and private sector driven growth; and improved service delivery in the province of Punjab</p>	<p>Real GDP growth sustained at 7% per year over 2010–2020</p> <p>Halve the poverty incidence from 2006/07 to 2015</p> <p>At least 5 percentage point increase in literacy ratio, 2 years increase in average life expectancy, and 10 percentage point increase in piped water supply between 2006/07 and 2015</p>	<p>Statistics Bureaus of Punjab and Pakistan publications</p> <p>Punjab economic report</p> <p>Multiple-indicators cluster survey</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • Political and macroeconomic stability • Stable international macroeconomic conditions • Political and macroeconomic stability <p>Risks</p> <ul style="list-style-type: none"> • Poor security situation and law and order • Political instability • Endogenous and/or exogenous shocks
<p>Outcome An efficient, accountable, and enabling government</p>	<p>Public sector performance indicators increased by at least 10% between 2007 and 2011</p> <p>Investment-to-provincial GDP ratio raising from about 20% in 2007 to 24% and private investment-to-PGDP ratio increasing from about 16% currently to 22% by 2012</p>	<p>Benchmarking surveys</p> <p>Statistics Bureaus of Punjab and Pakistan publications</p> <p>Punjab economic report</p> <p>Medium term development and budgetary frameworks</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • Political and macroeconomic stability • Continued government commitment to reforms and effective leadership in line departments <p>Risks</p> <ul style="list-style-type: none"> • Poor security situation and law and order • Political instability • Government's lack of willingness and capacity to counter opposition of vested interests
<p>Outputs for SP2</p> <p>1. Improved public financial management</p> <p>2. Improved contingent liability management</p>	<p>Greater fiscal and financial discipline evidenced though FY 2009/10 annual health and I&PD budgets equal to 1st year MTBF</p> <p>Tax base for UIPT broadened from X to Y.</p> <p>Rs.3 billion for FY 2008/09 and Rs. 9 billion for FY 2009/10 transferred to the Punjab Pension Fund</p> <p>Sound Pension Fund</p>	<p>MTBF and annual budget document</p> <p>Data from the E&TD</p> <p>Information from the Finance Department</p> <p>Information from Pension</p>	<p>Assumptions</p> <ul style="list-style-type: none"> • Sufficient commitment, capacity, and positive attitudes to reforms in Planning and Development Department, Finance Department, and relevant line departments • Quality consultancy services procured • Sufficient TA support <p>Risks</p> <ul style="list-style-type: none"> • Government's inability to counter resistance from vested interests • Weak reform

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<p>3. Improved civil service management</p> <p>4. Private sector participation promoted</p>	<p>governance structure and practices instituted</p> <p>Accuracy of data entry in SAP/R3 confirmed by Pension Administration Taskforce for:</p> <ul style="list-style-type: none"> ✓ X civil servants ✓ Y pensioners ✓ Z GP Fund records <p>functional review, business process reengineering, and merit and performance CSR developed</p> <p>Civil service efficiency indicators formulated, and comparator countries and institutions identified for Punjab to set targets for itself and monitor reforms</p> <p>MPDD training days increased by 20% between 2008 and 2009</p> <p>Key elements on PPP enabling environment in place</p> <p>A list of bankable transitions identified</p> <p>Feasibility studies initiated for at least 1 PPP project</p>	<p>Management Committee</p> <p>Finance Department, confirming data from the Office of the Accountant General</p> <p>Cabinet approved CSR policy</p> <p>Benchmark survey</p> <p>MPDD reports</p> <p>Draft PPP policy, PPP law, and PPP framework</p> <p>PPP consultant report</p> <p>Draft report</p> <p>ADB missions for all the aspects</p>	<p>management capacity in government agencies</p> <ul style="list-style-type: none"> • Rapid turnover of project management staff • Delay in consulting service recruitment and poor quality of consultant outputs
<p>SP2 key activities to be completed by September 2009</p>			<p>Inputs</p>
<p>1.1. Pre-budget consultations with provincial assembly instituted</p> <p>1.2. Revenue targets and expenditure ceilings approved by Cabinet through MTBF FY 2010-12</p> <p>1.3. Bottom up output based budgets prepared for the Health Department and I&PD for FY2010-12</p> <p>1.4. Planning manuals adopted for an evidence-based prioritization of the Annual Development Program</p> <p>1.5. Spring cleaning of the FY2010 Annual Development Program carried out by excluding schemes with zero utilization, unapproved schemes 3 months after budget enactment, and that received token allocations</p> <p>1.6. Supplementary grants for HD and I&DP capped at X% of budget</p>			<ul style="list-style-type: none"> • PGEIP2 loans: \$145 million • TA loan \$10 million supporting the PGEIP cluster • TA grant \$950,000 supporting the PGEIP cluster

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<p>1.7. UIPT reform introduced through FY2010 budget</p> <p>2.1. Partial pre-funding of pension (and GP Fund) liabilities initiated and revised financing strategy for Punjab pension and GP fund approved by Chief Minister</p> <p>2.2 Punjab Pension Fund management structure established through Management Committee, subcommittees, staff recruited through a market based competitive process, and appointment of trustee, legal advisor and external auditor</p> <p>2.3. Pension and GP Fund expense report prepared (as note to the budget) accounting for costs and liabilities of pension and GP Fund</p> <p>2.4. Pilot project introduced to test alternative procedures to gather, verify, and enter historic GP Fund records; and facilitate efficiency and accuracy of data gathering, validation and entry</p> <p>3.1. A CSR policy approved by the Cabinet to endorse and guide optimization of government functions, reengineering of business processes, and introduction of merit and performance based human resource management systems</p> <p>3.2. Strategic, functional, performance, and process benchmarking completed for PPSC, E&TD, and L&DD</p> <p>3.4. government training strategy approved by the Cabinet and Training partnership with reputable international training institutions established</p> <p>4.1. PPP Policy approved by the Cabinet</p> <p>4.2. PPP law submitted to the Provincial Assembly</p> <p>4.3. PPP Steering Committee, PPP Cell in P&DD, and PPP Nodes in key line departments and city district governments established</p> <p>4.4. PDF guidelines adopted and fund capitalized</p>			

ADB = Asian Development Bank, CM = Chief Minister, CSR = Civil Service Reforms, E&TD = Excise and Taxation Department, FY = Fiscal Year, GDP = Gross Domestic Product, GP = General Provident, HD = Health Department, I&PD = Irrigation and Power Department, L&DD = Livestock & Dairy Department, MPDD = Management and Professional Development Department, MTBF = Medium-term Budget Framework, PDF = Punjab Development Forum, P&DD = Planning and Development Department, PGDP = Punjab Gross Domestic Product, PGEIP = Punjab Government Efficiency Improvement Program, PPP = Public-Private Partnership, PPSC = Punjab Public Service Commission, SAP/R3 = Systems, Applications and Products in Data Processing/the third generation, SP = Subprogram, TA = Technical Assistance, UIPT = Urban Immovable Property Tax.

Sources: Asian Development Bank and websites of various donor agencies.