

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: Governance, Finance and Trade (CWGF)

TA 4520-PAK: Support for the Subprogram 2 of the Punjab Resource Management Program			Amount Approved: \$250,000		
			Revised Amount: \$250,000		
Executing Agency: Planning and Development Department, Punjab		Source of Funding: Fund 02 (TASF)	Amount Undisbursed: \$59,056.51	Amount Utilized: \$190,943.49	
TA Approval Date: 22 December 2004	TA Signing Date: 26 May 2005	Fielding of First Consultant: 15 June 2005	TA Completion Date Original: 31 July 2006	Actual: 31 December 2006	
			Account Closing Date Original: 31 July 2006	Actual: 26 March 2008	
<p><b>Description</b> ADB's Pakistan Country Strategy and Program 2002-2006 includes good governance at the core of its development strategy. To help the Government of Punjab (the government) in implementing public resource management reforms, ADB approved a program cluster of loans for \$500 million for the Punjab Resource Management Program (the Program). On 4 December 2003, ADB approved PRMP Subprogram 1<sup>1</sup> for \$200 million, with the second and final tranche of \$100 million equivalent released on 27 June 2005.</p> <p>In recognition of the need to sustain the reforms initiated under Subprogram 1, the government requested ADB for the captioned TA grant to help prepare the Subprogram 2 of the PRMP. Subprogram 2 in the amount of \$200 million was subsequently processed and approved by ADB in 2005<sup>2</sup>. TA resources were also used in Subprogram 2 implementation.</p> <p><b>Expected Impact, Outcome and Outputs.</b> This TA aimed to support good governance; sustainable, pro-poor growth; and inclusive social development in Punjab through Subprogram 2 of the PRMP. The expected outcome was continuation and further development and implementation of broad based policy reforms in Punjab. The TA outputs include (i) draft papers outlining further policy interventions under Subprogram 2 and (ii) enhanced capacity within the Program Management Unit (PMU) to coordinate and develop public resource management policies, systems and procedures. The thrust of reforms was on the following major areas: (i) improving of public financial management; (ii) institutional strengthening and capacity development; and (iii) creating an enabling environment for private sector development (PSD).</p> <p>The TA was relevant in the context of the Government's devolution<sup>3</sup> plan which redefined the role and responsibilities of the provincial and local governments, as it aimed to strengthen fiscal and financial governance and improve public service delivery in the Punjab.</p> <p>Implementation arrangements were appropriate with the Planning and Development Department as Executing Agency (EA). Establishment of the PMU in 2003 under Subprogram 1 which coordinated all donor-assisted policy reform programs in the Punjab was strategic since its role allowed it to have a macro view of all related programs and avoid duplication and overlaps.</p> <p><b>Delivery of Inputs and Conduct of Activities.</b> Consultants were on-board in less than a month from the TA effectivity date. The TA was originally envisaged to be implemented over 18 months but the planned commencement date (February 2005) was delayed for 4 months due to delay in declaring the TA effective (26 May 2005). The revision of the processing schedule of PRMP Subprogram 2 and need for additional field work necessitated an extension in implementation for additional 5 months. There was significant delay in closing the TA Account as consultants were required to provide additional inputs, with the TA Account remaining open for 15 months from the revised closing date.</p> <p>Concurrently in a small scale TA<sup>4</sup> supporting the PRMP Subprogram 3, PSD workshops were held which facilitated broad-ranging discussions with a number of stakeholders. The workshops helped prioritize steps to be taken by the private sector and the government.</p> <p>In early 2007, it was decided jointly by the government and ADB to conclude the PRMP cluster after completion of Subprogram 2. ADB approved two minor changes in the implementation arrangements of the TA to accommodate the government's request to assess the impact on job creation through PSD programs, and develop guidelines on how to operate and manage the then newly-established Public Pension Fund.</p> <p>The TA provided for 43 person-months of domestic consulting services. The consultants' inputs ranged from inputs</p>					

<sup>1</sup> ADB. 2003. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Islamic Republic of Pakistan for the Punjab Resource Management Program-Subprogram 1*. Manila (Loan 2030-PAK).

<sup>2</sup> ADB. 2005. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to the Islamic Republic of Pakistan for the Punjab Resource Management Program-Subprogram 2*. Manila (Loan 2216-PAK).

<sup>3</sup> The Local Government Ordinance of 2001 that took effect on 14 August 2001 devolved political power and decentralize administrative and financial authority to local governments.

<sup>4</sup> TA 4734: Punjab Resource Management Program (Subprogram 3) approved on 14 December 2005.

to Program design, implementation and coordination support, and technical advice through resource persons. In November 2006, two consultants, not originally envisaged in the TA TORs were hired to provide actuarial advice on Punjab's pension scheme and the general provident fund. The consultants' contributions including that of the resource persons provided useful inputs to the Program. The consultants' performance was satisfactory.

As the absence or unreliability of data is a problem in Punjab and rest of Pakistan, the consultants had difficulty in acquiring quality data. An example was the unavailability of reliable data on active pensionable employees, with different sources reporting different numbers. In such cases, the consultants applied sampling and extrapolation techniques for their actuarial analysis.

ADB monitored the project through constant communication with the consultants and PRMP PMU. ADB staff also participated in a number of brainstorming sessions with PRMP PMU and other consultants. ADB gave full support in terms of technical inputs. On the administrative side, however, the TA implementation could have been accelerated. First, it took 15 months to close the TA. The delay in closing the TA was partly attributable to delay in resolving issues such as the incorrect charging of resource persons' expenses between a TA loan and this TA. Second, the available resources in this TA and the earlier cited SSTA could have been better utilized to support the advisory and preparatory requirements. Hence, ADB's performance was less than satisfactory.

The EA had complied with its commitment to provide office accommodation, counterpart staff support and facilities for seminars and meetings. The EA, through the PMU, played a key role in implementation and coordination. While the EA's performance was satisfactory, the implementing agencies involved in the project lacked the ability to fully communicate their needs for support and had limited skills to conceptualize policy issues and write them up into TORs.

**Evaluation of Outputs and Achievement of Outcome.** The TA improved capacity building management and developed a monitoring and evaluation framework for the PMU. The TA also contributed to the framework for Subprogram 2, with part of the inputs extending to Punjab Government Efficiency Improvement Program (PGEIP)<sup>5</sup>. Extensive consultations and workshops under the TA proved to be effective in identifying the Program needs.

In April 2005, the ADB project officer participated in the annual Punjab Development Forum (PDF) along with policy makers, donors, NGOs, the academia and the private sector. As a follow-up, a specialized workshop was conducted among selected PDF participants to discuss the policy challenges identified in PDF and formulate sector reforms to be supported under Subprogram 2. The TA supported a workshop in June 2005 which brought together key civil servants from Punjab, and staff of ADB, World Bank and DFID to brainstorm over policy objectives of PRMP Subprogram 2 on civil service reform and private sector development. The workshop was successful in generating outputs that were almost directly picked up as policy actions by the government and also led to the creation of the Change Management Unit in the Services and General Administration Department in Punjab.

The establishment of the PPF and the related General Provident Investment Fund is considered a principal achievement of the Program. To increase awareness of the benefits of these Funds, ADB and the TA's international pension fund administration specialist conducted a workshop in July 2007 to discuss current and future developments of the PPF and GPIF.

**Overall Assessment and Rating.** The TA was successful. The design and implementation of PRMP Subprogram 2 was supported through this TA, with close supervision of ADB staff in Manila and assistance of a domestic coordinator based in PRM.

**Major Lessons.** Resource management programs are generally complex to implement. It is vital to understand the needs of various implementing agencies, since they find it difficult to articulate their requirements well. Involving highly qualified domestic consultants with unique knowledge of Pakistan's provincial and local governments was a good strategy, as was having dedicated groups within the implementing agencies who could focus on reform needs. The TA relied mostly on local experts for their in-depth knowledge of existing business processes in Punjab. While this was a good approach, international counterparts, who were not part of the original design, could help assess business processes in Punjab from an outsider's point of view and provide opportunity to expose existing Government practices to international standards especially in the areas of public finance, private sector development, private-public partnership, and human resource management. ADB should foster strong ownership of reforms by the implementing agencies through continuous capacity building, and training opportunities.

**Recommendations and Follow-Up Actions.** ADB is continuing its long-term engagement with Punjab on resource management issues. The lessons from this TA need to be incorporated in designing future preparatory and advisory work.

Prepared by: Maritess G. Marcelino

Designation: Assistant Project Analyst

<sup>5</sup> In view of the GoPb's plan for a longer-term reform agenda, PRMP was concluded after Subprogram 2 and Subprogram 3 was replaced by PGEIP which was formulated as second program cluster comprising 3 subprograms over 2007-2010.