

MONITORING AND EVALUATION FRAMEWORK

1. **Purpose.** The main objective of the monitoring and evaluation (M&E) framework is to (i) ensure regular and systematic reporting on the countercyclical development expenditure program (CDEP) announced in the fiscal year (FY) 2023 national budget, with particular focus on priority expenditure items outlined in the Building Resilience with Active Countercyclical Expenditures (BRACE) Program Design and Monitoring Framework (DMF), (ii) provide a platform for coordinated and informed discussions between the government and development partners on the implementation of the CDEP, and (iii) continue the ongoing policy dialogue with the government on its program to address longstanding structural constraints. The M&E framework for the BRACE Program will be anchored in the ongoing M&E mechanism established by the government and strengthened in the 2020 COVID-19 Active Response and Expenditure Support (CARES) Program of the Asian Development Bank (ADB).
2. The M&E framework for the proposed BRACE Program builds on ADB's CARES Program and is primarily based on the recommendations made by the Auditor General of Pakistan (AGP) in its audit report on expenditure incurred for the government's coronavirus disease (COVID-19) pandemic response. The report emphasizes that strict monitoring and early identification of problem areas is critical to ensure aid effectiveness. To mitigate these challenges, it is critical that ADB maintain close ties with the Ministry of Finance (MOF, executing agency) and the overall coordination group. This is more relevant when transfer payments are planned for a large group spread across the country, such as with the "Kafaalat Program" of the Benazir Income Support Programme (BISP), which are unconditional cash transfers to women from the poorest families. Targeting is based on the National Socio-Economic Registry and other databases of the government, and payments require biometric identification.
3. The major recommendations from the AGP report that have been used to design the M&E framework for the proposed BRACE Program are:
 - (i) **Prioritizing implementation of AGP recommendations.** The appropriate and timely implementation of audit recommendations is an important part of realizing the full benefit of the funds made available through development partners. Successful implementation of audit recommendations requires strong senior management oversight and implementation planning to set clear responsibilities and timeframes for addressing the required action from the entities.
 - (ii) **Reporting requirement and focal point.** The government needs to develop clear periodic reporting requirements. The executing and implementing agencies need to ensure the quality of progress reports on funds flow and budget execution. The government should constitute an oversight committee to monitor the progress of all the implementing agencies. The MOF, as the executing agency (EA), will be the focal point for all correspondence and communication with ADB.
4. **In addition, the review of the forthcoming 2020 CARES Program also recommends the following measures for consideration in the scope and design of the M&E framework and for inclusion in the Report and Recommendation of the President to the Board of Directors:**
 - (i) The EA to conduct quarterly meetings with the implementing agencies (IAs), that is, Ministries of Economic Affairs, Industries and Production, Food Security and Research, and BISP, to review the progress of the implementation of the CDEP. The meetings will be chaired by the Secretary for Finance. ADB will participate in

these quarterly meetings to receive updated program implementation status and provide implementation advice as and when needed by the EA and IAs.

- (ii) The MOF will submit semiannual progress reports covering (a) macroeconomic and fiscal performance; (b) the implementation of the CDEP; (c) overall financial progress of these expenditures; (d) the achievement of poverty, social, and gender targets and, as feasible, and based on sex-disaggregated data, the program's gender impact; (e) compliance with the loan agreement; and (f) budget execution.
- (iii) ADB will provide consultant support to the EA and IAs to strengthen the government's M&E system, including the data and information requirements, reporting templates, and verification measures. ADB will coordinate with other development partners to harmonize reporting and reduce transaction costs. ADB will carry out an independent third-party evaluation of the achievement of the DMF targets and indicators through a survey and will share its report with the government, funded by technical assistance or staff consulting resources, and in compliance with ADB's procurement guidelines.
- (iv) Quarterly progress reports should include the following:
 - Updates on macroeconomic and fiscal performance;
 - Implementation of the CDEP;
 - Overall financial progress of the CDEP with the comparison of budgeted expenditure and actual expenditure;
 - Achievement of poverty, social, and gender targets and, as feasible and based on sex-disaggregated data, the program's gender impact; and
 - Compliance with the loan agreement.
- (v) ADB BRACE Program Performance Reports:
 - Quarterly progress reports on the execution of the CDEP covering the uses of funds, problems encountered, and future strategy;
 - Reports will cover performance against the DMF indicators with reasonable details for validation of the target indicators;
 - Publication of these reports on the MOF website; and
 - Independent assessment of the effectiveness and efficiency of the CDEP through a third party survey of beneficiaries.

5. **The BRACE monitoring and evaluation framework will be embedded in the existing Government mechanism for monitoring crises response (Figure, below).** The government, through the MOF, will monitor budget execution and flow of funds. The MOF will set up a Steering Committee comprised of the Secretary for Finance (Chair), the secretaries for Economic Affairs, Industries and Production, Food Security and Research, and BISP, and the Executive Director for State Bank of Pakistan who will engage in high-level policy dialogue with ADB. A working group led by the Joint Secretary (External Finance), as the BRACE Program Coordinator, will support the Steering Committee with monitoring, evaluating, and reporting of BRACE Program performance indicators, and drafting progress reports for the MOF and ADB. The progress reports will be drafted and submitted and published on the MOF website on a quarterly basis. The CEDP will be audited by the Auditor General of Pakistan as part of the audit of the execution of the FY2023 national budget.

Figure: BRACE Monitoring and Evaluation Mechanism

