

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: CWRD-PRM

TA No. and Name TA 3926-PAK: Support to the Implementation of Decentralization			Amount Approved: TA Amount Approved: \$560,000 with ADB share of \$450,000	
			Revised Amount:	
Executing Agency: Ministry of Finance		Source of Funding: ADB	TA Amount Undisbursed USD6,657	TA Amount Utilized USD443,343
Date			Completion Date	
Approval 13-9-2002	Signing 31-10- 2002	Fielding of Consultants 15-12- 2002	Original 30-4-04 Actual 30-6- 05	
			Closing Date	
			Original 30-4-04	Actual 15-6- 06
Description: The Government of Pakistan requested ADB to support an ADTA to reinforce the Government's efforts to coordinate development assistance in support of decentralization, especially to implement Loan 1937/38-Pak: Decentralization Support Program (DSP). Pakistan's governance reforms, introduced in 2000, are bold in terms of their scope and pace at which they are being implemented. Introduction of a third tier of government through the Local Government System has created both an unprecedented opportunity and challenge in Pakistan to nurture and strengthen a people-centered system of local governance. It requires effective and functional systems, capacities and accountability mechanisms to ensure that resources are allocated, transferred and spent - according to the local priorities - in an efficient, effective and transparent manner.				
Expected Impact, Outcome and Outputs: With the overall goal of improved representation, accountability, service delivery and poverty reduction through reforms in policy, legal, technical and fiscal domains in support of decentralization, the TA's primary objective was to provide interim support to the Government's implementation of decentralization reforms.				
The TA's primary outputs ¹ comprised: i) effective and efficient management of resources allocated to implementation of decentralization by the federal and provincial agencies, ii) capacities developed within the Implementing Agencies (IAs) consistent with the legal, institutional and procedural framework provided under the ordinances for accounts, audit, and local government; iii) timely, accurate and effective information provided on performance for decision makers at the federal, provincial and local government levels; and iv) policy and program lessons from implementation experience resulting in legal, policy and organizational arrangements attuned to requirements.				
The TA comprised four components: Component 1: Support to PSOs envisaged provision of consultants to assist the EA maintain the momentum of initiatives aiming to articulate the provision of recent ordinances for decentralized local government, accounts and audit into institutional and organizational change. Component 2: Technical Assistance to Implementing Agencies was aimed at enabling the federal, provincial and local IAs to regularly define their capacity development needs and to help them build substantive expertise in areas relevant to the Government's decentralization program. Component 3: Monitoring and Evaluation was designed to facilitate the Government's move towards establishing a performance monitoring and evaluation system for decentralization. More specifically, it was meant to provide support to the EA for designing the process of the Annual Performance Review for DSP, compiling data and evidence for the reviews, and effectively communicate with all stakeholders. Component 4: Strategic Exchange & Policy Development endeavored to provide the Government, civil society, and donors with strategic information, based on well-researched lessons from experience.				
Delivery of Inputs and Conduct of Activities: The inputs included a total of 114 person-months of domestic consulting services (6 person-months of international consulting). The consultants' provided high-quality support and inputs to the DSP EA and IAs as per the 4 components. The inputs included conceptualization and development of sub-projects, evaluation of technical proposals, assistance in procurement planning and execution, strategic & work planning, designing and mentoring support for training workshops. The support and inputs were provided in a cost effective manner and resulted into the development of 132 sub-projects. The EA developed sub-projects with significant inputs by the ADTA consultants and with active participation and ownership of the IAs.				
The performance of the ADB and the EA as to input delivery and conduct of activities was satisfactory. Owing to the success of the TA, DFID, CIDA & RNE co-financed a grant of \$2.549 million for Support to Implementation of Decentralization II. As a whole, most of the consultants performed well and delivered high-quality deliverables. In cases, where the consultants were not able to perform and provide deliverables as expected, they were replaced by more qualified and experienced experts.				

¹ The 4 outputs identified in the TA Framework (appendix 1, p 6) of the TA report are at variance with the 3 outputs narrated in par 7 (on page 2) of the document. For the purposes of this report, the four outputs mentioned in the TA framework are being used.

Evaluation of Outputs and Achievement of Outcome: On the backdrop of DSP's innovative approach and demand-driven methodology and given the IA's relative lack of experience and inadequate capacity to implement the Program, the TA was adequately targeted to provide high-quality technical guidance, capacity building support and management inputs to the EA for the DSP implementation. The consultant's TORs were appropriately framed and were occasionally fine-tuned according to the DSP's evolving needs. The TA invested considerable resources to widely introduce DSP among the stakeholders and to involve IAs in the implementation process. Consequently, DSP enjoys a wider interest and ownership among the stakeholders, especially the provincial governments and newly established local governments. The TA's executing arrangements were inline with and supportive to the DSP's devolved implementation structure at the federal and provincial levels.

The TA's implementation was contingent upon effectiveness of the DSP. It took more time than expected for the Government to operationalize the 5 Program Support Offices; DSP launch was delayed by 8 months and the take off was very slow. Hence, the TA implementation schedule was revised and as approved by ADB, the completion date was extended by 14 months. The outputs included six periodic reports describing the range of activities undertaken by the consultants.

Output 1: The ADTA assisted the Government to set up a US\$ 50 million 'Devolution Transition Fund' to assist the provincial governments during the transition phase of devolution at the local government (LG) level. The transfer of 2.5% general sales tax (GST) to provinces over the past 3 years along with further transfers to the local governments as part of the provincial finance commission (PFC) awards has been a major achievement.

Output 2: The ADTA carried out countrywide LG Budget Training of 5,000 officials. An important aspect was the development of requisite skills in filling out the forms used for budget preparation. Three international experts provided capacity-building support to review and improve the quality of the assistance that the ADTA was providing, especially to develop and strengthen intergovernmental finance and fiscal transfer mechanisms. Another important milestone was institutionalization of a regular work planning system in the EA. It entailed revision of technical investment proposals (TIPs), preparation of detailed TORs for TIPs, call for EOI, short-listing by CSCs, and preparation of RFP.

Output 3: A system of Annual Performance Review (APR) was developed according to the needs of DSP. It was well received by the Government and the donor community. The purpose of the first APR was to seek an external assessment of the status of compliance with the first tranche conditions, to reflect on the compliance progress towards second tranche conditions, and to review the design, implementation arrangements and ownership of TA loan. The key APR findings and recommendations were endorsed by the NPSC for implementation. Furthermore, an elaborate M&E system was operationalized to regularly monitor the DSP implementation status.

Output 4: The ADTA provided valuable support to the EA for research and communications. In collaboration with DFID and World Bank, the ADTA launched a Devolved Service Delivery (DSD) Study to examine the impact of the governance reforms on service delivery and issues hindering its effectiveness. The DSD study was very well received by the Government, donors and civil society. It initiated a dialogue on several strategic issues and helped to build an awareness about the importance of addressing the issues and contributed to the recently promulgated amendments in the local government ordinance (LGO) of 2001.

For effective communication and info sharing, a DSP website was launched, which provides detailed info and regular updates about the DSP activities, outputs and business opportunities for consulting firms. A quarterly news magazine was launched to inform and educate the wider audience about the DSP, governance reforms and devolution process.

Overall Assessment and Rating: The TA effectively assisted the Government to carry forward governance reforms in the areas of decentralization, fiscal restructuring, and local governance for improved local government representation, accountability and efficiency. There is enough evidence to suggest that in many cases service delivery at the local level has improved. The launch of another TA SID-II has provided the continuity and sustainability to the SID-I objectives and the improvements initiated by it. In conclusion, the TA rating is highly satisfactory.

Major Lessons: The flexibility built into the ADTA design seems to have fared well in the complex and ever changing reform environment. The TA contributed significantly towards creating a more receptive and positive pro-local government reforms environment. The most significant achievement is the ownership of the local government system in the provinces.

In order to enrich the governance debate and to provide high quality support to the Government, the ADTA adopted the strategy of recruiting a mix of public and private/civil society sector experts to support and backstop the EA. While the experts with public sector experience facilitated access to province department offices, private/civil society sector experts brought civil society, citizen and corporate sector experiences and good practices from Pakistan and abroad.

Recommendations and Follow-Up Actions Key recommendations and outputs from the TA have been fully integrated with ADB's ongoing loans and TAs in support of Devolution Support Program.

