

# TECHNICAL ASSISTANCE COMPLETION REPORT

Division: PRM

<b>TA No. and Name</b> TA 3982-PAK: Strengthening Portfolio Performance and Monitoring			<b>Amount Approved:</b> \$650,000	
			<b>Revised Amount:</b> N/A	
<b>Executing Agency:</b> Federal Planning & Development Division (FPDD)		<b>Source of Funding:</b> TASF	<b>TA Amount Undisbursed</b> USD 10,073	<b>TA Amount Utilized</b> USD 639,927
<b>Date</b> <b>Approval</b> 08 Nov 2002 <b>Signing</b> 27 Jan 2003 <b>Fielding of Consultants</b> 18 June 2003			<b>TA Completion Date</b>	
			<b>Original</b> 31 Mar 2004	<b>Actual</b> 30 June 2006
			<b>Account Closing Date</b>	
			<b>Original</b> 31 Mar 2004	<b>Actual</b> 28 February 2007
<b>Description</b> <p>1. Project delays due to implementation related problems have been a major source of concern for Asian Development Bank's (ADB's) portfolio in Pakistan. ADB financed projects have faced start-up delays, in some cases averaging over 2 years, mainly due to loan effectiveness delays and late setting-up/staffing of the project implementation units. Such long start-up delays adversely affected the project implementation schedule, often resulting in frequent extensions of the loan closing date. Frequent transfers of project directors and other key staff, lack of qualified technical staff, poor accountability, and the complex procedural decision-making process have also seriously affected project implementation. Due to unfamiliarity with procurement procedures and lengthy approval formalities within the line ministries and departments, contract awards have also been inordinately delayed resulting in delayed benefits. Project accounts have not been properly maintained due to inadequate capacity of executing agencies, which also affected portfolio performance. Poor accounting practices raise questions about irregularities and lack of transparency leading to delays in auditing of project accounts and poor quality of audits. Because of implementation delays, poor management, and inadequate attention to cross-cutting policy issues, projects in Pakistan have often not been effective in achieving their development impacts.</p> <p>2. The Government of Pakistan (the Government) has been fully cognizant of the weak project implementation capacity leading to ineffective use of aid resources and delayed project completion despite a long history of public sector development programs (PSDP). Following an agreement reached during the 2001 Country Portfolio Review Mission (CPRM) of the ADB, the Government requested ADB for technical assistance (TA) to help identify weaknesses in the portfolio management and monitoring system, streamlining of procedures, and strengthening of capacity for effective portfolio monitoring. The TA was well-formulated and relevant to the Government needs with well drafted terms of reference adequately reflecting the assignment.</p> <p><b>Expected Impact, Outcome and Outputs</b></p> <p>3. The expected impact of the TA was to increase the effectiveness of the development assistance of the ADB. The expected outcome of the TA was to strengthen the portfolio performance and monitoring of ADB assisted projects and build capacity of the Projects Wing of Federal Planning and Development Division (FPDD) and the monitoring and evaluation (M&amp;E) units and cells of Provincial Planning and Development Departments (PPDDs) and Planning and Development Board (PPDB) in four provinces of Balochistan, North-West Frontier Province (NWFP), Sindh, and Punjab.</p> <p>4. Expected outputs were:</p> <p>(i) Streamlined project implementation system, procedures and guidelines, and preparation of an action plan;</p> <p>(ii) Improved and streamlined procurement process and approval system;</p> <p>(iii) Training of about 250 staff at the Federal Projects Wing, Economic Affairs Division (EAD), and M&amp;E units of PPDDs and PPDB, project directors, and concerned staff of the key line ministries and departments, and the director general of foreign- aided projects;</p> <p>(iv) Establishment of portfolio management monitoring unit (PMMU); and</p> <p>(v) Management Information System (MIS) covering key information on project activities and development objectives developed and made operational through PMMUs at Projects Wing of FPDD and the M&amp;E units.</p> <p><b>Delivery of Inputs and Conduct of Activities</b></p> <p>5. Initial inputs envisaged under the TA included 62 person-months of consulting services (9 international and 53 domestic), 10 workshops at federal and provincial levels, hands-on-training for selected key staff of the FPDD and of the M&amp;E units and key agencies, and equipment for the FPDD, M&amp;E units, and EAD as well as in kind contributions from the Government.</p> <p>6. The performance of the consultants was marginal, and the initially developed MIS was unable to win the trust or respect of the EA due to outdated technology. Cognizant of this, ADB revised the scope, and used the TA savings to</p>				

provide additional consultancy (21 person-months) of Project Management and Software specialists. The newly developed MIS received good evaluations. The EA particularly appreciated the work done by the Project Management Specialist.

7. The TA was managed in a flexible manner after finding out serious problems with MIS as well as in relation to the changes in Government's reporting requirements. PRM kept close contact with consultants and the EA, provided timely guidance, supervision, and facilitated a dialogue with the Government. The Government is highly appreciative of the TA activities and is now in the process of introducing MIS with the support provided by the TA. The EA's contributions focused on logistics support and much needed guidance to consultants for preparing the relevant manuals as well as for designing the MIS. The TA also planned to provide support to the Government on project accounting and auditing aspects, however, on Government's request that component was segregated under a separate TA (TA 4225-PAK: *Strengthening Financial Management Capacity of Project Management Units*) under which comprehensive accounting and auditing manuals/guidelines have been developed and are now being adopted.

#### **Evaluation of Outputs and Achievement of Outcome**

8. FPDD is generally satisfied with the outputs of the TA, which will help improve the projects' performance and internal system efficiency. The TA reviewed the current Government systems and procedures used for project clearances and approvals, goods procurement, consultant selection, and M&E.

9. The TA developed specific guidelines for projects, procurement, consultant selection, and M&E that helped streamline the system of internal clearances, including synchronizing Government's project document with ADB loan documents. Similarly, the procurement guidelines are likely to expedite procurement by simplifying decision-making procedures and delegation of authority. The projects' M&E system should also improve due to sustained information flow among stakeholders on key project activities. Government's revised guidelines on consultants selection are expected to expedite consultant recruitment by simplifying selection procedures. The training workshops were conducted for key project staff including Project Directors. A total of over 260 participants attended the training with most participants rating the training as generally useful. It is essential that training programs, especially those related to M&E, procurement and consultant recruitment need to be continued by the Government to fully achieve the desired impact of improvements. The Government has also restructured Planning Commission and has set up a dedicated portfolio management and monitoring unit (PMMU) headed by Member (Implementation and Monitoring) at the Planning Commission as a consequence of the TA.

10. The key output of the TA is a newly developed MIS, which once fully operational will further improve the system efficiency, as key project activities can be accessed by all stakeholders on the touch of a button. The newly developed MIS is a web-based system, linking the provincial M&E units of PPDDs and PPDB with the Projects Wing at the federal level; and will help sustain information flow among various Government departments and agencies. The sustained information flow is expected to help remove the bottlenecks/constraints faced by the line ministries and executing agencies from effectively implementing projects and meeting their development objectives.

#### **Overall Assessment and Rating**

11. Overall the TA can be rated as successful, as main outputs of the TA were achieved and, in the case of MIS, exceeded the TA framework targets. The TA provided useful inputs for FPDD in revising and improving M&E system and procedures and helped in providing clearer guidelines for Consultant Recruitment, Procurement, and M&E of ADB funded projects.

#### **Major Lessons**

12. The TA attempted to cover far too much ground with a limited budget and during a short time. Although successful in delivering outputs, it must be recognized that a one-time effort through a TA cannot achieve a targeted outcome like capacity building. To achieve this, there has to be a sustained, long-term program by the Government that continues the work carried out under the TA. The development of the proposed MIS needed specific expertise, time and budget. Hence it would have been prudent had there been a separate software development contract for a team of specialists instead of lumping it together with the consulting firm's contract.

13. The Government's commitment and ownership of the TA project is essential for achievement of development impact and outcomes. It is important to ensure that the Government is continuously monitored and engaged by ADB to foster such ownership during TA implementation and thereafter.

#### **Recommendations and Follow-Up Actions**

14. The TA has laid a good foundation and the EA is very interested in expanding the scope of MIS to cover the majority of PSDP projects, in addition to obtaining further support for capacity building to ensure better utilization of MIS. It is important that implementation of the follow-on TA 4749-PAK: *Results-Based Monitoring of Projects* be accelerated to ensure that the momentum generated by this TA is not lost.