

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: PRM

TA No. and Name TA 4015-PAK: Enhancing Capacity for Resource Management and Poverty Reduction in Punjab			Amount Approved: \$680,000	
			Revised Amount: N/A	
Executing Agency: Planning and Development Department, Government of Punjab		Source of Funding: TASF, Poverty Reduction Cooperation Fund and Government of the United Kingdom	TA Amount Undisbursed \$143,861.37	TA Amount Utilized \$ 536,138.63
Date			Completion Date	
Approval 5 December 2002	Signing 10 March 2003	Fielding of Consultants January 2004	Original 31 May 2004	Actual 22 September 2005
			Original 31 May 2004	Closing Date Actual 15 August 2006
<p>Description</p> <p>Governance is a major focus of ADB's Country Strategy and Program (CSP) for Pakistan. As part of this strategy, ADB agreed with the Government to assist in the preparation and implementation of province-focused public sector reform programs which would incorporate reforms in development planning, fiscal and financial management, and public service delivery. TA4015 coincided with the processing of the Punjab Resource Management Program (PRMP), which it strongly supported¹.</p> <p>Objectives and Scope</p> <p>The TA had two Components, Component 1: Effective, Poverty Focused Development Planning and Component 2: Effective Resource Management. The Planning and Development Department (P&DD) was the Executing Agency (EA) for the TA, and was also the Implementing Agency (IA) for Component 1 while the Finance Department (FD) was the IA for Component 2.² The TA was to promote poverty-focused development planning and effective use of public resources in Punjab for poverty reduction, human development, and economic growth. The scope of the TA included making recommendations to increase revenue collection, and enhance the effectiveness of public expenditure. The TA was also to prepare a program to enhance the capacity of the Government of Punjab (GoPb) to undertake key activities necessary for developing a poverty focused investment strategy and implementing the reform program.</p> <p>Evaluation of Inputs</p> <p>The consultants detailed Terms of Reference (TORs) were prepared with the full involvement of the EA and the IAs, who participated in a workshop for finalization of the TORs in January 2004. The implementation of both components started in January 2004, as the original TORs had to be revised in accordance with some areas of study highlighted in the policy matrix for the PRMP which was finalized in December 2003. This necessitated a re-submission of proposals from short listed firms. Also, the proposal evaluation process took more time as it was decided to involve the Department for International Development (DFID), Government of the United Kingdom, who were co-financing the TA.</p> <p>The consultants for Component 1 were Anjum Asim Shahid Associates (AASA). The four principal outputs of the Component included a Poverty Focused Investment Strategy (PFIS), ten district poverty assessment reports, a report on Monitoring and Evaluation (M&E) systems and a Training Needs Assessment (TNA). Prior to the preparation of actual PFIS, the EA asked the consultants to first prepare a series of sector papers as background work for the PFIS, concentrating on the social sectors. Work on the district poverty assessments started in August 2004 with the design of questionnaires and estimation of time to be spent in the field. However, it soon became clear that the target of ten district poverty assessments was over-ambitious given limited TA funds, and availability of district level information. It was agreed in consultation with the Government of Punjab to reduce the number of district poverty assessments to four, and to prepare district socioeconomic profiles based on secondary data, rather than conduct full-fledged poverty</p>				

¹ Loan No. 2030 PAK – Punjab Resource Management Program, approved on 4 December 2003.

² The TA also relied on inputs from other departments including Services and General Administration (S&GAD), Excise and Taxation (E&T), departments concerned with social service delivery (Health, Education, Water Supply and Sanitation), and others (Housing and Urban Development, Livestock).

assessments involving extensive fieldwork. AASA team showed satisfactory performance in production of the district socioeconomic papers and the situation analysis for the sector papers. However, the firm did not demonstrate adequate consultation and advisory skills, and therefore, could not take forward in-depth discussions on the Government's medium term investment plan. An exhaustive assessment of the firm's outputs was carried out in January 2005, and it was decided, after consultations with the GoPb, that the PFIS be taken through to finalization by a Development Planning Specialist more familiar with the Government planning and budgeting procedures. AASA's contract was restructured to reflect this change, and an individual consultant was hired to take forward the process of consultation with provincial government departments and complete the PFIS. PRM maintained continuous dialogue with the GoPb and ensured that the various components of the TA were implemented in full consultation with the Government.

The consultants for Component 2 were A. F. Fergusons and Co, a firm which had considerable experience in working with the GoPb. The key outputs of Component 2 included initiation of the MTBF (Medium Term Budgeting Framework) process, reports on tax reform and restructuring of the Finance Department, an evaluation of current procurement systems and recommendations for improvements, and recommendations on changes in the GoPb's website to house more data on the budget.

At the request of the Government, the TA also hired a Fiscal Reforms Expert and a Public Sector Planning Expert to provide feedback to the FD and the P&DD on how the key recommendations of the component reports could be institutionalized in the Government.

Both IAs were effective and proactive partners in implementation of the TA and provided regular and ongoing guidance to the team of TA consultants working on the TA. Consequently, ADB was able to ensure that the TA outputs were closely in sync with the needs identified by the EAs, and at the same time, effectively monitor the consultants' work based on feedback received from the Government counterparts.

In summary, the TA implementation adequately met the scope and the objectives identified in the TA design. Through a variation in the firms' TORs, necessary changes in the original planned activities were made including the already mentioned changes in the number of district poverty assessments prepared under the TA. A total of 124 person months were spent on the TA implementation as compared to 129 person months stipulated in the terms of reference.

Evaluation of Outputs

The PFIS and the sector papers, on which it was based, were prepared following intensive consultations with GoP's line departments. As a result, the PFIS has strong ownership of the six line departments for whom medium term development strategies have been prepared. Essentially, work on the PFIS has resulted in the first coherent departmental strategies to be developed in Punjab. As such, in spite of the limited time frame available, this initiative is a substantive achievement. Work on M&E systems and the TNA report, that was accomplished under the TA, is also a new initiative in Punjab. The district socioeconomic profiles prepared under the TA are, however, satisfactory, but more detailed local level data analysis would be required to transform them into district poverty profiles.

The work on the MTBF has been successful as the GoPb's budget for FY2006 has been prepared for the first time under an MTBF process. While there is still a long way to go, there is certainly greater awareness amongst the departments of the GoPb on the salient features and uses of the MTBF process. The work on revenue mobilization initially faced objection from some departments of the GoPb, notably Excise and Taxation (E&T) Department which did not agree with some of the recommendations of the consultant. However, the points raised by the E&T Department were addressed and incorporated into the final report submitted to the GoPb. Overall the report constitutes a first comprehensive review and documentation of the revenue collection mechanisms of the GoPb, and thus sets the basis for future tax reforms. Similarly, the assessment of procurement systems will form the basis for further development of procurement modules.

As mentioned earlier, the TA has strongly supported the actions required under the policy matrix of the PRMP, and its outputs have helped GoPb fulfill the second tranche conditions of the conditions of the first sub-program of the PRMP.

Overall Assessment and Rating

The overall rating of this TA is successful. Component 1 provided a good situation analysis of development in key sectors, as well as recommendations on how to monitor developments in these sectors. In addition, the PFIS has prioritized the development needs of six key sectors for the first time in Punjab. Component 2 was successful in documenting the administrative processes related to fiscal management in Punjab and in initiating the process of budget making under the MTBF framework. It also provided a range of in-depth recommendations on key issues in taxation and procurement reforms.

Major Lessons Learned

- (i) It is often difficult to get good consulting firms interested and involved in small contracts. In such cases, it may be better to put together a team of individual consultants than recruit a firm.
- (ii) While it is true that it is necessary to accommodate the needs and requirements of the IAs and EA to the extent possible, it is also advisable to clarify that consultants cannot go significantly beyond their TORs, as they have defined contractual outputs.
- (iii) Delays in the startup on the TA were partly because of limited staff resources at PRM. In general, in cases where a firm is to be hired, staff resources for evaluation of proposals etc. should be taken into account when preparing estimates of implementation schedules.

Recommendations and Follow-Up Actions

The TA has laid a good basis for implementing resource management and development planning strategies in Punjab. However, the momentum generated by this TA must not be lost and implementation of the PRMP TA loan must be accelerated. Consultants hired under the TA loan contract packages must build on the base provided by the analytical work completed under TA4015.

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