



# Project Administration Manual

Project Number: 45233-001

Loan Number: {LXXXX}

September 2013

## Pakistan: Social Protection Development Project



## **CONTENTS**

ABBREVIATIONS	II
I. PROJECT DESCRIPTION	1
II. IMPLEMENTATION PLANS	6
A. Project Readiness Activities	6
B. Overall Project Implementation Plan	7
III. PROJECT MANAGEMENT ARRANGEMENTS	11
A. Project Implementation Organizations – Roles and Responsibilities	11
B. Key Persons Involved in Implementation	12
C. Project Organization Structure	13
IV. COSTS AND FINANCING	14
A. Detailed Cost Estimates by Expenditure Category	15
B. Allocation and Withdrawal of Loan Proceeds	16
C. Detailed Cost Estimates by Financier	17
D. Detailed Cost Estimates by Outputs/Components	18
E. Detailed Cost Estimates by Year	19
F. Contract and Disbursement S-curve	20
G. Fund Flow Diagram	22
V. FINANCIAL MANAGEMENT	25
A. Financial Management Assessment	25
B. Disbursement	28
C. Accounting	30
D. Auditing	30
VI. PROCUREMENT AND CONSULTING SERVICES	25
A. Advance Contracting and Retroactive Financing	32
B. Procurement of Goods, Works and Consulting Services	32
C. Procurement Plan	33
D. Consultant's Terms of Reference	36
VII. SAFEGUARDS	46
VIII. GENDER AND SOCIAL DIMENSIONS	47
IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION	49
A. Project Design and Monitoring Framework	49
B. Monitoring	52
C. Evaluation	52
D. Reporting	54
E. Stakeholder Communication Strategy	55
X. ANTICORRUPTION POLICY	57
XI. ACCOUNTABILITY MECHANISM	57
XII. RECORD OF PAM CHANGES	57
APPENDIXES	
1. Financial Management Assessment of the Benazir Income Support Program	52
2. Procurement Capacity Assessment Report and Recommendations	67
3. Terms of References for Firms to be Hired under Advance Contracting	75

### **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The executing and agency is wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by executing agency of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Loan Negotiations the borrower and ADB shall agree to the PAM and ensure consistency with the Loan agreement. Such agreement shall be reflected in the minutes of the Loan Negotiations. In the event of any discrepancy or contradiction between the PAM and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP) changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

## Abbreviations

ADB	=	Asian Development Bank
ADF	=	Asian Development Fund
AFS	=	audited financial statements
CQS	=	consultant qualification selection
DMF	=	design and monitoring framework
EARF	=	environmental assessment and review framework
EIA	=	environmental impact assessment
EMP	=	environmental management plan
ESMS	=	environmental and social management system
GACAP	=	governance and anticorruption action plan
GDP	=	gross domestic product
ICB	=	international competitive bidding
IEE	=	initial environmental examination
IPP	=	indigenous people plan
IPPF	=	indigenous people planning framework
LAR	=	land acquisition and resettlement
LIBOR	=	London interbank offered rate
NCB	=	national competitive bidding
NGOs	=	nongovernment organizations
PAI	=	project administration instructions
PAM	=	project administration manual
PIU	=	project implementation unit
QBS	=	quality based selection
QCBS	=	quality- and cost based selection
RRP	=	report and recommendation of the President to the Board
SBD	=	standard bidding documents
SOE	=	statement of expenditure
SPS	=	Safeguard Policy Statement
SPRSS	=	summary poverty reduction and social strategy
TOR	=	terms of reference

## I. PROJECT DESCRIPTION

### A. Rationale

1. The last official estimates of poverty incidence were released in Pakistan in 2005/2006, with the headcount index for poverty reported at 22.3%.<sup>1</sup> Since 2007 the Government of Pakistan has faced difficult challenges, including external and domestic economic shocks, economic uncertainty, and security problems. Annual gross domestic product (GDP) growth rates post-2007 averaged about 3%, while inflation averaged 13.8%, resulting in lower living standards. A recent study, using district-based poverty profiles, estimated poverty incidence for all households in the country at 33%.<sup>2</sup>

2. Starting in 2007, the government significantly increased its spending on social protection, established a new institutional framework, and approved the National Social Protection Strategy.<sup>3</sup> In October 2008 the government launched the BISP as the national social safety net program. The immediate objective was to decrease the adverse impact of food, fuel, and financial crises on low-income families. The broader goal was to implement the government's redistributive policy by providing regular cash income support to the poor. The main BISP intervention is a cash transfer program providing PRs1,000 per month to the female head of the family.<sup>4</sup> The government's social safety net spending increased from 0.3% of GDP in FY2004 to 0.9% in FY2011 after introducing the BISP.<sup>5</sup>

3. The BISP uses a transparent and objective methodology to select beneficiaries. It identified 7.2 million eligible poor families (23% of the total population) on the basis of a nationwide poverty scorecard survey using a proxy-means test approach. Initial evaluation findings demonstrate that it is a credible targeting system, covering a substantial number of the poorest in Pakistan.<sup>6</sup> However, 2.4 million eligible poor families are not yet receiving the cash transfer because the female head does not hold a CNIC, which is the key eligibility criterion (footnote 4). Pending families are the most difficult to reach and likely to be the most destitute.<sup>7</sup>

4. The introduction of a national safety net program and the availability of the poverty scorecard database can potentially lead to more efficient use of resources and better targeting and coordination with the provincial social safety net programs. A well-managed targeting system will enable the replacement, over time, of other inefficient social safety net programs and untargeted subsidies that are still pervasive in Pakistan.<sup>8</sup>

---

<sup>1</sup> Government of Pakistan. 2009. *Pakistan Economic Survey 2008–09*. Islamabad

<sup>2</sup> A. Naveed and A. Nazim. 2012. *Clustered Deprivation—District Profile of Poverty in Pakistan*. Islamabad: Sustainable Development Policy Institute.

<sup>3</sup> Government of Pakistan, Planning Commission. 2007. *A Social Protection Strategy to Reach the Poor and the Vulnerable*. Islamabad.

<sup>4</sup> The family is either composed of: (i) husband, wife and unmarried children; (ii) husband and wife without any children; (iii) a widow or a divorced woman and her unmarried children, living alone or with her parents/relatives. The woman in the family holds a computerized national identity card (CNIC) or has applied for one.

<sup>5</sup> World Bank. 2012. *Pakistan. Towards an Integrated National Safety Net System*. Washington, DC.

<sup>6</sup> BISP. 2011. *Baseline Survey Report of the Benazir Income Support Program*. Islamabad. Of the total number of eligible households, 73% are living below the national poverty line; 27% are between 100 and 125% of the poverty line.

<sup>7</sup> Other major achievements of the BISP are (i) creation of the National Socio-Economic Registry to manage data sharing of the poverty scorecard survey results using a data-sharing protocol; (ii) application of technology-based solutions for verification and payment to ensure efficiency and transparency; and (iii) establishment of a nationwide technology-based network of grievance redressal offices. Every process is independently monitored and results are evaluated annually.

<sup>8</sup> For example, power subsidies were PRs464 billion (2.25% of GDP) in FY2012. The largest share of the subsidy went to the richest sections of society, and only PRs4 billion went to lifeline consumers.

5. The BISP piloted several graduation initiatives for health insurance, skills development training, small business development loans, and primary education co-responsibility cash transfers.<sup>9</sup> These programs aim to support human development and economic opportunities for beneficiaries, and reduce the likelihood of intergenerational transfer of poverty. The first two of these graduation initiatives are of special relevance for social protection:

- (i) Almost 70% of total health expenditures are paid out-of-pocket by families, driving about 4% of the population into poverty every year.<sup>10</sup> Unexpected severe health problems are the most prevalent shock for families. In addition to income loss from being unable to work, medical costs alone can push households into poverty. Health insurance for the poor that covers catastrophic risks and major costs such as births can provide significant financial relief and protection to the most vulnerable families, while improving access to health facilities.
- (ii) More than 53% of the target population depends on casual labor as their major source of income—it is insecure and risky.<sup>11</sup> Beneficiary family members have extremely low literacy and numeracy, affecting confidence and social participation. Rural employment opportunities (both wage employment and self-employment) could be enhanced through skills training. This will improve poor families' income-generating capacity and boost their resilience to shocks.

6. In April 2012, the BISP launched a health insurance program, Waseela-e-Sehet (WES), on a pilot basis to provide protection against catastrophic health expenditure to registered beneficiary families in Faisalabad district in Punjab Province through the State Life Insurance Corporation. The insurance package covers full hospitalization for all age groups with an annual maximum benefit cap of PRs25,000 per family. It covers preexisting conditions as well as hospitalization for maternity and child health. So far, 37,575 families have been insured and provided access to WES registered private hospitals on a cashless and paperless basis. Of these expenditures, 40% were maternity related.

7. The Waseela-e-Rozgar (WER) was launched in July 2011 to provide center-based formal skills training to any selected family member of a beneficiary. In FY2013, 56,600 trainees graduated from training centers providing 4–6 month programs. The current WER is very costly; the average cost of PRs53,000 limits outreach of the program. Most courses are taught beyond the absorptive capacity of BISP potential nominees, who are largely illiterate or semiliterate. Training delivery and competency assessment and certification have fundamental problems. While the impact of current training provision on employability is likely very limited, the reputational risks of training delivery arrangements and the lack of effective monitoring are high.

8. Under the 18th Constitutional Amendment (30 June 2011), several subjects—including health, education, and social welfare—became a shared responsibility of the federal government and the provinces. The federal government continues to play a critical role in ensuring that long-term poverty reduction and social protection goals are met. A centrally operated safety net program is better placed to ensure equal chances for the poor to qualify for the cash transfer program, and to coordinate consistent program standards for provincial graduation programs. The provinces play a key role to develop and implement complementary graduation programs, especially highly customized graduation interventions (footnote 9).

<sup>9</sup> These “graduation” programs are not to be understood as following the “graduation model” being piloted in different developing economies to target the extreme poor, which follows a specific sequence of (i) nutrition support, (ii) productive asset transfer (on a grant basis), (iii) skills training and self-confidence building, (iv) financial literacy training, and (v) credit support (if needed by the targeted family, and if the family has “graduated”).

<sup>10</sup> World Bank. 2010. *Delivering Better Health Services to Pakistan's Poor*. Washington, DC.

<sup>11</sup> BISP. 2011. *Benazir Income Support Program Impact Evaluation. Baseline Survey Report*. Islamabad.

9. Several development partners are supporting the BISP in the design and implementation of its programs. The World Bank provided a \$60 million technical assistance (TA) credit for the development of a transparent targeting and delivery mechanism. The United States Agency for International Development provided \$160 million of budget support for the payment of cash grants to beneficiaries identified using the poverty scorecard survey. The World Bank is providing \$150 million and the Department for International Development (DFID) of the United Kingdom £300 million to support expansion of the cash transfer program coverage to up to 5.5 million beneficiary families by sharing a small part of the total cost of the cash transfer, and the introduction of a co-responsibility cash transfer program on education. GIZ is providing TA for the health insurance pilot program.

10. The Asian Development Bank (ADB) has been a BISP partner since its inception. Under the Accelerating Economic Transformation Program (AETP) Subprogram 1, ADB supported the launching of the BISP to mitigate the social impact of the food and fuel crises of 2007 and 2008.<sup>12</sup> Under the AETP Subprogram 2, ADB allocated \$150 million equivalent in counterpart funds for the BISP to provide cash transfers to beneficiaries identified by the poverty scorecard survey.<sup>13</sup> The Office of the Auditor General of Pakistan (AGP) carried out an audit of the FY2012 financial statements for this subprogram, which was completed in March 2013. The audit opinion states “PRs2,049.703 million was paid to 683,235 ineligible beneficiaries who did not possess a CNIC or a valid CNIC.” This reflected approximately 16.78% of the counterpart funds. The BISP contested the finding and clarified the payment process through partner banks. In response, AGP indicated that the audit opinion could be revisited in light of any additional information provided by the BISP. The BISP provided further documentation supporting the payments in question. ADB is working closely with the Ministry of Finance and the BISP to seek AGP review of the additional supporting documentation. Resolution of this issue is a condition for disbursement of the proposed loan for the project.<sup>14</sup> Strengthening of the social safety net system is included in the ADB country partnership strategy, as support for the transition from inefficient subsidy schemes to targeted cash transfer programs.<sup>15</sup> The project is included in the country operations business plan.<sup>16</sup>

## **B. Impact and Outcome**

11. The impact of the project will be reduced income and nonincome poverty. The outcome will be increased resilience for BISP female beneficiaries and their families.

## **C. Outputs**

12. The project will support the full expansion of the BISP’s cash transfer program to eligible families, and the improvement and expansion of two graduation programs: the health insurance program and the skills development program. Expansion of the three programs will be rigorously monitored and evaluated at regular intervals to encourage improvements based on lessons identified. BISP financial management and control systems will be strengthened.

<sup>12</sup> ADB. 2008. *Report and Recommendation of the President to the Board of Directors: Proposed Program Cluster and Loans for Subprogram 1 to the Islamic Republic of Pakistan for the Accelerating Economic Transformation Program*. Manila.

<sup>13</sup> ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Loans for Subprogram 2 to the Islamic Republic of Pakistan for the Accelerating Economic Transformation Program*. Manila.

<sup>14</sup> As a mitigating measure for the project, ADB commissioned a review of the payments to beneficiaries to provide further confirmation that ADB funds were released to eligible, registered, and verified beneficiaries. This review is currently ongoing.

<sup>15</sup> ADB. 2009. *Country Partnership Strategy: Pakistan, 2009–2013*. Manila.

<sup>16</sup> ADB. 2013. *Country Operations Business Plan: Pakistan, 2013–2014*. Manila.



13. **Output 1: Cash transfer program coverage expanded.** The output will support the enrollment of all traceable, female headed, eligible beneficiaries. The provision of the cash transfer through the female head and linking the benefit to possession of and understanding the CNIC empowers the role of women in the family. Currently, approximately one-third of eligible beneficiaries do not receive the cash transfer because registration for the CNIC is pending. The case management system and appeals process have been adding an average of 100,000 eligible beneficiaries per month to the program since September 2012. This rate of new enrollments will slow as case management teams work with eligible beneficiaries who are more difficult to locate and enroll. Eligible beneficiaries will be reevaluated and rescored as part of a recertification process by May 2016.

14. The project will finance the first few quarters of the cash transfers to all newly enrolled beneficiaries, provided that the government continues the payment of the cash transfers after the ADB financial support ends. The project will mobilize survey teams to sensitize and complete the information on pending beneficiaries. The National Database Registration Authority will field mobile and semimobile teams to issue the CNICs. The BISP subdistrict (*tehsil*) offices will ensure clear beneficiary understanding of their CNIC and BISP rights and responsibilities. The project will closely monitor the timely delivery of the cash transfers to the new beneficiaries, using regular spot checks. The payment release for cash transfers will depend on the results of the spot checks and other financial and performance monitoring.

15. **Output 2: Health insurance program refined and rolled out.** This output will support the strengthening and expansion of the WES health insurance program in a phased manner. BISP beneficiaries in pilot districts will receive health insurance protection against catastrophic health costs, and support to access hospitals in case of reproductive or other serious health problems.

16. The WES has developed a detailed implementation plan and strategic framework for expanding the health insurance program to achieve national coverage as soon as practical. Approval of this plan is a prerequisite for ADB support and will be presented first to the new BISP board. The medium-term expansion is divided into two phases. In the first phase, the WES will be expanded to five more districts, and information will be gathered on the actual cost of the insurance package as utilization increases. A more detailed, preparatory design will be completed by mid-2014 and the expansion will be launched to 10 more districts by late 2016. A potential third phase may be prepared at the end of the project, based on the findings of the monitoring and evaluation reports and other related studies.

17. The project will provide technical support under an ADB, GIZ and WES common detailed implementation plan. The project will finance the development and implementation of a monitoring and evaluation system for stakeholders through a web-based information technology platform. The platform will interface with the National Database Registration Authority's CNIC database and allow insurers to track claims, investigate suspicious claims, and transfer funds to providers. The project will support capacity building for the WES and its partners, and help raise awareness in the expansion districts through communication campaigns and a call center to manage complaints and contact beneficiaries after discharge. The project will provide cash payment to beneficiaries for transport upon discharge from hospital. The project will support an impact evaluation near the end of each phase. Based on the findings of the midterm review, the project may provide cofinancing for the actual premium (para. 22).

18. **Output 3: Skills development program strengthened.** This output will help implement important modifications to the WER skills development program to increase beneficiaries'

employability and make the program more cost-effective, financially transparent, and accountable. The target beneficiaries will be offered improved, targeted skills training in forms that match their personal circumstances, and provide better matches to wage and self-employment opportunities that exist within their districts. The training will be provided to beneficiaries or their family members in communities, companies, and training centers, depending on the needs and abilities of trainees and skill demands in their locations.

19. During phase 1, the project will finance a survey of employment opportunities and skills needs in the 13 districts identified by the BISP for pilot programs during 2014–2016. The project will develop and implement a complete monitoring and evaluation framework (including external monitoring arrangements), with a dedicated management information system for the WER to enhance BISP oversight and control capabilities. The project will strengthen the existing center-based modality on a priority basis by addressing current contractual and delivery flaws. The project will also support training course standardization for high-demand skills, and the engagement of a social mobilization organization to match BISP nominees with training opportunities. In parallel two additional modalities, community-based and enterprise-based training, will be added to the WER. They will provide shorter and less expensive courses that are more relevant to beneficiaries' circumstances, especially female beneficiaries in rural areas.

20. Implementation of the two new modalities starts during phase 2 in 2015. The new training methods will be rolled out based on a strategic road map, a prerequisite for ADB support, which will be presented first to the new BISP board. The gradual reallocation of resources will allow the training of many more beneficiaries within the existing WER budget. In phase 3, the program can be gradually expanded to cover more districts. Depending on the findings of the first impact evaluation and a midterm review, the project could provide additional cofinancing support (para. 22).

21. **Output 4: Financial management and control systems, and policy research supported.** This output will help develop transparent financial management and adequate monitoring systems in the BISP. It will strengthen the financial management wing, and introduce modern tools and practices in the area of budget preparation, cash forecasting, and financial reporting. It will support the internal audit wing by providing resources and training on modern internal audit tools and practices. It will strengthen the social policy research unit, providing support for gender focused, evidence-based policy and planning.

22. **Performance allocation for graduation programs.** This allocation will enable the project to cofinance the scaling-up challenges that the programs supported by outputs 2 (health insurance) and 3 (skills development) will eventually face. Resources will remain unallocated until a thorough midterm review is conducted. The performance allocation enables the project to (i) provide additional support for related procurement or fiduciary risks in the two pilots before committing to fund part of the main costs involved in scaling-up WER and WES activities (actual premium or training delivery fees); (ii) encourage good implementation performance in both components toward agreed targets; and (iii) base conditions for project financing of actual insurance and training service delivery on efficient, effective, and transparent implementation of both programs during the first part of the project.

23. **Midterm project review.** The midterm review, scheduled for the third quarter of 2016 will assess the progress of project activities, outputs, and outcomes. The performance of outputs 2 (health insurance) and 3 (skills development) will be reviewed in detail to determine achievement of quantitative targets indicated in the design and monitoring framework, and qualitative goals described in detail in the project administration manual. Based on the findings, the midterm review will recommend use of the performance allocation fund designated for the

two graduation programs during the second part of the project. The \$40 million performance allocation fund will only be used after the midterm review is successfully completed; and the government, BISP, and ADB have agreed on the use of the loan for this component and its implementation arrangements.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

Indicative Activities	Months						Responsible Agency
	Aug	Sep	Oct	Nov	Dec	Jan	
Advance contracting actions <sup>a</sup>							
Advertising (Consulting Services Recruitment Notice)		X					EA/ADB
Prepare Submission 1; Send out Request for Proposal			X				EA/ADB
Prepare Submission 2					X		EA/ADB
ADB Board approval			X				ADB
Government legal opinion provided				X			GOP
Loan signing					X		EAD/ADB
Establish project implementation arrangements						X	EA/ADB
Loan effectiveness						X	EAD/ADB

ADB = Asian Development Bank, EA = executing agency, EAD = Economic Affairs Division, GOP = Government of Pakistan.

<sup>a</sup> EA may use advance contracting as part of the normal procedure if (i) ADB management approves the further processing of the project; (ii) TOR and budget for the assignment are sufficiently clear to permit consultants to submit informed expressions of interest (EOIs) and, if shortlisted, technical and financial proposals; and (iii) OSFMD has endorsed the project procurement plan for recruiting the consultants.

## 7

[illegible]

Outputs/Activities	2013		2014					2015				2016				2017				2018				2019	
	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II		
(vi)Launch and implement Phase 1 in 5 districts (supported with communication and awareness activities)																									
2.2 Design and launch Phase 2 expansion																									
(i) Design Phase 2 based on findings of M&E reports																									
(ii) Complete design and sign MOUs with provinces																									
(iii)Launch and implement Phase 2 in 10 more districts with call center and communication campaigns																									
2.3 Strengthen technical health insurance team																									
(i) National insurance manager and M&E manager to support health insurance team in use of MIS, monitoring etc. (function shifts to ISP starting 2017)																									
(ii) Provide training to health insurance team																									
(iii) Advertise and select firm to conduct baseline and impact evaluations																									
(iv)Carry out baseline and impact evaluation surveys and report																									
(v) Advertise and select audit firm to perform technical audit of health insurance partners at conclusion of phase 1 and 2																									
(vi) Carry out technical audits																									
Output 3: Strengthening of skills development program																									
3.1 Phase I: Technical and organizational preparation																									
(i) Advertise and select local firm to conduct survey on (a) economic opportunities and skills needs; (b) baseline profiling of beneficiaries																									
(ii) Advertise and select firm providing community-based, center- and enterprise-based training specialists																									
(iii) Advertise and select firm to design and implement MIS and M&E system																									
(iv) Advertise and select firm to design the evaluation framework and implement baseline survey and impact																									

Outputs/Activities	2013				2014				2015				2016				2017				2018				2019	
	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II			
evaluations																										
(v) Advertise and select service providers to develop training courses on identified skills needs																										
(vi) Advertise and select providers for social mobilization																										
(vii) Advertise and select third party monitor																										
(viii) Implement new organizational structure, staffing and staff development																										
3.2 Phase 2: Pilot implementation																										
(i) Continue implementation of 'center-based' training under modified contractual arrangements (non-performing existing contracts allowed to expire)																										
(ii) Conduct survey on (a) economic opportunities and skills needs; (b) baseline profiling of beneficiaries																										
(iii) Design and implement MIS and M&E system																										
(iv) Implement baseline survey																										
(v) Develop training courses																										
(vi) Field social mobilizers																										
(vii) Prepare training packages and advertise to select service providers for training delivery																										
(viii) Implement community-based, center-based and enterprise-based training in 13 pilot districts																										
(ix) Conduct internal monitoring																										
(x) Conduct external, third party monitoring																										
(xi) Evaluate performance against project objectives and indicators																										
(xii) First evaluation exercise (survey and analysis)																										
3.3 Phase 3 – Expansion																										
(i) Review initial targets and prepare expansion plan based on lessons learned from pilot implementation																										

Outputs/Activities	2013		2014				2015				2016				2017				2018				2019	
	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	
(ii) Implement expansion within 13 districts																								
(iii) Implement expansion in new districts																								
(iv) Evaluate performance against project objective and indicators																								
(v) Final evaluation exercise (survey and analysis)																								
Output 4: Support of financial management and control systems and policy research																								
4.1 Strengthening financial management																								
(i) Recruit national consultant for financial management unit																								
(ii) Development of transparent financial management and adequate monitoring systems																								
4.2 Strengthening internal audit																								
(i) Recruit national internal auditor for internal audit wing																								
(ii) Provide modern internal audit tools and practices																								
4.3 Strengthening engendered policy research																								
(i) Recruit national social protection policy and research specialist																								
(ii) Support evidence-based advocacy for demand-driven social protection policies and plans																								
B. Management Activities																								
Recruitment of national consultants in Project Management Unit																								
Consultant selection procedures																								
Inception (INC), annual and Midterm (MTR) reviews		I N C										M T R												
Project completion report (Government)																								

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations—Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
<ul style="list-style-type: none"> <li>• Executing agency</li> </ul>	<p>Benazir Income Support Program (BISP). As lead agency, the ISP will</p> <ul style="list-style-type: none"> <li>➤ Directly manage and supervise the implementation of the program</li> <li>➤ Responsible for the submission of withdrawal applications, retention of supporting documents, and any reporting requirements including the quarterly progress report (including the quarterly reconciliation of the cash transfer payments supported under the project, and progress against the project implementation plan), bi-annual internal audit reports for the program, annual audit reports and financial statements</li> <li>➤ Establish and oversee the project management unit</li> <li>➤ Approve the investment plan, work plans of activities, procurement and disbursement plans</li> <li>➤ Ensure compliance with ADB guidelines on procurement, use of consultants and disbursements</li> </ul>
<ul style="list-style-type: none"> <li>• BISP Board</li> </ul>	<ul style="list-style-type: none"> <li>➤ Provide strategic guidance on project implementation and advice on any needs for adjustments in scope</li> </ul>
<ul style="list-style-type: none"> <li>• Project management unit</li> </ul>	<ul style="list-style-type: none"> <li>➤ Oversee and manage project implementation on a daily basis, including the procurement, recruitment of consulting services, report preparation including project performance monitoring system, disbursement activities, and arrangement of the annual audit report</li> <li>➤ Quarterly reconciliations of all payments, including those for cash-transfers</li> </ul>
<ul style="list-style-type: none"> <li>• ADB</li> </ul>	<ul style="list-style-type: none"> <li>➤ Ensure technical and financial support and oversight according to the loan agreement</li> <li>➤ Follow up on quarterly reporting</li> <li>➤ Twice annual reviews</li> </ul>



## **B. Key Persons Involved in Implementation**

### **Executing Agency**

Benazir Income Support Program    Dr. Tahir Noor  
 Position: Director General Operations/Project Director  
 Telephone No.: +92 51 9246416  
 Email address: [mtnoor@gmail.com](mailto:mtnoor@gmail.com)  
 Office Address: BISP HQ., F Block, Pakistan Secretariat  
 Islamabad

### **ADB**

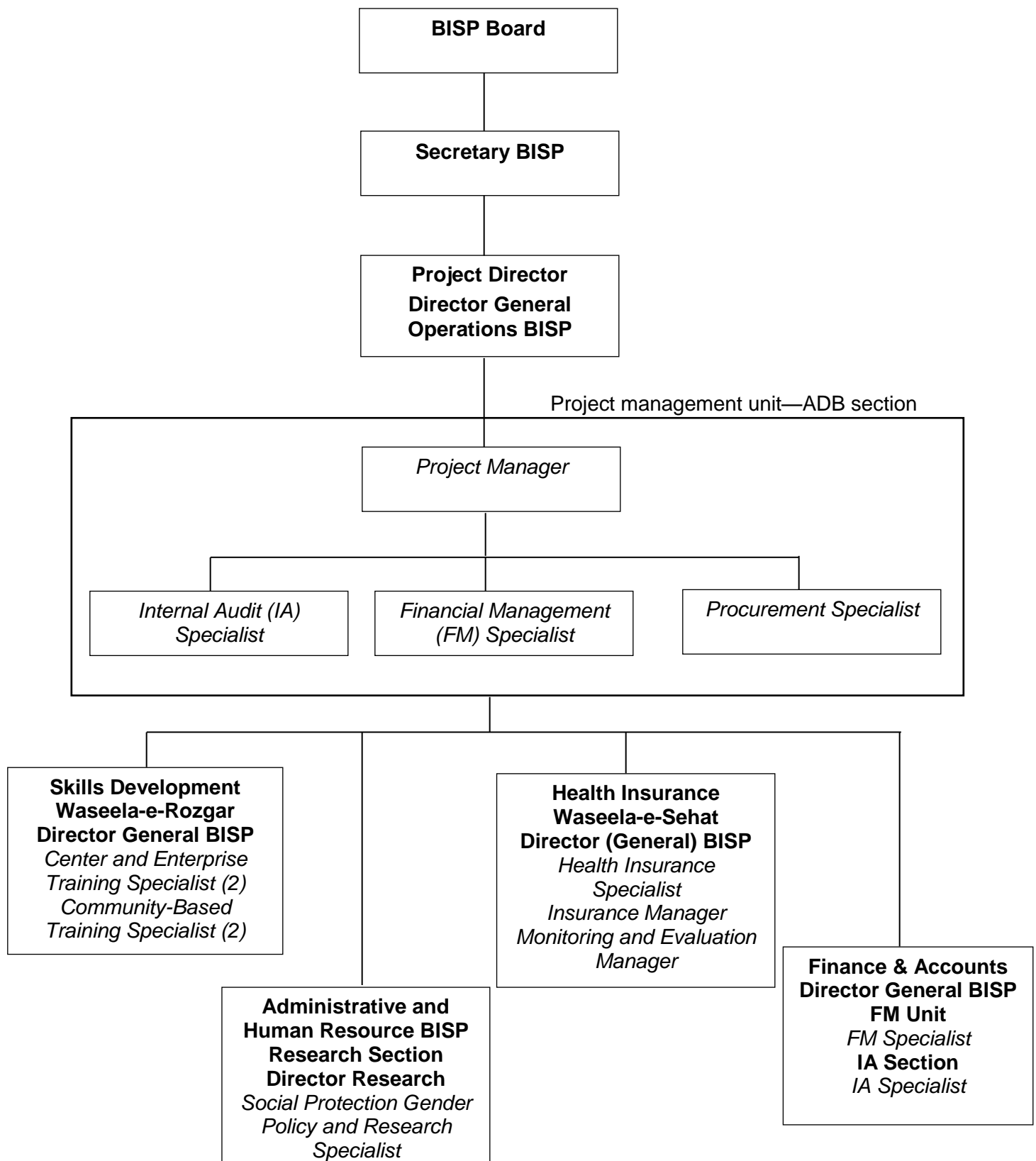
Public Management, Financial  
 Sector, and Trade Division  
 Central and West Asia  
 Department

Betty Wilkinson  
 Position: Director  
 Telephone No.: +632 632 6300  
 Email address: [bwilkinson@adb.org](mailto:bwilkinson@adb.org)

Mission Leader

Michiel Van der Auwera  
 Position: Financial Sector Specialist (Social Security)  
 Telephone No. +632 632 6546  
 Email address: [mvanderauwera@adb.org](mailto:mvanderauwera@adb.org)

### C. Project Organization Structure



#### IV. COSTS AND FINANCING

24. The total project cost is estimated at \$578.3 million. ADB will finance \$430 million, or 74.4% of the project cost and the Government will provide counterpart financing equal to \$148.3 million, or 25.6%, including taxes and duties (estimated at \$1.8 million). The financing charges will be capitalized. Further, the counterpart financing includes actual expenditures incurred by BISP in support of its programs over the project period: (i) 5% of BISP's administrative costs (estimated at \$11.2 million); (ii) BISP's payment of the health insurance premiums (estimated at \$33.8 million); (iii) BISP's payment of the skills training fee and stipends (estimated at \$101.5 million).

**Table 1: Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank <sup>17</sup>	430.0	74.4
Government <sup>18</sup>	148.3	25.6
<b>Total</b>	<b>578.3</b>	<b>100.0</b>

Source: Asian Development Bank.

**Table 2: Project Investment Plan**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Expansion of coverage of cash transfer program	347.6
2. Refinement and roll-out of health insurance program	41.5
3. Strengthening of skills development program	108.7
4. Support to financial management and control	1.5
Performance allocation for graduation programs	40.0
<b>Subtotal (A)</b>	<b>539.3</b>
<b>B. Contingencies<sup>c</sup></b>	<b>14.7</b>
<b>C. Financing Charges During Implementation</b>	<b>24.3</b>
<b>Total (A+B+C)</b>	<b>578.3</b>

<sup>a</sup> Includes taxes and duties of \$1.8 million to be financed from government resources.

<sup>b</sup> In mid-2013 prices.

<sup>c</sup> Physical contingencies computed at 5% for field research and development, training, surveys, and studies. Price contingencies are determined using ADB cost escalation factors.

Source: Asian Development Bank estimates.

<sup>17</sup> From ADB's Special Funds resources.

<sup>18</sup> BISP's overall program cost is much larger. For FY2014, the overall program cost is budgeted at PRs85 billion (\$850 million), and is projected to increase over time.

**A. Detailed Cost Estimates by Expenditure Category (\$'000)**

Item	Foreign Exchange	Local Currency (in \$ equivalent)	Total Cost	% of Total Base Cost
<b>A. Investment Costs</b>				
1 Cash payments				
a. Cash transfers (newly registered)	0.00	333,354.99	333,354.99	57.64%
b. Health insurance (transport)	0.00	123.66	123.66	0.02%
c. Health insurance (premium)	0.00	33,800.00	33,800.00	5.84%
d. Skills (training fee and stipend)	0.00	101,500.00	101,500.00	17.55%
2 Performance allocation <sup>a</sup>	0.00	40,000.00	40,000.00	6.92%
3 Consultants	7,984.75	8,661.60	16,646.35	2.89%
4 Training	150.00	650.00	800.00	0.14%
5 Project management support	0.00	50.00	50.00	0.01%
6 Equipment	0.00	25.00	25.00	0.00%
7 Taxes and duties	887.19	962.40	1,849.59	0.32%
<b>Subtotal (A)</b>	<b>9,021.94</b>	<b>530,327.65</b>	<b>539,349.59</b>	<b>93.26%</b>
<b>B. Contingencies</b>				
1 Physical	0.00	15.00	15.00	0.00%
2 Price	0.00	14,705.16	14,705.16	2.54%
<b>Subtotal (B)</b>	<b>0.00</b>	<b>14,720.16</b>	<b>14,720.16</b>	<b>2.54%</b>
<b>C. Interest Charges</b>	<b>24,279.84</b>	<b>0.00</b>	<b>24,279.84</b>	<b>4.20%</b>
<b>Total Project Cost (A+B)</b>	<b>33,309.44</b>	<b>545,047.81</b>	<b>578,349.59</b>	<b>100.00%</b>

<sup>a</sup> The performance allocation will be used to cofinance the scaling up of the health insurance program (output 2) and skills development program (output 3) after the midterm review exercise, scheduled for Q3 2016, is conducted

**B. Allocation and Withdrawal of Loan Proceeds**

Nr	Item	Category		ADB Financing
		Total Amount Allocated for ADB financing) Category Subcategory		Percentage and Basis for Withdrawal from the Loan Account
1	Cash payments	\$333,478,650		
	1A Cash transfer (newly registered)		\$333,354,990	100%* of total expenditure claimed
	1B Health insurance (transport)		\$123,660	100%* of total expenditure claimed
2	Performance allocation	\$40,000,000		100%* of total expenditure claimed
3	Consultants	\$16,646,350		100%* of total expenditure claimed
4	Training	\$800,000		100%* of total expenditure claimed
5	Project management support**	\$50,000		100%* of total expenditure claimed
6	Equipment	\$25,000		100%* of total expenditure claimed
7	Interest charges	\$24,279,836		100% of amount due
8	Unallocated	\$14,720,164		
	<b>Total</b>	<b>\$430,000,000</b>		

\* Exclusive of taxes and duties imposed within the territory of the borrower.

\*\* Project management support includes the procurement of office equipment, as well as related recurrent costs.

**C. Detailed Cost Estimates by Financier (\$'000)**

Item	ADB		Government		Total Cost
	Amount	% of Cost Category	Amount	% of Cost Category	
<b>A. Investment Costs</b>					
1 Cash payments					
a. Cash transfers (newly registered)	333,354.99	100.0%	11,200.00	0.0%	344,554.99
b. Health insurance (transport)	123.66	100.0%	0.00	0.0%	123.66
c. Health insurance (premium)	0.00	0.0%	33,800.00	100.0%	33,800.00
d. Skills (training fee and stipend)	0.00	0.0%	101,500.00	100.0%	101,500.00
2 Performance allocation <sup>a</sup>	40,000.00	100.00%	0.00	0.0%	40,000.00
3 Consultants	16,646.35	100.00%	0.00	0.0%	16,646.35
4 Training	800.00	100.00%	0.00	0.00%	800.00
5 Project management support	50.00	100.00%	0.00	0.00%	50.00
6 Equipment	25.00	100.00%	0.00	0.00%	25.00
7 Taxes and duties	0.00	0.00%	1,849.59	100.00%	1,849.59
<b>Subtotal (A)</b>	<b>391,000.00</b>	<b>72.5%</b>	<b>148,349.59</b>	<b>27.5%</b>	<b>539,349.59</b>
<b>B. Contingencies<sup>b</sup></b>					
1 Physical	15.00	100.0%	0.00	0.0%	15.00
2 Price	14,705.16	100.0%	0.00	0.0%	14,705.16
<b>Subtotal (B)</b>	<b>14,720.16</b>	<b>100.0%</b>	<b>0.00</b>	<b>0.0%</b>	<b>14,720.16</b>
<b>C. Interest Charges</b>	<b>24,279.84</b>	<b>100.0%</b>	<b>0.00</b>	<b>0.0%</b>	<b>24,279.84</b>
<b>Total Project Cost (A+B+C)</b>	<b>430,000.00</b>	<b>100.0%</b>	<b>148,349.59</b>	<b>100.0%</b>	<b>578,349.59</b>

<sup>a</sup> The performance allocation will be used to cofinance the scaling up of the health insurance program (output 2) and skills development program (output 3) after the midterm review exercise, scheduled for Q3 2016, is conducted.

<sup>b</sup> Physical contingencies computed at 5% for field research and development, training, surveys, and studies. Price contingencies are determined using ADB cost escalation factors.

**D. Detailed Cost Estimates by Outputs/Components (\$'000)**

Item	Total Cost	Output 1	Output 2	Output 3	Output 4	Performance Allocation
<b>A. Investment Costs</b>						
1 Cash payments						
a. Cash transfers (newly registered)*	344,554.99	344,554.99	0.00	0.00	0.00	0.00
b. Health insurance (transport)	123.66	0.00	123.66	0.00	0.00	0.00
c. Health insurance (premium)	33,800.00	0.00	33,800.00	0.00	0.00	0.00
d. Skills (training fee and stipend)	101,500.00	0.00	0.00	101,500.00	0.00	0.00
2 Performance allocation	40,000.00	0.00	0.00	0.00	0.00	40,000.00
3 Consultants	16,646.35	2,790.00	6,701.35	6,345.00	810.00	0.00
4 Training	800.00	0.00	100.00	200.00	500.00	0.00
5 Project management support	50.00	0.00	0.00	0.00	50.00	0.00
6 Equipment	25.00	0.00	0.00	0.00	25.00	0.00
7 Taxes and duties	1,849.59	310.00	744.59	705.00	90.00	0.00
<b>Subtotal (A)</b>	<b>539,349.59</b>	<b>347,654.99</b>	<b>41,469.6</b>	<b>108,750.00</b>	<b>1,475.00</b>	<b>40,000.00</b>
<b>B. Contingencies</b>						
1 Physical	15.00	0.00	5.00	10.00	0.00	0.00
2 Price	14,705.16	9,478.68	1,130.65	2,965.03	40.22	1,090.58
<b>Subtotal (B)</b>	<b>14,720.16</b>	<b>9,478.68</b>	<b>1,135.65</b>	<b>2,975.03</b>	<b>40.22</b>	<b>1,090.58</b>
<b>C. Interest Charges</b>	<b>24,279.84</b>	<b>15,650.35</b>	<b>1,866.83</b>	<b>4,895.59</b>	<b>66.40</b>	<b>1,800.68</b>
<b>Total Project Cost (A+B+C)</b>	<b>578,349.59</b>	<b>372,784.02</b>	<b>44,472.09</b>	<b>116,620.61</b>	<b>1,581.62</b>	<b>42,891.26</b>
<b>% Total Project Cost</b>	<b>100%</b>	<b>64.46%</b>	<b>7.69%</b>	<b>20.16%</b>	<b>0.27%</b>	<b>7.42%</b>

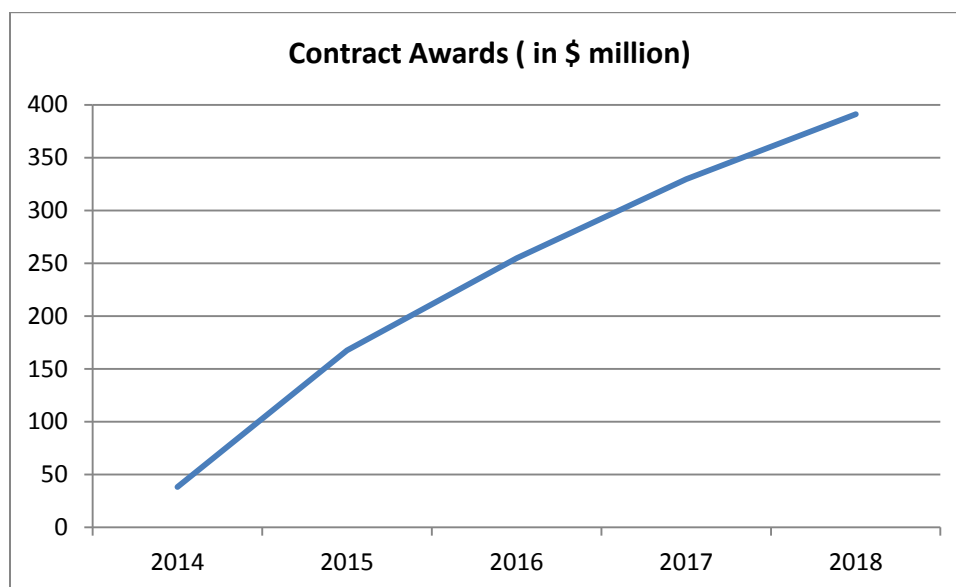
**E. Detailed Cost Estimates by Year (\$'000)**

Item	Total Cost	2014	2015	2016	2017	2018
<b>A. Investment Costs</b>						
1 Cash payments						
a. Cash transfers (newly registered)	344,554.99	34,909.05	128,083.36	80,412.88	57,908.79	43,240.91
b. Health insurance (transport)	123.66	29.68	54.41	39.57	0.00	0.00
c. Health insurance (premium)	33,800.00	3,000.00	5,000.00	5,000.00	10,400.00	10,400.00
d. Skills (training fee and stipend)	101,500.00	20,300.00	20,300.00	20,300.00	20,300.00	20,300.00
2 Performance allocation	40,000.00	0.00	0.00	4,444.44	17,777.78	17,777.78
3 Consultants	16,646.35	5,051.11	3,391.85	4,403.65	1,409.26	2,390.48
4 Training	800.00	400.00	100.00	100.00	100.00	100.00
5 Project management support	50.00	15.00	6.00	15.00	7.00	7.00
6 Equipment	25.00	7.50	4.00	7.50	3.00	3.00
7 Taxes and duties	1,849.59	561.24	376.87	489.29	156.58	265.61
<b>Subtotal (A)</b>	<b>539,349.59</b>	<b>64,273.58</b>	<b>157,316.49</b>	<b>115,212.33</b>	<b>108,062.41</b>	<b>94,484.78</b>
<b>B. Contingencies</b>						
1 Physical	15.00	15.00	0.00	0.00	0.00	0.00
2 Price	14,705.16	1,752.39	4,289.17	3,141.22	2,946.28	2,576.09
<b>Subtotal (B)</b>	<b>14,720.16</b>	<b>1,767.39</b>	<b>4,289.17</b>	<b>3,141.22</b>	<b>2,946.28</b>	<b>2,576.09</b>
<b>C. Interest Charges</b>	<b>24,279.84</b>	<b>2,893.40</b>	<b>7,081.90</b>	<b>5,186.50</b>	<b>4,864.63</b>	<b>4,253.41</b>
<b>Total Project Cost (A+B+C)</b>	<b>578,349.59</b>	<b>68,934.37</b>	<b>168,687.56</b>	<b>123,540.05</b>	<b>115,873.32</b>	<b>101,314.28</b>
<b>% Total Project Cost</b>	<b>100%</b>	<b>11.92%</b>	<b>29.17%</b>	<b>21.36%</b>	<b>20.04%</b>	<b>17.52%</b>

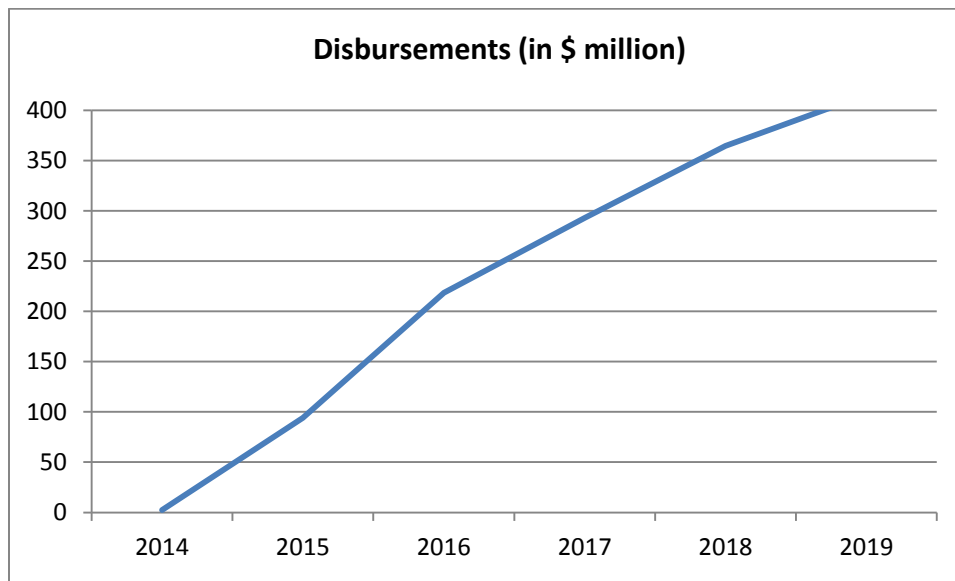
Source: Asian Development Bank staff estimates.



## F. Contract and Disbursement S-Curve



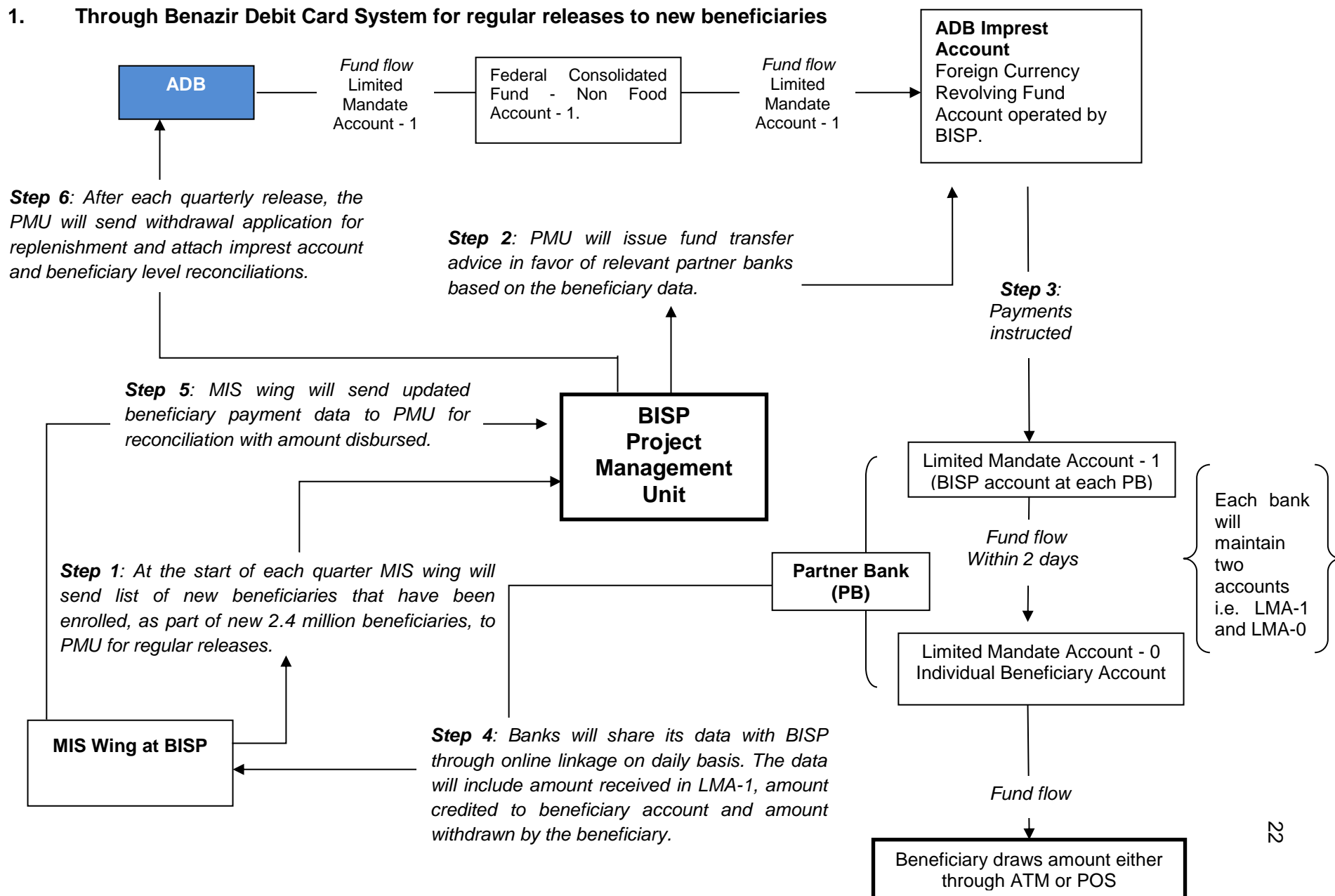
Contract awards (in US\$ million)					
	Q1	Q2	Q3	Q4	Total
2014	0.737	1.689	15.251	20.495	38.172
2015	25.976	29.900	35.315	38.208	129.400
2016	28.361	22.617	15.774	20.432	87.183
2017	19.446	18.869	18.546	18.105	74.966
2018	18.040	16.797	16.797	9.678	61.312
Total	92.560	89.872	101.683	106.918	391.032



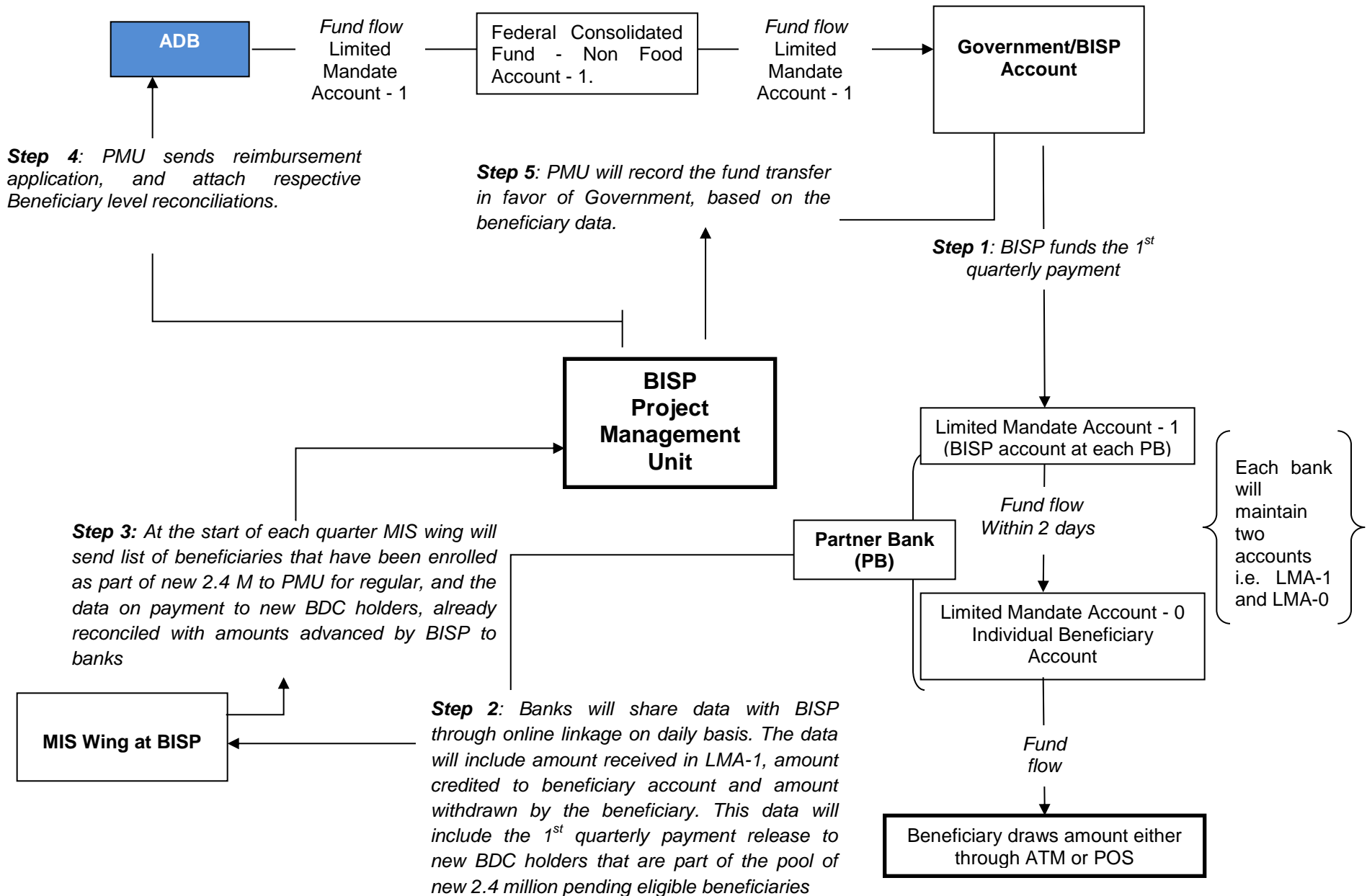
Disbursements (in US\$ million)					
	Q1	Q2	Q3	Q4	Total
2014	0.000	0.000	0.737	1.689	2.426
2015	15.251	20.495	25.976	29.900	91.622
2016	35.315	38.208	28.361	22.617	124.501
2017	15.774	20.432	19.446	18.869	74.521
2018	18.546	18.105	18.040	16.797	71.487
2019	26.475	24.280			26.475
Total	111.361	121.520	92.560	89.872	415.3128

## G. Fund Flow Diagram

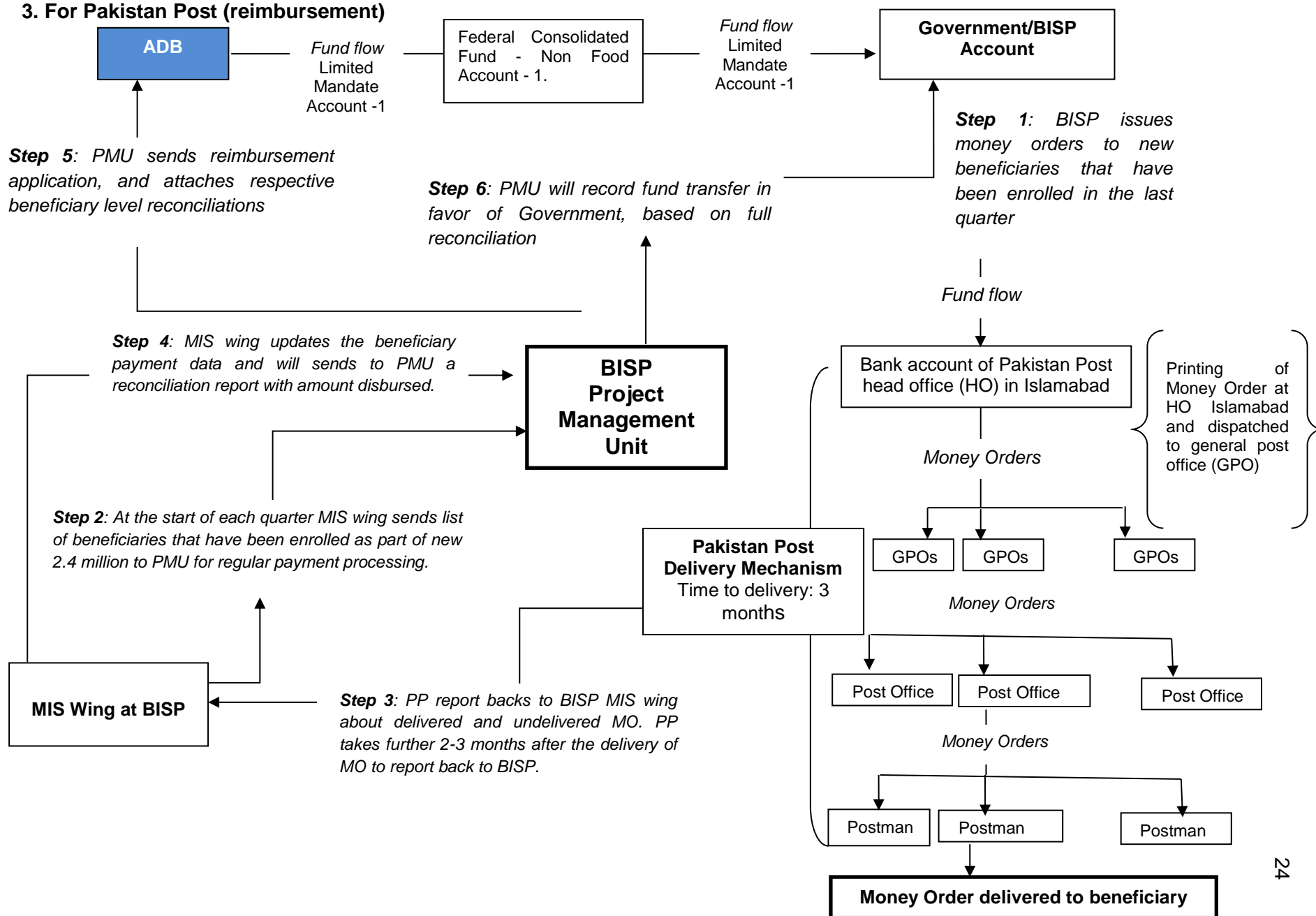
### 1. Through Benazir Debit Card System for regular releases to new beneficiaries



## 2. For Private Banks (reimbursement for 1<sup>st</sup> quarterly payment to new beneficiaries)



### 3. For Pakistan Post (reimbursement)



## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

25. **Background and General Assessment.** Progress in addressing financial management and fiduciary risks in general is a very important condition for ADB support.<sup>19</sup> A financial management assessment of BISP (ADB FMA) has been carried out as part of the preparation of the project, focusing on systemic weaknesses. It benefited significantly from discussions with WB and DFID financial management teams currently involved in project work and institutional development support at BISP. Since inception no audited financial statements have been prepared for BISP, which was both a limit to the ADB FMA and a systemic weakness in itself. DFID had prepared a fiduciary risk assessment of BISP in May 2012,<sup>20</sup> rating its financial management risk as high. USAID also undertook an audit exercise in May 2012 on the utilization by the Government of Pakistan of an \$85 million grant to the cash transfer program of BISP. The USAID audit undertook a verification on a statistical sample within the 480,000 beneficiaries that were reported to have received USAID support and found records to be accurate (all beneficiaries had poverty scorecards with qualifying scores), and 98 percent of randomly sampled beneficiaries had received the payments.<sup>21</sup> In November 2012 the World Bank undertook a performance audit to BISP,<sup>22</sup> and the concomitant aide-memoire rated BISP's performance as moderately satisfactory.

26. Over the years there has been significant improvement in BISP's financial governance, but a number of systemic weaknesses remain. The work under the ADB FMA listed the main ones and emphasized key issues related to budget preparation, internal control, financial reporting, and the lack of periodic beneficiary reconciliation of past resources channeled through the cash transfer program (which mainly relied, until recently, on the Pakistan Post for cash transfer delivery).

27. BISP is required, through the BISP Act 2010 (and previously the BISP Ordinance 2009) to have its financial statements audited on an annual basis by AGP. To date, BISP has not prepared annual financial statements. At the request of ADB, the World Bank and DFID, BISP is preparing financial statements for FY2012 and FY2013 and these will be subject to AGP audit starting with FY2013. Submission of BISP's audited financial statements for FY2013 (with the associated audit report and management letter) to ADB, together with an action plan, satisfactory to ADB, to address any deficiencies identified in the audit is a condition for effectiveness. Para 35 below provides for additional requirements for the BISP Board to approve and for BISP to use a Financial Management Manual to ensure improved processes, procedures, and systems for financial management.

28. This PAM may require amendment depending upon the results of ADB's review and/or the audit of the annual financial statements.

<sup>19</sup> ADB. 2009. *Pakistan. Country Partnership Strategy 2009-2013*. Islamabad.

<sup>20</sup> DFID. 2012. *Fiduciary Risk Assessment of Benazir Income Support Program (prepared by Ernst & Young, Ford, Rhodes, Sidat, Hyder)*. Islamabad.

<sup>21</sup> This same audit report did find issues however in the utilization done by the Government of Pakistan of a second tranche of \$75 million, which was erroneously interpreted as general non-earmarked budget support. This issue was subsequently to the audit clarified and resolved.

<sup>22</sup> World Bank. 2012. *Performance Audit of Benazir Income Support Program*. Islamabad.

29. BISP has autonomy under the Act<sup>23</sup> to develop its own policies and procedures to carry out its mandate. The Act provides for comprehensive governance structure of BISP and broad contours of financial management arrangements.<sup>24</sup> BISP has a well-functioning MIS wing with on line linkages with the National Database Registration Authority (NADRA) and intermediaries' data bases. The finance and account staff is a mix of (i) government servants<sup>25</sup> on deputation from other departments, which manifested itself early on in somewhat outdated accounting and financial reporting systems and inability to follow international donors' financial policies and procedures, and (ii) financial specialists hired from the market (under WB technical assistance) to support the development of financial management governance at BISP. But these financial management specialists provided by the WB are significantly involved in day-to-day financial management operations. This mitigates a significant number of risks related to system and capacity weaknesses identified in ADB's FMA, but was in itself identified as a problem: as long as FM specialists provided through technical assistance by international donors are engaged in day to day activities, little capacity development and systems improvement will result.

30. The cash transfer program represents about 80% of BISP's budget and the cash transfer delivery system has evolved over the years. Initially, the Pakistan Post was used as the main disbursement agent. Time lags in the physical delivery of cash transfer (through money orders) and in the reporting of Pakistan Post's district branches back to its Islamabad main office were at the root of the difficulties to undertake full beneficiary reconciliation, which could only be done manually. This was raised by different audits as a main system weakness, even though periodic differences between BISP's transfers to Pakistan Post and corresponding cash delivery to beneficiaries by the latter would have been netted out on an ongoing basis. The resulting several years' backlog of full beneficiary reconciliation was raised as a significant concern by ADB, DFID and WB, and is still being finalized.

31. Subsequently to a pilot initiative in late 2011 that tested the use of smart cards and mobile banking as disbursement modalities, BISP opted for mainstreaming the use of a Debit Card (DC) mechanism in its cash transfer program from 2012 onwards. Six partnering banks (PBs) have entered into the agreement with BISP to provide disbursement services in order to reach beneficiaries in a timely, efficient and transparent manner.<sup>26</sup> Under the current agreement, BISP transfers funds to its account at each PB, subsequently to which the beneficiary's bank account (LM-0) is credited against a debit in BISP's account (LM-1). Beneficiaries can withdraw the cash transfer through automatic teller machines (ATMs) or using a growing network of Points-of-Sale (POS). This new system allows for beneficiary reconciliation to be achieved on a weekly basis. This is a major improvement and risk mitigating development. BISP also now processes quarterly cash payments using a MIS-based payment mechanism, which avoids duplication of payments.

32. For the cash transfer through the DC, the agreement allowed PBs to maintain float of 30 days for the first installment of all new beneficiaries, on the assumption that all new DCs could

---

<sup>23</sup> BISP Act 2010.

<sup>24</sup> BISP has a network of Regional, Divisional and Tehsil offices. These offices are not involved in cash grant payments to beneficiaries, as all disbursement are made from head office at Islamabad. BISP provides imprest advance to its regional and district offices for their operational expenditure except for salaries that are disbursed from the head office. The regional/district offices carry out their own book keeping and report back expenses to head office when replenishment is required. The expense reporting is carried out on standard expenditure statement format; however, its implementation varies across regional offices.

<sup>25</sup> Government employees from Pakistan Audit and Account Service (PAAS).

<sup>26</sup> Partner Commercial Banks: BISP agent for payment to beneficiaries.

be issued within the first three months of the agreement.<sup>27</sup> However, issuance of DCs took longer than anticipated, and is thus still an ongoing (albeit fast) process. This system poses new administrative difficulties that relate to forecasting, paying and reconciling payments to the beneficiaries that obtain the DC in between the regular quarterly releases. Even though these difficulties only pertain to a small fraction of the cash transfer payments of every quarter (currently, payments to newly-enrolled beneficiaries are about 6.5% of the total quarterly cash-transfer payments), it is important to strengthen this process. The current solution has been to request banks to process a quarterly cash transfer to every new beneficiary that obtains the DC in the immediate few days after that fact.<sup>28</sup> This triggers, first, a forecasting challenge for BISP (in order to estimate the required advance), and second, the need to reconcile each quarterly cash transfer. There is thus a need to evaluate and improve the reporting efficiency of this solution, in order to continue sustaining the option of providing the first quarterly cash-transfer to new DC holders in the first few days after DC issuance.

**33. Financial Management Risk Level is Substantial.** As referred to above, ongoing developments in cash transfer delivery systems at BISP are eliminating some of risks that had been identified earlier and mitigating others. Initially payments were transferred through Pakistan Post, without regular account reconciliations at the beneficiary level. Since 2012 BISP has been issuing debit cards, and most cash transfer payments by early 2014 will be made through private banks. This allows for account reconciliation within a week of cash transfer releases to beneficiaries. The ADB FMA was the subject of extensive discussions with WB, DFID and BISP in an effort to identify (i) the other specific issues of past concern that will outlast the ongoing improvements in BISP's financial management, and (ii) the deficiencies that can be addressed by the proposed project (in coordination with WB and DFID) both before approval and in the first few months of project implementation (i.e. as both conditions for loan effectiveness and project activities).

**34.** As a result of this dialogue, the World Bank, DFID and ADB teams have produced a joint Financial Management Roadmap to address the concerns raised in the various fiduciary assessments, with a clear timeline, to further develop and support transparent financial management and adequate monitoring systems at BISP. This roadmap also determines the resources each respective development partner will provide during the next fiscal year to accomplish future improvements. The joint Financial Management Roadmap has been prioritized with respect to 'actions requiring immediate attention'; 'within six months' and 'actions that would need support as part of its capacity building plan.' A number of these are included in the scope of the project (for concrete project assistance). In addition, the following concerns were found to be of direct relevance for the expenditure scope of the project:

- a. weak processes for reconciliation with the Pakistan Post and no requirements for (and practice of) regular reconciliation with the BDC system;
- b. delays in releases from the Federal government,
- c. weak institutional capacity, and
- d. absence of audited annual financial statements.

**35.** Actions included as loan effectiveness conditions in the project aim to address the following issues:

---

<sup>27</sup> This solution intended to compensate banks for the cost of BDC issuance and of the deployment of bank staff to all BISP tehsil offices.

<sup>28</sup> This is to minimize the travel burden to each new DC-holder, as most BISP beneficiaries probably undertake a costly journey to the BISP Tehsil office to obtain it.



- a. AGP will provide confirmation satisfactory to ADB that there has been no payment to ineligible beneficiaries under AETP Subprogram 2.
- b. BISP will prepare and submit financial statements for FY2012 and FY2013 to ADB and the Auditor General of Pakistan who will conduct their audit of the FY 2013 financial statements in accordance with International Standards on Supreme Audit Institutions (ISSAI), and BISP will submit to ADB an action plan acceptable to ADB for addressing any significant issues raised by the Auditor General of Pakistan.
- c. The BISP Board will establish an audit committee to oversee the financial reporting and audit of BISP, which includes reviewing internal audit reports.

36. Actions included as covenants in the project aim to address the following issues:

- a. The BISP Board will approve the BISP financial management manual for implementation in accordance with its terms to ensure that operations are performed in accordance with rules and regulations along with strong internal controls implementation.
- b. BISP will hire a financial management specialist with at least 7 years of experience in internal control and financial reporting activities in the private sector.

37. A project management unit will be shared with the WB. The ADB section will comprise a project manager, a financial management specialist, an internal auditor and a procurement specialist. In addition, a financial management specialist will be hired to strengthen the financial management unit and to improve financial management capacity.

## **B. Disbursement**

38. The Loan proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2012, as amended from time to time),<sup>29</sup> and detailed arrangements agreed upon between the Government and ADB. To achieve the project's objectives and facilitate project implementation in the face of likely fiscal/treasury difficulties in Pakistan, the disbursement mechanism of the project needs to ensure a timely availability of loan proceeds for the project's main expenditure item, the regular quarterly releases in the cash-transfer program.

39. The executing agency will establish an imprest account promptly after loan effectiveness at the National Bank of Pakistan (NBP). The currency of the imprest account shall be in dollar.<sup>30</sup> The executing agency is accountable and responsible for proper use of advances of the imprest account.

40. Most ADB funding will be in support of payments of cash transfers, but only to newly-registered beneficiaries and for a set number of quarters. This crucial design feature imposes significant involvement by the project's PMU in preparing (verification and endorsement of payment requests to the imprest account), monitoring, reconciling and reporting of project payments. Project financing in support of the cash transfer program will be made through existing disbursement arrangements at BISP. These are constantly being improved and are

<sup>29</sup> Available at: [http://www.adb.org/Documents/Handbooks/Loan\\_Disbursement/loan-disbursement-final.pdf](http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf)

<sup>30</sup> Advances to the imprest account will be converted and used in accordance with the Government of Pakistan's Revised Accounting Procedures for Revolving Fund Accounts dated 17 January 2012, as amended from time to time.

expected to increasingly rely on a network of partner commercial banks to reach eligible beneficiaries in an efficient and effective way, albeit at some expense of simplicity.

41. Project finance of cash transfers to beneficiaries transitioning from the Pakistan Post to the DC system, and within the DC system from the 1<sup>st</sup> quarterly payment to the regular quarterly releases need to be properly accounted for, in order to avoid duplication of payments. The overwhelming majority of the beneficiaries that will receive cash transfer support from the project are expected to be on the DC system, and will thus receive payment through the disbursement solution described in the G. Fund Flow Diagram (1) For Private Banks – Regular release to new beneficiaries). But (i) for the 1<sup>st</sup> quarterly release to every new beneficiary under the current DB system, and (ii) for geographical areas where the DB system cannot yet be used (and would thus continue to be served through the Pakistan Post solution), project finance will be done on a reimbursement basis to the Government of Pakistan, upon a complete beneficiary reconciliation (see G. Fund Flow Diagrams (2) For Private Banks - reimbursement for 1<sup>st</sup> quarterly payment to new beneficiaries, and (3) For Pakistan Post).

42. The Project Director of the PMU at BISP will have the authority to withdraw loan funds from the Loan Account to finance eligible project costs. The statement of expenditure (SOE) procedure will be used under the reimbursement and imprest fund procedures, with a ceiling of \$10,000 equivalent for individual payments, and the PMU will ensure that complete supporting documents are retained in the PMU office. Such SOE records should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.

43. Quarterly liquidation and replenishment of the imprest account will be conducted. For every liquidation and replenishment request of the imprest account, the borrower and the PMU will furnish ADB with a quarterly report comprising:

- (i) A statement of the imprest account at NBP;
- (ii) The Imprest Account Reconciliation Statement (IARS), reconciling the above-mentioned bank statement against the BISP's record and
- (iii) Beneficiary level reconciliation statements with regards to project support for the cash-transfer program, reconciling the list of eligible beneficiary at the start of each quarter with the corresponding amount paid. This shall be accompanied by the following documentary evidence:
  - imprest account reconciliation with PBs;
  - the partner bank's statements of the LMA-1<sup>31</sup> account verifying that funds have been credited into individual beneficiaries accounts, and full beneficiary reconciliation of payment done by BISP through Pakistan Post;
  - beneficiary level reconciliation of newly enrolled beneficiary from BISP MIS database with beneficiary paid data of the partner bank and Pakistan Post; and
  - certification from BISP confirming compliance with the conditions set forth in the Loan Agreement.

<sup>31</sup> Limited Mandate Account-1 opened at partner banks from where funds are credited to the individual beneficiary account (LMA-0) in the same bank.

44. The ceiling of the imprest account will not exceed 10% of the loan amount. The imprest account is to be used exclusively for ADB's share of eligible expenditures. The government may request for initial and additional advances to the imprest account based on 6 months estimated expenditures to be financed through the imprest account. The request for initial and additional advance to the imprest account should be accompanied by an estimate of expenditure sheet setting out the estimated expenditures for the forthcoming six months of project implementation. The imprest account will be established, managed, and liquidated in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed by the Government and ADB. ADB's Loan Disbursement Handbook describes which supporting documents should be submitted to ADB and which should be retained by the government for liquidation and replenishment of an Imprest account.

45. Counterpart funds of the BISP must be deposited in the respective Local Currency Revolving Fund Account (GoP Assignment Accounts) to ensure that all Government fund accounting requirements are met. Counterpart funds would mainly cover taxes and duties on account of procurement of goods and services carried out as part of the project implementation.

46. Before the submission of the first withdrawal application, BISP should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The specimen signatures should be duly authenticated by the Economic Affairs Division prior to submission to ADB's Pakistan Resident Mission (PRM). The minimum value per withdrawal application is \$100,000 equivalent, unless otherwise approved by ADB. The executing agency should consolidate claims to meet this limit for reimbursement and imprest account claims. Withdrawal applications and supporting documents will demonstrate, among other things that the goods, and/or services were produced in or from ADB members, and are eligible for ADB financing. All withdrawal applications will be submitted in original to the PRM for processing.

### **C. Accounting**

47. **Project financial statements.** BISP will (i) maintain separate books and records, by funding source, for all expenditures incurred under the project, and (ii) prepare annual project financial statements in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS).

48. **Program financial statements.** BISP will prepare annual program-level financial statements in accordance with the Cash Basis IPSAS and the requirements of the BISP Act.

### **D. Auditing**

49. **Annual audited project financial statements and auditor's report.** BISP will arrange for the annual project financial statements to be audited by the Department of the Auditor General of Pakistan (AGP) in accordance with the International Standards of Supreme Audit Institutions ("ISSAI") and the AGP's guidelines and procedures. BISP will submit the annual audited project financial statements together with an auditor's report in the English language to ADB within 6 months of the end of BISP's fiscal year. The auditor's report will include an audit management letter and audit opinions which cover (i) whether the annual project financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether loan proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal

agreements for the project; (iv) use of the imprest fund procedure; and (v) the use of the statement of expenditure procedure certifying to (a) the eligibility of those expenditures claimed under SOE procedures, and (b) proper use of the SOE and imprest procedures in accordance with ADB's *Loan Disbursement Handbook* and the project documents.

50. **Program financial statements and auditor's report.** BISP shall submit to the AGP and ADB not later than 30 September 2013, unaudited annual program-level financial statements in the English language for FY2011-12 and FY2012-13 respectively. BISP shall also submit to the ADB in the English language, and not later than 31 December 2013, program-level financial statements for FY 2012-13 duly audited by the AGP. The auditor's report will include an audit management letter and an audit opinion addressing whether the annual program-level financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.

51. BISP shall submit to the AGP and ADB within one month of each applicable fiscal year-end, unaudited annual program-level financial statements in the English language for the fiscal year ending 30 June 2014 and subsequent fiscal years until program completion.

52. BISP will arrange with AGP for the annual program-level financial statements to be audited in a timely manner in accordance with ISSAI and the AGP's guidelines and procedures and the requirements of BISP Act BISP shall submit the audited annual program-level financial statements together with the auditor's report in the English language to ADB within 6 months of the end of BISP's fiscal year. The auditor's report will include an audit management letter and an audit opinion addressing whether the annual program-level financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.

53. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

54. The government and the BISP have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited financial statements<sup>32</sup>. ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the recipient), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

---

<sup>32</sup> ADB Policy on delayed submission of audited project financial statements:

- When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next six months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- When audited project financial statements have not been received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next six months.
- When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the loan.

55. Public disclosure of the project financial statements, including the audit report on the annual project financial statements, will be guided by ADB's Public Communications Policy (2011)<sup>33</sup>. After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter and the Audited Program Financial Statements will not be disclosed.

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting

56. All advance contracting will be undertaken in conformity with ADB's *Procurement Guidelines* (February 2013, as amended from time to time)<sup>34</sup> and ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time).<sup>35</sup> The issuance of invitations to bid under advance contracting will be subject to ADB approval. The borrower and BISP have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the Project.

57. **Advance contracting.** The borrower will proceed with the selection (not the contracting) of the project management unit staff, the financial management specialist for the Financial Management Unit and the following consulting services before signing of the loan agreement: (i) survey firm to design and implement spot checks on the timely delivery of cash transfers; (ii) survey firm to design and implement a baseline survey for the health insurance program; (iii) survey firm to design and implement an economic opportunities and skills needs; (iv) MIS and M&E system developer; (v) social mobilizers for skills development program; (vi) third party monitoring firm; and (vii) firm providing skills training specialists.

### B. Procurement of Goods, Works and Consulting Services

58. All procurement of goods and works will be undertaken in accordance with ADB's *Procurement Guidelines*.

59. Shopping will be used for contracts for procurement of equipment worth less than \$100,000.

60. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

61. All consultants and nongovernment organizations (NGOs) will be recruited according to ADB's *Guidelines on the Use of Consultants*.<sup>36</sup> The terms of reference for all consulting services are detailed in Section D.

62. The inputs of 18 consulting firms and 9 individual consultants, for a total of 637 person months (97 international, 540 national) are required to assist in the design and implementation, and for the monitoring and evaluation of the project activities. Consulting firms will be engaged

<sup>33</sup> Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

<sup>34</sup> Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

<sup>35</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

<sup>36</sup> Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

using the quality- and cost-based selection (QCBS) method with a standard quality-cost ratio of 80:20. Individual consultants will be recruited by open advertisement with TOR and qualifications requested, a transparent rating system for applicants acceptable to ADB, submission of scoring, interview results, and top three candidates' names and CVs to ADB prior to offer of employment of consultants, and publication of the names and positions of recruited consultants.

### C. Procurement Plan

63. The procurement plan is prepared in accordance with OSFMD generic and country specific templates as appropriate.

#### Basic Data

<b>Project Name:</b> Social Protection Development Project	
<b>Country:</b> Pakistan	<b>Executing Agency:</b> Benazir Income Support Program
<b>Loan Amount:</b> \$430 million	<b>Loan (Grant) Number:</b> tbd
<b>Date of First Procurement Plan:</b> 25 September 2013	<b>Date of this Procurement Plan:</b> tbd

### D. Process Thresholds, Review and 18-Month Procurement Plan

#### 1. Project Procurement Thresholds

64. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

#### Procurement of Goods and Works

Method	Threshold
Shopping for Goods	Below \$100,000

#### 2. ADB Prior or Post Review

65. Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used for the project.

Procurement Method	Prior or Post	Comments
<b>Procurement of Goods and Works</b>		
Shopping for Goods	Post	Minimum of 3 quotations required
<b>Recruitment of Consulting Firms</b>		
Quality- and Cost-Based Selection (QCBS)	Prior	
Quality-Based Selection (QBS)	Prior	
Other selection methods: Consultants Qualifications (CQS), Least-Cost Selection (LCS), Fixed Budget (FBS), and Single Source (SSS)	Prior	
<b>Recruitment of Individual Consultants</b>		
Individual Consultants	Prior	

#### 3. Consulting Services Contracts Estimated to Cost More Than \$100,000

66. The following table lists consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months. The consulting market in Pakistan is deep and active, with sufficient presence of both accounting and consulting firms to provide a competitive bidding process for the consulting services listed for national assignment.

General Description	Contract Value	Recruitment Method <sup>1</sup>	Advertisement Date (quarter/year)	International or National Assignment	Comments
<b>Output 1</b>					
Spot checks on delivery of cash transfers	\$1,000,000	QCBS 80-20	Q3 2013	National	
Survey firm for catch-up effort	\$300,000	QCBS 80-20	Q1 2014	National	
<b>Output 2</b>					
Evaluation firm	\$1,000,000	QCBS 80-20	Q4 2013	International	Intermittent over project period
Health insurance specialist	\$849,000	ICS	Q4 2103	International	
Technology-based infra developer	\$3,902,942	QCBS 80-20	Q4 2013	International	
Communication and awareness	\$920,000	QCBS 80-20	Q1 2014	National	
Insurance manager	\$180,000	ICS	Q1 2014	National	36 person months
M&E manager	\$216,000	ICS	Q1 2014	National	36 person months
<b>Output 3</b>					
Survey on economic opportunities	\$500,000	QCBS 80-20	Q3 2013	National	
MIS and M&E system developer	\$250,000	QCBS 80-20	Q3 2013	National	
Evaluation firm	\$1,500,000	QCBS 80-20	Q4 2013	International	
Social mobilizers	\$1,500,000	QCBS 80-20	Q3 2013	National	
Third party monitor	\$1,000,000	QCBS 80-20	Q3 2013	National	
Firm providing community-based, center and enterprise-based training specialists	\$1,800,000	QCBS 80-20	Q3 2013	International	
Course development	\$500,000	QCBS 80-20	Q2 2014	National/ International	
<b>Output 4</b>					
FM specialist	\$150,000	ICS	Q4 2013	National	48 person months
Internal auditor	\$150,000	ICS	Q4 2013	National	
Gender policy & research specialist	\$120,000	ICS	Q4 2014	National	
<b>PMU</b>					
Project manager	\$180,000	ICS	Q4 2013	National	
FM specialist	\$150,000	ICS	Q4 2013	National	
Procurement specialist	\$150,000	ICS	Q4 2013	National	

FM = financial management, ICS = individual consultant system, MIS = management information system, M&E = monitoring and evaluation, PMU = project management unit, QCBS = Quality- and Cost-Based Selection.

Source: Asian Development Bank.

#### 4. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000

67. The following table groups smaller-value goods, works and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Value of Contracts (cumulative)	Number of Contracts	Procurement Method	Comments
<b>Goods</b>				
IT Equipment for PMU	\$25,000	multiple	shopping	National
Office Administration	\$50,000	multiple	shopping	National

#### E. Indicative List of Packages Required Under the Project

68. The following table provides an indicative list of all procurement (goods, works and consulting services) over the life of the project. Contracts financed by the Borrower and others should also be indicated, with an appropriate notation in the comments section.

General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
<b>Goods</b>					
IT Equipment for PMU	\$25,000	multiple	shopping	National	
Office Administration	\$50,000	multiple	shopping	National	
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Type of Proposal	Comments
<b>Consulting Services</b>					
<b>Output 1</b>					
Spot checks on delivery of cash transfers	\$1,000,000	1	QCBS	BTP	
Survey firm for catch-up effort test	\$300,000	1	QCBS	BTP	
Survey firms for catch-up roll out	\$1,800,000	3	QCBS	BTP	
<b>Output 2</b>					
Health insurance specialist	\$849,000	1	ICS	International	25 person months
Technology-based infra developer	\$3,902,942	1	QCBS	STP	
Evaluation firm	\$1,000,000	1	QCBS	STP	
Communication and awareness	\$920,000	1	QCBS	BTP	
Insurance manager	\$180,000	1	ICS	National	36 person months
M&E manager	\$216,000	1	ICS	National	36 months
Audit firm	\$378,800	1	QCBS	BTP	Tender Q3 2015
<b>Output 3</b>				BTP	



General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
Survey on economic opportunities	\$500,000	1	QCBS	BTP	
MIS and M&E system developer	\$250,000	1	QCBS	BTP	
Evaluation firm	\$1,500,000	1	QCBS	BTP	
Social mobilizer	\$1,500,000	2	QCBS	BTP	
Third party monitor	\$1,000,000	1	QCBS	BTP	
Firm providing community-based, center and enterprise-based training specialists	\$1,800,000	1	QCBS	BTP	36 months per international/ 60 months per national specialist
Course development	\$500,000	2	QCBS	BTP	
<b>Output 4</b>					
FM Specialist	\$150,000	1	ICS	National	60 person months
Internal Auditor	\$150,000	1	ICS	National	60 person months
Gender policy & research specialist	\$120,000	1	ICS	National	48 person months
<b>PMU</b>					
Project manager	\$180,000	1	ICS	National	60 person months
FM specialist	\$150,000	1	ICS	National	60 person months
Procurement specialist	\$150,000	1	ICS	National	60 person months

BTP = bio-data technical proposal, FM = financial management; ICS = individual consultant system; QCBS = quality- and cost-based selection; STP = simplified technical proposal.

Source: Asian Development Bank.

## F. Consultant's Terms of Reference

Expertise	Terms of Reference	Firm/ Individual	International/ National
<b>Project management unit</b>			
Project manager	<ul style="list-style-type: none"> <li>Assist project director in developing a comprehensive plan of activities, with a detailed plan on project management, finance and procurement for the entire project period</li> <li>Develop financial reporting system and financial management guidelines</li> <li>Monitor PMU consultants and project consultants in areas of project management, technical inputs, finance, and procurement to expedite project implementation</li> <li>Prepare quarterly progress reports (including the quarterly reconciliation of the cash transfer payments)</li> </ul>	Individual	National

Expertise	Terms of Reference	Firm/ Individual	International/ National
	<p>supported under the project, and progress against the project implementation plan)</p> <ul style="list-style-type: none"> <li>• Ensure that the project performance management system is established and continuously updated</li> </ul>		
Financial management specialist	<ul style="list-style-type: none"> <li>• Provide overall financial oversight of the project, including developing, guiding and directing financial management and accounting systems to support deployment of funds – ensuring efficiency and effectiveness in the delivery of outputs required to achieve the objectives of the project</li> <li>• Ensure that accounting of resources received, reporting on receipt and use of expenditures is in compliance with the requirements of the Government and ADB;</li> <li>• Make arrangements for audit of project funds and ensure that report produced is in compliance with audit requirements of the Government and ADB;</li> <li>• Maintain and update the project financial management system to track and report on project resources and expenditures, and generate the necessary reports;</li> <li>• Prepare monthly reconciliation statements for all bank accounts on a timely basis, including preparation of withdrawal applications, to ensure steady flow of funds needed;</li> <li>• Manage financial aspects of the contracts under administration, including payment terms, purchase orders, variation orders.</li> </ul>	Individual	National
Procurement specialist	<p>The detail tasks, but not limited to, include assistance and technical support to the PIU in BISP in:</p> <ul style="list-style-type: none"> <li>• Preparation of request for Expression of Interest and request for quotation of goods</li> <li>• Short listing of consultants and submission on requisite ADB's format,</li> <li>• Preparation of RFP</li> <li>• Conducting pre proposal meetings, responding to the queries and amendments to the RFP</li> <li>• Convening technical and financial proposal opening and maintaining record</li> <li>• Evaluation of technical proposals and preparing requisite submissions on ADB's format for concurrence of ADB and addressing queries if any</li> <li>• Evaluation of Financial proposals and preparation of requisite submissions on ADB's format</li> <li>• Convening contract negotiation meeting and drafting minutes issuing notification of award</li> <li>• Updating procurement plan and keeping track of procurement events</li> <li>• Preparation of RFQ, Evaluation of Quotations and issuance of supply orders</li> <li>• Any other work assigned in association with the current assignment</li> </ul>	Individual	National

Expertise	Terms of Reference	Firm/ Individual	International/ National
Internal auditor	<p>The internal auditor will be based in the project management unit and provide support and training to the BISP internal audit section, and by preference be a Certified Internal Auditor. The International Professional Practices Framework, promulgated by the Institute of Internal Auditors, serve as the basis for these strengthening efforts.</p> <ul style="list-style-type: none"> <li>• Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.</li> <li>• Review and appraise the economy and efficiency with which resources are employed.</li> <li>• Review operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.</li> </ul>	Individual	National
<b>Output 1: Expansion of coverage of cash transfer program</b>			
Survey firms for catch-up effort	<p>The catch-up exercise will first be tested at the union council level in selected districts in South Punjab, rural Sindh and in selected major cities in Punjab and Sindh, including Lahore and Karachi. A sample of 100,000 remaining beneficiaries will be selected in union councils with the largest concentration of eligible beneficiaries that have not registered the CNIC of the female head of the family. A total of three survey teams will be contracted. In case of successful completion of the test phase, the same survey teams will be contracted for the further roll-out of the catch-up effort. The selected firms or consortium of firms are expected to perform the following tasks:</p> <ul style="list-style-type: none"> <li>• Field social mobilizers, active in the selected communities, to approach the pending beneficiaries, inform them on their entitlement to the UCT and campaign to register for CNIC (3-4 days prior to the fielding of the survey team);</li> <li>• Field survey team to visit the pending beneficiaries, complete the missing information in the poverty scorecard survey forms and identify the problems related to the CNIC registration (3-4 days prior to the arrival/mobilization of the NADRA registration team);</li> <li>• Social mobilizers to organize coordination between survey teams and NADRA on CNIC registration (upon arrival/mobilization of the NADRA registration team);</li> <li>• Social mobilizers to assist newly registered beneficiaries in obtaining the debit card from a private bank in BISP Tehsil office and in first use of the debit card.</li> </ul>	Firm	National
Provider to monitor timely delivery of cash transfers	<p>The selected firm or consortium of firms is expected to perform the following tasks for each of the two surveys to take place each year:</p> <ul style="list-style-type: none"> <li>• Prepare a sampling strategy for households such that the sampling error is kept to a minimum within the</li> </ul>	Firm	National

Expertise	Terms of Reference	Firm/ Individual	International/ National
	<p>constraints of funding, and a reasonable degree of variation is maintained in terms of regions covered. The regional distribution of the sample should be representative of the area distribution of the additional households to the extent possible.</p> <ul style="list-style-type: none"> <li>• Design a household level questionnaire(s) that include the following issues: <ul style="list-style-type: none"> <li>➤ Assess the process by which the beneficiary was approached and asked to enroll in the program;</li> <li>➤ Assess the quality of assistance provided by BISP to ensure that beneficiaries met the conditions for disbursement of the cash transfer;</li> <li>➤ Determine the time frame for the process as a whole—time lapsed between identification of beneficiaries, fulfillment of conditions for disbursement and start of disbursement;</li> <li>➤ Assess if beneficiaries are aware of the terms and conditions of disbursement of the cash transfer, and particularly of payment modalities.</li> </ul> </li> <li>• In addition, the firm may use qualitative research methods to carry out the following tasks:</li> <li>• Assess the efficacy of payment systems for newly enrolled households;</li> <li>• Assess the efficacy of case management systems for newly enrolled households.</li> <li>• The firm will be required to carry out detailed data analysis, using appropriate software for quantitative data, and assessment of qualitative data. Where necessary and possible, the firm should triangulate findings using secondary data or results of previous surveys and evaluations.</li> </ul>		
<b>Output 2: Refinement and roll-out of health insurance program</b>			
Health insurance expert	<ul style="list-style-type: none"> <li>• Design coordinator of phase 1 and 2 design team</li> <li>• Advise WES to whom he/she reports,</li> <li>• Coordinate other consultant outputs, including MOU preparation and successful negotiation, writes reports, coordinates closely with Technical Working Group and SLIC and GIZ</li> <li>• Take lead on review of low utilization and how to improve it</li> <li>• Review SLIC procedure packages and premium recovery plan with health insurance specialist</li> <li>• Lead work on model choice for phase 2</li> <li>• Deliverables are design documents for phase 1 and phase 2, signed MOUs. Work is concentrated around two design phases and potential Phase 3 in 2018, and supplemented with part time support after design phases.</li> </ul>	Individual	International
Communication and awareness	<ul style="list-style-type: none"> <li>• Communication campaigns for phase 1 and phase 2, pre-launch, at launch, and post launch (local)</li> <li>• Information on benefits, participating hospitals, how to enroll and where, pamphlets, posters up at sites favored by poor (Basic Health Units, community fairs,</li> </ul>	Firm	National

Expertise	Terms of Reference	Firm/ Individual	International/ National
	<p>schools, hospitals) local radio spots, community awareness outreach and social mob, direct phone contact.</p> <ul style="list-style-type: none"> <li>• Reports to WES DDG for Communications</li> <li>• Declining level for each district for each year that district is in WES (\$30,000 yr 1, \$20,000 Yr 2, \$10,000 yr 3 and \$5,000 for yrs 4 and 5)</li> </ul>		
Technology-based infrastructure developer	<ul style="list-style-type: none"> <li>• Development of upgraded MIS system,</li> <li>• Design and application integrating BISP, SLIC &amp; other insurers, hospitals and smart cards during phase 1,</li> <li>• Pilot testing and capacity building,</li> <li>• Ready for Phase 2, including hardware and software, smart cards, and alignment with NADRA</li> <li>• Installation, start up, maintenance</li> </ul>	Firm	International
Evaluation survey firm	<ul style="list-style-type: none"> <li>• Implement evaluation design with baseline surveys in Phase 1 districts and enhanced sampling for follow up survey to cover phase 1 follow up and phase 2 baseline, plus final follow up survey in 2018</li> </ul>	Firm	International/ national
Insurance manager	<p>Local health insurance industry professional with financial skills</p> <ul style="list-style-type: none"> <li>• Advise design team</li> <li>• Advise Team Leader and DG on MOU negotiations with provinces</li> <li>• Assess local insurance industry readiness for insurance model for Phase 2</li> <li>• Advise on tender for Phase 2 insurer</li> <li>• Assist legal expert to prepare contracts with insurers and MOUs</li> <li>• Monitor insurer financial condition</li> <li>• Recommend premium adjustments</li> <li>• Assess financial incentive aspects of low utilization and recommends design responses</li> </ul>	Individual	National 36 months
M&E manager	<p>MIS Manager and Community Specialist</p> <ul style="list-style-type: none"> <li>• Design and produce from MIS regular reports</li> <li>• Monitor functionality and accuracy of MIS</li> <li>• Train insurer staff on MIS in expansion districts</li> <li>• Visit districts to help train SLIC and hospital staff, trouble shoot</li> <li>• Liaise with IT contractor after installation</li> <li>• Manage overall evaluation program, including formal evaluation consultant firm, spot check firm hired by GIZ</li> </ul>	Individual	National 36 months
Auditor	<ul style="list-style-type: none"> <li>• Technical audits at conclusion of Phase 1 and Phase 2, covering Insurer claims management, insurer Reserve Fund management, hospital admission and discharge procedures, hospital claims management, WES technical support to insurer and hospitals, BISP implementation of enrollment, WES management of beneficiary programs (call center, communication campaigns). Reports to DDG Insurance.</li> <li>•</li> </ul>	Firm	

Expertise	Terms of Reference	Firm/ Individual	International/ National
<b>Output 3: Strengthening of skills development program</b>			
Survey on (a) economic opportunities and skills need, (b) baseline profiling of beneficiaries	<p><b>Survey (Quantitative):</b></p> <ul style="list-style-type: none"> <li>• Define the survey respondents and the sampling frames for each of the two surveys;</li> <li>• Estimate the required sample size (at 95% confidence level, + - 3% margin of error) for each of the two surveys covering the 13 pilot districts and design respective sample distribution, as follows: <ul style="list-style-type: none"> <li>- for economic survey—stratified by district and by type of respondent, i.e, employers/enterprise staff and notables; and</li> <li>- for potential trainees—stratified by district and by gender;</li> </ul> </li> <li>• Design questionnaires for each survey, pre-test and finalize;</li> <li>• Prepare data analysis plan and encoding instruction;</li> <li>• Orient enumerators and field supervisors on survey questionnaires and conduct field work doing face-to-face interview using the questionnaires;</li> <li>• Check collected questionnaires for clarity and completeness and encode into the data base using Statistical Package for the Social Sciences (SPSS) software;</li> <li>• Generate tables based on the analysis plan and analyze.</li> </ul> <p><b>Focus Group Discussion/Interview (Qualitative):</b></p> <ul style="list-style-type: none"> <li>• Prepare plan to conduct FGDs / interviews in the pilot districts to complement quantitative surveys, as follows: <ul style="list-style-type: none"> <li>- On economic and skills needs survey—2 FGDs for notables and 5 interviews with employers/enterprise staff in each pilot district; participants should be different from those of survey respondents;</li> <li>- On potential trainees—2 FGDs (1 for male and 1 for female) in each of the pilot districts; participants should be different from those of survey respondents.</li> </ul> </li> <li>• Prepare FGD guide questions for each type of participants and interview guide questions for employers/enterprise staff;</li> <li>• Organize logistics and conduct FGDs and interviews and prepare report for each FGD and interview conducted in standard format.</li> </ul>	Firm	
Firm providing skills training specialists: (1) Center and Enterprise-based training specialist	<ul style="list-style-type: none"> <li>• Review project documents and reports particularly those related to Waseela-e-Rosgar and community-based training;</li> <li>• Prepare detailed work plan throughout the duration of the engagement;</li> <li>• Together with the Community-based Training Specialist, review and evaluate the operations manuals on social mobilization and on external monitoring and evaluation prepared by the respective consulting firms and recommend improvements, if necessary;</li> </ul>	Firm	1 international 1 national

Expertise	Terms of Reference	Firm/ Individual	International/ National
(2) Community-based training specialist	<ul style="list-style-type: none"> <li>• Prepare operations manual for training delivery of center and enterprise-based training taking into consideration the operations manual on social mobilization and external monitoring and evaluation;</li> <li>• Provide technical advice to the bidding committee in the evaluation and selection of training providers for center and enterprise-based training;</li> <li>• Assist the social mobilization firm in coordinating with the training provider for center and enterprise-based training in the pilot districts, where necessary;</li> <li>• Report problems and issues encountered in the course of implementation of center and enterprise-based training and recommend actions to PMU and/or WER management to address them;</li> <li>• Consolidate monthly reports of social mobilization firm, training providers, and external monitoring firm related to center and enterprise-based training for submission to PMU and WER management;</li> <li>• Prepare quarterly progress report on center and enterprise-based training as part of the required quarterly progress report of the PMU for submission to ADB and the BISP management.</li> <li>• Review project documents and reports particularly those related to Waseela-e-Rosgar and community-based training;</li> <li>• Prepare detailed work plan throughout the duration of the engagement;</li> <li>• Together with the Center and Enterprise-based Training Specialist, review and evaluate the operations manuals on social mobilization and on external monitoring and evaluation prepared by the respective consulting firms and recommend improvements, if necessary;</li> <li>• Prepare operations manual for training delivery of community-based training taking into consideration the operations manual on social mobilization and external monitoring and evaluation;</li> <li>• Provide technical advice to the bidding committee in the evaluation and selection of training providers for community-based training;</li> <li>• Assist the social mobilization firm in coordinating with the training provider for community-based training in the pilot districts, where necessary;</li> <li>• Report problems and issues encountered in the course of implementation of community-based training with recommendations to PMU and/or WER management on how to address them;</li> <li>• Consolidate monthly reports of social mobilization firm, training providers, and external monitoring firm related to community-based training for submission to PMU and WER management;</li> <li>• Prepare quarterly progress report on community-based training as part of the required quarterly</li> </ul>		1 international 1 national

Expertise	Terms of Reference	Firm/ Individual	International/ National
	progress report of the PMU for submission to ADB and the BISP management.		
MIS and M&E system developer	<ul style="list-style-type: none"> <li>Based on the MIS architecture developed for the Waseela-e-Rozgar during the project preparatory phase, and in close coordination with BISP MIS department, develop the technical specifications for the implementation of a web-based MIS for Waseela-e-Rozgar</li> <li>Undertake all the necessary coding and software design, install all the necessary hardware and web-based features, troubleshoot the system in coordination with the BISP MIS department, draft user manuals for the different clients, and provide maintenance assistance as relevant</li> </ul>	Firm	National
Baseline and impact evaluation surveyor	<ul style="list-style-type: none"> <li>Based on the impact evaluation framework, design the technical parameters of the three surveys (baseline, and two follow-ups) as well as the evaluation methodology</li> <li>Train enumerators and implement baseline survey in the 13 districts</li> <li>Train enumerators and implement first impact survey (2016) and undertake the evaluation analysis</li> <li>Train enumerators and implement final impact survey (2018) and undertake the respective analysis.</li> </ul>	Firm	National
Training course developer	<ul style="list-style-type: none"> <li>Prepare a work plan according to a standard format to be provided by WER management/PIU;</li> <li>Mobilize respective teams of course developers for the contracted trade skills;</li> <li>Design the course curriculum for each of the contracted trade skill in English and Urdu according to a standard format to be provided by WER management/PIU which will include, but not limited to, the following: (a) course objectives expressed in terms of competencies to be achieved; (b) course duration; (c) trainee entry requirements; (d) course contents with time allocation for each main topic or module including modules on entrepreneurship and functional literacy, where appropriate; (e) learning materials; (f) methodology of training delivery; (g) list of equipment, tools and training materials; (h) training facilities; (i) trainer's qualifications; (j) trainer's guide; (k) instruments for formative and summative assessment; (l) arrangement for external competency assessment and certification, if necessary;</li> <li>Revise any part or aspect of the course curriculum as may be required by a panel of experts to be engaged by WER management/PIU as quality controllers;</li> <li>Submit to WER management/PIU revised version upon endorsement by the panel of experts for quality control.</li> </ul>	Firm	
Social mobilizers	<ul style="list-style-type: none"> <li>Prepare a social mobilization operations manual containing, among others, an overall framework</li> </ul>	Firm	National



Expertise	Terms of Reference	Firm/ Individual	International/ National
	<p>outlining the key tasks involved, the guidelines and procedures in undertaking them, the identification of tehsils, union councils and villages to be covered, the data collection forms and data base of individual households and nominees for training, the reporting system, etc., and other guidelines and procedures, for approval by the WER management and PIU;</p> <ul style="list-style-type: none"> <li>• Prepare an annual work plan mapping out the tehsils, union councils, and villages to be covered during the period, the social mobilization activities to be undertaken including awareness campaign, identification and verification of eligible trainees, vocational counseling and selection of trainees, and other support activities during and after the training, etc., for approval of WER management and PIU;</li> <li>• Implement work plan following the guidelines and procedures in the operations manual and in close coordination with the training delivery providers;</li> <li>• Prepare and submit monthly report to WER management and PIU indicating implementation progress as well as problems and issues that need to be acted upon;</li> <li>• Prepare annual report summarizing accomplishments during the year, the problems and issues encountered during implementation, the actions taken and the results, and the implementation strategies in the following year.</li> </ul>		
Third-party monitor	<p><b>General</b></p> <ul style="list-style-type: none"> <li>• Prepare a monitoring and evaluation (M&amp;E) operations manual containing, among others, an overall M&amp;E framework defining the areas to be monitored, structure of the flow of information, guidelines and procedures on field visits and data collection, data collection forms, data storage, type of reports reporting system, etc., and other guidelines and procedures for approval by the WER management and PIU;</li> <li>• Prepare a detailed annual work plan specifying the monitoring activities on a monthly basis covering the different phases of the training cycle for each of the training modalities and the support administrative and financial services as well as the evaluation activities that will be done during the year for approval by WER management and the PIU;</li> </ul> <p><b>Monitoring</b></p> <ul style="list-style-type: none"> <li>• Conduct the monitoring activities indicated in the work plan following guidelines and procedures in the M&amp;E operations manual;</li> <li>• Prepare the different types of reports according to specified frequency indicating progress as well as problems and issues that need to be acted upon by WER management and PIU;</li> <li>• Validate and/or take further actions on reported</li> </ul>	Firm	National

Expertise	Terms of Reference	Firm/ Individual	International/ National
	<p>problems and issues as may be directed by management;</p> <p><b>Evaluation</b></p> <ul style="list-style-type: none"> <li>• Prepare design of evaluation studies that will be conducted throughout the implementation framework including tracer studies of graduates at the end of each year and impact evaluation study at the end of project implementation;</li> <li>• Conduct tracer studies of graduates at the end of the 2nd, 3rd, and 4th years of implementation and present findings and recommendations to WER management and PIU and other key stakeholders;<sup>37</sup></li> <li>• Conduct impact evaluation study (with a tracer study on the 5th year) toward the end of implementation period covering the project's impact not only on the beneficiaries but also on the institutions involved including the WER management capacity, the training providers, and employers highlighting lessons learned and recommendations to further improve the project in the coming years; <ul style="list-style-type: none"> <li>- Conduct other studies as may be deemed necessary in the course of project implementation.</li> </ul> </li> </ul>		
<b>Output 4: Support of financial management and control systems and policy research</b>			
Financial management specialist	<p>The financial management specialist will be working in the financial management wing and work closely with the budget and account sections</p> <ul style="list-style-type: none"> <li>• Review existing financial systems and processes, and introduce modern tools and practices in the area of budget preparation, cash forecasting and financial reporting. Resulting in the following outcomes: <ul style="list-style-type: none"> <li>- Financial planning budgeting guidelines</li> <li>- Budget classification at detailed level</li> <li>- Improved financial reporting</li> <li>- Effective internal control environment</li> <li>- Improved budget utilization</li> </ul> </li> </ul>	Individual	National
Social protection gender policy and research specialist	<ul style="list-style-type: none"> <li>• assist SPRU in the development of a gender sensitive, time-bound social research program</li> <li>• devise and implement at least one BISP data related gender analysis of intra-household impacts of cash transfers (e.g., on nutrition and/or indebtedness and/or asset ownership by type (income generating, labor saving, etc) or another aspect/s of empowerment),</li> <li>• devise and implement at least one BISP data related gender analysis of impacts of health insurance on health and health-seeking behavior,</li> <li>• devise and implement at least one BISP data related gender analysis of impacts of skills training on informal and formal sector labor participation</li> </ul>	Individual	National

<sup>37</sup> Baseline data will be included in the survey on profile, preferences, and expectations of potential trainees conducted at the start of project implementation.

Expertise	Terms of Reference	Firm/ Individual	International/ National
	rates/income generation by gender • disseminate the results of studies on BISP website, through short reports, policy briefs and participation in workshops and seminars.		

ADB = Asian Development Bank, BISP = Benazir Income Support Program, CNIC = computerized national identity card, DDG = Deputy Director General, DG = Director General, FGD = focus group discussion, IT = information technology, M&E = monitoring and evaluation, MIS = management information system, MOU = memorandum of understanding, NADRA = National Database and Registration Authority of Pakistan, PIU = project information unit, PMU = project management unit, RFP = request for proposal, RFQ = request for quotation, SLIC = State Life Insurance Corporation, SPRU = Social Protection Research Unit, SPSS = Statistical Package for the Social Sciences, UCT = unconditional cash transfer, WES = Waseela e Sehet.

Source: Asian Development Bank.

## VII. SAFEGUARDS

69. The project is classified as category C for environment, involuntary resettlement and indigenous people, in accordance with the ADB Safeguard Policy Statement (2009). The BISP is an inclusive program that does not discriminate based on indigenous status. The program beneficiaries are selected based on the results of a poverty score card survey using proxy means testing. No questions are included on religion, language or ethnicity, to ensure participation/inclusion of all poor irrespective of tribe/sub-tribe or minority status. The project will not support any physical intervention; as such there is no need for land acquisition.

70. Pursuant to ADB's Safeguard Policy Statement (2009) (SPS),<sup>38</sup> ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS.

<sup>38</sup> Available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>

## VIII. GENDER AND SOCIAL DIMENSIONS

Activities	Indicators and Targets	Responsibility	Timeframe
Output 1. Expanded coverage of cash transfer program			
1.1 Gender sensitive awareness raising by field social mobilizers supports demand generation for new enrolments and knowledge of rights, entitlements and grievance redress mechanisms amongst BISP beneficiaries.	<ul style="list-style-type: none"><li>BISP tehsil offices and social mobilizers are able to explain to potential/existing female beneficiaries about entitlements for CNICs and BISP programs and respond to complaints.</li><li>Awareness raising campaigns undertaken throughout catch-up period.</li><li>95% of eligible beneficiaries (2.4 million new beneficiaries) have CNIC by 2018 (baseline is 70%)</li><li>Debit card issued to all new registered women with CNIC (2.4 million)</li><li>All eligible BISP women receive regular quarterly cash transfers on a regular basis</li></ul>	NADRA	Year 1–5
1.2 Mobilization of surveyors to identify pending and difficult to reach beneficiaries and support registration of CNIC to BISP.		BISP	Year 1–2
1.3 Catch-up effort of National Database Registration Authority (NADRA) mobile and semi-mobile teams to issue computerized national identity card (CNIC) and bank account.			Year 1–5
Output 2. Refined and enlarged health insurance program			
2.1 Reduce barriers to access of catastrophic health services for BISP women and their families	<ul style="list-style-type: none"><li>Issue of Waseela-e-Sehet (WES) health insurance cards to all BISP women (577,294) in 16 districts (baseline 1 district) by 2018</li><li>Women utilize transport cash payments to cover travel costs of patients admitted to hospital (baseline 0)</li><li>Engendered information, education, communication (IEC) in women-frequented places (markets, schools, clinics, government offices)</li><li>Information is transmitted by BISP and WES staff, via radio and other local media on both WES and also educating women on when they or family members should go to the hospital (maternity related, critical conditions etc)</li><li>Health seeking behavior of BISP women significantly increases by 2018 (baseline 928 admissions in 2012)</li></ul>	WES	Year 1–5
2.2 Awareness raising and information dissemination to increase use of health insurance supporting against catastrophic expenditure by BISP women			
Output 3. Strengthened skills development program			
3.1 Gender sensitive survey of employment opportunities and skill needs	<ul style="list-style-type: none"><li>Since training provision will shift primarily to a community level delivery approach, ensure courses are designed to provide skills which can be translated by women into a broad range of local income earning activities</li></ul>	WER	Year 1–5

Activities	Indicators and Targets	Responsibility	Timeframe
3.2 Development of curriculum, learning material and standardized competency testing 3.3 Generation of demand amongst, and selection of female trainees 3.4 Sensitize BISP staff members and contractors to the needs and requirements of BISP beneficiaries	<ul style="list-style-type: none"><li>• Consideration for bridging component in female skills courses to overcome barriers to some occupations caused by a requirement for functional literacy and numeracy.</li><li>• Available range of courses available to women is broadened (previously 26 of 52 center-based courses were classified suitable for men or women and 2 for women only – in reality the bulk of women were placed in less than 5 course types).</li><li>• Awareness raising activities on course availability and encouraging participation of women and men to include the benefits to families (children’s education, family nutrition, national development) of women earning incomes.</li><li>• All new BISP staff positions (estimated at around 20 total) are advertised with text encouraging women to apply. Contractors (social mobilization teams, skill training providers) are encouraged to provide a staff structure and teaching materials responsive to the cultural communication requirements of both male and female beneficiaries to encourage effective communication.</li></ul>		Year 1  Year 1–5  Year 1  Year 1
Output 4. Improved financial management and control systems, and policy research			
4.1 Engendered research conducted on BISP in line with research framework to promote evidence-based policy development	<ul style="list-style-type: none"><li>• New position created and filled in SPRU for a Social Researcher (Gender) and develop a multi-year social research program inclusive of relevant topics for women empowerment and poverty reduction</li><li>• Updated BISP research framework to include specific gender analysis on empowerment outcomes of Outputs 1-3 above</li><li>• Web articles, policy briefs, discussion documents and other research outputs on gender impacts of BISP such as impacts of unconditional cash transfers on nutrition and/or indebtedness and/or asset ownership by type (income generating, labor saving, etc; impacts of health insurance on health and health-seeking behavior of poor women; and impacts of skills training on informal and formal sector labor participation rates/income generation by gender.</li></ul>	BISP SPRU	Year 1  Year 1  Year 2–5

BISP = Benazir Income Support Program, CNIC = computerized national identity card, IEC = information, education and communication, NADRA = National Database and Registration Authority of Pakistan, SPRU = social protection research unit, WES = Waseela e Sehet.

Source: Asian Development Bank.

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

### A. Project Design and Monitoring Framework

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<b>Impact</b> Reduced income poverty and nonincome poverty for poor families in Pakistan	By 2023 Extreme income poverty reduced Baseline: 33% in 2012, target: 30%  Maternal mortality ratio reduced (number of mothers dying per 100,000 live births) Baseline: 300 in 2011, target: 120	Pakistan social and living standards measurement survey  Pakistan social and living standards measurement survey Multiple indicator cluster survey	<b>Assumption</b> Economic growth is sustained.
<b>Outcome</b> Increased resilience of female BISP beneficiaries and their families	Average per capita consumption expenditure of beneficiaries increased Baseline: PRs1,575 = 100 in 2012, target: 105 in 2018  Beneficiaries with health insurance using health services for catastrophic health event increased Baseline: 0.39% in 2012, midterm: 0.97%, target: 1.37% in 2018  Skilled employment rate of trained beneficiaries in pilot districts within 3 months of training increased Baseline: 34% in 2012, midterm: 37%, target: 42% in 2018, of which at least 35% are women	Household integrated economic survey BISP impact evaluation  Internal monitoring Impact evaluation of health insurance program  Survey on economic opportunities and skills needs Impact evaluation of skills development program	<b>Assumption</b> Labor market (wage and self-employment) is able to absorb skilled labor trained under the project.
<b>Outputs</b> 1. Cash transfer program coverage expanded	Enrollment of eligible female heads of families with the CNIC increased Baseline: 70% in 2013, target: 95% in 2018	Quarterly internal monitoring reports NADRA reports	<b>Risks</b> Fiscal policy constrains government expenditure.

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	Regular cash transfers received on time by all newly registered women Baseline: 0 in 2013, target: 2.4 million in 2018	BISP financial management reports Six monthly spot checks	Cash management difficulties in the federal government delay fund releases to the BISP.
2. Health insurance program refined and rolled out	Phase 1 based on revised design and using technology-based infrastructure starting Q3 2014 implemented Baseline: no, target: yes	Quarterly WES internal and external monitoring reports Provider reports	<b>Risk</b> WES registered hospitals are unable to provide quality care.
	Enrollment of female heads and their families in the WES increased Baseline: 37,525 in 2013, target: 786,423 in 2018  Admissions of WES registered families increased Baseline: 928 in 2013, midterm: 18,512, target: 69,865 in 2018, by sex of patient	Quarterly WES internal and external monitoring reports Provider reports  WES internal and external monitoring reports Provider reports	
3. Skills development program strengthened	New organization structure with MIS and internal monitoring system in place by Q4 2014 Baseline: no, target: yes  Implementation of pilot in 13 districts based on labor survey, using standardized courses and guided by social mobilizers started by Q1 2015 Baseline: no, target: yes  Total number of beneficiaries trained increased Baseline: 56,600 in 2013, midterm: 283,118, target: 577,294 in 2018, of which at least 50% are women (baseline: 30% <sup>a</sup> )	Quarterly WER internal and external monitoring reports  Quarterly WER internal and external monitoring reports  WER baseline and impact evaluation reports	

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
4. Financial management and control systems, and policy research improved	<p>Detailed annual budget prepared and object level classification and chart of accounts used for expenditure from Q1 2014 onward Baseline: no, target: yes</p> <p>Engendered research conducted in line with research framework from Q1 2015 onward Baseline: no, target: yes</p>	<p>Quarterly financial management wing reports</p> <p>Research unit reports</p>	<p><b>Risk</b> Specific weaknesses in financial management lead to underachievement of targets, high transaction cost, and unsatisfied beneficiaries.</p>
<p><b>Activities with Milestones</b></p> <p><b>1. Cash transfer program coverage expanded</b></p> <p>1.1 Support catch-up effort to enroll pending beneficiaries (Q4 2014 for 5 districts; Q4 2015 nationwide)</p> <p>1.2 Provide payments for newly registered beneficiaries (quarterly until 2018)</p> <p>1.3 Monitor timely delivery of cash transfer (until Q4 2018)</p> <p><b>2. Health insurance program refined and rolled out</b></p> <p>2.1 Select providers for (i) design and deployment of technology-based infrastructure, (ii) communication and awareness, and (iii) impact evaluation (Q4 2013–Q2 2014)</p> <p>2.2 Design expansion into 5 more districts (Q2 2014)</p> <p>2.3 Sign MOU with provinces (Q2 2014)</p> <p>2.4 Carry out baseline evaluation and report (Q2 2014)</p> <p>2.5 Design and deploy technology-based infrastructure (Q3 2014)</p> <p>2.6 Implement expansion in 5 districts, including gender-sensitive communication and awareness campaign (Q3 2014)</p> <p>2.7 Carry out gendered sensitive impact evaluation (Q1 2016)</p> <p>2.8 Design expansion in 10 more districts (Q2 2016)</p> <p>2.9 Launch and implement expansion in 10 districts (Q4 2016)</p> <p>2.10 Carry out engendered impact evaluation (Q1 2018)</p> <p><b>3. Skills development program strengthened</b></p> <p>3.1 Select providers for (i) economic opportunity survey and skills needs (Q4 2013), (ii) MIS and M&amp;E system (Q4 2013), (iii) social mobilization (Q4 2013), (iv) third-party monitor (Q4 2013), (v) baseline survey (Q1 2014), and (vi) developing training courses (Q2 2014)</p> <p>3.2 Implement new organization structure, staffing, and staff development (Q1 2014)</p> <p>3.3 Continue existing contract until end of contract period, within internal and external monitoring framework</p> <p>3.4 Prepare and tender training packages (Q4 2014)</p> <p>3.5 Implement community-based, center-based, and enterprise-based training in 13 pilot districts including gender sensitive awareness campaign (Q1 2015)</p> <p>3.6 Carry out first gendered sensitive impact evaluation (Q1 2016)</p> <p>3.7 Review initial targets and prepare expansion plan (Q3 2016)</p> <p>3.8 Continue implementation within 13 districts (Q4 2016)</p> <p>3.9 Implement expansion in new districts (Q2 2017)</p>		<p><b>Inputs</b></p> <p>Loan ADB: \$430 million Government: \$148.3 million equivalent counterpart funding</p>	



Activities with Milestones	
<p>3.10 Carry out final engendered impact evaluation (Q3 2018)</p> <p><b>4. Financial management and control systems, and policy research improved</b></p> <p>4.1 Advertise and recruit financial manager, internal auditor, and policy and research specialist (gender) (Q1 2014)</p> <p>4.2 Provide training for staff in finance and accounts department (Q2 2014)</p> <p>4.3 Devise, implement, and disseminate research findings of a program of gendered sensitive social research within research framework (Q1 2014–Q4 2018)</p>	

BISP = Benazir Income Support Program, CNIC = computerized national identity card, M&E = monitoring and evaluation, MIS = management information system, MOU = memorandum of understanding, NADRA = National Database Registration Authority, OOP = out-of-pocket payment, WES = Waseela-e-Sehet (health insurance program), WER = Waseela-e-Rozgar (skills development program).

Source: Asian Development Bank.

## B. Monitoring

71. **Project performance monitoring.** Systematic monitoring and evaluation will be undertaken during project implementation based on a set of indicators for monitoring and evaluating project performance regarding impact, outcome, and outputs specified in the project design and monitoring framework above.

72. The performance monitoring and evaluation for the project will comprise the following: (i) quarterly reconciliation reports of the project funds disbursed under the cash transfer program, (ii) quarterly updates on the implementation of the cash transfer program, health insurance program and skills development program, (iii) regular reporting on the internal and external monitoring results of the three programs, (iv) quarterly implementation-related performance data collected and recorded by the PMU. Comments and findings on these indicators will be incorporated in the quarterly implementation progress reports to ADB.

73. **Compliance monitoring.** Compliance with covenants will be monitored through regular ADB review missions and on a quarterly basis through the quarterly progress report.

74. **Safeguards monitoring.** The project is classified as category C for environment, involuntary resettlement and indigenous people, in accordance with the ADB Safeguard Policy Statement (2009).

75. **Gender and social dimensions monitoring.** Progress against the gender action plan will be reported in the quarterly implementation progress reports to ADB.

## C. Evaluation

76. The midterm review exercise, scheduled for Q3 2016 will assess the progress of project activities, outputs and outcome. The performance of Output 2 (health insurance) and Output 3 (skills development) will be reviewed based on the achievement of quantitative targets indicated in the design and monitoring framework, and qualitative goals. Based on the findings, the midterm review will recommend how to divide the performance allocation fund earmarked for the two graduation programs during the second part of the project.

77. **Midterm review of WES.** The indicators and targets for the midterm review and project completion are presented in the table below.

Indicator	Baseline Value (2013)	Target Value Midterm (Q3 2016)	Target Value Project Completion (Q3 2018)
<b>Outcome:</b> Utilization of WES for inpatient services	0.39% of WES beneficiaries	0.97% of WES beneficiaries	1.37% of WES beneficiaries
<b>Output:</b> Enrollment of female head and their Families in WES	37,525	293,234	786,423
Admissions of WES registered family beneficiaries	928	18,512	69,865
Admission for delivery	128	2,553	7,558

WES = Waseela-e-Sehet.

Source: Asian Development Bank.

78. Access to the Performance Allocation will be based on a variety of considerations, including performance against the above targets. In addition, the impact evaluation study for Phase 1 will be completed before midterm review. Other issues to be considered will include the following goals:

- Did WES implement agreed activities, including engagement of firm to conduct evaluation and of firms to conduct communication campaigns and technical audits?
- Did WES deploy Assistant Directors in a timely way in expansion districts?
- Did WES engage local consultants for insurance and MIS as agreed?
- Were MOUs signed with participating provinces and are MOUs likely to be revised/signed with Phase 2 district provinces?

79. **Midterm Review of WER.** The indicators and targets for the midterm review and project completion are presented in the table below.

Indicator	Baseline Value (2013)	Target Value Midterm (Q3 2016)	Target Value Project Completion (Q3 2018)
<b>Outcome:</b> Skilled employment rate of trained beneficiaries within 3 months of training for pilot districts	34%	37%	42%
<b>Output:</b> Total number of beneficiaries trained, of which	56,600 (of which 30% women)	283,118 (of which 40% women)	577,294 (of which 50% women)
<i>Center-based</i>	56,600	120,188	153,674
<i>Community-based</i>		152,070	391,040
<i>Enterprise-based</i>		10,860	32,580
Average drop-out rate of trainees			
Average cost per trainee ( in PRs)	53,000	20,858	15,296

Source: Asian Development Bank.

80. Access to the Performance Allocation will be based on a variety of considerations, including performance against the above targets. In addition, the first impact evaluation study

will be completed before midterm review. Other issues to be considered will include the following goals:

- a. Did WER implement agreed activities, including engagement of firms: (i) to conduct economic opportunities; (ii) to develop and deploy the MIS and M&E system; (iii) to prepare baseline and impact evaluations; (iv) to field social mobilizers; and (v) to conduct third party monitoring?
- b. Did WER reorganize its existing offices in the head office and where the approved by vacant positions filled in a timely way with staff having specialist technical qualifications?
- c. Did WER deploy Assistant Directors in a timely way in the 13 pilot districts?

81. Within 6 months of physical completion of the Project BISP will submit a project completion report to ADB.<sup>39</sup>

#### **D. Reporting**

82. The BISP will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months; and (iii) a project completion report within 6 months of physical completion of the Project. To ensure projects continue to be both viable and sustainable, project accounts and the executing agency AFSs, together with the associated auditor's report, should be adequately reviewed.

---

<sup>39</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

## E. Stakeholder Communication Strategy

**Communications Strategy Matrix for Project Design**

Strategic Elements						Work plan Elements			Evaluation
Communication Objectives	Risks	Audiences / Stakeholders	Desired Behavior	Messages / Information	Activity / Channels	Timeline	Responsibility	Resources Needed	Expected Outcome
Project design considers results of stakeholder community consultation	Insufficient information and consultation result to poor design	ADB Government agencies BISP beneficiaries BISP service providers	Open dialogues among stakeholders	Project information and its desired outcome	Consultation with stakeholders  Focus group discussions with BISP beneficiaries	Q2 2013	ADB processing team	Processing team PPTA resources	Wide public support of the project

**Communications Strategy Matrix for Implementation**

Strategic Elements						Work plan Elements			Evaluation
Communication Objectives	Risks	Audiences / Stakeholders	Desired Behavior	Messages / Information	Activity / Channels	Timeline	Responsibility	Resources Needed	Expected Outcome
<b>Output 1. Expanded coverage of the cash transfer program</b>									
Eligible female beneficiaries informed about entitlements for CNICs and BISP programs	Lack of awareness may leave eligible beneficiaries out of the program	Eligible BISP beneficiaries  Social mobilizers/ NGOs  BISP  NADRA	Eligible beneficiaries to register	Requirement of CNIC registration  Information on cash transfer program	Field visit by social mobilizers/ NGOs to eligible beneficiaries	Q1 2014–Q2 2014  Q1 2015–Q2 2015	BISP, NADRA and service providers (social mobilizers/ NGOs)	Hiring of service providers (social mobilizers/ NGOs)	Remaining eligible female beneficiaries registered

### Communications Strategy Matrix for Implementation

Strategic Elements						Work plan Elements			Evaluation
Communication Objectives	Risks	Audiences / Stakeholders	Desired Behavior	Messages / Information	Activity / Channels	Timeline	Responsibility	Resources Needed	Expected Outcome
<b>Output 2. Refinement and roll-out of health insurance program</b>									
Beneficiaries in pilot districts enrolled for health insurance and using health services	Lack of awareness	BISP beneficiaries in pilot districts	Use health insurance	Enroll beneficiary families  Entitlement for catastrophic health coverage	Communication and awareness	Q3 2014–Q1 2019	WES, health providers and service provider hired of support communication and awareness activities	Hiring of service provider to support communication and awareness activities	Increased enrollment and utilization of health services
<b>Output 3. Strengthening of skills development program</b>									
Target beneficiaries in pilot districts receiving skills training tailored to their capacity and economic opportunities	No match between beneficiaries' capacity and skills training	Target BISP beneficiaries in pilot districts	Take up of tailored, standardized skills training	Relevant skills training provides better employment and self-employment opportunity	Pre-screening of candidates for skills training	Q1 2014–Q1 2019	WER, training providers and social mobilizers hired to pre-screen candidates for skills training	Hiring of social mobilizers to pre-screen candidates for skills training	Target BISP beneficiaries receiving skills training tailored to their capacity and economic opportunities

BISP = Benazir Income Support Program, CNIC = computerized national identity card, NADRA = National Database Registration Authority, NGOs = non-governmental organizations, WER = Waseela-e-Rozgar (skills development program), WES = Waseela-e-Sehet (health insurance program),

83. Project information will be disclosed in line with the requirements listed in the ADB *Public Communications Policy 2011*.

## **X. ANTICORRUPTION POLICY**

84. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.<sup>40</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.<sup>41</sup>

85. To support these efforts, relevant provisions are included in the loan agreement/regulations and the bidding documents for the Project.

## **XI. ACCOUNTABILITY MECHANISM**

86. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>42</sup>

## **XII. RECORD OF PAM CHANGES**

87. {All revisions/updates during course of implementation should retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.}

---

<sup>40</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>41</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

<sup>42</sup> For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>

**FINANCIAL MANAGEMENT  
ASSESSMENT OF THE BENAZIR INCOME SUPPORT PROGRAM**

**Asian Development Bank**

**June 2013**

### Abbreviations

AA	Assignment Account
ADB	Asian Development Bank
AFS	Annual Financial Statements
AGA	Autonomous Government Agencies
BISP	Benazir Income Support Program
BDC	Benazir Debit Card
CoA	Chart of Accounts
DAC	Departmental Accounts Committee
DFID	Department for International Development
DG	Director General
EAD	Economic Affairs Division
ERP	Enterprise Resource Planning solution
F&A	Finance and Account
GFMIS	Government Financial Management Information System
GFR	General Financial Rules
GOP	Government of Pakistan
IA	Internal Auditor
FMIS	Financial Management Information System
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
LDH	Loan Disbursement Handbook
MoF	Ministry of Finance
MIS	Management Information System
NADRA	National Database and Registration Authority
NAM	New Accounting Model
OM	Operational Manual
OAGP	Office of the Auditor General of Pakistan
PAM	Project Administration Manual
PAO	Principal Accounting Officer
PMU	Project Management Unit
POS	Point of Sale
PP	Pakistan Post
PSDP	Public Sector Development Programs
RFA	Revolving Fund Account
SOE	Statement of Expenditure
WB	World Bank



## I. OVERVIEW

1. The Benazir Income Support Program (BISP) was started in 2008 and was later established as an autonomous government entity through an Act of Parliament (BISP Act 2010). The program's main objectives are to strategize, formulate and implement poverty reduction policies by targeting vulnerable and low-income families. The Act provides for a governance structure of the program, which includes a Chairperson, Board members and program management. According to the Act, the Federal Government has the authority to constitute the Board that would include members from both government and non-government organizations with equal representation. Similarly, the Government appoints the Secretary who is also member of the Board and Principal Accounting Officer (PAO) of the BISP. In order to provide strategic direction to the program, the Act provides for the establishment of a Council with the President as its chief patron and among others, the Prime Minister and Chairperson as its members.

2. The BISP developed a repository of poor and vulnerable families in the form of a national database. This database, built on the poverty score card survey, has provided the required base for government social uplift programs. The program flagship activity is to provide PRs1,000 in the form of a cash transfer to eligible beneficiaries. The current enrollment stands at 4.8 million beneficiaries with disbursement amounting to PRs145 billion since inception. The program was primarily funded through government own resources, however, international development partners have contributed significantly over the program life.

3. The program beneficiaries are spread all over Pakistan and the disbursement mechanism relies heavily on the extensive network of private banks. The cash transfer system has evolved over years, initially using Pakistan Post as the chief disbursement agent and then moving to smart card and mobile banking and finally settling on Benazir Debit Card (BDC). In case of BDC, the partnering banks have entered into an agreement with BISP to provide disbursement services to the beneficiaries. Under the agreement, BISP transfers funds to the banks, which are subsequently credited to the beneficiary bank account and can be withdrawn through automatic teller machines (ATMs) or using Point-of-Sale (POS) mode.

4. BISP is an autonomous institution receiving annually a single line budget allocation from the Government under its cabinet division. The BISP Act allows it to maintain a separate fund, the BISP fund, in the form of a revolving fund account. The Government releases are transferred into this account on the bases of approved allocation for the year. The fund also includes any amount received as foreign assistance, donation and grants either through budgetary support or directly by BISP under project financing.

5. BISP has full autonomy under the Act to develop its own financial management policies and procedures to carry out its mandate. To date, the management has developed a financial management manual that entails policies and procedures relating to budgeting, internal controls, accounting and reporting, fixed assets and internal audit. In addition, BISP has its own delegation of financial and administrative power, however, for the purpose of internal controls, BISP's Finance Department uses General Financial Rules (GFR) issued by Ministry of Finance. The overall Operational Manual includes a payment manual that provides a detailed procedure regarding disbursement and protocols for fund movement between BISP and intermediaries. Similarly, BISP has a procurement manual covering a complete procurement cycle and IT policy and procedure manual. The finance and account staff is the mix of government servants, which are on deputation from other departments, and financial experts hired from the market.

6. BISP has a well-functioning Management Information System (MIS) Wing with on-line linkages with the National Database Registration Authority (NADRA) and intermediaries' data bases.

## II. FINANCIAL MANAGEMENT ASSESSMENT

7. This assessment rates the degree of fiduciary risk that is associated with each financial management issue and challenge identified. In line with accepted definitions of fiduciary risk, this assessment grades the likelihood that BISP funds are "*not used for the intended purpose, do not achieve value for money, or are not properly accounted for*". The assessment analyzed each public financial management (PFM) element to identify issues/weaknesses that have the potential to adversely affect the fiduciary comfort of Government, BISP Management and international donors. The overall risk assigned to each issue is determined on the basis of the underlying type of fiduciary risk, which though subjective, provides sufficient evidence for the risk grading.

8. In ADB's perspective fiduciary risk is the risk that funds will not be used for intended purpose, with due regard to efficiency and effectiveness.

9. **Issue Number One:** Budget turnover variance is high (more than 30% in 2 out of last 3 years). Financial planning is not supported by assumptions and lacks documentation.

- **Diagnosis:** There are no detailed budget guidelines except for a brief reference in the financial management (FM) manual. Program cost constitutes more than 80% of the total budget, while the remaining 20% relates to operational cost and bank service charges. BISP receives a single line budget outside the Public Sector Development Program (PSDP) and does not require submitting activity or cash plans to the government. Therefore, the budget as whole is a low priority activity for the Finance and Accounts (F&A) department. Budget submissions only include broad aggregates (corresponding to the broad headings of each BISP program). These are not explicit with regards to underlying financial planning assumptions, are not accompanied with supporting documentation, nor are the approved budget integrated with the BISP's accounting system. The operational budget is not prepared at detail object level and no attempt has been made to enter it into the accounting system. This makes it difficult to exercise budgetary control<sup>43</sup> during execution. From this year onward,<sup>44</sup> a budget control register has been introduced, which is a positive development. However, it is not used as a pre-audit check<sup>45</sup> at the time of expenditure booking.
- **Risk/Impact: Medium.** The weak planning process impedes the ability to translate a strategy into actions and subsequently allows for result monitoring for mid-course corrections.

---

<sup>43</sup> Budgetary Control implies that no expenditure can be incurred under a particular account head without the availability of a positive budget balance under the same account head.

<sup>44</sup> FY2013.

<sup>45</sup> Pre-audit is the verification protocol (in the form of check list) applied at the time of processing payment by the person responsible for payment.

**Fiduciary Risk Distribution Matrix**

	Low	Medium	High
1. Risk that funds not used for intended purpose.			
2. Risk that funds do not achieve value for money.			
3. Risk that funds are not properly accounted for.			

- **Recommendation:** Following actions are recommended for strengthening financial planning and budgeting:
  - Financial Planning Guidelines should address following areas; a) planning process flow and calendar, b) roles and responsibility, c) linkage between physical targets with financial numbers, d) forecasting techniques and e) methodology for projections.
  - The annual budget for both operating and program cost should be prepared in detail and at object level classification.

10. **Issue Number Two:** (i) Control over payment and recording of transactions are weak, as no internal control manual exists; (ii) Reconciliation with Pakistan Post for the last three years is still outstanding.<sup>46</sup>

- **Diagnosis:** Financial accounting is maintained on Quick Books (Off-the-shelf software) without system security and user rights definitions. No work flow is observed within the software. Most importantly, some basic internal controls are missing e.g.,
  - Monthly Bank Reconciliation Reports with payment agencies (banks) are not regularly prepared.
  - Erroneous vouchers can be deleted from the system rather than being marked as Cancelled (no control over voucher record).
  - Similarly, person recording transactions is also a check signatory (no segregation of duties).
  - Budget control register is not used for controlling expenditure.

11. Although BISP has a Financial Management Manual, it is very limited in scope. BISP is using Government Financial Rule (GFR) instead of framing its own detailed financial rules and procedures.<sup>47</sup> GFR is not an updated document and at times it is too excessive, causing unnecessary delays in payment and expenditure approval.

12. The reconciliation with Pakistan Post is <sup>48</sup>still in process and though total funds disbursed have been reconciled, the beneficiary level reconciliation is still outstanding (un-reconciled amount Rs. 4.2 Billion).

- **Risk: High.** Weak control over payment increases the risk of misuse of funds and lowers the reliability of accounting data.

<sup>46</sup> Almost Rs. 130 Billion was disbursed through Pakistan Post since inception.

<sup>47</sup> GFR is issued by Ministry of Finance primarily for centralized accounting entities. The document has not been updated by the government since long.

<sup>48</sup> Reconciliation with Pakistan Post was first started in October 2012 before that no reconciliation was made.

**Fiduciary Risk Distribution Matrix**

	Low	Medium	High
1. Risk that funds not used for intended purpose.			
2. Risk that funds do not achieve value for money.			
3. Risk that funds are not properly accounted for.			

- **Recommendations:** Overall, the issues regarding control over payment and recording of transactions were emphasized here as a matter of principle, but it is important to keep proper perspective in view of their relative significance. More than 85% of BISP's costs are in cash-transfers (80%) and salaries (5%), which are fairly verifiable, regular, clear in nature, and controllable expenses. In addition, the expected magnitude of cash-transfers paid through the DC system from now onwards greatly mitigates the operational difficulties in payment reconciliation and control over payment. In any case, BISP is fully authorized to frame its own financial rules and in order to create efficient and effective internal control environment, and it is recommended that BISP takes the following actions:
  - (i) Develop an Internal Control Manual and frame its own financial rules.<sup>49</sup>
  - (ii) Use an internal control checklist as a pre-audit tool before processing transactions for payment and booking of expenditure.
  - (iii) Re-align roles and responsibilities in F&A department to ensure segregation of duties.
  - (iv) Reconciliation with Pakistan Post should be completed on priority basis.

13. **Issue Number Three:** (i) Inadequate allocation and delays in releases from federal government have affected fund flow timeliness. (ii) In the case of the cash transfer (Benazir Debit Card mode), the funds disbursement mechanism is complex and leaves room for discretion.

- **Diagnosis:** BISP receives fund from the Government's own-source revenue and foreign assistance provided by international donors. The donor's funds are channeled through Account-1 and released to BISP as part of the annual budget release. The Federal Government allocates and releases funds according to its own priorities and available fiscal space, which at time suffers delays, thus affecting predictability over the fund availability. This is the first problem.

14. The second problem is more complex. For cash transfers through the Benazir Debit Card (BDC) system, the original agreement<sup>50</sup> allowed participating banks to maintain a float<sup>51</sup> of 30 days in the first installment for all new beneficiaries. This was justified at the time<sup>52</sup> as a way to compensate banks for the production of BDCs and for the deployment of bank staff to all

<sup>49</sup> Instead of developing BISP can also adopt INTOSAI Standards on internal control 9100 for public sector entities.

<sup>50</sup> The agreements were signed with 6 different banks and each bank has been allocated districts with corresponding beneficiaries.

<sup>51</sup> Under the Agreement with Banks, they are allowed to maintain float as a reimbursement of cost incurred in printing of BDC and HR provided by banks in NADRA camp located at each Tehsil level. Banks maintains two accounts i.e. Limited Mandate Account-I (LMA-1) in which funds are first received from BISP. Funds are then credited in to Limited mandate Account-II (LMA-2) that holds individual beneficiary accounts. Thirty day float is maintained in LMA-1.

<sup>52</sup> February 2012.

BISP Tehsil offices for BDC issuance. It was also predicated on the assumption that BDC issuance could be completed to all the already existing beneficiaries in just three months. But the issuance of BDCs revealed itself as a much bigger and more cumbersome process than originally envisaged. This led to a change in practice that is, however, yet to be formalized in a new contractual agreement. This, by itself, is an issue.<sup>53</sup>

15. The issuance of BDCs and respective crediting of BDC-holder accounts is now a continuous process, whereas the release of funds for cash transfers from BISP is not, as it follows a quarterly release cycle. This poses new administration difficulties that relate to forecasting and reconciling payments to the beneficiaries that obtain the BDC in between the regular quarterly releases. Again, these<sup>54</sup> regular releases are made quarterly, and on the basis of a beneficiary list that is generated by the MIS at the start of each payment cycle. This is quite straightforward. But the first installment cash-transfer to the newly BDC-holding beneficiaries “found” in between the quarterly releases is dealt with in a different way. The current solution has been to request banks to process a quarterly cash-transfer to every new beneficiary that obtains the BDC in the immediate few days after that fact (to minimize the travel burden to each new BDC-holder, as most of them probably undertake a costly journey to the BISP Tehsil office to get it).

16. This triggers, first, a forecasting challenge for BISP (in order to estimate the required advance), and second, the need to reconcile each quarterly cash transfer with whatever cash transfers the same beneficiary may have received through the currently being phased out Pakistan Post system. The latter has already been discussed in Issue Number Two above. The former however is of a more complex nature. It warranted the development of a simple formula for calculating what the “advance” to each bank should be. But the solution currently found is very inefficient, and urgently needs to be assessed and modified. The current<sup>55</sup> formula to determine the amount of this “advance” too often generates cases where some banks run out of the allocation half-way through the quarter (because too many new BDCs have been issued already), and need to apply for more from BISP (these would be banks in “deficit”), while other banks end up getting too high of an advance (banks in “surplus”), hence benefiting from the interest-rate income on the resulting float. No clear procedure exists to govern the decision by BISP to fulfill the “deficit” banks with additional funds, which obviously originates risks (because of discretion).

- **Risk: Medium.** Delayed payments to beneficiaries. Mismatch of fund disbursement with requirement.

<sup>53</sup> A second issue pertains to the lack of clarity about the allowed number of days float allowed to each bank. The contracts sample review indicates, at different places, that it can either be 2, 3 or 5 days.

<sup>54</sup> A beneficiary who has received the first installment i.e. from second installment onward disbursement mechanism is much simpler. Under the agreement Bank has to disburse funds to beneficiary within 3 days of the receipt of funds in Limited Mandate Account-1 (LMA-1).

<sup>55</sup> Last 10 days BDC issuance rate is used for basis of disbursement to each bank.

**Fiduciary Risk Distribution Matrix**

	Low	Medium	High
1. Risk that funds not used for intended purpose.			
2. Risk that funds do not achieve value for money.			
3. Risk that funds are not properly accounted for.			

- **Recommendations:** (i) It is important to note that the ADB project focusses its support on new beneficiaries.<sup>56</sup> To keep the fiduciary risk at minimum, the fund flow arrangement under the cash transfer program should ensure that funds be tracked right to the individual beneficiary, which is difficult under the <sup>57</sup>current disbursement mechanism. In addition, the proposed fund flow system should enable ADB to monitor and evaluate the impact of its investment on geographical basis. Therefore, there is window of opportunity for ADB to develop a fund flow system that can provide on-line geo tracking of funds utilization.

17. **Issue Number Four:** (i) *Weak FM capacity and lack of technology infrastructure to manage FM arrangements and to implement modern practices.*

- **Diagnosis:** A World Bank financed <sup>58</sup>Financial Management Specialist and his team is currently working under DG F&A with overlapping set of responsibilities. Lately they are increasingly involved in day to day working of F&A department rather than focusing on improving systems. The regular finance staff is on deputation from different government departments (mostly from Audit and Account Service) who is more accustomed to traditional methods.

18. There is no integrated management information system that impedes the ability of different wings to efficiently coordinate, share and process information.<sup>59</sup> BISP is a keystone for the government poverty reduction efforts and its sphere of influence is growing with increasing enrollments and introduction of different social security programs. BISP has already introduced online payment mechanism with banking networks all across Pakistan; however, it does not have integrated solution to coordinate, monitor, analyze, and respond effectively and efficiently required in such dynamic environment.

- **Risk: Medium.** Weak Institutional capacity may result in the under-achievement of targets, high transaction cost and unsatisfied beneficiaries.

<sup>56</sup> ADB will finance the first four months of the cash transfer to 2.4 million (7.2 million - 4.8 million) new beneficiaries.

<sup>57</sup> Under the existing disbursement arrangement partner banks receive BISP fund in LMA-1 account for all sources i.e., GoP, ADB etc. It would not be possible for the bank to report back the utilization with respect to each source.

<sup>58</sup> There are two position FM Specialist and FM Analyst. The latter is currently vacant.

<sup>59</sup> Currently MIS is only restricted to Beneficiary payment and related information database.

**Fiduciary Risk Distribution Matrix**

	Low	Medium	High
1. Risk that funds not used for intended purpose.			
2. Risk that funds do not achieve value for money.			
3. Risk that funds are not properly accounted for.			

- **Recommendations:** Financial management is a cross-cutting activity and requires specialized individuals with qualification and experience in financial management. The FM wing needs to be the center of support for the F&A department. The prime focus of the wing should be to review the existing financial systems and processes and introduce modern tools and practices in the area of budget preparation, cash forecasting and financial reporting and if required, hand holding of the finance staff.
  - (i) BISP will require a dedicated FM specialist for the purpose of managing ADB portfolio. The specialist will specifically be responsible for program level reporting while ensuring that ADB financial policies and procedures are followed, and adherence to the Loan Disbursement Handbook.
  - (ii) BISP is in its graduation phase and it is right time for BISP management to introduce technology-based solutions into their operations. Therefore, it is recommended that BISP management should implement integrated Enterprise Resource Planning (ERP) where information from all departments: Finance, Payment Section, Procurement, Complaint Management and Administration wings can be linked up on a common platform. BISP already has an MIS wing. The introduction of a technology-based solution would result in enhanced stakeholder confidence over BISP systems and thus, will substantially reduce overall organizational risk.

19. **Issue Number Five:** (i) Annual Financial Statements for BISP as a whole are not prepared. (ii) Financial reporting does not follow any international financial reporting framework.

- **Diagnosis:** BISP management prepares a separate financial statement for each donor's portfolio. No annual financial statements are prepared for BISP as a Reporting Entity. As a result, no audited consolidated view is available of financial activities of the organization. This is an important issue of public transparency and internal oversight and the lack of audited financial statements for BISP as a whole exposes the organization to unjustifiable reputation risks. The preparation of audited annual financial statements for BISP as a whole has been a requirement under <sup>60</sup>BISP's Act, but neither the Finance Ministry nor BISP's Board have enforced this requirement, nor was this explicitly raised as an issue by the Office of the Auditor General of Pakistan in its latest "regulatory" audit.
- **Risk: Medium.** Without audited financial statements the state of financial affairs of the BISP cannot be ascertained.

<sup>60</sup> BISP ACT Clause 16 sub clause (1) & (2) but requires OAGP to specify the form and manner.



**Fiduciary Risk Distribution Matrix**

	Low	Medium	High
1. Risk that funds not used for intended purpose.			
2. Risk that funds do not achieve value for money.			
3. Risk that funds are not properly accounted for.			

- **Recommendations:** In addition, to donor specific reporting, Annual Financial Statements of the entity as a whole should be prepared and presented to the Board for approval. BISP management has indicated that they have decided to prepare audited financial statements from this year onwards. BISP plans to submit an audited financial statement for the FY 2012–2013 before 31 December 2013.

20. **Issue Number Six:** (i) Internal auditor reports to the BISP board through the BISP Secretary instead of reporting directly to the BISP board. (ii) Internal audit unit does not function as per International Standards for Internal Audit.

- **Diagnosis:** The role of internal audit is restricted to follow-up of external audit observations and coordinating DAC meetings. Internal auditor do not have risk-based audit plan nor have capacity to use modern auditing tools.
- **Risk: Medium.** Internal control weaknesses may go unidentified, thus, adversely impacting achievement of BISP objectives.

**Fiduciary Risk Distribution Matrix**

	Low	Medium	High
1. Risk that funds not used for intended purpose.			
2. Risk that funds do not achieve value for money.			
3. Risk that funds are not properly accounted for.			

- **Recommendations:** (i) BISP Board has formed an Finance and Audit committee, therefore, internal audit should report to the audit committee, and (ii) provision of technical assistance to strengthen the internal audit function including trainings and workshops should be planned.

### III. RISK MITIGATION ACTIONS

21. The financial management assessment has identified issues/gaps in the existing systems of BISP that may adversely affect the fiduciary environment. In the previous section, a set of recommendations has been provided to mitigate risks under each issues/gaps. We also recommend that the ADB incorporates these mitigating actions/recommendations as a part of project scope negotiation with BISP management. However, prioritization and structure are necessary for the effective implementation of these actions. The prioritizing process here proposed is based on relevance and criticality of the mitigating actions for the ADB's project objectives. The following table enlists mitigating actions categorized over time with three reference points namely; (i) Immediate i.e. Before Reconfirmation Mission (July), (ii) Before Approval of Project. & (iii) As Part of Project's Capacity Building Intervention:



Mitigating Actions/ Recommendations	Baseline	Responsibility
<b>I. Immediate before Loan Negotiations</b>		
1. Issues highlighted in BISP regularity audit needs to be resolved.	DG audit has written to BISP asking for evidence in order to revise the audit report. BISP has responded back by submitting data on CD.	EAD, OAGP & BISP
2. Beneficiary-wise reconciliation with Pakistan Post to be completed.	Financial Year 2011–12 reconciliation is still in process.	DG F&A
3. Process for reconciliation with partner banks in BDC system needs to be in place.	No reconciliation process exists.	Director Payments & Director MIS
<b>II. Before Approval of Project (next six months approx.)</b>		
4. Development of fund flow system with geo tracking capability.	Current fund flow mechanism does not have ability to track ADB funds. The basis of disbursement to banks is inefficient.	DG F&A, Director Payments & Director Legal.
5. Financial Management manual needs to be approved by the BISP Board.	Manual has been prepared but yet to be approved by the Board.	DG F&A
6. Audit committee to review Internal Auditor Report.	Internal Auditor reports to Secretary.	BISP Board, Secretary & Director Internal Audit.
7. Preparation of BISP Financial Statements as per IPSAS for the year ending 30 June 2013. <sup>61</sup>	No financial Statement for BISP have been prepared since inception	DG F&A
<b>III. As Part of Project's Capacity Building Intervention</b>		
8. Streamlining of financial planning process. Budgeting at detail level.	Budgeting is carried out on high level. Planning guidelines are not available.	ADB & BISP management
9. Augmentation of internal audit wing. Use of risk based audit methodology.	Internal Audit is carried out through traditional methods.	ADB & BISP management
10. Implementation of integrated Financial Management Information System (FMIS) <sup>62</sup>	No FMIS exist.	BISP management

ADB = Asian Development Bank, BISP = Benazir Income Support Program, DG = director general, EAD = Economic Affairs Division, F&A = finance and accounts, FMIS = Financial Management Information System, MIS = Management Information System.

<sup>61</sup> It is assumed that Project approval date will be well after the close of FY 30 June 2013. F&A will have sufficient time to prepare Financial Statements.

<sup>62</sup> This intervention will be relevant if BISP decides to implement integrated FMIS. ADB can discuss this with World Bank as they are already in discussion with BISP for implementation of a complete ERP solution is already in their plans.

#### IV. INTERVENTION PROPOSAL

22. In the recommendations above, three entry points have been proposed for ADB support: (i) development of fund flow system (ii) strengthening of FM wing; and (iii) capacity building of Staff in F&A Department & Payment processing. However, other donor partners<sup>63</sup> are also working on the overall institutional strengthening framework of BISP. It is, thus, highly desirable to discuss these interventions collectively. This would not only help to harmonized institutional building efforts but will also remove overlaps.

##### A. Development of Fund Flow System

23. Given the existing disbursement arrangements at BISP it is difficult to track the fund utilization to individual beneficiaries. The fund flow arrangement should ensure that actual utilization of the imprest account can be traced to beneficiaries. Under the existing arrangements all funds are pooled in LMA-1 account maintained in the participating banks without identification of source. Therefore, Bank on reporting back to BISP, cannot discern the utilization on the basis of the Government or the donor. At best, it can be assumed that whatever is utilized first relates to the donor and the balance relates to the Government. However, the situation becomes more complex when it comes to new beneficiaries. The fund disbursement to new beneficiaries involves the provision of an advance for first installment to participating banks. The issuance of BDC is a continuous process running throughout the year and it will be a challenge for BISP to keep track of funds with respect to source (ADB, Government etc.).

24. ADB needs to develop a comprehensive fund flow system that can not only track funds right to the individual beneficiary, but also has the capacity to report on the geographical spread of its portfolio. As the ADB project yet has to start up, it is the right time to carry out the study with the objective of developing a comprehensive fund flow system. The intervention can be phased into three parts, of which the first two parts should be completed before the start of the project: (i) evaluation of existing disbursement arrangement at BISP and development of fund flow system for ADB; (ii) operational plan for the implementation of fund flow system. In the third phase, a beneficiary tracking and monitoring system can be housed in BISP.

25. **Intervention Outcomes:** Beneficiary level tracking and geographical information on social investment.

##### B. Strengthening of Financial Management Wing–BISP

26. The FM assessment highlights the risks of low budget credibility, absence of financial monitoring mechanism and unpredictability in funds availability. The diagnosis identifies the outdated process and lack of capacity in the FM wing as one of the main reasons for weak financial management. Currently there is one <sup>64</sup>financial management specialist in the FM wing, who is more engaged in operational issues rather than adding value through system improvements. With the ADB funding, there will be an <sup>65</sup>additional burden on the FM wing and efforts to overcome system weakness will further be marginalized. Therefore, there is need to

---

<sup>63</sup> World Bank and DFID.

<sup>64</sup> World Bank TA consultant.

<sup>65</sup> Program level reporting for ADB portfolio will be required, processing of withdrawal applications etc.

strengthen FM wing by providing <sup>66</sup>additional resources so that a core FM team can be formed leveraging the management to the implementation of risk mitigating measures.

27. The strengthen FM wing will be center of support for the BISP and will also aid in embedding modern practices in daily operations. The prime focus will be to review the existing financial systems and processes and introduce modern tools and practices in the area of budget preparation, cash forecasting and financial reporting. The additional FM specialist will be qualified and experienced in public financial management, and will work closely with budget and account sections.

28. **Intervention Outcomes:** (i) developed financial planning budgeting guidelines, (ii) budget classification at detail level, (iii) efficient and reliable financial reporting, (iv) effective internal control environment, and (v) improved budget utilization.

### C. Implementation of Integrated FMIS

29. The FM assessment of BISP underscores the absence of any integrated Enterprise Resource Planning Solution (ERP) limiting the organization value for its operations. The assessment has observed the issues relating to control environment and disconnect between various departments impeding the ability to create cohesive and desirable fiduciary environment. The implementation of ERP would immensely help BISP to garner stakeholder confidence over its processes and would aid the management to take informed decision making. World Bank is in advance stage of discussion with BISP management for ERP implementation. The system benefit will flow to all the participants and at the same time it will require resources from software deployment, licenses procurement to change management, it makes sense that donors should pool knowledge and resources for shared goals.

30. **Intervention Outcome:** (i) reduction in overall project risk.

---

<sup>66</sup> Additional resources may be in the form of hardware, software and HR.

## PROCUREMENT CAPACITY ASSESSMENT REPORT AND RECOMMENDATIONS

<b>Proposed Project Name: Social Protection Development Project</b>	<b>Proposed Amount (US\$):430 million</b>
<b>Executing/Implementing Agency: Benazir Income Support Program (BISP)</b>	<b>Source of Funding: Asian Development Bank</b>
<b>Assessor: Project Officer, Social Security Specialist, ADB</b>	<b>Date:</b>
<p><b>Expected Procurement</b></p> <p>Benazir Income Support Program (BISP) has evolved as the main social safety net program in Pakistan post 2008 period. The program was established in response to the food and fuel crises to consolidate social benefit payments and improve the targeting of the chronic poor with a focus on women. To further support the project and adding value to its benefits, ADB will be providing additional assistance to Government of Pakistan. The support will focus on the expansion of the coverage of the Unconditional Cash Transfer (UCT) program. Additionally, ADB will support the further development and implementation of selected BISP graduation programs related to skills development and health, with a focus on the quality of services and the cost-effectiveness of these programs. The proposed project will also assist in the further administrative strengthening of the BISP in support of the implementation of the graduation programs.</p> <p>The program will mainly involve the procurement of consulting services. The consulting services will mostly be procured using Quality and Cost Based Selection (QCBS) and Consultant Qualification Selection (CQS) with a few consultancy contracts using Single Source Selection.</p> <p><b>General Procurement Environment Assessment</b></p> <p><u>Risk Assessment:</u></p> <p>If likert/rating scale is applied and 0, 1, 2 and 3 are correspondingly assigned to low, average, high and extremely high risk rating, then it transpires that <u>the overall risk rating is low</u>. The risk rating against each criteria are as below;</p> <ol style="list-style-type: none"> <li>1) Legal and Regulatory Framework : Low</li> <li>2) Institutional Framework: Low</li> <li>3) Procurement Market and Operations: Low</li> <li>4) Integrity of the procurement system: Low</li> </ol> <p><u>Summary of Findings:</u></p> <p>As mentioned above, it has been observed that the general environment for procurement is satisfactory and to a large extent harmonized with the internationally accepted practices and procedures. Many of the rules and regulations are either direct references from guidelines of Multilateral Development Banks (MDBs) such as World Bank and Asian Development Bank or are derived from their regulations. Due to frequent assisted programs in Pakistan, the executing agencies in federal government appear to be well versed with different donor guidelines and procedures. However, skills are required to be enhanced for execution of specific tasks and activities pertaining to the procurement processes such as to follow the procedure for selection of the consultant in accordance with ADB's guideline which is far more detailed and complex than the local procedure, so that crucial intermediate and final timelines of the project are met and time over run is minimized.</p> <p>PPRA being the lead regulatory organization also serves as the center and focal point of all the public procurement carried out by the federal agencies whereas a similar role is taken by provincial procurement regulatory authorities for public procurement in provincial agencies. In term of its operations, it is observed that PPRA through its website not only serves as the</p>	

source for nationwide advertisement of public procurement notices but also reviews in advance the procurement notices advertised by different procuring agencies. It is observed that PPRA often withheld publication of those notices which appears to be in violation of PPRA rules, moreover, advises the procuring agency to rectify those shortcomings. In addition to that it has been observed that by virtue of collection and disclosure of record of each procurement, the PPRA web also serves as a data base of procurement that includes basic information of all the procurements. While PPRA is exercising its mandate of procurement regulations and operations, other organizations such as NAB (National Accountability Bureau) under its initiative of P&A (Prevention and Awareness) also review major public procurements carried out by different agencies to prevent any miss procurement. Public procurement has therefore evolved in terms of capacity building of human resource and processes/procedures though still a long way to maturity. Moreover, PPRA in its Rule 5 provides the flexibility of adopting rules and procedures of international financial institutions, if they are found in conflict with the local rules and procedures.

There are, however, some local practices which are contradictory to ADB's guidelines and hence will be superseded by ADB's procedure e.g., number of days required for ICBs and similarly minimum time thresholds in the procurement of consulting services. More importantly, it is observed that the local procurement regulations do not restrict SOEs (State Owned Enterprises) for participation in the bidding process unlike ADB's procurement guidelines para 1.8c which mandate the SOEs to operate under commercial law should not be dependent agency of borrower beside being legally and financially autonomous. Many of the public sector organizations might therefore be declared in-eligible on failure to meet the eligibility requirements. For works, PPRA mandates the use of bidding documents by PEC. PEC bylaws/bidding documents require that foreign bidders shall form a joint venture (JV) before participation in any bidding in Pakistan whereas ADB pursuant to para 1.10 of its procurement guideline do not accept any condition that require mandatory JV or association, similarly PEC also restrict foreign firms of consulting engineers to form association or JVs. These provisions would not have affect in subject BISP program as it only entails procurement of goods or consulting services from social sector.

### **Organizational and Staff Capacity**

#### **Risk Assessment:**

Overall risk rating for the organizational and staff capacity is assessed as Low after application of likert/rating scale.

#### **Summary of Findings:**

The procurement section/unit of the executing agency currently has a Director Procurement assisted by two procurement specialists, one each for goods and services. The procurement specialists are hired under World Bank's technical assistance. Considering the scope of work in future for recruitment under consultancy contracts (i.e., 14 No.s), the procurement section would require further strengthening in human resource through another Procurement Specialist along with staff for assistance. Current staff deployed in the procurement section is well versed with the procurement process and has recently carried out procurements of consulting services under World Bank's financing and thus possesses the capacity and experience to undertake procurements funded by MDBs. On the other hand, there is no specialized procurement training program in the agency that may enhance the effectiveness and efficiency in delivery of outputs. Currently the agency has a generalized capacity building training program that addresses procurement only as a part. It is also pertinent to note that agency is autonomous in procurement process and current procedures do not require any approval outside the executing agency and thus resulted in an agile process of procurement.

**Information Management**Risk Assessment:

Overall risk rating for the information Management is assessed as low.

Summary of Findings:

As per PPRA regulation, article 4, every procuring agency is required to maintain the complete details including evaluation reports, original bids, contract and correspondence of the procurement process either awarded or annulled for five years. The agency is therefore bound to maintain the record of procurement and is currently managing it in the same spirit. In addition to that agency has maintained referencing system which provides unique identification of each procurement activity. It is however felt that with the increase in work load, the executing agency will be requiring designated human resource for document control.

**Procurement Practices**Procurement of Goods and WorksRisk Assessment:

Overall risk rating for the “Procurement of Goods and Works” is assessed as low.

Summary of Findings:

There is no procurement of works carried out by the executing agency lately and similarly no major procurement of goods is carried out. Procurement of goods involving procurement of office paraphernalia have only been carried out by the executing agency. The procurement of goods was relatively simple, required post review and was completed in 45-60 days. The agency prepares GRI (Goods Receiving and Inspection) reports at the time of receiving goods from the supplier which ensure necessary quality check before taking over. No such procurement has been carried out which involved operation of letter of credit (LC) and hence if any procurement involving letter of credit is envisaged then staff would require prior training and capacity building exercise to carry out such procurement.

Consulting ServicesRisk Assessment:

Overall risk rating for the “Consulting Services” is assessed as Low.

Summary of Findings:

The executing agency has carried out procurement of consulting services both from government funding as well as from donor funding. Lately, the executing agency has procured consulting services under their “Waseela-e-Taleem” Program assisted by World Bank wherein consulting services were hired for Communication, Training and Impact Evaluation, Operational Review etc. According to officials of the executing agency, the procurement was carried out smoothly without much of the challenges and that may because agency has dedicated procurement specialist under world bank TA. Evaluation committee comprising members from within the executing agency is constituted for the evaluation of consulting services proposals. Members of evaluation committee mainly from procurement section assisted by TA consultants evaluate the proposal and share the ranking with committee, the committee after deliberation conclude the evaluation. QCBS mode of selection is commonly used for procuring consulting services along with CQ (Consultant Qualification) for small and specialized assignments or in cases where availability of consulting services is scarce. ADB procedures are similar to World Bank’s. Considering the past experience of the executing agency, prevailing practices/procedures in the agency and nature of consultancy services to be procured, the executing agency should be able to procure consulting services in accordance within ADB’s guidelines and procedures without much impediments. Special care would however be required in case of those consulting services which would serve as the baseline for subsequent regulations in the country such as “Hiring of Consulting Firms for Formulation of Social Protection Policy” and similar assignments.

**Effectiveness****Risk Assessment:**

Overall risk rating for “Effectiveness” is assessed as low.

**Summary of Findings:**

The executing agency monitors the outputs of the consultant as required by the contract and generally pay the consultant in time. Examples have been shared by the representative of the executing agency, where a breach of contract by the consultant or substandard performance under the contract has been dealt contractually and action has been taken against the consultants. Moreover, payment procedure is decentralized to the user unit/department that verifies the consultant's output and recommends the invoices for payment to DG finance. Procurement section is not involved in the payments to the consultants and only provides advice when sought by the other sections. In addition to that executing agency has maintained an online complaint management mechanism which addresses grievances related to procurement and contract administration. The contracts signed by the executing agency also carry a two tier dispute resolution mechanism clause to settle the disputes among the contracting parties.

**Accountability Measures****Risk Assessment:**

Overall risk rating for “Accountability Measures” is assessed as low.

**Summary of Findings:**

The procurement carried out by different federal agencies go through preliminary review while notices are sent to PPRA for publication and observations are made by PPRA if it identifies that some provision is in conflict with its rules and regulation. Recently a second tier review after completion of procurement process has evolved through emergence of National Accountability Bureau's prevention and awareness mechanism. Often on receiving a complaint or through their own review, bureau asked the procuring agency for submission of details and briefing of the procurement process. This approach on one hand provides an early mitigation system but also sometime become an impediment to progress of works especially when stringent timelines are to be met. To ensure transparency and business ethics, an integrity pact is made mandatory government to be signed with Supplier/Contractor/Consultants for all procurements above PKR 10 Million. It is however pertinent to note that detail provisions on conflict of interest leading to in-eligibility do not exist in local regulations. Though a paragraph is added on conflict of interest in PPRA regulations for consulting services but detailed provisions as in case of ADB's guidelines are not found. The Executing Agency's accountability mechanism in place is simple and can be triggered through online compliant mechanism or application to Director Procurement. Once a complaint is received, a three member committee is constituted to evaluate and redress the complaint. The complaint resolution however can be made more transparent and unbiased, if one of the members of the committee is taken outside of the procuring agency. In general the accountability mechanism is satisfactory and also not complex that can impede the progress of projects.

**Summary Assessment**

As mentioned herein above, the risk ratings of individual elements of the EA are assessed as low. It is therefore safe to imply that executing agency possess adequate skills, experience and capacity to procure consulting services in accordance with ADB's guidelines and risk stays as low. Though there is a need to further strengthen the procurement unit/section through deployment of a professional as the procurement section is currently under staff for the forthcoming ADB's assignment. Moreover it is required that training sessions are conducted before the start of procurement activity so as to apprise the staff of ADB's procedures of procurement. Procurement section will also require deployment of dedicated support staff for document control and record keeping and hence matter may be taken up with the executing

agency. Representatives of the executing agency did not mention any requirement for goods to be procured, however at later stage of project need might arise and hence some provision should be made in the budget for goods required to strengthen the project unit. Organizational and staff capacity and processes for information management, procurement practices, effectiveness and accountability measures are simple and satisfactory and deficiencies can be addressed by additional staff and facilities.

### Specific Recommendations, Project Implementation

Risks	Recommended Action	Responsibility and comment
i) Apparently, an under staffed procurement section/unit is a risk to the smooth execution of procurement activities.	i) Strengthen procurement unit through deployment of technical and support staff.	i) EA/ADB
ii) Many of the procurement carried out by the executing agency previously required post review and hence was completed in lesser period as indicated in Appendix 2. Procurement requiring prior review will increase the procurement cycle for each contract significantly.	ii) Expert(s) having experience of ADB's procedure for selection/recruitment of consulting firms.	ii) EA/ADB
iii) In addition to that prevailing local regulations such as no restrictions on SOEs, registrations or association with local partners and absence of detailed regulations on conflict of interest can become risks.	iii) Loan agreement mandates the use of ADB's guidelines, procedures and documents. Moreover, can be addressed specifically in PAM.	iii) EA/ADB
iv) Review and objections by external agencies (e.g., NAB) can impede the progress.	iv) An understanding should be developed and recorded preferably in PAM that concerned agencies may review procurement of executing agency and EA may address their queries in parallel but this should not incur delays to the normal project activities.	iv) EA/ADB
v) It has been observed that often funds from counterpart funding of GOP are often delayed. This result in delay of those assignments that are contingent upon assignments solely funded by GOP, moreover, delay in counterpart funding often cause delay in payment to consultants/contractors/suppliers.	v) Before commencing activities on a contract, counterpart GOP funding should be released to the EA.	v) EA



Capacity Constraint	Recommended Action	Responsibility and comment
Apparently there are no capacity constraints as experienced staff is deployed in the procurement section, however, staff has not lately carried out procurement on projects assisted by ADB, moreover, adequate human resource should be deployed with respect to expected workload.	Training sessions to apprise on procurement of consulting services in accordance with ADB's procedures before the start of the procurement activity will improve the capacity.	EA/ADB
<b>General Recommendations, EA/IA</b>		
i) Absence of nationwide accredited training program on public or commercial procurement may not have direct impact on procurement activities (as expert staff is hired under World Bank TA) in the subject project but has negative impact in capacity building of the human resource undertaking procurement in public sector.	i) Though trainings are conducted frequently in public sector but they only certify to the extent of attendance or participation. If a nationwide program for training accredited by the appropriate forum such as PPRA or etc is conducted on the same pattern as other general management courses (such as staff college, NIPA etc) are conducted then it will certify the capacity of individuals in the domain of procurement.	Regulatory Authority or concerned executing agencies should take initiative of nationwide training and capacity building in procurement.
<b>General Recommendations, Procurement Environment</b>		
i) Prevailing regulation for debarment provide procuring agency with the mandate to debar a firm on failure to deliver contractual performance, misrepresentation or if indulged in corrupt practices. If procuring agency has to evaluate a case of debarment then its role can be compromised considering that in some cases procuring agency will also be the party making assertion on other party for default and hence evaluation can be prejudiced. Such cases of debarment should be evaluated by independent agency after recommendation of debarment by procuring agency. ii) Prevailing regulations such as restricting the foreign firms to participate directly in bidding,	i) Mandate for debarment/sanction or blacklisting firms should be given to an independent agency at federal level which should on recommendation of procuring agency evaluate the case independently and take action if case is found cogent. ii) Further harmonization with internationally accepted practices is required so as to ensure transparency, economy, efficiency and widest possible competition.	

absence of special conditions for SOEs to participate on equal ground with private firms, absence of detail guideline/provisions on conflict of interest, insisting on local counter guarantees in case of international bidding involving foreign bidders etc are the factors beyond the control of EA and sometime impede the spirit of bidding.		
--	--	--

## **TERMS OF REFERENCE FOR FIRMS TO BE HIRED UNDER ADVANCE CONTRACTING**

### **A. Periodic Spot Check Surveys**

#### **1. Objective**

The objective of the proposed bi-annual beneficiary surveys will be to assess if previously pending beneficiaries are now enrolled in the program, or have been contacted to help them enrol as part of catch up activities, and if enrolled, whether they are receiving the cash transfer as per process and on time.

#### **2. Scope of Work/Methodology**

The selected firm or consortium of firms is expected to perform the following tasks for each of the two surveys to take place each year:

- (i) Prepare a sampling strategy for households such that the sampling error is kept to a minimum within the constraints of funding, and a reasonable degree of variation is maintained in terms of regions covered. The regional distribution of the sample should be representative of the area distribution of the additional households to the extent possible. In the case of catch up spot check surveys, the sample will be adjusted and concentrated to match the geographical focus of ongoing catch up activity.
- (ii) Design a household level questionnaire(s) to address the following issues:
  - a. Confirm whether the pending beneficiary was approached by the catch up survey team and asked to enrol in the program (catch up spot checks);
  - b. Assess response of contacted pending beneficiaries in seeking enrolment in BISP (catch up spot checks);
  - c. Determine the time frame for the process as a whole – time lapsed between identification of beneficiaries, fulfilment of conditions for disbursement and start of disbursement (all spot checks);
  - d. Assess if beneficiaries are aware of the terms and conditions of disbursement of the cash transfer program, and particularly of payment modalities (all spot checks); and
  - e. Assess if beneficiaries have received quarterly payments on a timely basis since enrolling in BISP (all spot checks).
- (iii) For some spot checks, the firm may be tasked to use qualitative research methods to carry out the following tasks:
  - a. Assess the efficacy of payment systems for newly enrolled households; and
  - b. Assess the efficacy of case management systems for newly enrolled households.
- (iv) The firm will be required to carry out detailed data analysis, using appropriate software for quantitative data, and assessment of qualitative data. Where necessary and possible, the firm should triangulate findings using secondary data or results of previous surveys and evaluations.

### 3. Deliverables/Outputs

The following will be submitted by the consulting firms in soft and hard copies for each of the bi-annual surveys.

- (i) Inception Report including Work Plan and Timetable for Catch Up Spot Checks, Work Plan and Timetable for Payment confirmation spot checks, and details of the sampling strategy and the research tools to be used for both types of spot checks.
- (ii) Individual spot check reports immediately after conducting and entering spot check data.
- (iii) Final report summarizing results after the spot checks have been completed.

### 4. Experts Required and Specific Tasks

- (i) **Spot Check Team Leader** (national, 40 person months for 10 semi-annual spot checks)

Minimum qualification: BA in statistics or related field, 5-10 years of experience leading field survey work).

Detailed tasks: Specific tasks include: (i) preparation of inception report and sampling methodology, (ii) management and training of field enumerators, (iii) preparation of field strategy for location and interviews of pending and BISP beneficiaries, (iv) supervision of enumerators in the field, (v) checking accuracy and completeness of survey questionnaires, (vi) selection of data management software, (vii) supervision of data entry, (viii) clean-up of data set, and (ix) preparation of analysis of quantitative and qualitative data collected.

- (ii) **Field Supervisor** (national, 40 person months for 10 semi-annual spot checks).

Minimum qualification: The Field Supervisor should have at least 5 years of experience in supervising the conduct of different kinds of surveys. He/she must have at least a master's degree in social science or related fields.

Detailed tasks: The specific tasks of the Field Supervisor are as follows: (i) assist the Team Leader in the recruitment of adequate number of experienced enumerators and in giving them orientation on the survey including the questionnaire; (ii) assist the Team Leader in preparing the plan for field work activities; (iii) monitor the performance of enumerators throughout the field interviews including the conduct of spot checks to ensure they are doing their tasks honestly; and, (iv) conduct quality checks to ensure that the filled up questionnaires have no errors in formatting and no missing, invalid, or inconsistent information.

- (iii) **Survey Statistician** (national, 40 person months for 10 semi-annual spot checks).

Minimum qualification: The Specialist must have at least 5 years of experience in data processing and analysis. He/she must have at least a master's degree in computer science or related fields and proficient in SPSS (Statistical Package for Social Sciences) software or other statistical package.

Detailed tasks: The specific tasks of the Specialist are as follows: (i) assist the Team Leader in preparing the data analysis plan based on the survey questionnaire; (ii) prepare procedures for editing/quality checks of data and coding instruction; (iii) train and supervise data entry operators in entering the data following the coding instruction; and (iv) generate cross-tabulations and charts as needed for the report.

(iv) **Data Entry Specialists** (3 nationals, 120 person months).

Minimum qualification: some higher education, 2-3 years of experience in data entry from questionnaires

Detailed tasks: Specific tasks are: (i) to enter the data from the questionnaires into the appropriate fields in the data entry program, (ii) checking for accuracy of data entry for other specialists, (iii) reviewing data set for anomalies and outliers, (iv) perform first stage cleaning of data.

(v) **Field Enumerators** (10 nationals, 400 person months).

Minimum qualification: some higher education, 2-3 years of experience in data entry from questionnaires

Detailed tasks: Specific tasks will be (i) the location and interview of pending and BISP beneficiaries, (ii) filling out the survey questionnaire, (iii) checking the questionnaire to ensure all questions are answered accurately, (iv) submission of questionnaires to Team Leader for review and data entry.

## 5. Duration of the Assignment

The assignment should be completed within five years from the day of contract signing so as to overlap with the period of ADB financed disbursements to new BISP beneficiaries and the conduct of the catch up surveys by an independent contractor.

## 6. Coordination

The contracted firm will coordinate closely with the BISP management, the Catch Up contractor, and the tehsil offices in discharging its obligations under the contract

## 7. Selection Process

Firms who submit Expression of Interest (EOI) will be evaluated and a shortlist prepared based on the following general criteria:

- (i) Track record and experiences relevant to the tasks described in this TOR;
- (ii) Technical capacity of the firm specifically the individual qualifications of team members that will be involved in the survey and computer facilities;
- (iii) Corporate profile indicating years of operation, core competencies, management systems, and financial resources.

The shortlisted firms will then be requested to prepare detailed technical and financial proposals and will be evaluated according to the quality of technical proposal and the quotation on the cost for providing the service.

Note: Detailed procedures to be provided by the BISP Director for Procurement. Forms for EOI and request for proposals will be available at BISP Procurement Department.

## **B. Evaluation of Waseela-e-Sehet (WES)**

### **1. Objective**

The objective of this exercise is to assess the process of the phased rollout of the WeS in phase I to five additional districts and in Phase 2 for 10 additional districts and to evaluate the impacts of the WES on beneficiary populations. The assessment will thus be divided into two parts, a process and operational evaluation and an impact evaluation respectively.

### **2. Scope of Work/Methodology**

The selected firm or consortium of firms will perform an impact evaluation baseline survey of WES beneficiaries and follow up surveys after two years of operation of Phase I and after 4 years for Phase 2. The baseline survey in Phase 1 districts will be carried out broadly along the following lines:

- (i) Using a quasi-experimental regression discontinuity design (RDD), the consultant firm will divide a sample of 4000 households across households close to either side of the poverty scorecard cut-off threshold, i.e. those who are WES beneficiaries and those who fall just above the poverty scorecard threshold.
- (ii) Conduct a baseline survey of the sample households to cover:
  - a. Socio-economic profiles of WES beneficiary households and those just above the threshold who do not qualify for the benefit;
  - b. Estimate of total household consumption over a reference period;
  - c. Assessment of coping strategies in the event of a health shock, including days of work lost;
  - d. Utilization of public and private health facilities and in particular for inpatient care;
  - e. Household expenditure on inpatient treatment at public and private health facilities;
  - f. Household expenditure on transport costs to and from inpatient treatment facilities; and
  - g. Beneficiary satisfaction with inpatient care by type of facility.
- (iii) Analysis of quantitative data using appropriate software packages.
- (iv) Analysis of qualitative data using appropriate techniques or software packages.
- (v) Conduct a follow up survey of the same or similar households in the five Phase 1 Districts, plus households from Phase 2 districts, 2 years later (early 2016) to measure the following:
  - a. Utilization of WES empanelled facilities and other facilities for inpatient care by type of treatment;
  - b. Satisfaction with treatment services by type of facility;
  - c. HH expenditure on inpatient care by type of facility;
  - d. HH expenditure on transport by type of facility;
  - e. Confirmation of WES beneficiaries of receipt of transport allowance;
  - f. Total HH consumption; and

- g. Assessment of coping strategies in the event of a health expenditure shock.
- (vi) Conduct a second follow up survey from a sample of the 16 districts participating in Phase 2 after approximately 2 years of implementation (2018) measuring the same variables as above.

### 3. Deliverables/outputs

The following will be submitted by the consulting firms in soft and hard copies for the baseline survey as well as the impact evaluations.

- (i) Work Plan and Inception report detailing the sampling strategy and the research tools to be used.
- (ii) Baseline Survey Analysis Report.
- (iii) First Follow Up Survey Analysis Report (Phase 1).
- (iv) Second Follow Up Survey Analysis Report (Phase 2)

### 4. Experts Needed and Specific Tasks

- (i) **Evaluation Team Leader** (international, 15 person months for 3 surveys)

Minimum qualification: MA in statistics, econometrics or related field, 5-10 years of experience leading and analyzing field survey work.

Detailed tasks: Specific tasks include (i) preparation of inception report and sampling methodology, (ii) selection of data management software, (iii) supervision of data entry, (iv) clean-up of data set, and (v) preparation of analysis of quantitative and qualitative data collected.

- (ii) **Field Coordinator** (national, 15 person months for 3 surveys)

Minimum qualification: BA in statistics or related field, 5-10 years of experience in managing field surveys).

Detailed tasks: Specific tasks include: (i) management and training of field enumerators, (iii) preparation of field strategy for location and interviews of WES beneficiaries and other households, (iv) assignment of enumerators to sampled villages, (v) supervision of enumerators in the field, (vi) checking accuracy and completeness of survey questionnaires, and (vii) organizing checks and resurveys of households as needed.

- (iii) **Survey Statistician** (national, 15 person months).

Minimum qualification: The Specialist must have at least 5 years of experience in data processing and analysis. He/she must have at least a master's degree in computer science or related fields and proficient in SPSS (Statistical Package for Social Sciences) software or other statistical package.

Detailed tasks: The specific tasks of the Specialist are as follows: (i) assist the Team Leader in preparing the data analysis plan based on the survey questionnaire; (ii) prepare procedures for editing/quality checks of data and coding instruction; (iii) train and supervise data entry operators in entering the data following the coding instruction; and (iv) generate cross-tabulations and charts as needed for the report.

(iv) **Data Entry Specialists** (4 nationals, 36 persons months for 3 surveys)

Minimum qualification: Some higher education, 2-3 years of experience in data entry from questionnaires.

Detailed tasks: Specific tasks are: (i) to enter the data from the questionnaires into the appropriate fields in the data entry program, (ii) checking for accuracy of data entry for other specialists, (iii) reviewing data set for anomalies and outliers, (iv) perform first stage cleaning of data.

(v) **Field Enumerators** (10 nationals, 120 person months for 3 surveys)

Minimum qualification: Some higher education, 5 years of experience as enumerators.

Detailed tasks: Specific tasks will be: (i) the location and interview of survey households, (ii) filling out the survey questionnaire, (iii) checking the questionnaire to ensure all questions are answered accurately, (iv) submission of questionnaires to Team Leader for review and data entry.

## 5. Duration of the Assignment

The assignment should be completed over a five year period from the day of contract signing. The contracted firms will indicate a detailed schedule of activities in the technical proposal.

## 6. Coordination

The contracted firm will coordinate closely with the BISP management, SLIC and other insurers, and the tehsil offices in discharging its obligations under the contract

## 7. Selection Process

Firms who submit Expression of Interest (EOI) will be evaluated and a shortlist prepared based on the following general criteria:

- (i) Track record and experiences relevant to the tasks described in this TOR;
- (ii) Technical capacity of the firm specifically the individual qualifications of team members that will be involved in the survey and computer facilities;
- (iii) Corporate profile indicating years of operation, core competencies, management systems, and financial resources.

The shortlisted firms will then be requested to prepare detailed technical and financial proposals and will be evaluated according to the quality of technical proposal and the quotation on the cost for providing the service.

Note: Detailed procedures to be provided by the BISP Director for Procurement. Forms for EOI and request for proposals will be available at BISP Procurement Department.



## **C. Survey of Economic Activities for Employment and Skills Needs and Profile, Preferences and Expectations of Potential Trainees**

### **1. Objectives**

The objectives of the survey are: (i) to identify economic activities with high potential for providing opportunities for self-employment and wage-employment for the target beneficiaries and the corresponding skills needed so that they can take advantage of such opportunities; and (ii) to draw up a profile of potential trainees and identify their preferences, interest and expectations with respect to the training that will be provided.

### **2. Methodology and Scope of Work**

The contracted firm is expected to prepare appropriate methodology using a variety of quantitative and qualitative approaches to meet the objectives of the study. The methodology and relevant tools should be developed in consultation with the Waseela-e-Rozgar management, the Project Implementation Unit (PIU), and ADB and finalised before administering fieldwork. The specific tasks of the firm shall include but not limited to the following:

#### **a. Survey (Quantitative)**

- (i) Define the survey respondents and the sampling frames for each of the two surveys;
- (ii) Estimate the required sample size (at 95% confidence level, + - 3% margin of error) for each of the two surveys covering the 13 pilot districts and design respective sample distribution, as follows:
  - for economic survey -- stratified by district and by type of respondent, i.e, employers/enterprise staff and notables; and
  - for potential trainees – stratified by district and by gender.
- (iii) Design questionnaires for each survey, pre-test and finalize;
- (iv) Prepare data analysis plan and encoding instruction;
- (v) Orient enumerators and field supervisors on survey questionnaires and conduct field work doing face-to-face interview using the questionnaires;
- (vi) Check collected questionnaires for clarity and completeness and encode into the data base using Statistical Package for the Social Sciences (SPSS) software; and
- (vii) Generate tables based on the analysis plan and analyze.

#### **b. Focus Group Discussion/Interview (Qualitative)**

- (i) Prepare plan to conduct FGDs/interviews in the pilot districts to complement quantitative surveys, as follows:

- On economic and skills needs survey — 2 FGDs for notables and 5 interviews with employers/enterprise staff in each pilot district; participants should be different from those of survey respondents; and
  - On potential trainees — 2 FGDs (1 for male and 1 for female) in each of the pilot districts; participants should be different from those of survey respondents.
- (ii) Prepare FGD guide questions for each type of participants and interview guide questions for employers/enterprise staff; and
  - (iii) Organize logistics and conduct FGDs and interviews and prepare report for each FGD and interview conducted in standard format.

### **c. Report Preparation**

- (i) Prepare draft report integrating findings from both the quantitative and qualitative approaches;
- (ii) The report shall include a summary list of: (a) economic activities by district classified according to International Standard Industrial Classification (ISIC) as applied in Pakistan with indicative rating (high, medium, low) on potential for wage- and/or self-employment; and (b) occupations or skills by district classified according to International Standard Classification of Occupations (ISCO) as applied in Pakistan with indicative rating (high, medium, low) on potential demand; (c) proposed list of occupations or skills for which standards courses are to be developed; (d) a comprehensive profile of potential trainees for WER including age, gender, educational level, employment status, average number of hours worked per month if employed, average income per month, preferred skills for training, training duration, training venue, attitude toward micro-credit, and personal aspirations (what they want to become in the near and distant future), among others;
- (iii) Present findings in a workshop with WER management, PIU, and ADB representatives; and
- (iv) Revise and finalize report taking into consideration feedback during the workshop.

## **3. Key Personnel and Terms of Reference**

The firm will form a team of experts that will be involved in conducting the survey including: (a) Team Leader/Labor Market Economist; (b) Skills Development Specialist; (c) Social Development Specialist; (d) Field Supervisor; (e) Statistician. The required qualifications and specific tasks of the survey team are given below.

### **a. Team Leader/Economist (national, 3 person months)**

Minimum qualification: The team leader must have at least 15 years of experience in managing and conducting economic and social development surveys. He/she must have a good working knowledge and understanding of the structure and growth patterns of industry and of

employment trends in the labor markets. He/she must have at least a master's degree in economics or related fields.

Detailed tasks: The specific tasks are as follows: (i) prepare the overall survey design in consultation with the other members of the team; (ii) as part of the survey questionnaire, prepare a list of economic activities classified according to ISIC (4-digit) and a list of occupations classified according to ISCO (4-digit) in coordination with the Skills Development Specialist as used in Pakistan; (iii) organize the pre-testing of the survey questionnaire and FGD guide questions, revise based on results of the pre-testing and seek approval of the WER management and PIU for the use such instruments prior to doing the field work; (iv) recruit adequate number of experienced enumerators and orient them on the survey questionnaire; (v) recruit adequate number of experienced FGD facilitators and orient them on the guide questions; (vi) oversee the field work in coordination with the Field Supervisors; (vii) oversee the entry of data from filled up questionnaires and preparation of reports for each FGD session; (viii) develop a rating scale for classifying the identified economic activities whether the potential for employment is low, medium or high and rate them accordingly; (ix) prepare interim report, in coordination with the other members of the team, integrating findings from the survey and FGDs; (x) organize a consultation workshop with key stakeholders to present preliminary findings of the study; (xi) prepare finalize report integrating feedback from the consultation workshop.

**b. Skills Development Specialist** (national, 3 person months).

Minimum qualification: The Specialist must have at least 15 years of experience in the whole spectrum of skills development including the formal technical and vocational education and training (TVET) in institutions as well as the non-formal skills development in communities and enterprises. He/she must have at least a master's degree in engineering or its equivalent in related fields.

Detailed tasks: The specific tasks of the Specialist are as follows: (i) assist the Team Leader in the overall design of the survey, pre-testing and revision of the survey questionnaire including the list of occupations according to ISCO (4-digit) as used in Pakistan; (ii) develop a rating scale for classifying the identified occupations or skills whether the demand is low, medium, or high; (iii) in coordination with the Team Leader/Economist, rate the identified occupations and link them with the corresponding economic activities; (iv) prepare a list of high-potential economic activities and high-demand occupations by district based on the survey findings; (v) in coordination with the Team Leader and the Social Development Specialist, prepare a list of occupations or skills for which standards training courses will be developed; (vi) assist the Team Leader in the preparation of draft interim report, organization of consultation workshop, and in the preparation of draft final report.

**c. Social Development Specialist** (national, 3 person months).

Minimum qualification: The Specialist must have at least 15 years of experience in social development work particularly in the poor urban and rural communities. He/she must have at least a master's degree or its equivalent in related fields.

Detailed tasks: The specific tasks of the Specialist are as follows: (i) assist the Team Leader in the overall design of the survey, pre-testing and revision of the survey questionnaire; (ii) prepare FGD guide questions for both the survey on economic opportunities and skills needs and on the survey on profile of potential trainees for WER; (iii) assist the Team Leader in the identification

and recruitment of experienced FGD facilitators; (iv) supervise and/or facilitate the conduct for some FGDs of both surveys and in the preparation of FGD reports; (v) assist the Team Leader and the Skills Development Specialist identification of economic activities with high employment potential and of the occupations or skills in high demand taking into consideration training opportunities for women based on survey results; (vi) prepare a draft comprehensive profile of the potential trainees of WER; and, (vii) assist the Team Leader in the preparation of draft interim report, organization of consultation workshop, and in the preparation of draft final report.

**d. Field Supervisor** (national, 3 person months).

Minimum qualification: The Field Supervisor should have at least 5 years of experience in supervising the conduct of different kinds of surveys. He/she must have at least a master's degree in social science or related fields.

Detailed tasks: The specific tasks of the Field Supervisor are as follows: (i) assist the Team Leader in the recruitment of adequate number of experienced enumerators and in giving them orientation on the survey including the questionnaire; (ii) assist the Team Leader in preparing the plan for field work activities; (iii) monitor the performance of enumerators throughout the field interviews including the conduct of spot checks to ensure they are doing their tasks honestly; and, (iv) conduct quality checks to ensure that the filled up questionnaires have no errors in formatting and no missing, invalid, or inconsistent information.

**e. IT Specialist** (national, 3 person months).

Minimum qualification: The Specialist must have at least 5 years of experience in data processing and analysis. He/she must have at least a master's degree in computer science or related fields and proficient in SPSS (Statistical Package for Social Sciences) software.

Detailed tasks: The specific tasks of the Specialist are as follows: (i) assist the Team Leader in preparing the data analysis plan based on the survey questionnaire; (ii) prepare procedures for editing/quality checks of data and coding instruction; (iii) train and supervise data entry operators in entering the data following the coding instruction; and (iv) generate cross-tabulations and charts as needed for the report.

#### **4. Deliverables/outputs**

The following reports will be submitted by the consulting firm in soft and hard copies:

- (i) Work Plan including methodology, survey questionnaires, data analysis plan, encoding instruction, FGD and interview guide questions, and implementation schedule;
- (ii) Draft Consolidated Report combining survey and FGD findings including report on each FGD and interview conducted; and
- (iii) Final Report and complete data base in soft copy.

#### **5. Duration of the assignment**

The assignment should be completed within a maximum period of 3 months from the day of contract signing. The contracted firm will indicate a detailed schedule of activities in the technical proposal.

## **6. Coordination**

The contracted firm will coordinate closely with the WER management and the PIU in discharging its obligations under the contract

## **7. Selection Method**

Firms will be selected as per Quality and Cost Based Selection (QCBS) Method in accordance with ADB Guidelines on the Use of Consultants. The firms will be required to submit EOI for short listing and those shortlisted will be requested to submit detailed technical and financial proposals.

## **D. Social Mobilization of Target Beneficiaries in Pilot Districts**

### **1. Objectives**

The objective of social mobilization is to ensure that the communities in the pilot districts are made aware of the Waseela-e-Rosgar program and the trainees nominated by UCT beneficiaries are given proper advice in choosing the appropriate training course considering their individual circumstances and are provided continuing guidance and counselling during and after the training.

### **2. Scope of Work**

The selected firm will carry out the following activities in coordination with the WER management and the PIU:

- (i) Prepare a social mobilization operations manual containing, among others, an overall framework outlining the key tasks involved, the guidelines and procedures in undertaking them, the identification of tehsils, union councils and villages to be covered, the data collection forms and data base of individual households and nominees for training, the reporting system, etc., and other guidelines and procedures, for approval by the WER management and PIU;
- (ii) Prepare an annual work plan mapping out the tehsils, union councils, and villages to be covered during the period, the social mobilization activities to be undertaken including awareness campaign, identification and verification of eligible trainees, vocational counseling and selection of trainees, and other support activities during and after the training, etc., for approval of WER management and PIU;
- (iii) Implement work plan following the guidelines and procedures in the operations manual and in close coordination with the training delivery providers;
- (iv) Prepare and submit monthly report to WER management and PIU indicating implementation progress as well as problems and issues that need to be acted upon;
- (v) Assist the WER management and PIU in the preparation of Quarterly Progress Report for submission to BISP management and to ADB;
- (vi) Prepare annual report summarizing accomplishments during the year, the problems and issues encountered during implementation, the actions taken and the results, and the implementation strategies in the following year.

### 3. Key Personnel and Terms of Reference

The firm will form a team of experts that will be involved in conducting social mobilization including: (a) Project Manager; (b) District Field Supervisor; and, (c) Community Social Mobilization Officer. The required qualifications and specific tasks of the social mobilization team are given below.

#### a. Project Manager (national, 60 person months)

Minimum qualification: The Project Manager must have at least 15 years of experience in managing and implementing social development projects particularly in poor urban and rural communities. He/she must have good planning, monitoring, interpersonal relations, and oral and written communication skills. He/she must have at least a master's degree in social science or related fields.

Detailed tasks: The specific tasks of the Team Leader are as follows: (i) provide effective leadership and guidance to the members of the team; (ii) prepare the Social Mobilization Operations Manual subject to review and approval of WER management and the PIU; (iii) prepare the annual work plan subject to the review and approval of WER management and the PIU; (iv) oversee the overall implementation of the work plan; (v) coordinate closely with the management of the different training providers that will be operating in each district as to type and schedule of training activities; (vi) monitor implementation progress and prepare consolidated monthly progress report based on reports from different districts for submission to WER management and PIU highlighting problems and issues encountered and the proposed courses of action; (vii) prepare quarterly progress reports as input to the Quarterly Progress Report to BISP management and ADB; and (viii) prepare annual report summarizing accomplishments during the year, the problems and issues encountered during implementation, the actions taken and the results, and the implementation strategies in the following year.

#### b. District Field Supervisors (national, 60 person months)

Minimum qualification: The District Field Supervisors must have at least 10 years of experience in social development work particularly in poor urban and rural communities. They must have good supervisory skills including planning, monitoring, oral and written communication, and interpersonal relations. They must have at least a master's degree in social science or related fields.

Detailed tasks: The specific tasks of the District Field Supervisors are as follows: (i) assist the Project Manager in the preparation of the operations manual and the annual work plan; (ii) orient the Community Social Mobilization Officers on the operations manual particularly on the guidelines and procedures and the reporting templates as well as on the annual work plan with the specific targets to be achieved for the year; (iii) implement the work plan for the assigned district in close coordination with the staff of the different training providers that will be operating in the district as to the type and schedule of training activities; (iv) supervise and provide support to the Community Social Mobilization Officers in the union councils and villages of the district; (v) prepare monthly progress report for the assigned district for submission to the Project Manager highlighting the problems and issues encountered in the district and the proposed courses of action; and, (vi) assist the Project Manager in the preparation of the quarterly progress reports and annual reports.

**c. Community Social Mobilization Officers** (national, 60 person months)

Minimum qualification: The Community Social Mobilization Officers must have at least 10 years of experience in social development work particularly in poor urban and rural communities including a good working knowledge in various types of skills development activities. They must have the ability to establish good rapport with local community leaders and families. He/she must have at least a master's degree in social science or related fields.

Detailed tasks: The specific tasks of the Community Social Mobilization Officers are as follows: (i) study closely the Social Mobilization Operations Manual and the activities, targets, and schedules in the annual work plan; (ii) study the economic and social development profile of the union councils/villages identified in the mapping of areas to be covered during the period; (iii) conduct awareness campaign regarding the WER program through community meetings, leaflets, and other suitable medium informing the community of the different training options available and the eligibility requirements; (iv) encourage and receive initial expression of interest of eligible trainees using the application form from WER grouping them by course and by training modality; (v) form optimum "class size" by course and training modality based on initial expression of interest of potential trainees; (vi) hold counselling session for each class explaining to them in more detail the course contents, training duration, training modality, required assessment and certification, prospects for employment, micro-credit support, etc.; (vii) based on result of the counselling session, revise the list of potential class participants by course and training modality and forward the list to the Project Manager through the District Field Supervisor for verification of eligibility at the WER head office; (viii) upon verification, wait for decision of WER management as which training provider(s) will be chosen to deliver the training; (ix) coordinate with the staff of the selected training provider with regard to the schedule and venue of the training; (x) conduct jointly with the training provider an orientation on the training program including technical, administrative, and financial matters, etc.; (xi) conduct unannounced visits to the training venues and observe how the training programs are going taking notes of potential issues and problems by getting direct feedback from some of the participants; (xii) prepare monthly report on the progress of training programs going in the assigned union councils and villages highlighting problems and issues and proposed courses of actions; and (xiii) provide post-training counselling to participants who need some kind of help.

**4. Deliverables**

The following reports will be submitted by the consulting firm in soft and hard copies:

- (i) Social Mobilization Operations Manual
- (ii) Annual Work Plan
- (iii) Monthly Progress Report
- (iv) Annual Report

**5. Duration of the assignment**

The contract will be initially for a period of one year extendable subject to satisfactory performance.

## **6. Coordination**

The contracted firm will coordinate closely with the WER management and the PIU in discharging its obligations under the contract

## **7. Selection Method**

Firms will be selected as per Quality- and Cost-Based Selection (QCBS) Method in accordance with ADB Guidelines on the Use of Consultants. The firm(s) will be required to submit EOI for the cluster of districts (defined by the management of WER) they are interested in. Those shortlisted will be requested to submit detailed technical and financial proposals.

## **E. Third-Party Monitoring of Waseela-e-Rozgar Training Programs**

### **1. Objectives**

The main objective of external monitoring is to provide management of WER and PIU and other key stakeholders with timely, accurate, and relevant information on implementation progress and performance and compliance by implementers with guidelines and contract specifications, identifying issues and problems, so that timely adjustments and corrective actions could be taken.

The main objective of external evaluation, on the other hand, is to provide management of WER and PIU and other key stakeholders an objective assessment of the project outcomes and impacts, an understanding of the reasons behind such outcomes and impacts, so that proper adjustments in strategy, processes, and allocation of resources could be made to maximize the achievement of desired results.

### **2. Scope of Work**

The consulting firm will carry out the following activities in coordination with the WER management and the PIU:

#### **a. General**

- (i) Prepare a monitoring and evaluation (M&E) operations manual containing, among others, an overall M & E framework defining the areas to be monitored, structure of the flow of information, guidelines and procedures on field visits and data collection, data collection forms, data storage, type of reports reporting system, etc., and other guidelines and procedures for approval by the WER management and PIU; and
- (ii) Prepare a detailed annual work plan specifying the monitoring activities on a monthly basis covering the different phases of the training cycle for each of the training modalities and the support administrative and financial services as well as the evaluation activities that will be done during the year for approval by WER management and the PIU.

#### **b. Monitoring**

1. Conduct the monitoring activities indicated in the work plan following guidelines and procedures in the M&E operations manual;



2. Prepare the different types of reports according to specified frequency indicating progress as well as problems and issues that need to be acted upon by WER management and PIU; and
- (iii) Validate and/or take further actions on reported problems and issues as may be directed by management.

**c. Evaluation**

- (i) Prepare design of evaluation studies that will be conducted throughout the implementation period including tracer studies of graduates at the end of each year and impact evaluation study at the end of project implementation;
- (ii) Conduct tracer studies of graduates at the end of the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> years of implementation and present findings and recommendations to WER management and PIU and other key stakeholders;<sup>67</sup>
- (iii) Conduct impact evaluation studies for the mid-term review and at the end of implementation period for the for the project completion report covering the project's impact not only on the beneficiaries but also on the institutions involved including the WER management capacity, the training providers, and employers highlighting lessons learned and recommendations to further improve the project in the coming years and similar projects in the future;
- (iv) Conduct other studies as may be deemed necessary in the course of project implementation.

### **3. Key Personnel and Terms of Reference**

The firm will form a team of experts that will be involved in conducting third-party monitoring and evaluation including: (a) Project Manager; (b) District Field Supervisor; and, (c) Field Monitoring Officer. The required qualifications and specific tasks of the social mobilization team are given below.

**a. Project Manager (national, 60 person months)**

Minimum qualification: The Project Manger must have at least 15 years of experience in monitoring and evaluation of social development projects particularly in poor urban and rural communities including various types of skills development activities. He/she must have good planning, supervision, monitoring, interpersonal relations, and oral and written communication skills. He/she must have at least a master's degree in social science or related fields.

Detailed tasks: The specific tasks of the Team Leader are as follows: (i) provide effective leadership and guidance to the members of the team; (ii) prepare the Monitoring and Evaluation Operations Manual subject to review and approval of WER management and the PIU; (iii) prepare the annual work plan subject to the review and approval of WER management and the PIU; (iv) oversee the overall implementation of the work plan; (v) prepare consolidated monthly monitoring report based on reports from different districts for submission to WER management and PIU highlighting problems and issues regarding compliance with contract provisions of

<sup>67</sup> Baseline data will be included in the survey on profile, preferences, and expectations of potential trainees conducted at the start of project implementation.

service providers; (vi) prepare quarterly monitoring reports as input to the Quarterly Progress Report to BISP management and ADB; (vii) design and conduct tracer studies of graduates at the end of the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> years of implementation and present findings and recommendations to WER management and PIU and other key stakeholders; (viii) design and conduct impact evaluation studies for the mid-term review and at the end of implementation period for the project completion report; and (ix) prepare annual report summarizing accomplishments during the year, the problems and issues encountered during implementation, the actions taken and the results, and the implementation strategies in the following year.

**b. District Field Supervisors** (national, 60 person months)

Minimum qualification: The District Field Supervisor must have at least 10 years of experience in monitoring and evaluation of social development projects particularly in poor urban and rural communities including various types of skills development activities. He/she must have good planning, supervision, monitoring, interpersonal relations, and oral and written communication skills. He/she must have at least a master's degree in social science or related fields.

Detailed tasks: The specific tasks of the District Field Supervisor are as follows: (i) assist the Project Manager in the preparation of the M&E Operations Manual and the annual work plan; (ii) orient the Field Monitoring Officers on the operations manual particularly on the guidelines and procedures and the reporting templates, on the annual work plan with the specific targets to be achieved for the year, and on the contracts of the service providers focusing on provisions that must be complied with; (iii) implement the work plan for the assigned district; (iv) supervise and provide support to the Field Monitoring Officers assigned to monitor activities in the union councils and villages of the district; (v) conduct spot checks on the monitoring activities at the union councils and villages; (vi) prepare monthly monitoring report for the district for submission to the Project Manager highlighting the problems and issues encountered for the attention of the WER management and PIU; (vii) assist the Project Manager in designing and conducting tracer studies and impact evaluation studies; (viii) assist the Project Manager in the preparation of the quarterly progress report and annual report.

**c. Field Monitoring Officers** (national, 60 person months)

Minimum qualification: The Field Monitoring Officers must have at least 10 years of experience in monitoring and evaluation of social development projects particularly in poor urban and rural communities including various types of skills development activities. They must have good interpersonal relations and oral and written communication skills and the courage to report objectively what they have observed in the field. They must have at least a master's degree in social science or related fields.

Detailed tasks: The specific tasks of the Field Monitoring Officers are as follows: (i) study closely the M & E Operations Manual, the schedule of activities and targets in the annual work plan, and the contracts of the different service providers focusing on the provisions that must be complied with; (ii) coordinate with the Community Social Mobilization Officers and the staff of the training providers regarding the on-going and planned activities in the union councils and villages of the assigned district; (iii) conduct monitoring visits for each activity as scheduled following closely the guidelines and procedures in the M&E Manual; (iv) prepare a monitoring report for each visit using the standard template provided in the manual; (v) prepare a monthly monitoring report based on the compiled monitoring reports for each visit conducted during the month highlighting problems and issues on compliance with contract provisions for the attention and proper action of WER management and the PIU; (vi) prepare quarterly monitoring report on

the assigned district; and (vii) perform other monitoring activities as directed by the Project Manager and Field Supervisor.

#### **4. Deliverables**

The external M&E firms will deliver the following outputs to WER management and the PIU in soft and hard copies:

- (i) M&E Operations Manual
- (ii) Annual Work Plan
- (iii) Regular Monitoring Reports
- (iv) Tracer Studies
- (v) Impact Evaluation Studies

#### **5. Duration of the assignment**

The contract will be for a period of 5 years but subject to review every year. A replacement may be considered should performance be deemed unsatisfactory after a thorough and fair evaluation.

#### **6. Coordination**

The contracted firm will coordinate closely with the WER management and the PIU in discharging its obligations under the contract

#### **7. Selection Method**

Firms will be selected as per Quality- and Cost-Based Selection (QCBS) Method in accordance with ADB Guidelines on the Use of Consultants. The firm(s) will be required to submit EOI for the cluster of districts (defined by the management of WER) they are interested in. Those shortlisted will be requested to submit detailed technical and financial proposals.