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Planning and Development Architecture in Pakistan: A Strategic Review

October 2012

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Acronyms

ADP	Annual Development Plan
CDWP	Central Development Working Party
CPMU	Core Project Management Unit
DDWP	Departmental Development Working Party
EAD	Economic Affairs Division
ECNEC	Executive Committee of National Economic Council
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MFF	Multi-tranche Financing Facility
MTDF	Medium Term Development Framework
NEC	National Economic Council
PC-I	Planning Commission Proforma I
PC-II	Planning Commission Proforma II
PC-III	Planning Commission Proforma III
PC-IV	Planning Commission Proforma IV
PC-V	Planning Commission Proforma V
PDD	Planning and Development Division
PDWP	Provincial Development Working Party
PMU	Project Management Unit
PPF	Project Preparation Facility
PPMI	Pakistan Planning and Management Institute
PSDP	Public Sector Development Program

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Executive Summary

Development architecture in Pakistan has undergone many changes over time in terms of its structures, policies, procedures and systems. These changes have occurred in myriad ways ranging from the changing role and functionality of different institutions to the institutional level challenges of capacity and resource depletion. The planning and development institutions in the country have an impressive history of carrying forward the Government's development agenda over the years with a capable and highly qualified human resource at the helm. Research in the recent years however, indicates a somewhat downward trend in the planning machinery and systems in the country underscoring a need for re-assessment of the present role, remit and institutional arrangements within the present development planning mechanism.

The call for re-assessment emanates not only from external commentators and stakeholders including development partners who underscore the need for an efficient and speedy system, but is also resonated by government itself, evident from its on-going efforts to reform the planning system in the country.

This paper presents an attempt to not only identify the issues surrounding the design, approval and implementation of development projects but also suggests a practical way forward for streamlining systems and policies to improve the efficiency and thus, the impact of development planning in the country.

This study will help the Government of Pakistan in two ways: firstly, it aims to augment and support the on-going efforts by the government in bringing positive changes in the planning and development systems and institutions. Secondly, this will help the government in implementing the 18th constitutional amendment by decentralizing the powers to the provincial governments and strengthening those institutions to carry out their new role.

The research objectives for the study include:

1. To help streamline the planning process by identifying challenges and proposing ways forward with a view to make it more efficient.
2. To contribute in dealing with the challenges and exploring opportunities presented by the process of devolution.
3. To contribute towards developing an efficient and robust planning process to help speed up the work of development partners

The study is primarily designed as a diagnostic study based on a qualitative research design. The multi-phase research methodology employed for the study included a detailed literature review of the Commission's manuals and guidelines, rules and regulations and instructions issued by the federal and provincial government department for governing development projects in the country. In addition, this paper drew on previous research carried out by development sector professionals. Primary data collection was carried out through in-depth interviews and Focus Group Discussions with the selected stakeholders in the Planning Commission, provincial Planning and Development Departments, Project Directors etc in all the four provinces. The information collected from the data sources was analyzed and compiled in the form of this report. Regular meetings were also organized

with the officials of Planning Commission at several stages in order to finalize the final outcomes of the study.

Key Recommendations:

1. Reviewing the Role and Remit of Planning Commission:

- Clearly define the role, remit and functions of the Commission and draw a clear distinction between the role of the P&DD and the Planning Commission. As a key first step the Commission may consider developing a change/ re-orientation program involving its focus, mandate, culture, interaction with stakeholders and structure aimed at strengthening its strategic role as the planning machinery of the country.
- Develop its capacity and expertise through focused local training and strengthen its professional and technical staff; clarify and clearly delineate its role and functions and strengthen its institutional set up with a focus on research, policy analysis and reforms. The present institution of the Pakistan Planning and Management Institute (PPMI) should be restructured and empowered to develop and implement need-based training programs.
- Deepen engagement with the provincial planning departments to ensure that the local planning is compliant with the development priorities and the long term planning of the country.

2. Revisiting the Present Planning Horizon

- Develop a consistent mix of medium and short term plans with long term plans along the lines of indicative planning, charting out the economic road map and spelling out development priorities, sectors and targets.
- The Commission should be made into a legal entity through an Act of Parliament and empowered to frame rules for the preparation, implementation and monitoring of the long, medium and short term plans
- Institutionalize mechanisms for engendering planning and development by establishing a permanent wing staffed by experts so that projects can be evaluated on the basis of a comprehensive gender analysis.

3. Revamping the Project Design:

- Strengthen the function of research in the planning machinery by establishing dedicated sections like Planning, Monitoring and Research Cells (PMR Cells) in the ministries and divisions. The Cells should be permanent bodies with clear ToRs, regular budget and human resource. The Cells should be financed through the ministries' recurrent budget.
- Create a Project Preparatory Fund by making a block allocation from the ministries'/ departments' development budget for conducting/ outsourcing the feasibility studies.
- Establish Core Project Management Unit (CPMU) as an interim arrangement for the start up of the project from the inception stage. The CPMU should be placed in the respective ministry/department and staffed with a Project Director (PD) assisted by two staff members and funded through a block allocation/revolving fund to be replenished retroactively through donor financing after loan effectiveness. Authorization for setting up the CPMU should be obtained through PC-I. The CPMU should be responsible for participating at all

stages of pre-project implementation including preparation and approval of PC-Is and should be converted to a PMU following the project implementation.

- Consider only those projects in the PSDP for which the requisitioning Ministry/ Department have sought ECNEC's approval to help block the influx of politically motivated projects and to ensure that only those projects which are aligned with the national priorities are considered.
- Update and revise a compilation of rules and regulations in the form a compendium to govern the entire planning and development process as well as the functioning and running of different organizations for designing, approving and implementing and monitoring development plans and procedures.

4. Re-Assessing Project Approval:

- Enhance the powers of the PDWP to approve locally developed and funded projects in consonance with the policy of devolution. Complimenting PDWP's role by building and strengthening its capacity to carry out its role effectively.
- Reduce the case portfolio of the CDWP by limiting it to taking up federal level development projects and those provincial projects that involve federal funding or foreign loans to be repaid by federal govt. The CDWP should be strengthened and its approving power should be enhanced to clear/ approve all projects as the final approving body. The ECNEC should only be involved for approval for mega projects with a clear financial limit defined for what qualifies as mega project.
- Strengthen staff capacity to undertake project appraisals, particularly the technical side, at both levels, i.e the ministry as well as the Planning Commission. For this purpose, special courses can be designed at the PPMI and offered to the relevant staff.
- Ensure a transparent and uniform criterion for project approval by developing a set of assessment tools for sanctioning projects. Feasibility studies should be made mandatory or a pre-condition for project assessment and prioritization criteria for the projects should be clearly set out to eliminate political manoeuvring.

5. Revisiting Project Implementation:

- Establish a core PMU (CPMU) during the design phase of the project cycle with an adequate financial cover and core staff.
- Put in place a robust M&E system with well-defined monitoring structures. The strategic level function in M&E should rest with the Planning Commission, whereas operational level M&E should be overseen by the concerned Ministry/ Department, and carried out by the PMU. In order to carry out this function effectively, the Ministries at the Federal level as well as the Planning and Development Departments at the provincial levels should be well-equipped both in terms of human resource and capacity as well as infrastructure and budget. Similarly, the PMUs should have M&E cells equipped with trained human resource as well as a uniform mechanism including tools and templates, for carrying out the M&E function effectively.
- Complement the M&E system by extending the existing MIS in the Planning Commissions to all the provincial governments, Ministries and Division and linking it up with all the ministries and PMU and PDs.

- Develop and strengthen a three-tier M&E mechanism with the PMU carrying out the monitoring function, followed by the concerned ministry and validated through a third party evaluation.
- Revisit existing M&E templates, particularly the PC-III document for revision and updation to make it more comprehensive and needs-based.
- Institute the practice of developing PC-V document by making a mandatory condition for future projects.
- Make funds availability conditional for project approval and only approve those projects which can ensure adequate funds availability and security throughout the project duration.
- To consider blocking re-allocation or diversion of funds away from an approved PSDP projects.

Chapter 1: Introduction

1.1 Background

Development architecture in Pakistan has undergone many changes over time in terms of its structures, policies, procedures and systems. These changes have occurred in myriad ways ranging from the changing role and functionality of different institutions to the institutional level challenges of capacity and resource depletion. The planning and development institutions in the country have an impressive history of carrying forward the Government's development agenda over the years with a capable and highly qualified human resource at the helm. Noteworthy among their numerous achievements are the robust five years plans, which played a central role in socio economic development of the country.

Research in the recent years however, indicates a somewhat downward trend in the planning machinery and systems in the country underscoring a need for re-assessment of the present role, remit and institutional arrangements within the present development planning mechanism.

Managing development portfolio in consonance with national requirements and demographic realities has become one of the key responsibilities of the public sector. At present, about 50 projects worth \$ 7.0 billion, financed through international development partners, are under implementation in the public sector.

This is matched by autonomous organizations which also undertake a sizable number of projects every year. Pakistan's Public Sector Development Program (PSDP) is mostly financed by the various development partners and international financial institutions (IFIs). Many IFIs now employ new techniques of financing such as the Multi-tranche Financing Facility (MFF), a concept which is yet not fully understood by most executing agencies and hence not fully benefitted from. The investment portfolio of PSDP and all ADPs in the current financial year (2012-13) is cumulatively about PKR 4.3 trillion; around 3,243 PSDP projects are being implemented all over the country. In order for this level of public investment to have high returns, as well as to achieve the development goals associated with it, a robust planning and implementation system needs to be in place.

The call for re-assessment emanates not only from external commentators and stakeholders including development partners who underscore the need for an efficient and speedy system, but is also resonated by government itself, evident from its on-going efforts to re-hash the planning system in the country.

Development planning in Pakistan does not take place in a vacuum. Instead it is dependent on and in turn, impacts, a number of external and internal factors. "The new economic environment calls for a different approach to planning" notes Khalid Ikram in his well researched work on the restructuring of Planning Commission of Pakistan¹. A review of the present planning system in Pakistan, however, reveals that in general, it has not been able to keep pace with the changing context.

¹ Revitalizing the Planning Commission. The International Growth Centre Report , January 2011

The Planning Commission manuals and the numerous notifications issued in the 1970s, have not been updated regularly and hence, often fail to reflect on the new developments. The emphasis of donor agencies on aid-effectiveness in the light of Paris Declaration (2005) and Accra Agenda for Action (2008) seeks re-vamping and strengthening of country procedures and rules governing the development sector.

Internal systems in the planning machinery remain weak. The information available at federal level as well as in the four provincial P&D Departments is scattered and often contradictory. Project management is increasingly becoming an individual experience that has different facets in different departments, autonomous organizations, provincial set-ups as well as federation with no common thread binding it together. No serious effort has yet been taken up to design a common action plan that can help in reduction of delays in start-ups, smooth implementation of projects and overcoming time and cost overruns. The previous attempts have merely identified areas of concern and have not suggested actual steps that need to be taken to improve efficiency of the public sector development portfolio in Pakistan. There is thus, a strong case for developing a workable plan to reform and revamp the administrative, legal and institutional framework governing the development projects.

While it is duly acknowledged in the government and concerned quarters that the development planning system needs to be streamlined with official procedures harmonized in line with national requirements and international safeguards, however, little headway has been made in this regard. This paper presents an attempt to not only identify the issues surrounding the design, approval and implementation of development projects but also suggests a practical way forward for streamlining systems and policies to improve the efficiency and thus, the impact of development planning in the country.

This study will help the Government of Pakistan in two ways: firstly, it aims to augment and support the on-going efforts by the government in bringing positive changes in the planning and development systems and institutions. Secondly, this will help the government in implementing the 18th constitutional amendment by decentralizing the powers to the provincial governments and strengthening those institutions to carry out their new role.

1.2 The Rationale

The present research study is an attempt to review the process, mechanism and institutional set-up for planning against an evolving backdrop of change, institutional re-arrangement and devolution in the country.

Drawing on previous research on the planning process and mechanism in the country, the present study particularly aims to focus on the current institutional arrangements and capacities for development planning in Pakistan.

Many external and internal factors define the planning horizon in Pakistan. Globalization and privatization of the economy have vastly reduced the space for planning by the former methods of direct control. This shift has created both challenges and opportunities for re-aligning the Planning

Commission's role and re-adjusting its focus and methods to adapt to the new economic environment.²

A shift in the remit brought on by the recent devolution has also necessitated a need to re-assess the role and functions of the Planning Commission. With the passage of 18th Amendment, the institutional set up and control has been re-organized, with the greater part of project planning and implementation in majority of the key sectors falling in the purview of the provincial governments, thus changing the locus of planning away from the Planning Commission. The new equation, therefore, calls for re-defining roles and interaction between the Commission and the provincial planning departments. This study makes an attempt to identify potential areas where engagement between the central and provincial planning machinery can be further strengthened and improved.

The study reviews the present planning processes and project cycle in detail, identifying risks and issues associated with each stage of the project cycle which conflict with performance and presents specific recommendations for each phase of the cycle. The study also examines the present skill set engaged in planning both at the Commission as well as at the provincial planning departments with a view to highlight areas for building and strengthening the skill base.

1.3 Objectives of the Study:

The research objectives for the study, thus, include:

1. To help streamline the planning process by identifying challenges and proposing ways forward with a view to make it more efficient.
2. To contribute in dealing with the challenges and exploring opportunities presented by the process of devolution.
3. To contribute towards developing an efficient and robust planning process to help speed up the work of development partners.

1.4 Research Methodology:

The study is primarily designed as a diagnostic study based on a qualitative research design in order to identify the key problems and come up with achievable recommendations. The multi-phase research methodology employed for the study included the following stages:

Phase I: The first phase of the study included an extensive literature review. Comparative case studies and good practices from the national and international experience were also identified through the literature review. An attempt was also made to correlate all available manuals prepared by the Planning Commission and the provincial planning and development departments and find out similarities and differences in the procedures. The literature reviewed also included a mapping of the rules and regulations and instructions issued by the federal and provincial government departments from time to time for governing development projects in the country. This study also included a review of various sections as well as the format of the PC-I, the core project document in the public sector, with a comparison with documents used in other international organizations for similar purpose. Other Planning Commission Performa such as PC-III, PC-IV and PC-V were also

² Ikram, Khalid. Revitalizing the Planning Commission. International Growth Centre. 2011

studied in order to find as to why executing agencies have not used them effectively and how they can be improved.

In addition, this paper drew on previous research carried out by development sector professionals. Studies undertaken by OECD, World Bank, ADB and United Nations in the relevant sectors also contributed in the development of thought process for the study.

Official procedures for project identification, approval and implementation were thoroughly studied and compared with good practices in similar processes in different countries to identify workable options. A detailed literature review is given in Annex A.

Phase II: A review of the processes and issues pertaining to design, approval and implementation were conducted in collaboration with a selected set of relevant stakeholders. The main tools used during the research process included primary data collection through in-depth interviews and Focus Group Discussions with the selected stakeholders in the Planning Commission, provincial Planning and Development Departments, Project Directors etc in all the four provinces. The list of participants in the interviews and FDGs is attached at Appendix-1.

Phase III: The information collected from the data collection sources was analyzed and compiled in the form of this report. Regular meetings were also organized with the officials of Planning Commission at several stages in order to finalize the final outcomes of the study.

A conscious effort was made to take benefit of the earlier findings made by the donor agencies and carry forward the task with clear targets. Throughout the process, the priorities and consideration of the government have been kept in view and sincere attempt has been made to present do-able recommendations before the government for consideration.

Chapter 2: Mapping the Planning Structures, Processes, Procedures and Policies

This section presents the institutional mechanism and machinery for planning in Pakistan.

2.1 Planning and Development Structures

The National Economic Council (NEC), an apex body headed by the Prime Minister and constituted under Article 156 of the Constitution³, provides direction in Economic Planning and regularly reviews national level development plans. Article 156 (2) stipulates that the NEC is responsible to '*review the overall economic condition of the country and shall, for advising the Federal Government and the Provincial Governments, formulate plans in respect of financial, commercial, social and economic policies*'. The NEC has as its members, the provincial chief executives, cabinet ministers concerned with economic and social development and the Deputy Chairman of the Planning Commission. Vision statements, long term perspectives, five year plans, annual plans and the Public Sector Development Programs (PSDP) require the approval of the NEC.⁴

2.1.1 The Planning Commission

The Planning Commission regulates the policies and processes of development with help from the Provincial Planning and Development Departments and the line Ministries of the Federal Government. Both the substantive and the procedural dimensions of planning processes in Pakistan under the purview of the Planning Commission do not flow from any Act of the Parliament. The Commission's functions and the organization emanate from a subordinate legislation called a Resolution⁵ issued by the President of Pakistan. It is, however, also been made a part of the Rules of Business 1973 that flow from the Constitution. Historically, the planning function in Pakistan was first carried out by a Development Board set up in the Economic Affairs Division in 1948. A few years later in 1953, a Development Board was established by the government with the expanded function of preparing the national plan of development. In addition to developing the five-year plans, the Board also examined development schemes and projects for inclusion in the development plans as well as advice government on economic policies. The Planning Board developed the first 5-year plan (1955 – 60) for the country. In 1957, a permanent forum for planning, the National Development Board, was established with the Prime Minister of the country as its Chairperson. The Planning Board was re-designated as the Planning Commission in 1958. In addition to its economic advisory role, the core mandate of the Commission remained the preparation of national plans for economic development in the country.

As the newly formed planning institution, the initial challenges for the Commission included lack of coordination both in terms of research and economic policy as well as gaps between planning and implementation stemming mainly from a weak institutional status, considerably below par with

³ Constitution of Islamic Republic of Pakistan 1973.

⁴ Tahir Pervez, Institutional Machinery for Managing the Pakistan Economy. The Lahore Journal of Economics.

⁵ Resolution of May 2005 is also annexed as Annex 2.

comparable planning bodies in other countries. The government, therefore, decided to enhance its institutional status by making the Commission a full-fledged Division in the President's Secretariat with the President of the country as its chairperson in 1961. In addition to a deputy chairperson, the membership of the Commission was increased to four other members.⁶

The early 1980s saw the Commission undergoing further changes in its composition and leadership before attaining its present status brought about by institutional restructuring in 2006. The restructured Planning Commission has the Prime Minister of the country as the Chairperson and a membership base of at least 9 members in addition to the Deputy Chairperson. The Planning Division functions as the secretariat of the Commission which comprises of two main sections including economic and technical sections accompanied by various wings. Organogram of the Planning Commission is presented in Appendix II.

2.1.2 Federal Ministries/Divisions

The Federal Ministries are responsible for the preparation of programs and projects in their respective fields of work. The projects prepared by the Federal Ministries are submitted to the Planning Commission for appraisal and approval.

2.1.3 Provincial Planning & Development Departments

The Planning and Development Department is the principal planning institution at the provincial level. It is headed by the Chairman, Planning and Development Board, Punjab and Additional Chief Secretaries (Development) in the rest of the three provinces. It coordinates the development programs and projects prepared by the provincial departments and also the overall provincial Five Year Plan and Annual Plans.

2.2 The Planning Process

The project cycle comprises of project identification, design, appraisal and approval before moving on to project implementation. The development and management process of projects is similar at the federal and provincial levels. For the formulation and approval of the projects, ministries and departments follow the guidelines developed by the Planning Commission and the Planning and Development Departments. Various stages of the project cycle are governed by numerous proforma developed by the Planning Commission. The following table gives a brief description of each of the 6 proforma used:

1.	PC-I Form	Detailed project document
2.	PC-II Form	For preparation of pre-feasibility, feasibility study and conducting survey
3.	PC-III Form	For submission of quarterly monitoring/ progress reports of project
4.	PC-IV Form	For submission of completion report of project
5.	PC-V Form	For submission of evaluation report on annual basis for 5 years
6.	Low cost PC-I Form	For preparation of projects less than than PKR 1 million

⁶ Hand book of Planning Commission. 2008

After identification, the projects are developed on the prescribed PC-I document. The project proposal generally includes project description, cost, mode of financing, objectives, targets and scope of work.

2.2.1 Project Appraisal and Approval

Project appraisal at the Planning Commission, the P&DD and provincial Planning and Development Departments is carried out to determine if the project is technically sound and economically and financially viable. The Appraisal Section at the Commission is responsible for carrying out appraisal of economic and social aspects of the project while the technical appraisal is carried out by the concerned technical wings. After appraisal, the project is passed on the relevant competent forum for approval. The fora for approval include:

- **Executive Committee of National Economic Council (ECNEC):** An Executive Committee of the NEC called ECNEC meets regularly for the approval of bigger developmental projects and is chaired by the Finance Minister.⁷ This is the highest body for the approval of schemes. Projects and programs costing PKR 500 million and above are approved by the ECNEC. It is headed by the Prime Minister/Finance Minister and has representation from all development and economic Ministries and Provinces at the Minister level.
- **Central Development Working Party (CDWP):** Development projects costing between PKR 40 million and PKR 500 million prepared by the Federal Ministries and Provincial Governments are scrutinized for the purpose of approval by the Central Development Working Party (CDWP) which is headed by the Deputy Chairman, Planning Commission and includes as its members the Secretaries of the Federal Ministries concerned with development and the heads of the Planning Departments of the Provincial Governments. Schemes with foreign funding of 25 percent and above have also to come to CDWP for scrutiny. The Concept Clearance Committee (CCC), which has the same composition and meets concurrently with the CDWP, allows negotiations with foreign donors before the project is ready for approval. But a project contract is only signed once it is approved by the CDWP for ensuring the availability of local/counterpart funds. The schemes cleared by the CDWP costing more than PKR 500 million are submitted to the ECNEC for final approval.
- **Departmental Development Working Party (DDWP):** This is the forum for approving development projects/programs for Federal Ministries/Divisions/Departments costing up to PKR 40 million. It is headed by the respective Secretary/Head of Department and includes representatives of the Finance Division and Planning Commission.
- **Provincial Development Working Party (PDWP):** Each Province has a Provincial Development Working Party which is headed by the Chairman, Development Board/Additional Chief Secretary (Development) and includes Secretaries of the Provincial Departments concerned with development. The PDWP scrutinizes and approves schemes costing up to PKR 200 million, with foreign exchange cost of less than 25 per cent. Any scheme involving 100 per cent self-finance can be approved by the PDWP for up to PKR 1000 million.

⁷ Composition of ECNEC as declared by Cabinet Division's letter No.48/Com/88 dated 5th March,1996 includes Finance Minister as chairman, and Ministers of Commerce, Industries, Petroleum, Railways, Water and Power, Housing and Works and Deputy Chairman Planning Commission, Provincial Finance ministers, Provincial Planning Ministers, Chief Secretaries and Chairmen P&D Departments as members.

2.3 Planning Policies and Procedures

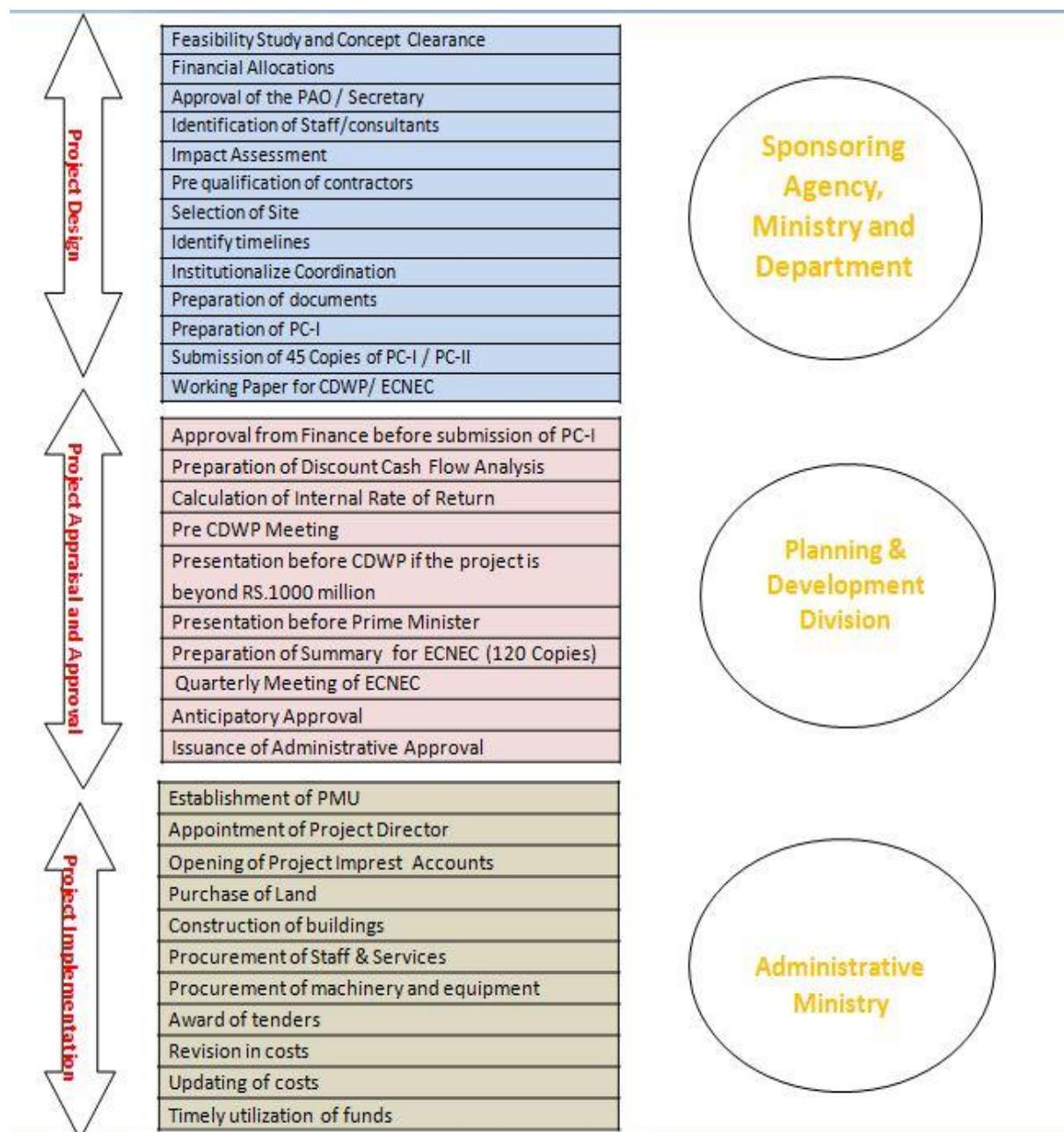
Planning procedures are documented in various compilations including the following:

- [Handbook on Planning Commission – Government of Pakistan](#): The Handbook provides an overview of the structure, functions, objectives and processes of the Planning Commission and presents a brief history capturing the evolution of the planning institution in the country. A soft version of the Handbook from 2008 is available on the official website of the Commission.
- [Guidelines for Project Management](#): Developed by the Projects Wing at the Planning commission, this publication contains written instructions and directions, facts and access to information covering standard activities in the project management. Prepared for guidance of the project authorities, the stated objective of this document is ‘to achieve efficiency, economy and effectiveness through proper utilization of funds so that project outputs and ultimate outcomes are assured.’
- [Manual for Development Projects - Planning Commission](#): The Manual presents the planning concepts including the short, medium and long term plans of the country. It explains the entire project planning and development process from identification to the project implementation in detail.

Besides these three documents there are numerous notifications, instructions, SROs, ad regulations which govern the planning and development process in the country. A tabulated mapping of these policies is attached as Annexure B.

The following figure illustrates the various stages of planning for development projects.

FIGURE: PROJECT PLANNING STAGES



Chapter 3: The Planning Commission: Reviewing the Present Role and Remit

The Planning Commission was set up with the core mandate of '*assisting in defining the national vision, and undertaking strategic planning.*'⁸ As the apex planning machinery of the government, its role covers both: shaping the contours of the economic planning and ensuring that the development planning in the country conforms to the identified national priorities. The Rules of Business, 1973, lay down the functions of the Planning Commission which among others, include:

- Preparation of comprehensive National Plan for economic and social development
- Identification of regions, sectors, and subsectors lacking adequate portfolio of projects and taking steps to stimulate preparation of sound projects in those areas
- Organization of research in various sectors of the economy to improve the database and information as well as to provide analytical studies to help economic decision making

The role of the Planning Commission, thus, was envisioned as a '*think tank*', setting the direction and leading the policy discourse on economic planning and development.

Over the years, the ever- changing economic and political landscape in the country and its accompanying factors have had their implications on the role and remit of the Planning Commission. Various commentators have mapped these changes over time. The International Growth Centre Report (*Revitalising the Planning Commission*, January 2011) observes that '*globalization and privatization, insufficiency of qualified staff, decentralization to the provinces, and an erosion of its remit pose serious challenges to the Planning Commission.*' It goes on to comment that '*if the Planning Commission does not quickly adapt to the new economic environment, rethinking its role and adjusting its focus and methods, its remit will be confined to the public sector development program, whose contribution to the country's development effort is steadily decreasing.*' The study findings also resonate with this observation.

Many of the respondents interviewed during the course of data collection for this research believed that over the years, the Planning Commission was losing its 'edge' as the national planning machinery.

The recent years have witnessed a steady erosion of the role of Planning Commission, including losing substantial parts of its role to other ministries, especially the Ministry of Finance. A case to the point is the development of the strategy for poverty reduction, which has been entrusted to the

The role of the Planning Commission has been gradually moving away from its strategic function of being the key driver for development planning to a 'clearing house' for development projects.

⁸ Cabinet Division's Resolution No. Cord(I)-8/29/59-III dated 3rd June, 1959. (source: www.pc.gov/history.htm)

Ministry of Finance, whereas it unquestioningly falls within the remit of the Planning Commission as part of its core mandate.⁹ Many respondents cite the steady depletion in the capacity and erosion of staff quality at the Planning Commission as one of the major reasons for the erosion of its remit.

It also appears that the changing policy environment, an increased focus on globalization and privatization, and the recent decentralization to the provinces following the passage of the 18th Amendment, has also triggered the need to review the present role and capacity of the Planning Commission. The increased globalization and privatization of the Pakistan economy, for example, has vastly reduced the space for planning by the former methods, whereby the government set targets and used direct controls to help realize them. The new economic environment requires a different set of skills and a policy mix to address the emerging challenges of reduced fiscal space and control. The present skill set at the Planning Commission needs to be brought to par with the qualifications and experience required by the evolving economic context.

In reviewing the role of the Planning Commission, the study findings also indicate that apart from the challenges posed by the external environment, there are some internal challenges that need to be taken into account.

One such area appears to be the lack of distinction between the role of the Planning Commission and the Planning and Development Division (PDD), which serves as the Commission's secretariat and at present both appear to be performing the same functions. A review of the current functions of the Planning Commission reveals that at present, the commission operates more like a project division with its Members mainly responsible for supervising the technical sections. There has been no input, policy guidelines or research and analysis on key development issues from the Commission in the recent times.

An analysis of the international comparators also reveals that the focus of the planning system should be economic growth, with the Planning Commission as the key 'driver' as the institutional mechanism executing this role. There is thus, a need to review the role, remit and focus of the Planning Commission with a view to re-orient it more strongly around economic development and revert it back to its envisioned strategic role of leading the macro economic planning of the country.

For the Commission to take up its strategic planning role, it is important to re-define its functions and make them distinct from the role of P&DD which is clearly an executing arm of the Planning Commission.

3.1 Recommendations

- In consonance with the above findings, there is a clear need to refocus the role, remit and functions of the Commission and draw a clear distinction between the role of the P&DD and the Planning Commission. As a key first step the Commission may consider developing a change/ re-orientation program involving its focus, mandate, culture, interaction with stakeholders and structure aimed at strengthening its strategic role as the planning machinery of the country.

⁹ Revitalising the Planning Commission. The International Growth Centre Report , January 2011

- The re-orientation program should be complimented by developing its capacity and expertise through focus local training and expanding its professional and technical staff; clarifying and clearly delineating its role and functions and strengthening its institutional set up with a focus on research, policy analysis and reforms. The present institution of the Pakistan Planning and Management Institute (PPMI) should be restructured and strengthened to develop and implement need-based focused training programs. The Institute's training curriculum and content should be periodically reviewed and updated. The study recommends up-gradation of the PPMI into a Centre of Excellence with the core mandate of providing cutting edge capacity development and training services to the planning machinery in the country.
- Success in the new economic environment requires the Planning Commission to be selective in its planning aims, focus on strategic thinking and policies and mobilize the potential of other agencies. In an increasingly challenging economic context with competing priorities and shrinking fiscal space, one of the key roles the Planning commission can play is that of setting development planning priorities and prioritizing goals in line with the long term vision. As the Pakistan economy becomes more complex and privatized, the Planning Commission will increasingly have to develop the tools and hire staff with the appropriate background or train some of its existing officials for indicative planning.¹⁰
- As a key driver in developing the macroeconomic framework of the country and determining macro planning parameters, the Planning Commission is also entrusted with the responsibility of assessing the implications of the public sector development expenditure on the growth targets. The study findings indicate that given its position as the fulcrum planning and policy reform, there is a need to focus on and strengthen the Commission's role of evaluation and impact assessment in terms of reviewing policy implications on development programs.

¹⁰ Revitalising the Planning Commission. The International Growth Centre Report , January 2011

PLANNING FUNCTION IN THE POST 18TH AMENDMENT SCENARIO

In reviewing the internal policy horizon of the country in the context of planning, it is clearly evident that a hierarchy of planning exists in the country from the district, provincial to the national level. The inter-connectivity of this multi-tier system, however, needs to be reviewed with a view to enhance complimentarity across layers and reduce duplication of functions, particularly in the post-18th Amendment scenario, whereby the responsibility for several important economic sectors has been delegated to the provinces. While it is widely recognized that the key principle underpinning successful planning frameworks and systems is delegation to the lowest level possible of functions and responsibilities, in the country's context, it comes with its own set of challenges, particularly relating to coordination of ends and means between the Center and the provinces.

The new policy context calls for more intensive engagement between the Planning Commission and the provincial planning departments on economic and sectoral plans and policies than the present interaction. Its role as the custodian of national development priorities will be considerably enhanced as it will work in close coordination with the provinces to ensure that the local planning is compliant with the development priorities and the long term planning of the country. This requires an investment in relationship management, leadership and the establishment of networks that appear non-existent at the moment.

Chapter 4: Revisiting the Present Planning Horizon: Long, Medium and Short Term Development Plans

Plans are classified as short, medium or long term and accordingly, expressed as an Annual Plan, 5-Year Plan and, at times, as 15-20-Year long term or Perspective Plan. These are prepared and notified in the beginning of a particular financial year. An important instrument for adjusting the 5-Year Plan to the current realities is the Annual Plan; a Public Sector Development Program (PSDP) and Provincial Annual Development Plans (ADPs) which have proved to be a dependable method of translating plan objectives into an operational program of projects and are regarded as implementation side of the 5-Year Plan.”¹¹

Annual Plan

The principal instrument for adjusting the five year plan to current realities is the annual plan. It is regarded as the implementation side of the five year plan. The annual plan includes an evaluation of past performance, a presentation of the main targets, an assessment of the resource position for the year, an outline of the investment program in the public and private sectors and a broad outline of the economic policies that may be necessary to achieve the targets.

In Pakistan, during the period 1972-77, medium-term planning was abandoned in favour of annual budgeting. Medium-term planning was revived again with the Fifth Five Year Plan in 1978, but the practice of annual plans was retained.

Public Sector Development Program (PSDP)

PSDP is an annual document which lists all the public sector projects with specific allocations made for each one of them in a particular year. It is the part of country's annual budget that deals with the development expenditure indicating the project's total cost, foreign exchange component, the expenditure incurred in the last fiscal year and the allocation for the current financial year.

Five Year Plan/ Medium term Development Plan

A five year plan is a general statement of objectives and targets relating to the economy as a whole and its various component sectors. It is not an authorizing document in the sense that it does not authorize expenditure to the relevant operating agencies. It provides a broad framework for formulation of the plan. The country's first 5-year plan was developed for the period 1955 – 60.

Roll-On Plan

In order to bring flexibility into the Five Year Plan and to relate the sectoral and project-wise allocation with (a) the financial position, and (b) project implementation, a roll-on plan of medium

¹¹ Planning Commission Manual (2005) p.1

term is designed in which the sectoral and project-wise position is adjusted according to the foregoing year.

Perspective Plan

The main purpose of the perspective plan is to provide a long-term (15-25 years) economic and social policy framework so that the objectives to be achieved over a much longer period can be incorporated in a medium-term framework. The first perspective plan for the country was developed in 1965 for the period 1965-85, which became redundant after the separation of its Eastern Wing in 1971 and was abandoned consequently.

Vision statements, long term perspectives, five year plans, annual plans and the Public Sector Development Programs (PSDP) require the approval of the NEC. Pakistan 2010 was the first vision statement approved by the NEC in 1998, followed by Vision 2030.

An analysis of the planning horizon of the country comprising of short, medium and long term plans reveals that all plans in general and long terms plans in particular are inconsistent and lack continuity. The history of planning in the country indicates that most of the medium and long terms plans have been scrapped and abandoned in the mid-course and replaced by new plans. The changing development priorities articulated with each subsequent version of the plans have resulted in shifting goal posts, making it impossible to assess and track progress.

Inconsistency in the present system is also evident from the fact that often multiple plans govern the development planning in the country. The last few years have seen a long-term perspective plan, Vision 2010, Medium Term Development Framework (MTDF 2005-2010) and Poverty Reduction Strategy Paper as various frameworks governing the development planning in the country. The medium term planning comprising of 5-year plans has been disrupted frequently and now has been discarded in favour of documents like Medium Term Development Framework (MTDF) and Growth Strategy etc.

4.1 Recommendations

Development Plans:

In order to make the planning system effective and development oriented, it should be governed by a consistent mix of long, medium and short term plans. It is recommended that the long term plans be developed along the lines of indicative planning, charting out the economic road map and spelling out development priorities, sectors and targets. This should be followed by developing concrete medium term plans consistent with the long term targets. As the Pakistan economy becomes more complex and privatized, the Planning Commission will increasingly have to develop the tools and hire staff with the appropriate background or train its existing officials for indicative planning.¹²

Legal Entity of Planning Commission:

The respondents, during the interviews agreed that instead of having a Commission created through a resolution, the Parliament should pass a comprehensive act for the establishment of the Planning Commission so that it has a greater legal authority. The act should also empower the Planning

¹² Revitalising the Planning Commission. The International Growth Centre Report , January 2011

Commission for the preparation of the long term, medium term and short term plans. It should also give the proviso that all the long term plans be approved by the Parliament. The act should also empower and direct the Planning Commission to frame rules for the preparation, implementation and monitoring of the long, medium and short term plans with the provision that once developed, the plans will not be subject to any change by the government without approval from a representative committee of the National Assembly.

Citizens Voice:

The planning process should be a consultative and inclusive process reflecting citizens' voices. For this purpose, it is important to devolve the process down to the local level where development priorities can be identified. The planning mechanism, therefore, should be revisited to create mechanisms for developing and strengthening feedback and coordination between various institutional tiers from the local to provincial and federal level.

Provincial & Sectoral Plans:

To ensure the plan continuity, every ministry and provincial department should be made responsible to devise its development strategy/ plan conforming to the national 5 –year plan.

Engendering the Planning Machinery:

The Planning Commission has recently launched some initiatives in terms of incorporating gender as a critical dimension of development planning and implementation. However, it needs to institutionalize mechanisms for engendering planning and development. An initial step in this direction is to establish a permanent wing staffed by gender experts so that every project can be evaluated with a gender lens and a comprehensive gender analysis precedes each project plan. This wing should also review all policy papers and development plans in terms of gender dimension of development.

Framework for PPP for Social Sector:

The NGOs and private sector play a vital role especially in the rural areas to supplement government's efforts in service delivery. The increasing and crucial role of the private and non-government sector in the country has made it incumbent upon the government to develop and implement a framework for public private partnership for collaboration in the service delivery especially in the social sector.

Chapter 5: Project Design

In Pakistan, the present method for planning, processing and reporting on development projects is based on the "Rules of Procedure for Economic Council", Planning Commission and Planning Sub-Commissions, issued by the former Ministry of Economic Affairs, Government of Pakistan in September, 1952. The Federal Ministries are responsible for the preparation of programs and projects in their respective. The programs prepared by the Federal Ministries are submitted to Planning Commission. The Planning and Development Department is the principal planning organization at the provincial level.

The flow chart of the Planning Commission starts with the annual PSDP. It requires the ministries and departments to submit their project proposals for consideration. Project proposals are developed on PC-I Performa, the basic tool for development of projects, and submitted to P&D Division for inclusion in PSDP. (Key steps in the project design have been presented in the earlier chapter on Planning Structures and Process.)

Project Identification is the first decisive step to start a project. Planning Commission being the apex body in the development sector is responsible for giving insight to the government agencies for initiating activities under Public Sector Development Programs. This insight comes in the form of Plans such as Poverty Reduction Strategy Papers, Medium Term Draft Framework (2005-10) and Framework of Economic Growth (2011-15). The sponsors of projects and implementing agencies are asked to plan and prioritize their development activities in the light of these national plans.

However, this vision is not institutionalized as there is no in-built mechanism to bind the sponsors to only select development initiatives which are linked with national and local requirements in consonance with the overarching national plans. The staff in the ministries is not qualified and trained to identify and translate needs and demands in the form of projects. Usually ministries decide to carry out a project because there are indications of resource allocation and availability of funds either from the government or from the donors.

5.1 Key Findings

5.1.1 Pre-design Phase

The study findings note that the pre-design phase is often challenged by lack of reliable information. Many projects designs are not backed by research and feasibility studies and are designed without the baseline data. The reasons vary from lack of requisite expertise, institutional capacity and resources, time constraints and a state of inertia generally associated with the government sector. While research remains a core planning pre-requisite, the planning machinery in the country is without any dedicated institutional mechanism to carry out this important function.

The pre-design phase is further challenged with an absence of engagement with relevant stakeholders and community for whom the project is designed. Implementation capacity of the

concerned department is not analyzed at the design stage which delays the project implementation. The planning teams are generally involved in dealing with the short-term issues and have no time to address long term management issues. Moreover, while the evolving economic environment in the country demands a more inclusive policy consultation process, the present planning mechanism often leaves out several key stakeholders including the private sector.

Technical aspects particularly connected with the project implementation are often overlooked in the preparation of PC-I resulting in sub-optimal performance later in the project cycle.

Recommendations

- In order to strengthen the function of research in the planning machinery, dedicated sections like Planning, Monitoring and Research Cells (PMR Cells) should be established in the ministries and divisions. The Cells should be permanent bodies with clear ToRs, regular budget and human resource. The Cells should be financed through the ministries' recurrent budget.
- The present economic environment with multiple stakeholders including private sector and development partners presents a new set of challenges for the Planning Commission. As a first step, it must develop an institutionalized mechanism for consulting with the stakeholders, finding out their perspectives and ensuring that their goals are aligned with the identified national priorities for development.

5.1.2 Feasibility Study and Project Preparation

Feasibility Study is meant to design projects' paradigms. The project sponsors are responsible to undertake feasibility studies.¹³ The procedure to carry out the feasibility studies is clearly laid down in the planning processes.¹⁴ Feasibility studies are particularly deemed as a pre-requisite for the Concept Clearance for all projects worth PKR 10 million.¹⁵

The study findings note that development of feasibility studies is flagged as a critical area for review by most of the respondents, both at the Federal as well as Provincial level. Considered as one of the key inputs in project design, the rules state that all projects beyond a threshold investment of Rs. 300 Million or those with a sizable share of investment of foreign exchange of 25 percent and above or those which are complex in character or are inter-provincial in nature, should be accompanied by a professionally prepared feasibility study.

The present scenario, however, is marked by myriad of issues including the lack of technical expertise and time and resource constraints when it comes to developing project feasibility studies. Most of the ministries do not have the capacity to undertake feasibility studies. In most cases, there is also no provision for additional resources, technical and financial, to carry out the feasibility studies.

¹³ ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that all development projects should be based on feasibility study

¹⁴ P&D Division Circular No.21(19)DA/PC/89 dated 16-04-1989

¹⁵ P&D Division letter No.20(2)DA/PC/95 dated 03-04-1995

Project Preparation is documented in the PC-I. The PC-I templates for social sector projects and infrastructure projects are easily available and have been considered by most of the stakeholders as simple and comprehensive. The equivalent of this document among the donors is the Project Document which they prepare while processing loans and grants.

In practice, ministries and departments usually do not prepare PC-Is to carry out the cost-benefit analysis, or to set targets in specific sectors. Political expediency also undermines the process by making feasibility studies secondary to vested interests in pursuing various development projects. The stakeholders interviewed also note that ministries and departments in the government focus on the short term issues and hence the PC-Is do not suggest ways and mechanisms to absorb shocks or cater for deviations especially during the implementation period. The project sponsors also tend to present underestimated costs without a proper analysis only to get approval from the competent forum which later results in revision of costs.

Recommendations:

- In order to enhance the quality of the feasibility study and the subsequent PC-I, it is recommended that whenever the PC-I or feasibility study is carried out, the team should include a trained experts with experience of working with the government. To ensure compliance, the Planning Commission can take up only those PC-Is or feasibility studies which have been certified by the Principal Accounting Officer with name(s) of the expert(s) who have developed it.
- As the technical expertise to carry out the feasibility study may vary according to the requirement of the project, it is worthwhile to explore the possibility for outsourcing to private firms who possess the relevant expertise. The Planning Commission may frame rules to this end and ensure that the ministries have adequate budget at their disposal for conducting/ outsourcing the feasibility studies. This Project Preparatory Fund can be created by making a block allocation from the ministries'/ departments' development budget.
- For the projects involving foreign funding, it is suggested that the Planning Commission should actively pursue for the provision of retroactive financing/ Technical Assistance by all development partners. Retroactive financing can help in completing the spadework required before the project takeoff as well as reduce time and cost overruns.

5.1.3 Start-up Delays

The study findings note that there are significant start-up delays in the development projects which affect achievement of the project goals, contribute to cost-overruns, increase the cost of borrowing by Government and result in sub-optimal development results. In projects involving foreign loans, the time duration between the loan approval and its effectiveness is unnecessarily stretched out.

While there are various reasons leading to the delays in project start-up, the study findings note that the most cited one among the respondents was the lag caused by the government's inability to provide the necessary impetus by establishing the Project Management Units (PMU), appointment of project directors and other staff etc due to lack of funds.

In a recent study that estimated time taken for loan signing and effectiveness for 10 selected ADB projects, it was found that loan signing took place, on average, 8 months after approval, while loan effectiveness, on average, was achieved in over 6 months after loan signing. Further substantial delays are encountered in the next phase, that is, between the loan effectiveness and start of actual implementation, with the award of the first contract. The time taken for projects in Pakistan to pass through these two stages has, in the past, averaged as much as 24 months.

In case of foreign assistance, the PMU is established after the signing of the loan agreement resulting in costly delays in essential procurement to launch the project. Although in some cases the donors provide Project Preparation Facility (PPF) or Project Preparation Technical Assistance (PPTA) to assist the government in preparation of project documents, this facility does not cover financing of the PMU.

Recommendations

- An interim arrangement for the start up of the project is critical for its successful implementation. It is therefore recommended that Core Project Management Unit (CPMU) be established from the inception stage of the project. The CPMU should be placed in the respective ministry/department and staffed with a Project Director (PD) assisted by two staff members. Authorization for setting up the CPMU should be obtained through PC-I. Before the project implementation, the CPMU should be funded from a block allocation/revolving fund. The fund can be replenished retroactively through the donor financing after loan effectiveness. The CPMU should be responsible for participating at all stages of pre-project implementation including preparation and approval of PC-Is and preparation of draft invitation documents for recruitment of consultants as well as draft prequalification and tender documents to minimize subsequent common delays in consultant recruitment and procurement. The CPMU can be converted to a PMU following the project implementation.

5.1.4 Unapproved Projects and Political Influence

The study findings indicate that the PSDP consists of a sizable number of unapproved projects listed under most of the Ministries/Divisions and Provincial departments. These projects are either designed late or their approval is delayed. A large number of such projects thus, appear in the Grant of the Ministry of Finance. This way a large number of small projects find their way into the PSDP and ADPs preempting time, resources, and designing and appraisal effort. The PSDP and ADPs presently comprise of small number of large projects and a large number of small projects.

The study findings also indicate that the absence of an institutional framework for deflecting political influence in the approval of development projects results in giving room to vested interest groups to bring in politically motivated development projects which have not been conceived in the long term

planning and the annual plans. This practice results in two systemic problems: i) encouraging corruption and rent seeking; ii) violating of the principles of the annual plans.

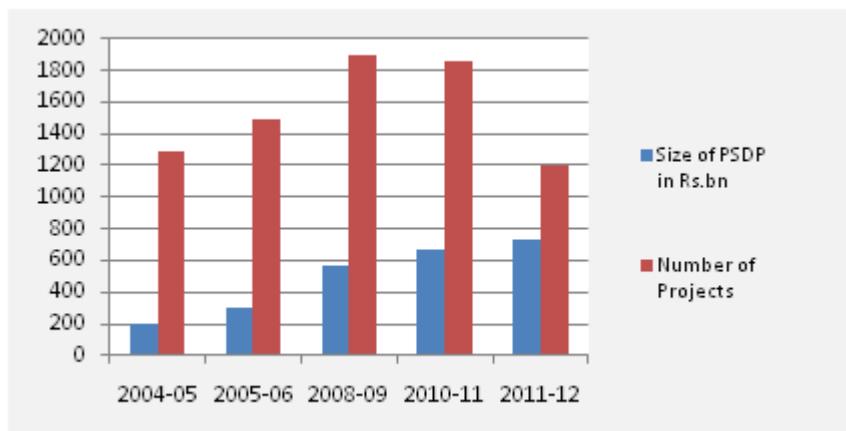


Figure: Size of PSDP and the number of Projects

The long term plan and the annual plans/ PSDP get approved from the highest political forum in the country particularly the PSDP which is approved by the parliament as part of the Finance Bill. Therefore, only those projects should be included in the PSDP which have been approved by the competent authority.

Recommendations

- The PSDP and the ADPs should comprise of mega projects only which, at any point in time, should not exceed at the most 150-200 important and strategic projects. As the shift may not be possible in one year, the small, less important and non-strategic projects should be made Part-B of the PSDP/ADPs.
- It is also recommended that only those projects should find their way to the PSDP for which the requisitioning Ministry/ Department have sought ECNEC's approval. This will help block the influx of politically motivated projects and will ensure that only those projects which are aligned with the national priorities are considered. The argument here is that all the projects in the PSDP have the approval of the Parliament as an integral part of the Finance Bill. Hence approving any project outside the PSDP, is a violation of the law. Any project which is developed outside the ADP and PSDP must not be considered for approval from any of the recommending/approving fora i.e PDWP, CDWP, and ECNEC. In case of a dire need, any such project should be presented before the NEC for approval, being the approving authority of the PSDP.

5.1.5 External Influence

Related to the above finding, it is noted that external influence also comes into play at times which compromises the principles of long-term planning. This means that sometimes the development partners come up with their own projects/ programs which do not fall within the PSDP or the long term plan. Lack of an institutional mechanism to govern such arrangements forms the bigger part of this problem. To begin with there is no foreign aid policy developed by the government.

In order to align the goals of the development partners, it is important to formulate rules which are presently missing in the planning system. EAD has developed a Debt Manual but it is yet to be adopted officially by the government.

Except for the Debt Limitation Act, and the sporadic instructions issued on needs basis, there is no law or rules for processing the loan, grants and other foreign assistance.

Recommendations

- In line with the Paris Declaration, Pakistan needs to develop its Foreign Aid Policy as a policy framework to govern foreign assistance. In order to ensure that all projects proposed by the development partners align with the national development priorities, the long and medium term plan should be shared with the donors. The Proposed Foreign Aid Policy to be prepared by the EAD should have clear guidelines indicating to the donors that their country partnership strategies need to be in line with the GoP plans.

5.1.6 Multiplicity of Guidance Documents

A mapping exercise of the government policies and procedures on planning and development carried out during this study indicates that the Planning Commission has a plethora of guidance documents, manuals and guidelines documenting the project planning processes. At present, however, this information is widely dispersed and needs updation and review. The findings note that some rules/ regulations and decisions at different forums sometimes contradict each other resulting in operational problems for Planning Commission and the PMUs etc as they tend to refer to different sets of rules. The study findings indicate that there is a need to collate policies and consolidate relevant materials and documents to govern the planning process in the government.

Recommendations

- The findings note that there is a need to update and revise a compilation of rules and regulations in the form a compendium to govern the entire planning and development process as well as the functioning and running of different organizations for designing, approving and implementing and monitoring development plans and procedures.

5.1.7 Financial Allocations

Financial Allocations linked with the implementation schedule are required to be explicitly stated in the PC-I by the sponsors of projects.¹⁶ This research confirmed that no professional exercise is undertaken by the ministries for financial phasing at the project preparation stage often leading to a variance between the actual and projected costs.

Recommendations

- Cognizant of these challenges, the Planning Commission has taken several measures to facilitate projects which require quicker and rapid flow of finances, including a provision that allows the ministries and divisions the flexibility to request more frequent releases against

¹⁶ P&D Division Circular No.20(2)DA/PC/82-Vol.IV dated 29-02-1984 and P&D Division Circular No.21(19)DA/PC/88 dated 04-09-1989

fast moving projects as long as they remain within the projected overall monthly ceiling.¹⁷ It is therefore imperative for the ministries to prepare their financial plans and allocations carefully at the time of project preparation.

- The Project Director should be involved in the preparation of financial phasing for reflection in the PC-I so that the funds release is smooth and speedy. This requires that the PD should be on board and present at the project preparation stage.

¹⁷ P&D Division Letter No. 4(1)PIP/PC/2010-11 dated 04-08-2010

Chapter 6: Project Appraisal

6.1 Appraisal of Projects

Appraisal of projects is an important function of the Planning Commission for which it has a well defined set up and dedicated staff. The appraisal team looks into the details of cash flows and internal rate of return in projects as prescribed by the Finance Division.¹⁸ Thereon they prepare the working paper and circulate it to the members of the competent forum for approval.

In practice, however the process is challenged by numerous hurdles. The PC-Is are often returned to the sponsors following a lengthy and bureaucratic process with observations that are sometimes difficult to follow. Because of a disconnect between the project appraisal process and the process to formulate PSDP, when the PC-I is referred back by the Planning Commission for revision, the sponsors often find it difficult to reflect their project in the PSDP owing to the time constraints. If they fail to register their demand before the Priorities Committee, a joint forum comprising Finance Division and Planning Commission, they are unable to secure funds in the forthcoming year.¹⁹

Sometime even if the project is approved, the Priorities Committee and the next higher forum Annual Plan Coordination Committee refuse to give funds for the projects on various pretexts such as shortage of funds. Similarly, during the appraisal process, the projects are often asked to get approval from the Planning Commission before signing the loan documents²⁰ which is sometimes not compatible in terms of timelines.

6.2 Process of Approval

Approval of projects from the respective competent forums is considered an uphill task. The reason is obvious: the approving forums consider and confirm whether the sponsors have clearly laid down their action plan, targets, activities and measures to achieve the results or not. In most cases, however, due procedures written in the guidelines of Planning Commission are not followed by the project sponsors resulting in considerable back and forth of the project documents between the two agencies.

The first tier of approving authorities comprises of the DDWP and PDWP who process the schemes initiated by the Federal and Provincial governments respectively. The Provincial projects meant for approval of CDWP/ECNEC are processed through PDWP and passed on to the Planning and Development Division where these are examined by the various Technical Sections concerned and a Working Paper is prepared and placed before the Central Development Working Party (CDWP). The schemes above Rs 1000 million are considered by the ECNEC.

The process of approval of projects is lengthy, complicated and confusing as it involves many hierarchies. It starts with the concept clearance and approval of the projects by the Secretary

¹⁸ Finance Division vide letter No. F.8(1) GS-I/2006-1631 dated 11th August, 2008

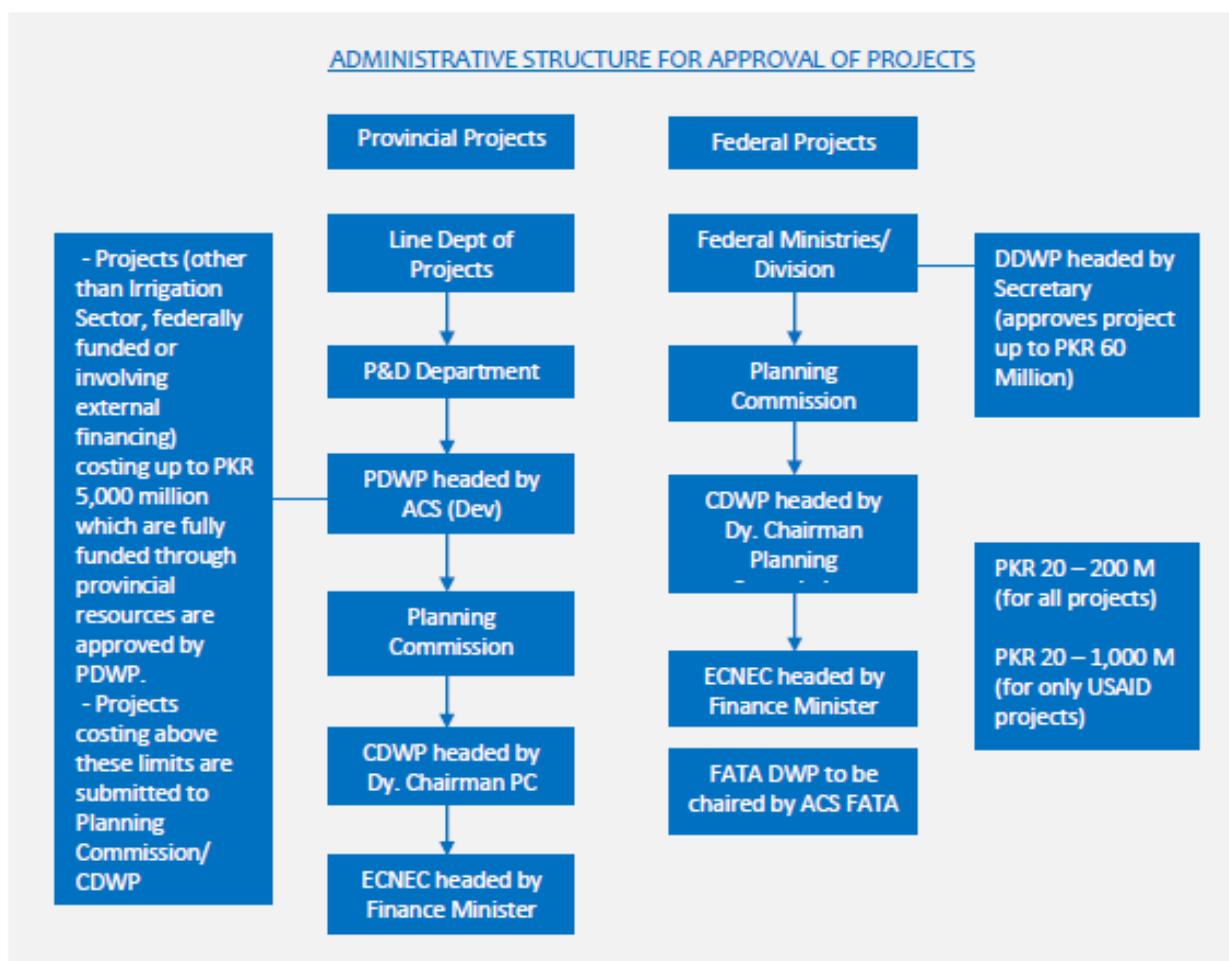
¹⁹ Finance Division's Letter No.F.IV(3)-B(S)/80 dated 14-02-1980 asking EAD, Finance and Planning to anticipate the aid disbursement in the forthcoming years before priorities committee before preparation of ADP

²⁰ Finance Division's Letter No.F.IV(3)-B(S)/80 dated 14-02-1980

confirming that permission has been granted for the project.²¹ Following this, the PC-Is are required to be submitted to the concerned Financial Advisors (FA) in Finance Division for their Comments.²² After getting clearance from the FAs, the project documents are discussed and debated in the Pre-CDWP meeting. After receiving a go-ahead, the projects with the cost of PKR 1000 million are placed before the Central Development Working Party (CDWP).²³ A list of the approved projects is required to be placed before the Prime Minister²⁴. There is yet another forum, Executive Committee of National Economic Council (ECNEC) that is the final forum in this process of approval.²⁵ The Planning Commission prepares 120 copies of summary documents for ECNEC which holds quarterly meetings for decisions such as anticipatory approvals and project guidelines.

Project approval is followed by administrative approval and sanction for incurring expenditure. Administrative approval is issued by the Federal Ministry in respect of federally sponsored projects, while for the Provincial projects the approval is issued by the Provincial Department concerned.

The following diagram presents the approval tiers:



²¹ PnD Division letter No.20(1)/DA-I/PC/79

²² Finance Division Letter No. 1(24)Dev-/64 dated 13-12-88

²³ Procedure described by the Cabinet Division for Approval of Projects in the light of rules 15,17,20 of Rules of Business 1962

²⁴ Cabinet Division's letter No.26(14)DA/PC/94 dated 29-12-94 asking to show the list to PM before it goes to ECNEC for approval or rejection

²⁵ Cabinet Division's letter on constitution of ECNEC No.45.Com/88 dated 03-03-1997

Approval Process for Foreign Aid Funded Projects:

For projects involving foreign funding, a separate procedure for clearance and approval is followed. In the case where foreign assistance is available but the project has not yet been approved by a competent forum, the project can be discussed with the donor agency through EAD after seeking concept clearance from the CDWP for lining up foreign assistance. It is necessary, however, that the sponsoring agency should prepare the PC-I and get approval from the competent forum before entering into any agreement or signing loan/ grant agreement with the donor agency.

6.3 Key Findings

6.3.1 Lengthy and Multi-tier Approval Process

The analysis reveals that the present multi-tier approval process leads to considerable time lags in the project cycle with implications on over all time frames for project implementation. Majority of the respondents interviewed cited time lags at this stage of project cycle lasting from 3 - 6 months to even a year. The study findings

note that the donor funded projects have to follow a two-tier approval process in case of federal projects and a three-tier one in case of provincial ones. In case of the federal projects, the CDWP is the first forum of

The study findings resonate with the donors' perspective which views the approval process in the government as lengthy and multi-layered. Donors often have to follow two different processes for approval, their internal system as well that of the GoP, adding to the time lags at both ends.

approval prior to their clearance by ECNEC. While the foreign funded projects at the provincial level first go the PDWP before getting clearance from CDWP and eventually from the ECNEC. The study respondents term this long drawn process of approval as 'unnecessary' and a major cause of time delays. Some of the respondents also questioned the relevance of the whole exercise particularly in the case of projects funded by foreign loan when the loan agreements have already been signed between the donor and GoP.

On a related note, the study findings also indicate that the laid down procedure for the clearance and approval of foreign assistance is by-passed in many instances. The analysis reveals that in some cases the sponsoring agencies negotiate foreign assistance with donors without getting concept clearance from CCC/ CDWP and later on put pressure for approval of project. In other instances, it has been observed that sponsoring agencies present projects stating availability of foreign assistance without seeking firm commitments.

The present approval process makes little distinction between the projects of varying scope, scale and funding source. As a result, a large number of projects including those exclusively funded by provincial governments find their way to the Planning Commission and its various tiers for approval. Not only does this multi-tier system result in unnecessary wastage of time, energy and resources, it also happens at the cost of limiting the Commission's actual role of strategic planning.

The argument presented above also holds in the present scenario vis-à-vis the institutional re-arrangement at the provincial level following the passage of the 18th Amendment. In the devolved set up, the provinces have been transferred the constitutional powers for designing, managing and

implementing development projects. The delegation of this authority, however, is not accompanied by a complete transition of operational powers as well as the transfer of skill and knowledge to effectively execute this role.

Recommendations

- Projects involving provincial funding should be approved by the PDWP at the provincial level and not referred to the CDWP or ECNEC. The PDWP's role to approve locally developed and funded projects is in consonance with the philosophy of devolution. The expansion in the PDWP's role has to be complimented by building and strengthening its capacity to carry out its role effectively. This particularly relates to enhancing their capacity in carrying out technical and financial appraisals of the project. The Planning, Research and Development Cells (PRD Cells) in the provincial line departments proposed in the earlier section can be looped in for this purpose and their role and capacity enhanced for carrying out the project appraisals.
- The study recommends that the process of approval should be simplified with the PDWPs given powers to approve all foreign funded projects as well as those financed through loans which are repaid by the provincial governments themselves. None of such projects should be presented to either CDWP or ECNEC. For their part, the sponsoring agencies should follow the laid procedure for clearance and approval of foreign assistance.

6.3.2 Review Process of Projects

The study findings note that the CDWP is over-burdened with a large number of projects placed before it for approval. Some of the study respondents shared that sometimes around 60-100 projects are considered by CDWP in one day. Due to paucity of time, the projects are not reviewed in detail and the approval decisions are mostly made on the basis of the project briefs. The findings also note that the review process of the projects carried out by different technical sections of the Planning Commission before their placement in front of the CDWP, needs to be revisited in terms of both its content and timing. The analysis reveals that at present the review carried out by the technical sections is limited to the assessment of operational and management issues as opposed to a detailed technical and substantive review of the project components. Moreover, the cut-off dates for the review are not followed resulting in time lags.

Recommendations

- As noted earlier, the case portfolio of the CDWP should be reduced with the CDWP taking up federal level development projects and those provincial projects that involve federal funding or foreign loans to be repaid by federal govt. It is also worthwhile to revisit the schedule of CDWP's meetings and make them more regular. The study recommends that the CDWP should hold monthly meetings to better manage its workload.
- The CDWP should be strengthened and its approving power should be enhanced to clear/approve all projects as the final approving body. The ECNEC should only be involved for approval for mega projects with a clear financial limit defined for what qualifies as mega project.

- The study recommends defining clear timelines for the appraisal process fixed by ECNEC preceding the project approval. It is proposed that a 6-week timeline as approved by ECNEC should be set up for review by technical sections before placement in CDWP. The review of projects should be more substantive and focused on technical issues rather than only operational management or general issues and the domains which fall within the remit of provincial governments.
- A potential way forward in this regard can be the development of a proforma/ checklist for review to include key areas for assessment including assessing consistency/ congruence of the project goals with the identified national economic policies and priorities as well as a technical review of the project components.
- A comparative analysis of the Malaysian planning model undertaken by the study identifies good practices that can be replicated in our present system for prioritization and approval of projects. These particularly relate to project prioritization which follows a thorough process of analyzing and matching requirements with sound public finance practice and development goals. In general, the broad criteria applied in project prioritization include growth promotion, project viability, social obligations and needs, poverty irrigation and promotion of regional balance.²⁶

6.3.3 Lack of Technical Expertise

The study findings note that the project appraisal, particularly for mega projects, requires technical expertise which is presently lacking in the ministries as well as in the Planning Commission. During discussion with the concerned officers of the Planning Commission, it appeared that the sections dealing with the appraisal are overworked and understaffed and often not equipped with the requisite expertise particularly in the areas of Risk analysis, shadow pricing and estimating rates of return. Resonating with this observation, a Committee, headed by Dr. Hafeez Pasha, formed to undertake a review of the PSDP noted that very rarely requirements of financial and economic analysis were fulfilled at the time of project appraisal.²⁷

Recommendations

- Based on the findings noted above, it is recommended that staff capacity to undertake project appraisals, particularly the technical side, should be strengthened at both levels, i.e the ministry as well as the Planning Commission. For this purpose, special courses can be designed at the PPMI and offered to the relevant staff.

6.3.4 Prioritization of Projects

The approval process includes a component of project prioritization which takes place at two levels: at the level of Ministry in the Federal Government and at the departmental in the Provinces. The intra-sectoral and sub-sectoral priorities of the plan and available resources envelop determine the grading, ranking and ultimately, the status of prioritization of the projects. The study findings note, however, that in most cases the projects are not assessed on the basis and strength of their concepts or feasibility. Similarly, further up in the approval stage, when the projects are presented in

²⁶ Development Planning in Malaysia. Economic Planning Unit, Prime Minister's Department. Malaysia 2004

²⁷ Hafiz Pasha, Analytical Review of PSDP, Planning Commission Report, March 2011

the CDWP/ ECNEC, other factors including political expediency/ influence become the key determinants for their prioritization.

Recommendations

To ensure a transparent and uniform criterion for project approval, the study recommends that a set of assessment tools should be developed and standardized for sanctioning projects. As noted earlier, feasibility studies should be made mandatory or a pre-condition for project assessment. In addition to this, prioritization criteria for the projects should be clearly set out to eliminate political manoeuvring. The findings also highlight the need to review the present project documentation in place, particularly the formats for PC-I. Potential areas for consideration in the present PC-I document can include improvised/ strengthened sections on Compliance Review Provisions, social impact analysis, and gender analysis.

Chapter 7: Project Implementation

The Planning Manual describes the project implementation as a multi-stage phase beginning with the setting up of a PMU and recruitment of staff, carrying out procurement for materials and services, and initiation of project activities. The commencement of activities is followed by monitoring and periodic project assessments/ evaluation exercises during the project cycle and a post-completion project evaluation carried out after the project has ended.

The study findings note that the stage of project implementation is also challenged by numerous impediments ranging from systemic to procedural and institutional capacity issues. The Planning Commission itself has attempted to identify main problem areas in implementation phase. In 2010, a study on around 279 projects was carried out to determine the issues causing cost overruns and delay factors in implementation of projects.²⁸ Most of the study findings resonate with the present research.

7.1 Key Findings

A detailed analysis of the key problem areas in the project implementation phase is presented below:

7.1.1 Delay in Project Start-up

The study findings note that while the timely establishment of the PMU was cited by the study respondents as one of the critical factors contributing to the successful implementation of the projects, it was also indicated as one of the weakest link in the chain and the major reason for delay in project start-up. The setting up of the PMU, including the appointment of Project Director and the key staff, opening of assignment account or the revolving fund account (in the case of foreign aided projects) followed by transfer of funds and commencement of the procurement process in the PMU, is a time consuming exercise which is prolonged further because of the present institutional arrangements and process. The project approval is followed by a tedious process before the final authorization involving issuance of a sanction by the Public Investment Authorization section of the Planning Commission in the case of projects approved by CDWP and ECNEC, and the Provincial PDDs for provincial level projects. The time lag from the approval to the project authorization, therefore, has significant implications on project timelines.

Resonating similar findings, a diagnostic study conducted by the ADB pointed out that “*significant start-up delays in development projects adversely affect achievement of project goals, contribute to cost-overruns, increase the cost of borrowing by Government (commitment charges need to be paid on undisbursed amounts of Ordinary Capital Resources - OCR - loans) and result in suboptimal development results.*”²⁹ In a related study by ADB, it was noted that the estimated time taken for

²⁸ Hafiz Pasha, Analytical Review of PSDP Portfolio, 2011.p.17

²⁹ Technical Assistance to the Islamic Republic of Pakistan for Streamlining Procedures to Reduce Delays in Start-Up of Development Projects, Asian Development Bank, December 2004

loan approval to signing and effectiveness took over a year, on the average.³⁰ The study further notes that “*further substantial delays are encountered in the subsequent phase, that is, between the loan effectiveness and start of actual implementation, with the award of the first contract. The time taken for projects in Pakistan to pass through these two stages has, in the past, averaged as much as 24 months.*”

Highlighting the reasons for time over-runs in projects, the study points out that a key factor in delayed loan effectiveness is the government’s failure in complying with the effectiveness conditions, particularly relating to the establishment of project management units, appointment of project directors and other staff. Lack of funds to undertake recurrent expenditure was cited as the main cause for this non-compliance.

Recommendations

- As noted in the earlier sections, it is recommended that a core PMU (CPMU) is established during the design phase of the project cycle with an adequate financial cover and core staff. With the formal commencement of the project, the CPMU can transition into a full-fledged PMU. This will ensure that the project implementation is not saddled with avoidable delays caused by absence of basic infrastructure, staff and funds.
- The other noteworthy delay pointed out by the study respondents refers to the tedious process of opening of revolving fund account or the assignment account for the project. The study recommends that the process of opening the account be simplified and shortened so that the funds transfer is not hindered.
- As recommended in the earlier sections, the time lag caused by delay in funds transfer can be overcome by setting up a Project Preparatory Fund, which can be utilized for establishing the CPMU. After the commencement, the project can reimburse the Fund through retroactive funding. This fund should be created in the Planning and Development Division in the Federal Government and in the Planning and Development Department in the provincial governments.
- Based on the study findings, it is also recommended that once the CPMU/PMU is established, the Project Director should be fully empowered with administrative and financial powers in consonance with the philosophy of decentralized management of project to effectively carry out the project implementation.

7.1.2 Delay in Preparatory Phase

Referring to the delays in the preparatory phase, the study respondents cited the present land selection and acquisition process as a key reason for slow project implementation. In most cases, the sponsoring authorities do not identify locations and check for land availability prior to the project commencement. The present process of land acquisition is also arduous and needs to be revisited in terms of both process and responsibility.

³⁰ Guidelines for Monitoring and Evaluation of ADB-Assisted Projects. Islamabad. Report prepared under ADB TA 3982-PAK: Strengthening Portfolio Performance and Monitoring. Asian Development Bank, 2004

Recommendations

- As the land acquisition has to be undertaken by the Collector of the Revenue Department, who works under the Provincial Government (except in a few large organizations who have their own land acquisition collectors), the revenue authorities should be engaged well in time. The present mechanism for land acquisition with a separate PC preparation should be reviewed. The proposal for land acquisition should be accompanied by relevant and updated record and the list of owners/interest holders should be finalized well before the issue of notification under Section 4 of the Land Acquisition Act, which is the first announcement to enter the land. Time delays should be avoided and all the surveys, measurements and collection of data should be finalized on fast track basis.

7.1.3 Monitoring and Evaluation of the Projects

The study findings identify project monitoring and evaluation as one of the most challenging areas in the project implementation phase. A recent study on the institutional assessment of the government sector organizations conducted by the ASP – RSPN project, terms monitoring and evaluation as ‘High Risk Area’ in the government institutions.³¹

In reviewing the present M&E system in the project implementation phase, the study findings indicate a range of issues, from the lack of institutional capacity and infrastructure to the absence of a unified mechanism, which may have lead to its classification as a ‘high risk area.’

The analysis reveals that the institutional and physical infrastructure for the present M & E system in development projects is scattered. Multiple institutions are involved in carrying out the project monitoring, from the concerned ministries/ departments to the projects wings in the Planning Commission as well as the donor agencies in case of foreign loan/ aid. There appears to be duplication of effort as the same function is being carried out by different institutions. This is further complicated by the fact that each institution employs a different set of tools/ templates to gather essentially the same information.

Highlighting the flaws in the present M&E system in the Planning Commission, the study respondents pointed out the absence of on-site project monitoring as one of the weak areas. In principle, the Planning & Development Division is responsible to carry out the physical and financial monitoring of projects by deputing multi-disciplinary monitoring teams, comprising of the representatives of the Planning & Development Division (Projects Wing and concerned Technical Sections), sponsoring/executing agency and the Provincial Government (for Provincial projects only) for undertaking site visits³². In practice, however, very few site visits are carried out by the Division during the project life.

The findings also observe that the overall emphasis in project M&E is mostly on financial monitoring of project activities. Quality assurance and programmatic assessments of projects are mostly missing as part of project evaluation.

³¹ Pre-Award Assessments conducted by USAID on provincial level

³² Manual for Development Projects

Recommendations

- Based on the study findings, it is recommended that all the concerned tiers/ institutions should have clearly defined roles to avoid duplication of effort. A robust M&E system should be put in place with well-defined monitoring structures. The strategic level function in M&E should rest with the Planning Commission, whereas operational level M&E should be overseen by the concerned Ministry/ Department, and carried out by the PMU. In order to carry out this function effectively, the Ministries at the Federal level as well as the Planning and Development Departments at the provincial levels should be well-equipped both in terms of human resource and capacity as well as infrastructure and budget. Similarly, the PMUs should also have M&E cells equipped with trained human resource as well as a uniform mechanism including tools and templates, for carrying out the M&E function effectively. The PPMI of Planning Division can be leveraged to build and strengthen the present M&E capacities of Ministries Division and all the stakeholders in the various tiers.
- The system can be further complemented by extending the existing MIS in the Planning Commissions to all the provincial governments, Ministries and Division and linking it up with all the ministries and PMU and PDs.
- In terms of a structural mechanism, the study recommends to develop and strengthen a three-tier M&E mechanism with the PMU carrying out the monitoring function, followed by the concerned ministry and validated through a third party evaluation.
- The present process of M&E also needs to be streamlined with redefining roles and responsibilities of different tiers, developing monitoring frameworks and tools and providing trainings on the frameworks to the staff responsible for the M&E function.
- The study findings highlight the need to revisit existing M&E templates, particularly the PC-III document for revision and updation to make it more comprehensive and needs-based.
- The findings also note that post-completion project evaluation captured through the PC-V are almost always not carried out as the PMU is generally disbanded by this time and therefore there is no institutional mechanism present for follow-up. As end-of-project evaluations are critical in determining the lessons learnt and identifying both good practices and area for improvement, it is strongly recommended that the practice of developing PC-V document should be made mandatory and a necessary condition for future projects.

7.1.4 Release of Project Funds

The study findings note that the inconsistency in the release of funds also contributes to the delays in the project implementation. Development funds are often diverted for meeting emergencies resulting in funds shortage for the committed budgets. On the other hand, budgets are also often approved without ensuring availability of funds, thus, impeding the smooth project implementation. ECNEC has notified that projects should not be initiated unless funding is ensured.³³ The Planning Commission also mandates that it will approve releases only against Rupee allocation i.e net of foreign aid.³⁴

Even after securing a clearance for fund release, the entire process to forward the Release or Request Performa is rather cumbersome and lengthy leading to substantial time delays. In the case

³³ ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88

³⁴ P&D Division Letter No. 4(1)PIP/PC/2010-11 dated 04-08-2010

of provinces the matter of release of funds is more problematic. The release of funds to Provincial projects being financed by the Federal Government either fully or on cost sharing basis is based on the recommendations of Planning & Development Division. The sanction is issued by the Provincial Finance wing of Finance Division. Provincial Governments may move cases by 12th of each month of Financial Year to Finance Division for release of funds during the subsequent month within the prescribed ceiling. Chairman Planning & Development Board / ACS (Development) certifies in respect of Provincial projects, satisfactory implementation of the project and that funds have been credited to the project account by Provincial Finance Department before making next request for release of fund.³⁵

The mechanism of flow of funds is no doubt well defined but fraught with possibilities to cause bottlenecks and delays.

The analysis also indicates that the issue of transparency both in approval and disbursement of project funds has often been flagged as an area of concern by various commentators both from within and outside the planning machinery. Many have called for re-defining the present criteria to appraise, approve, process and implement the projects with a clear focus on transparency. The development partners and foreign donors have also identified this as a major area of focus within the government institutions.

Recommendations

- In order to ensure smooth project implementation, it is suggested that funds availability should be made conditional for project approval and only those projects should be approved which can ensure adequate funds availability and security throughout the project duration.
- To eliminate diversion of funds, development budgets should be locked with projects with no room for subsequent re-allocation to any projects other than the approved one.
- In order to ensure transparency in funds approval and disbursal, a system should be developed with clearly defined roles and adequate checks and balances.

³⁵ ibid

ANNEXURE

Annexure I: Matrix Presenting Key Recommendations

This section presents a summary of recommendations based on the study findings.

KEY ISSUES	RECOMMENDATIONS
<i>Role and Remit of Planning Commission</i>	
<ul style="list-style-type: none">- The role of the Planning Commission has been gradually moving away from its strategic function of being the key driver for development planning to a 'clearing house' for development projects.- The changing policy environment, an increased focus on globalization and privatization, and the recent decentralization to the provinces following the passage of the 18th Amendment, has triggered the need to review the present role and capacity of the Planning Commission.- There is a lack of distinction between the role of the Planning Commission and the Planning and Development Division (PDD), which serves as the Commission's secretariat and at present both appear to be performing the same functions.	<ul style="list-style-type: none">- Refocus the role, remit and functions of the Commission and draw a clear distinction between the role of the P&DD and the Planning Commission. As a key first step the Commission may consider developing a change/ re-orientation program involving its focus, mandate, culture, interaction with stakeholders and structure aimed at strengthening its strategic role as the planning machinery of the country.- Develop its capacity and expertise through focused local training and expand its professional and technical staff; clarify and clearly delineate its role and functions and strengthen its institutional set up with a focus on research, policy analysis and reforms. The present institution of the Pakistan Planning and Management Institute (PPMI) should be restructured and strengthened to develop and implement need-based training programs.- Develop the tools and hire staff with the appropriate background or train some of its existing officials for indicative planning- Deepen engagement with the provincial planning departments to ensure that the local planning is compliant with the development priorities and the long term planning of the country.

<i>Revisiting the Present Planning Horizon- Short, Medium and Long term Plans</i>	
<ul style="list-style-type: none"> - All plans in general and long terms plans in particular are inconsistent and lack continuity. Most of the medium and long terms plans have been scrapped and abandoned in the mid-course and replaced by new plans. - The last few years have seen multiple plans govern the development planning in the country including a long-term perspective plan, Vision 2010, Medium Term Development Framework (MTDF 2005-2010) and Poverty Reduction Strategy Paper. 	<ul style="list-style-type: none"> - Develop a consistent mix of medium and short term plans with long term plans along the lines of indicative planning, charting out the economic road map and spelling out development priorities, sectors and targets. - The Commission should be made into a legal entity through an act of Parliament and empowered to frame rules for the preparation, implementation and monitoring of the long, medium and short term plans - Institutionalize mechanisms for engendering planning and development by establishing a permanent wing staffed by gender experts so that every project can be evaluated with a gender lens and a comprehensive gender analysis precedes each project plan.
<i>Projects Design</i>	
<ul style="list-style-type: none"> - Many projects designs are not backed by research and feasibility studies and are designed without the baseline data for reasons including lack of requisite expertise, institutional capacity and resources, time constraints and an absence of engagement with relevant stakeholders - Most of the ministries do not have the capacity to undertake feasibility studies. In most cases, there is also no provision for additional resources, technical and financial, to carry out the feasibility studies. - Ministries and departments usually do not prepare PC-Is to carry out the cost-benefit analysis, or to set targets in specific sectors. Instead the PC-Is prepared are often politically motivated and present overestimated benefits. - Technical aspects particularly connected with the project 	<ul style="list-style-type: none"> - Strengthen the function of research in the planning machinery by establishing dedicated sections like Planning, Monitoring and Research Cells (PMR Cells) in the ministries and divisions. The Cells should be permanent bodies with clear ToRs, regular budget and human resource. The Cells should be financed through the ministries' recurrent budget. - Include trained experts with experience of working with the government in the development of the feasibility studies or outsource to private firms who possess the relevant expertise. - Create a Project Preparatory Fund by making a block allocation from the ministries'/ departments' development budget for conducting/ outsourcing the feasibility studies. - Actively pursue for the provision of retroactive financing/ Technical

<p>implementation are often overlooked in the preparation of PC-I resulting in sub-optimal performance later in the project cycle.</p> <ul style="list-style-type: none"> - There are significant start-up delays in the development projects which affect achievement of the project goals, contribute to cost-overruns, increase the cost of borrowing by Government and result in sub-optimal development results. In projects involving foreign loans, the time duration between the loan approval and its effectiveness is unnecessarily stretched out. - Time lags are caused by the government's inability to provide the necessary impetus by establishing the Project Management Units (PMU), appointment of project directors and other staff etc due to lack of funds. - A large number of small projects find their way into the PSDP and ADPs preempting time, resources, and designing and appraisal effort. - Absence of an institutional framework for deflecting political influence in the approval of development projects results in giving room to vested interest groups to bring in politically motivated development projects which have not been conceived in the long term planning and the annual plans. - External influence also compromises the principles of long-term planning when sometimes the development partners come up with their own projects/ programs which do not fall within the PSDP or the long term plan. - There is a plethora of guidance documents, manuals and guidelines 	<p>Assistance by all development partners for projects involving foreign funding.</p> <ul style="list-style-type: none"> - Establish Core Project Management Unit (CPMU) as an interim arrangement for the start up of the project from the inception stage. The CPMU should be placed in the respective ministry/department and staffed with a Project Director (PD) assisted by two staff members and funded through a block allocation/revolving fund to be replenished retroactively through the donor financing after loan effectiveness. Authorization for setting up the CPMU should be obtained through PC-I. The CPMU should be responsible for participating at all stages of pre-project implementation including preparation and approval of PC-Is and should be converted to a PMU following the project implementation. - Limit the number of projects in PSDP. The PSDP and the ADPs should comprise of mega projects only which, at any point in time, should not exceed at the most 150-200 important and strategic projects. - Consider only those projects in the PSDP for which the requisitioning Ministry/ Department have sought ECNEC's approval to help block the influx of politically motivated projects and to ensure that only those projects which are aligned with the national priorities are considered. - Develop a Foreign Aid Policy as a policy framework to govern foreign assistance with clear guidelines indicating to the donors that their country partnership strategies should be in line with the GoP plans. - Update and revise a compilation of rules and regulations in the form a compendium to govern the entire planning and development process as well as the functioning and running of different organizations for designing,
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<p>documenting the project planning processes at the Planning commission. However, this information is widely dispersed and needs updation and review.</p> <ul style="list-style-type: none"> - No professional exercise is undertaken by the ministries for financial phasing at the project preparation stage often leading to a variance between the actual and projected costs. 	<p>approving and implementing and monitoring development plans and procedures.</p> <ul style="list-style-type: none"> - Engage the Project Director in the preparation of financial phasing for reflection in the PC-I so that the funds release is smooth and speedy.
<i>Project Approval</i>	
<ul style="list-style-type: none"> - The present multi-tier approval process leads to considerable time lags in the project cycle with implications on over all time frames for project implementation and happens at the cost of limiting the Commission's actual role of strategic planning. - The present approval process makes little distinction between the projects of varying scope, scale and funding source. As a result, a large number of projects including those exclusively funded by provincial governments find their way to the Planning Commission and its various tiers for approval. - The CDWP is over-burdened with a large number of projects placed before it for approval. The review process carried out by the technical sections is limited to the assessment of operational and management issues as opposed to a detailed technical and substantive review of the project components. 	<ul style="list-style-type: none"> - Enhance the powers of the PDWP to approve locally developed and funded projects in consonance with the philosophy of devolution. Compliment the PDWP's role by building and strengthening its capacity to carry out its role effectively. - Simplify the process of approval with the PDWPs given powers to approve all foreign funded as well as those financed through loans which are repaid by the provincial governments themselves. - Reduce the case portfolio of the CDWP by limiting it to taking up federal level development projects and those provincial projects that involve federal funding or foreign loans to be repaid by federal govt. The CDWP should be strengthened and its approving power should be enhanced to clear/ approve all projects as the final approving body. The ECNEC should only be involved for approval for mega projects with a clear financial limit defined for what qualifies as mega project. - Set up a 6-week timeline as approved by ECNEC for review by technical sections before placement in CDWP. The review of projects should be more substantive and focused on technical issues rather than only operational management or general issues and the domains which fall within the remit of

<ul style="list-style-type: none"> - There is a lack of technical expertise for project appraisal of mega projects in the ministries as well as in the Planning Commission. - The projects are often not assessed on the basis and strength of their concepts or feasibility. Instead other factors including political expediency/ influence become the key determinants for their prioritization. 	<p>provincial governments.</p> <ul style="list-style-type: none"> - Strengthen staff capacity to undertake project appraisals, particularly the technical side, at both levels, i.e the ministry as well as the Planning Commission. For this purpose, special courses can be designed at the PPMI and offered to the relevant staff. - Ensure a transparent and uniform criterion for project approval by developing a set of assessment tools for sanctioning projects. Feasibility studies should be made mandatory or a pre-condition for project assessment and prioritization criteria for the projects should be clearly set out to eliminate political manoeuvring
<i>Project Implementation</i>	
<ul style="list-style-type: none"> - Delay in the establishment of the PMU is a major reason for delay in project start-up 	<ul style="list-style-type: none"> - Establish a core PMU (CPMU) during the design phase of the project cycle with an adequate financial cover and core staff. - Simplify and shorten the process of opening the account so that the funds transfer is not hindered. - Empower the Project Director with administrative and financial powers to effectively carry out the project implementation.
<ul style="list-style-type: none"> - Project monitoring and evaluation is one of the most challenging areas in the project implementation phase with a range of issues, from the lack of institutional capacity and infrastructure to the absence of a unified mechanism - On-site project monitoring as one of the weak areas in the project cycle. - Inconsistency in the release of funds also contributes to the delays in the 	<ul style="list-style-type: none"> - Define roles for all the concerned tiers/ institutions to avoid duplication of effort. - Put in place a robust M&E system with well-defined monitoring structures. The strategic level function in M&E should rest with the Planning Commission, whereas operational level M&E should be overseen by the concerned Ministry/ Department, and carried out by the PMU. In order to carry out this function effectively, the Ministries at the Federal level as well as the Planning

<p>project implementation. Development funds are often diverted for meeting emergencies resulting in funds shortage for the committed budgets</p>	<p>and Development Departments at the provincial levels should be well-equipped both in terms of human resource and capacity as well as infrastructure and budget. Similarly, the PMUs should also have M&E cells equipped with trained human resource as well as a uniform mechanism including tools and templates, for carrying out the M&E function effectively.</p> <ul style="list-style-type: none"> - Complement the M&E system by extending the existing MIS in the Planning Commissions to all the provincial governments, Ministries and Division and linking it up with all the ministries and PMU and PDs. - Develop and strengthen a three-tier M&E mechanism with the PMU carrying out the monitoring function, followed by the concerned ministry and validated through a third party evaluation. - Revisit existing M&E templates, particularly the PC-III document for revision and updation to make it more comprehensive and needs-based. - Institute the practice of developing PC-V document by making it mandatory and a necessary condition for future projects. - Make funds availability conditional for project approval and only approve those projects which can ensure adequate funds availability and security throughout the project duration. To eliminate diversion of funds, development budgets should be locked with projects with no room for subsequent re-allocation to any projects other than the approved one. - In order to ensure transparency in funds approval and disbursal, a system should be developed with clearly defined roles and adequate checks and balances.
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Annexure II: Literature Review

Keeping in view the importance of the project management in achieving the development objectives, various research studies have been carried out at by national scholars as well as international donor agencies to identify the internal and external risk factors causing implementation delays. The associated risks are mainly because of lack of knowledge, skills and expertise in the relevant field and other factors.

Project Management in Pakistan is viewed as a government prerogative and therefore most of the literature available on the subject is provided by the Planning Commission. PC has been issuing Instructions from time to time on various aspects of Project Management as and when the need arose to apprise the stakeholders or the project implementers. These instructions are available in the form of circulars and official letters (available of PC website) conveying decisions of various authorities on issues such as scope and processes to get approvals. For project implementation PC has devised a specific Planning Commission Manual for Development Projects that is updated regularly. Presently the 2008 version is in vogue and project managers take inspiration and guidance from the document that essentially gives the ways and means to undertake various steps.

Since development is no more confined to government sector and new key players such as local people, private sector and international development partners have their new specified role in development process. The emphasis on harmonization and affectivity of aid in development process as underscored in MDGs, Paris Declaration and Dakar Conference demand an efficient project implementation process in line with international best practices. In view of this many international donor development agencies have been highlighting the need to streamline project processes in Pakistan. UNDP undertook a Preparatory Study regarding the formulation of a Foreign Assistance Policy Framework for Pakistan (2005). The study was useful in pointing out main procedural bottlenecks. In 2006 DAC guidelines and reference series, OECD Publication were issued that ignited a lot of debate.

This debate is directly linked with emphasis of the development partners on harmonization and aid effectiveness in development projects. Economic Affairs Division in Pakistan has been organizing international conferences under the banner of Pakistan Development Forum. The PDF (2010) Report issued by EAD was of great significance as it hinted on the futuristic need of framework of systems in project management. This call for reform for improved structure of governance in projects was supported by the development sector stakeholders. This study tried to incorporate the vision of the development partners as visualized by them at forums such as this.

ADB has provided a technical assistance to Pakistan in 2004 undertaken by EAD in order to streamline procedures to reduce implementation delays of the development projects. It was very effective study and somewhat very first attempt to highlight project specific issues start-up delays. Though the TA was suspended due to its ineffective implementation and unnecessary delays but it did highlight some of the systemic and casual factors effecting project performance. ADB has also prepared a document to improve the procedures of accountability process in development projects

for its recipient countries.³⁶ This document was connected with the research under consideration in many ways and benefitted from a number of documents produced by the Bank. It really helped in identifying missing links in official procedures and time frames involved in project management practices in Pakistan.

Kasimbazi (2009) has mentioned approached towards environmental and social safeguards in World Bank Procedures and they were helpful in identifying the challenges.³⁷ Pasha (2011) has also contributed in highlighting main issues confronting project cycle.³⁸ This document is one of the many papers published by the Planning Commission to deliberate on practices in project management in Pakistan. The main focus of this paper has been on Public Sector Development Program (PSDP) projects. It helped this study in sifting the facts and analyzing ways and means to undertake reforms. Pasha (2011) has advocated the need for effective rationalization in PSDP which is also the purpose of this study as well.

In Uganda a very relevant study was undertaken by Collaborative Africa Budget Reform Initiative.³⁹ The aid and development mechanism given in this document has interestingly many similarities with that of Pakistan. The political and administrative structures involved in approvals have a lot of dimensions. This study identified after taking inspiration from documents like this that the budgetary processes also need reforms in Pakistan to align with the requirements of development sector. ADB also assisted in a study on management of off-budget projects in Afghanistan and the mechanism proposed was found to be very relevant to systems in Pakistan.

In this study an attempt was also made to analyze the documents generated by autonomous organizations in Pakistan in order to know the secrets of their success stories. The project designs by WAPDA, approval process at OGDCL and implementation of development schemes at CDA were studied in detail to compare them with that of procedures being followed in regular departments and ministries in the government. We gathered as a result of this research that instructions given in the Planning Manual⁴⁰ was almost followed everywhere but not in letter and spirit. There is a delicate difference between observance and implementation and it is where the shoe pinches in the development process in Pakistan.

Ohno & Shimamura (2007) well does explain that there are diverse models of development in Asian countries.⁴¹ While Malaysia believes in long term development goals, Thailand has a political vision for the development sector. Similarly donors seem to be affecting the systems in Philippines. The discussion has shed a light that Pakistan also needs to understand the ground realities in socio-political system that govern the development process and all reforms shall be proposed in line with the requirements.

A lot of literature was written after the passage of 18th Amendment in the constitution of Pakistan. One of the main concerns of this report was to evaluate the impacts of devolution on development

³⁶ Operating Procedures for the Compliance Review Panel; ADB Manila, 5 June 2004.

³⁷ Emmanuel Kasimbazi 'Compliance with safeguard policies of the WB'. IAIA Conference ACCRA, 2009

³⁸ Hafiz Pasha, 'Analytical Review of PSDP Portfolio', Planning Commission Publication, May 2011

³⁹ Tim Williamson (2008), Putting Aid on Budget; a case Study of Uganda CABRI, Mackro Publication, Oxford, UK.

⁴⁰ Manual for Development Projects, Planning Commission Publication available on www.pc.gov.pk (2012)

⁴¹ Izumi Ohno & Masumi Shimamura (2007), Diverse models of aid management; Experiences of Thailand, Malaysia and Philippines, GRIPS Publication, Tokyo. Ch.9

projects. Moriani (2011) wrote in detail about the strategic course of action for adoption for development process in FATA.⁴² The report identified main areas of reform in legislative and procedural terms but actual impact on the project designs, approval and implementation process could not be touched. This study kept those gaps in view while formulating and suggesting reforms.

A report of the Advisory Panel of Economists (2010) was submitted to Planning Commission that gave input for preparation of five year plans and other development sector frameworks.⁴³ This report on the one hand suggested priority sectors for development interventions at macro-level and on the other reflected on the need of revamping institutional framework for development processes. The study under consideration attempted to keep the suggestions in line with the vision shared by the Planning Commission in this report.

It was interesting to see that a lot of government organizations have already been attempting to upgrade the institutional framework of development sector. Government of Khyber Pakhtunkhwa prepared a manual for project preparation and implementation for the local governments that was a delightful reading. Planning Department Punjab has also focused financial management of projects and developed a relevant document that can inspire the development practitioners.⁴⁴ Sheikh (2008) representing Government of Sindh's Finance Department produced a paper on Public Private Partnerships in projects that can be good guide to initiate collaboration.⁴⁵ And not to mention the publications by the Projects Wing of Planning Commission that has time and again produced revised versions of their handbook and manuals on relevant subjects.

A close review of literature on the subject indicates that by the year 2008 the world was getting focused on specific issues attempting to deliberate on improving project based interventions. One such work 'Business Process Review for Result Based Management' by Tariq Husain (World Bank, 2008) attracted a lot of attention. Although it did not specifically focused on issues pertaining to project approvals and implementation but it successfully raised the point that public investment needs careful implementation skills. Then Khalid Ikram in his work continued the same debate in his paper 'Revitalizing Planning Commission (2011)'. His thesis that time has come for Planning Commission to change its role in the wake of new realities holds water. All these theories are valid but how to proceed forward is the big question. Hafiz Pasha (2011) has contributed his vision in his Analytical Review of PSDP and this Planning Commission Report clearly sends the message that government is cognizant of need assessment in the sector.

This study also made an effort to understand the International best practices in the sector. Singh (2009) made a good effort to comment on the implementation of projects in India.⁴⁶ Similarly this study took into account the experiences of China model and Malaysian Planning Management models.

⁴² Farrukh Moriani (2011) Implementing the 18th Amendment in Khyber Pakhtunkhwa; defining a strategic approach, FATA Secretariat Report, February 2011.

⁴³ Medium Term Development Imperatives and Strategy for Pakistan, Final Report of the Panel of Economists, Planning Commission, April 2010.

⁴⁴ Punjab Financial Management and Assessment Report, Planning Department (2009)

⁴⁵ Khalid Sheikh, Public Private Partnerships in Sindh, Finance Department, (2008)

⁴⁶ Delays and Cost Overruns in Infrastructure Projects; an inquiry into extents, causes and remedies, Department of Economics, University of Delhi, (2009)

Annexure III: Mapping of Rules & Procedures

Actions	Relevant Rules / Instructions Governing the Actions
PROJECT DESIGN	
Feasibility Study	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that all development projects should be based on feasibility study P&D Division Circular No.21(19)DA/PC/89 dated 16-04-1989 clarifying procedure to undertake feasibility study
Financial Allocations	P&D Division Circular No.21(19)DA/PC/88 dated 04-09-1989 indicating that financial phasing should be linked with implementation schedule P&D Division Circular No.20(2)DA/PC/82-Vol.IV dated 29-02-1984 instructions to specify price contingency plan based on the phasing of implementation
Organizational Structure	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that Project Monitoring and Evaluation Cells should be strengthened or created in the ministries to look after projects
Identification of Staff/consultants	P&D Division Circular No.21(1-6)DA/PC/88 dated 16-04-1989 conveying ECNEC decision that cost on consultants should not exceed than 10% of the cost of the project and that 30% of cost on foreign consultancy shall be diverted for development of local consultancy subject to technical needs and availability
Impact Assessment	
Pre qualification of contractors	Guidelines for short listing of firms; Handbook by PC, Page 556
Selection of Site	
Identification of timelines	P&D Division letter No. 21(19)DA/PC/88 dated 4 th September 1989
Preparation of documents	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that PC-I should be supported by a Project Document
PROJECT APPRAISAL	
Submission of 45 Copies of PC-I / PC-II	P&D Division Circular No.20(15)DA/PC/89 dated 12-12-1989 clarifying that strict adherence to PC-I is not expected in order to avoid delays P&D Division Circular No.20(15)DA/PD/95 dated 16-01-1996 emphasizing that incase or resubmission of PC-I, work may continue according to already approved PC-I and new document should be submitted as soon as possible
Working Paper for CDWP/ ECNEC	
Preparation of Discounted Cash Flow Analysis	Finance Division vide letter No. F.8(1) GS-I/2006-1631 dated 11th August, 2008
PROJECT APPROVAL	
Concept Clearance	PnD Division letter No.20(2)DA/PC/95 dated 03-04-1995 saying that concept clearance worth Rs.10 million shall require a feasibility study

Actions	Relevant Rules / Instructions Governing the Actions
Approval of the Secretary Concerned	PnD Division letter No.20(1)/DA-I/PC/79 emphasizing that certificate from secretary should confirm that he has seen and approved the PC-I
Approval from Finance before submission of PC-I	Finance Division Letter No. 1(24)Dev-/64 dated 13-12-88 with the direction to submit their PC-Is to FAs for comments
Pre CDWP Meeting	P&D Division Circular No.20(1-24)DA/PC/84 dated 31-12-1978 conveying that a pre CDWP should be done to avoid unnecessary debate in the CDWP otherwise projects will not be considered
Presentation before CDWP if the project is beyond RS.1000 million	Procedure described by the Cabinet Division for Approval of Projects in the light of rules 15,17,20 of Rules of Business 1962 All schemes costing Rs.100 million to be approved in the light of NEC Decision dated 20-05-1991
Presentation before Prime Minister	Cabinet Division's letter No.26(14)DA/PC/94 dated 29-12-94 asking to show the list to PM before it goes to ECNEC for approval or rejection
Preparation of the Summary for ECNEC (120 Copies)	Cabinet Division's letter on constitution of ECNEC No.45.Com/88 dated 03-03-1997
Quarterly Meeting of ECNEC	All schemes costing Rs.100 million to be approved in the light of NEC Decision dated 20-05-1991
Anticipatory Approval	ECNEC decision vide letter No.5/CF/75 dated 11 January, 1978 instructing that requests for anticipatory approvals should be supplemented by necessary information and that it should be done in exceptional cases P&D Division Circular No.20(1)DA/PC/78 dated 31-12-1978 conveying that period of anticipatory approval should not exceed 12 months Cabinet Division's D.O No.C/CF/75 dated 23-08-1979 refusing to delegate the authority to grant anticipatory approval to the provinces
Issuance of Administrative Approval	ECNEC letter No. 577/CF/63 dated 01-10-63 differentiating between administrative approval and sanction letter Cabinet Division's D.O No. C/CF/75 dated 23-08-1979
Preparation of Detailed Design and Costing	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that within six months of approval detailed design and costing should be completed and implementation should start when these are complete
Financial Releases	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that project should not be initiated unless funding is assured P&D Division Letter No. 4(1)PIP/PC/2010-11 dated 04-08-2010

Actions	Relevant Rules / Instructions Governing the Actions
Preparation of Annual Cash / Work Plan	P&D letter No.2(348)/Coord/PW/PD-2007(Vol-V) dated 25 th June 2012
Formulation of PSDP	Schedule II; Rules of Business 1973
Priorities Committee's Meeting with Finance Division	Finance Division's Letter No.F.IV(3)-B(S)/80 dated 14-02-1980 asking EAD, Finance and Planning to anticipate the aid disbursement in the forthcoming years before priorities committee before preparation of ADP
Presentation before National Economic Council	Finance Division's Letter No.F.IV(3)-B(S)/80 dated 14-02-1980 to get approval from planning before signing loan documents
Evaluation	
Quarterly Monitoring	ECNEC decision No.5/CF/75 dated 16 th July, 1975
Filling in PC-III Performa	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that quarterly reports should be furnished and Projects Wing should suggest remedial measures accordingly ECNEC Letter No.F/CF/75 dated 16-07-1975 signifying that sections 6 & 7 of PC-III performa are enough to anticipate increase in costs and if so found, resubmission may be done timely
Technical Evaluation	
Financial Evaluation	PnD Circular defining Concept of Development Expenditure under various heads of account (Nov.1959)
PROJECT IMPLEMENTATION	
Establishment of PMU	Planning Commission D.O No. 2(1-29)DA/PC/86 Islamabad April 15, 1989 on establishment of planning and monitoring cell s
Appointment of Project Director	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that a suitable qualified PD should be appointed with full administrative and financial powers Planning Commission Letter No. No.21(2-Gen)PIA/PC/2003 Islamabad the 31 st March, 2004 and Planning Commission D.O No. D.O No. 2(263) /PW/PD/2003\ Dated 3 rd November, 2006 stating the tenure of the PDs would be fixed to avoid extensions.
Opening of Project Imprest Accounts	AGPR /FD regulations
Purchase of Land	Not specified
Construction of buildings	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that local materials shall be used and local topography and economic efficiency to be ensured

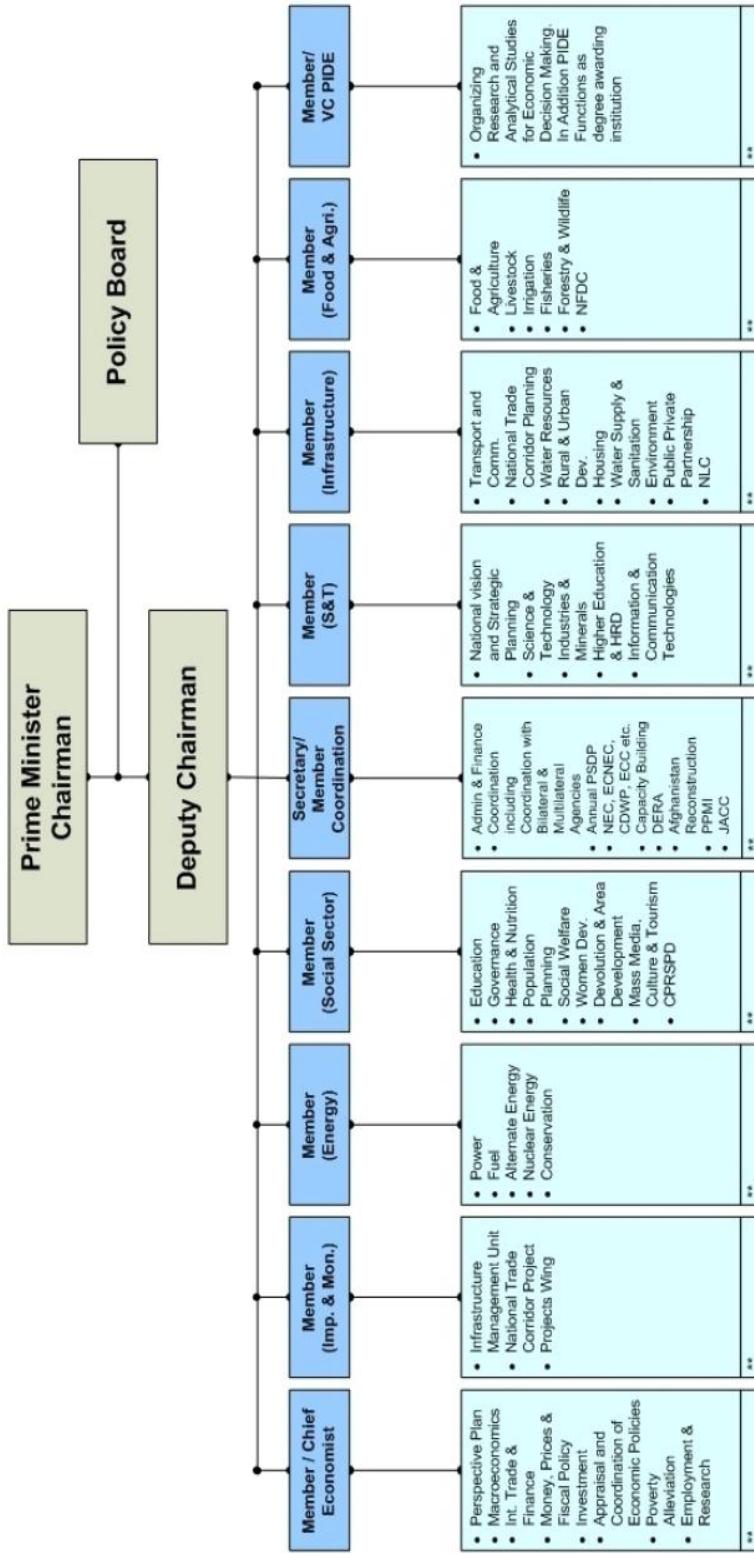
Actions	Relevant Rules / Instructions Governing the Actions
Procurement of Staff & Services	PnD Division Guidelines issued on appointment of foreign and domestic consultants dated September 1990
Procurement of machinery and equipment	<p>ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that monitoring of cost of procurement should be done through qualified consultants</p> <p>PnD Divison letter No. 20(2)DA/PC/95 dated 03-04-1995 informing that purchase of vehicles , air conditioners and consumer durable goods are not allowed under foreign assistance projects</p>
Award of tenders	<p>ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that all tenders should be made public</p> <p>ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that PD to be held responsible for costing and comparisons of costs in bids and that a national committee on Foreign tenders shall be introduced to evaluate international tenders involving large amounts</p>
Revision in costs	<p>P&D Division Circular No.20(1)DA/PC/79-Vol.VIX dated 23-06-1980 indicating need to get approval of ECNEC in case of 15% or more increase in costs.</p> <p>ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that schedule of rates should be revised periodically</p> <p>Planning Commission D.O NO. No.5/CF/75 Rawalpindi, the 16th July, 1975 and D.O No. 21(40) /PIA/PC/200 dated 26 May,2007</p>
Updating of costs	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that estimation of costs should be regularly updated taking into account market rates
Extension in Projects	P&D Division Circular No.20(1-29)DA/PC/86 dated 15-04-1989 indicating no need to get permission for extension from P&D in the case of non-aided projects and in case of aided projects EAD and Finance may give permission
Timely utilization of funds	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that Finance and Planning should conduct a mid year review in Nov-Dec to look at the progress of utilization of funds for EAs
Capacity Building	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that training in all levels of projects implementation should be institutionalized and a Projects Division and a Project Management Institute should be established at federal level
Coordination & Communication	<p>ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that coordination with all stakeholders should take place as identified in the PC-I</p> <p>P&D Division Circular No.20(1-4)DA/PC/88 dated 31-03-1988 highlighting the need to look after security and related arrangements for projects</p>

Actions	Relevant Rules / Instructions Governing the Actions
Filling in PC-IV Performa	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that Projects Wing in PC should monitor at least 50 projects every year and that too with the help of computer related technology Planning Commission letter No. No.2(1-29)DA/PC/86 Islamabad dated April 15, 1989
Annual Performa PC-V	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that Projects Wing should produce evaluation reports of at least 10 completed projects And that a Federal Review Board shall be set up under PM to review the issues in risk projects
Audit Reports	ECNEC Decision vide Letter No.NEC/10/3/88 dated 4-7-88 that Auditor General of Pakistan shall audit the implementation and performance of projects
Clearance from Finance Division	ECNEC Letter No.171/CF/84 dated 27-06-1984 conveying that no need to get approval if the costs go up because of exchange rate Fiscal Responsibility and Debt Limitation Act 2005
Vetting	Law Division Rules of Business
Approval of Secretary EAD to attend negotiations with donors	Schedule II of Rules of Business 1973

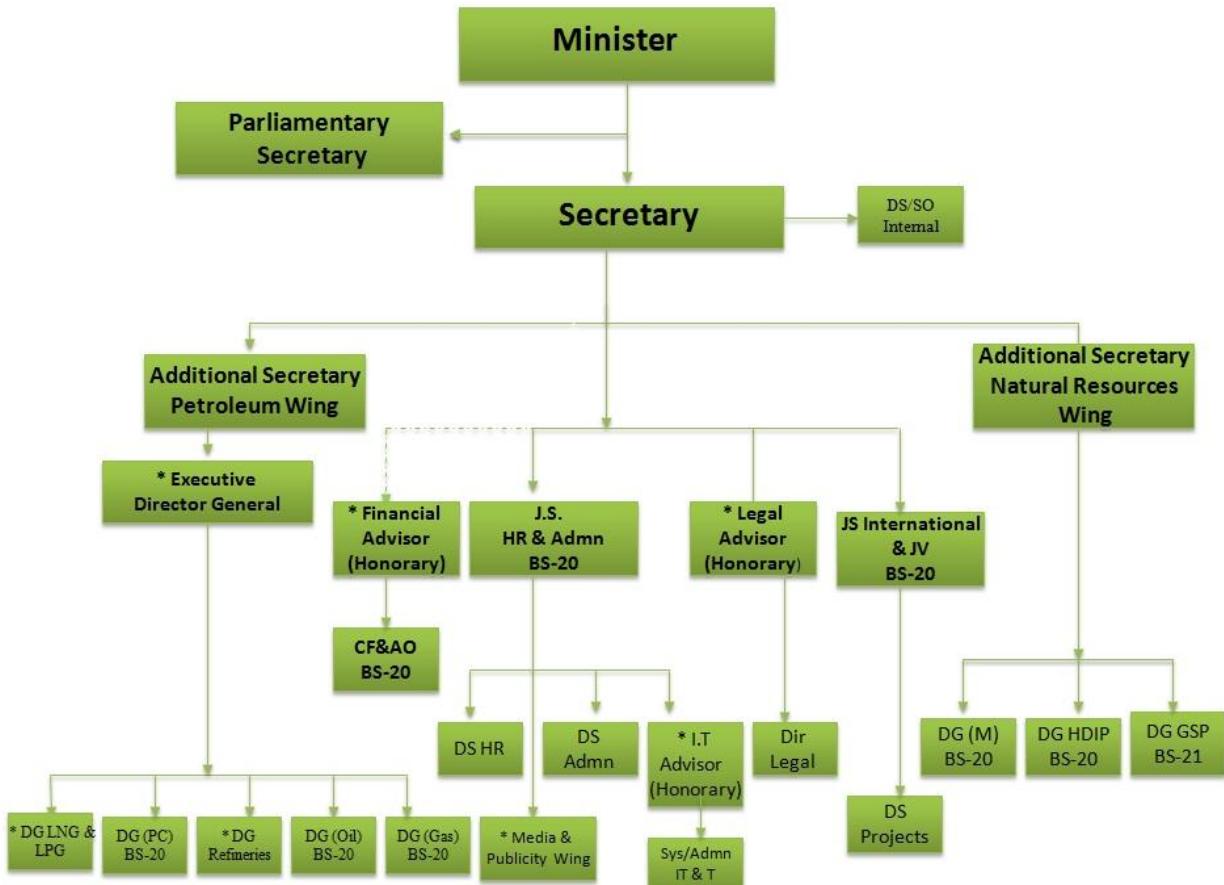
Appendix

APPENDIX I: Organogram of Planning Commission

Organizational Set Up of the Planning Commission



APPENDIX II: Organogram of a Ministry



APPENDIX III: List of Interviewees

Sr. #	Name	Designation
SINDH		
1	Aijaz Ahmad Mahesar	Additional Secretary (Admin) P&D
2	Muhammad Suliman Chandio	SS (Technical) Local Government
3	Abbas Ali	Assistant Chief
4	Faiz Ullah Khatn	Assistance Chief(Watsan/Drainage) P&D
5	Bisharat Channa	P&D
6	Khalid Siddique	Chief Planner
7	Qaisar Bengali	Expert/ Advisor to GOP
8	Ms. Naheed Shah Durrani	DMG officer of BS-20/ Ex Secretary Education
9	Fazal Nizamani	Senior Chief Water & Power P&DD
10	Khair Muhammad Bhutto	DG Drought Emergency Relief Assistance
11	Agha Zafarullah Durrani	DG Agriculture Engineering & Water Management
12	Fatah Murri	Project Coordinator Water Sector Improvement Projects
13	Muhammad Umar Memon	PD Sindh Coastal Community Development Program
14	Akbar Shah Rashidi	Ex PD Sindh Road Sector Development Project
15	Dr. Riaz Ahmad Memon	PD Peoples Primary Healthcare Initiatives
16	Kabir Kazi	PD Sindh Cities Improvement Program
17	Ghulam Sarwar Khero	Ex ACS Development/ PD ASP
18	Hassan Ali Din Muhammad	Ex-Chief Foreign Aid P&DD/ Manager ACV ASP
19	Mr. Hakim Din Tunnio	EX- special Sect. Devlop. Sindh
20	Dr. Rehana Ghulam Ali Memon	Sect. Zakat and Usher
21	Mr. Inyat Ullah Qureshi	Director M&C
22	Mr. Abdul Fateh Tunnio	Chief Agriculture P&E
PUNJAB		
23	Muhammad Siddique Sheikh	Director Industries
24	Shahid Rashid Awan	Deputy Secretary (Tech) Forest

25	Muhammad Abdullah Shahid	Addtl. Secretary Cooperatives Department
26	Ubaid Ullah Kokar	Deputy Secretary Literacy & non Formal Basic Education
27	Mr. Arif Anwar Baloch	Chief Economist
28	Mr. Naseem Riaz	Member SSS
29	Mr. Muhammad Abid Bodla	Member Infra. Development
30	Mr. Abdullah Sumbal	Secretary Special Education
BALOCHISTAN		
31	Mahfooz Ali Khan	AG
32	Sarwar Javaid	Senior Member Board Revenue
33	Dostain Jamaldini	Secretary Finance
34	Hafiz Abdul Majid	Additional Secretary Finance
35	Zahid Saleem	Chief Foreign Aid P&DD
36	Syed Arif Shah	Chief Programming P&DD
37	Shoaib Khan	PD Small Scale Irrigation Project
38	Professor Abdul Malik	PD Restructuring Technical Education
39	Irfan Awan	MD Society NGO
40	Shabir Ahmad	Manager M&E Support of Primary Education (BEP)
41	Javeed Ahmad	MD Clean Drinking Water (PHE)
42	Saleem Raza	Ex PD Baluchistan Road Sector Development Project
43	Zafar Ullah	PD PPIU Monitoring CDW/for all
44	Abdul Rahim Kasi	M&E Specialist SPRSM
47	Mr. Mumtaz	Sect P&D
48	Mr. Faisal Jamal	Sect. Local Counsel Board
49	Mr. Aslam Shakir Baloch	Sect. Live stock
PLANNING COMMISSION		
45	Ms. Saba Gul Khattak	Member SSS
46	Mr. Shahnawaz Hussain	Director Public Investment Authority
Federal Finance Division -FGD		

50	Mr. Zulfiqar Ali	Manager Finance (DERA)
51	Mr. Muhammad Shahid	DG-Ministry of Narcotics Control
52	Mr. Naseer Gillani	Chief Planning Commission
53	Mr. Niaz Ahmed	Manager Planning (PC)
54	Mr. Mabool Shah	Urban Development (PC)
55	Mr. Munir Ahmed Anjum	Rep- of PC
56	Mr. Shahzad Malik	Chief Population –P&E
P&D- Khyber Pakhtunkhwa		
57	Mr. Miraj Khan	Senior Chief –R&D
58	Asim Ismail	Chief Economist
59	Javed Iqbal	Chief Agriculture
60	Ms. Nida Afridi	Consultant
61	Mr. Fayyaz	Advisor