

COVER PAGE

Country: Pakistan

UNDAF Outcome(s): *Improved capacity to formulate and implement pro-poor policies*

Expected CP Outcome(s)/Indicator(s): *Reduction of human and income poverty addressed as a major concern of macroeconomic policies; improved national capacity to monitor poverty and inequality. Indicator: Human and income poverty data disaggregated by gender, provinces/districts*

Expected CP Output(s)/ Target(s): *Outcome monitoring and nationwide MDG campaign, putting Pakistan on track. Target: Consolidated institutional set-up for central and decentralized monitoring of poverty PRSPs and MDGs*

Implementing partner: Ministry of Finance, Planning & Development Departments

Responsible parties: FBS, Finance Departments, Center for Research on Poverty Reduction and Social Policy Development (CRPRSPD), line ministries/ departments, research institutes, UN agencies, Pak Millennium Campaign

The Poverty Reduction Strategy Papers (PRSP) offer a potentially powerful tool to forge a consensus on policies, priorities and resources needed at all levels of government to reduce poverty and inequities, impeding the pace of economic and social development in Pakistan. The PRSP I emphasized the importance of a well-developed and extensive M&E system for assessing the impact of the government's poverty reduction strategies and resource allocations, along with a feedback mechanism for informed decision-making. The PRSP Secretariat underpins the government's institutional mechanism for poverty monitoring. Provincial focal points, based in the Planning & Development Departments, were identified to support the PRSP Secretariat in executing their M&E functions. A critical input in achieving the targets set out in the PRSP is the effective utilization of anti-poverty public expenditures. For this purpose the PRSP Secretariat has institutionalized a mechanism with the Controller General of Accounts for quarterly tracking of anti-poverty expenditures. A list of anti-poverty expenditures along with their functional classifications has been developed and PRSP expenditure reports are produced on a quarterly basis.

Based on the lessons learned during the implementation of PRSP I, there has been recognition of the need to strengthen the existing statistical systems, improve coherence with sectoral management information systems, and reinforce M&E systems at provincial and district levels. UNDP, upon request from the Ministry of Finance, hence, fielded a scoping mission during Dec 2005-Feb 2006 to assess the institutional capacity of the Ministry of Finance to monitor, analyze and evaluate policies and national poverty reduction programs¹. The proposed framework suggested a system for monitoring poverty at the federal and provincial levels; mechanisms for addressing data gaps, data quality as well as statistical coordination in order to strengthen the institutional system for PRSP monitoring.

The purpose of the project is to strengthen institutional capacities for results-based monitoring and evaluation of poverty reduction strategies (PRS) and has the following three outputs:

1. Public spending and allocations in pro-poor sectors analyzed reviewed and analyzed through a gender lens to better understand the contribution and needs of men and women
2. Quality, collection, analysis and management of PRSP data improved at national and province levels
3. National engagement in PRSP monitoring mobilized through participatory processes²

To ensure a coordinated and effective approach to PRSP monitoring, attention must be paid to creating and/or strengthening mechanisms for oversight, implementation and technical coordination at the federal and provincial levels, as well as articulating the linkage between these multiple tiers. In the interest of success and sustainability, the arrangements proposed below, for a common M&E system, have been woven around the existing institutional structures of government.

Program Component:	POVERTY REDUCTION
Project Title:	Strengthening PRS Monitoring
Project ID:	
Project Duration:	September 2007-August 2012
Management Arrangement:	NEX

Total Budget	USD 6,486,782
Allocated resources:	
• Government	USD 641,237
• Donor	USD 750,000 (TRAC)
• Other:	
Unfunded budget:	USD 5,095,545

Agreed by Ministry of Finance: -----

Agreed by UNDP: _____

¹ For detailed Situation Analysis, refer to Annex 1

² For a narrative description of project objectives and activities, refer to Annex 2

ANNUAL WORK PLAN BUDGET SHEET OF STRENGTHENING PRS MONITORING PROJECT

	Expected Outputs	Planned Activities	Y1	Y2	Y3	Y4	Y5	Responsible Party	Source	Amount USD	Budget Description *	
A.	Management capacities for PRS monitoring in PRS Secretariats strengthened	Activity #1: Oversight										
		Establish and convene the Federal PRS Monitoring Steering Committee	x	x	x	x	x				-	
		Establish and convene Provincial PRS Monitoring Steering Committee		x	x	x	x				-	
		Activity #2: Implementation										
		Recruit staff in the Federal PRS Secretariat	x							Donor		
		Establish PRS Secretariats and recruit staff at provincial levels		x	x							
		Purchase equipment & vehicles	x	x	x					Donor	200,000	72200
		PRS monitoring orientation workshops	x	x	x					Donor	30,000	72100
		Annual work planning exercises at each level (F, P)	x	x	x	x	x				-	
		Capacity building of staff in PRS Secretariats (F,P) in data analysis, research and M&E techniques	x	x	x	x				Donor	104,860	72100
		Activity #3: Technical Coordination										
		Activate and convene Technical Working Groups	x	x	x	x	x				-	
		Establish and convene Provincial Technical Committees		x	x	x	x					
		Operational Costs										
		Salaries- Technical Staff	x	x	x	x	x			Donor	1,254,615	71400
Salaries- Admin/Finance Staff								Donor	283,225	71400		

* See Note 3

	Expected Outputs	Planned Activities	Y1	Y2	Y3	Y4	Y5	Responsible Party	Source	Amount USD	Budget Description *
		Salaries- Drivers	x	x	x	x	x		Donor	88,590	71400
		Salaries of Support Staff	x	x	x	x	x		GOP	140,000	In kind
		Office Space & related utilities	x	x	x	x	x		GOP	485,000	In kind
		Connectivity Charges	x	x	x	x	x		Donor/GOP	120,000	74500
		O&M	x	x	x	x	x		Donor	75,000	74500
		Miscellaneous Expenses	x	x	x	x	x		Donor/GOP	75,000	74500
		Regular monitoring missions and duty travel	x	x	x	x	x		Donor	200,000	71600
	SUB-TOTAL									3,056,288	
B.	Public spending and allocations in pro-poor sectors reviewed and analyzed through a gender lens to better understand the contribution and needs of men and women	Deepen and expand GRB sectors in Punjab; stagger roll-out of GRB in Sindh, NWFP & Balochistan; identify 2 pilot districts in new provinces	x	x	x				-	-	
		Activity #1 : Awareness-Raising									
		Raise awareness and build consensus on GRB among various stakeholders	x	x	x	x			Donor	75,000	72100
		Develop and update easy to read resource materials such as briefs and handbooks linked to provincial and district budgets and PRS monitoring	x	x	x	x	x			35,171	72100
		Activity # 2: Capacity Building on GRB									
		Assess emerging capacity needs update/modify training program	x	x	x				Donor	35,000	72100
		Expand resource pool of trainers and undertake capacity building of government and civil society		x	x	x	x		Donor	146,000	72100
		Activity #3: Gender Research & Analysis									

	Expected Outputs	Planned Activities	Y1	Y2	Y3	Y4	Y5	Responsible Party	Source	Amount USD	Budget Description *
		Develop, implement and update GRB tools including research review and dissemination	x	x	x	x	x		Donor	590,000	72100
		Support introduction of gender sensitive amendments in provincial and district level budget processes	x	x	x	x			Donor	30,000	72100
		Activity #4: Advocacy on GRB									
		Develop, update and translate easy-to-read IEC material in local languages using media as the primary platform for dissemination	x	x	x	x	x		Donor	40,000	72100
		Engage parliamentarians, government and civil society, especially at the local level, for advocacy around GRB findings	x	x	x	x	x		Donor	80,000	72100
	SUB-TOTAL									1,031,171	
C.	Quality, collection, analysis and management of PRS data improved at national and province levels	Activity #1: Indicator and data quality and coverage									
		Review indicator sufficiency, identify gaps, determine action plans to address them at both federal and provincial levels	x	x	x	x	x		Donor/GOP	45,000	72100
		Build consensus on indicators, their definitions, targets and baseline data, particularly at the provincial level		x	x	x	x		Donor/GOP	55,000	72100
		Assess quality ³ of data sources and determine improvements in the current data collection methodologies and/or systems at federal and provincial levels		x	x	x			Donor/GOP	60,000	72100

³ Integrity, methodological soundness, accuracy and reliability, serviceability and accessibility

	Expected Outputs	Planned Activities	Y1	Y2	Y3	Y4	Y5	Responsible Party	Source	Amount USD	Budget Description *
		Distinguish institutional levels and responsibilities for data collection and compilation, quality control and reporting arrangements		x	x				Donor/GOP	15,000	72100
		Undertake district level disaggregated expenditure tracking		x	x	x	x			-	
		Design, install systems for automated tracking of PRS expenditures		x	x	x			Donor/GOP	50,000	72100
		Experts undertake performance reviews and hold experience sharing workshops based on indicators and expenditure tracking		x	x	x	x		Donor/GOP	80,000	72100
		Activity #2: Research and Analysis									
		Develop a research plan, and conduct (1) analysis of survey results (2) impact evaluations (3) specific studies and surveys.	x	x	x	x	x		Donor/GOP	725,000	72100
		Develop and update, through participatory processes, the results and policy matrix for PRS monitoring	x	x	x	x	x		Donor/GOP	50,000	72100
		Authenticate data, and produce regular PRS progress reports	x	x	x	x	x		Donor/GOP	55,000	72100
		Activity #3: Improve coordination and provincial ownership on data collection and analysis									
		Assess capacity needs of P-BOS, and strengthen technical and computing capacities in P-BOS in the context of poverty monitoring		x	x	x	x		Donor/GOP	725,000	72100
		Facilitate institutional linkage of P-BOS with FBS as well as the provincial PRS monitoring process		x	x	x	x			-	

	Expected Outputs	Planned Activities	Y1	Y2	Y3	Y4	Y5	Responsible Party	Source	Amount USD	Budget Description *
		Conduct statistical literacy workshops for a wide range of audiences representing government, civil society and elected representatives		x	x	x	x		Donor/GOP	60,000	72100
		Harmonize data management platforms in PRS Secretariats, FBS and P-BOS		x	x	x	x		Donor/GOP	25,000	72100
		Establish linkages between PRS monitoring system and the local government service delivery monitoring systems			x	x	x		Donor/GOP	28,000	72100
	SUB-TOTAL									1,973,000	
D.	National engagement in the PRS monitoring process mobilized through participatory processes	Promote participation in and awareness of poverty reduction plans and monitoring amongst diverse audiences	x	x	x	x	x		Donor/GOP	115,000	72100
		Coordinate with the MDG Advocacy program to engage CSOs in MDG-based PRS monitoring		x	x	x	x			-	
		Engage local governments, civil society, elected representatives, and relevant bodies mobilized in the wake of LGO with the PRS process				x	x		Donor/GOP	50,000	72100
	Sub-Total									165,000	
	TOTAL (A+D)									6,225,460	
	GMS									261,323	75100
	GRAND TOTAL									6,486,782	

Notes:

1. Overview of Indicative Financing (in USD) Sources

TYPE	GOP	DONOR		TOTAL
		UNDP	OTHERS (to be mobilized)	
Cash contribution	622,560	750,000	4,852,900	6,225,460
In-kind contribution	Office space, utilities, support staff	-		
GMS	18,677 (3%)	-	242,645 (5%)	261,322
Grand Total	641,237	750,000	5,095,545	6,486,782
% of total budget	9.9%	11.6%	78.6%	100%

2. ATLAS Budget Code Key

ATLAS Code	Account Description
71400	Contractual Services-Individual
71600	Travel
72100	Contractual Services-Companies
72200	Equipment & Furniture
74500	Miscellaneous Expenses
75100	Facilities & Administration (GMS)

MANAGEMENT ARRANGEMENTS

The proposed PRS monitoring system aims to accomplish the following 4 functions: Poverty outcome monitoring, PRS implementation monitoring, anti-poverty expenditure tracking, and gender budgeting. The new monitoring framework is envisaged to ensure an ongoing and sustainable system, developed to deliver timely and reliable data against a set of well-selected indicators, feeds into the policy process and engages national and sub-national levels. To respond to the demands of this new PRSP monitoring system and facilitate the understanding and ownership of the political leadership and the officer cadre of the PRS process, a comprehensive organizational structure that links the two tiers of government is being proposed, and has the following key characteristics:

A multi-tiered oversight mechanism activated, at the level of the center and provinces, to ensure accountability and visibility of the PRS process at the highest levels. The project hence proposes:

1. **At the level of the Center:** establishment of a Federal PRS Monitoring Steering Committee, chaired by MOF, to provide senior ministry accountability and oversight; coordinate stakeholder government agencies on poverty reduction efforts; review the annual PRS report on the poverty situation in Pakistan, and review and approve the work plan and funds to be used to run and improve the PRS monitoring system at the federal level.
2. **At the level of the Province:** creation of Provincial PRS Monitoring Steering Committees, chaired by Planning & Development Departments (P&DDs), as the venue for senior level buy-in and accountability at the provincial level. The functions of these mirror those of the Federal PRS Monitoring Steering Committees, but at the provincial level.

Capacities built in PRSP Secretariats for implementing the PRS monitoring agenda at the federal and provincial levels. To strengthen the effective and timely implementation of the PRS monitoring agenda, it is proposed that:

1. The **Federal PRS Secretariat**, housed in the Ministry of Finance (MoF), will lead the development and monitoring of the federal level monitoring work plans. Dedicated human resource capacities within the Federal PRS Secretariat, housed in the Ministry of Finance, will be augmented. This includes the induction of 3 specialists (1 Poverty Economist, 1 Poverty M&E Specialist, and 1 Project Manager GRB /Poverty & Gender Specialist – TORs at Annex C), 1 Admin/Finance Officer, 2 Driver plus support staff. Since the extension of gender responsive budgeting will be submerged into the PRSP project (output 2), its personnel at the federal and provincial level will continue at their current posts during the project life of PRSP monitoring project as part of federal/provincial PRS secretariat to ensure continuity of activities. The government officials posted in the federal PRS secretariat would be entitled to project allowance from the GoP funds earmarked for the project as per MoF notified rates.
2. In the provinces, dedicated **provincial PRS Secretariats** will be created in Planning & Development Departments. These will be responsible for (1) preparing provincial targets of expenditures and intermediate indicators (2) identifying provincial and/or sectoral priorities for implementing PRS (3) collating data from existing sources for sharing with the Federal PRS Secretariat (4) evaluating capabilities of provincial data collection partners/agencies and the support they require, etc. It is proposed that 2 specialists (1 Poverty & Gender Specialist and 1 Poverty M&E Specialist), 1 Admin/Finance Assistant, 1 Driver plus support staff will be provided for under the project at the 4 provincial PRS Secretariats. The project will be collaborating closely

with Finance Departments at the provincial level for GRB implementation. The modalities of partnership with FDs at the provincial level will be reviewed and approved at the Federal PRS Monitoring Steering Committee.

3. Participatory annual work-planning exercises for (i) provinces and (ii) roll up to federal level PRS monitoring be conducted to forge a common understanding of the implementation needs and characteristics of the M&E system, and address gaps between current practices and the new system.

Mechanisms mobilized at the federal and provincial levels to enhance technical coordination for effective PRS monitoring. To this effect, it is proposed that the following forums be established to facilitate inter-agency cooperation and dialogue on various dimensions of PRS monitoring. These maybe along sectoral or functional lines.

1. **Technical Working Groups (TWGs)**, with membership from technical agencies, to ensure coordination among the technical working staff for pro-poor programming in each stakeholder agency; oversee needed improvements and provide technical advice at all tiers. It is proposed that one of the responsibilities of the Technical Working Groups should be to encourage active and effective participation from civil society, without imposing an excessive burden on particular organizations or individuals. Recommendations on the themes, functions and compositions of the TWGs would be drafted by the Federal PRS Secretariat and approved by the Federal PRSP Steering Committee.
2. **PRS Provincial Technical Committees** to *inter alia* assist and promote coordinated production and delivery of sectoral data to the PRP Secretariats at the provincial level. Its composition and function will be determined by the Provincial PRS Steering Committees.

Leadership

Leadership of the Federal PRS Secretariat and TWGs will be located in the MOF. MOF is also the overall coordinating authority for ensuring alignment between provincial and national strategies. At the level of provincial PRS Secretariats, P&D departments will take the lead on PRS monitoring.

Role of UNDP

UNDP will provide management, advisory and resource mobilization support to the project at all tiers.

Role of UN Agencies

- Harmonizing support to PRS process
- Membership in TWGs to facilitate coordination between sectoral and PRS monitoring processes
- Identification of M&E requirements and support for PRS monitoring
- Data collection and analysis, including strengthening upstream linkage of sectoral monitoring results with the PRS process
- Support to design, conduct and/or facilitation of poverty monitoring instruments
- Facilitate multi-stakeholder engagement in the policy dialogue and results oversight process
- Support in generation of knowledge products and codifying case studies to provide an adequate diagnostic of the status of PRS and challenges faced in progress
- Identification of capacity development strategies that must accompany this effort

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- Exchanges on the principles and mechanisms of mainstreaming issues of gender, human rights, and others as underpinning PRS monitoring actions
- Sharing and access to information regarding experiences and expertise available, locally and globally, to support this effort

Interface with the MDG-Driven Poverty Policy Package (MP-3) and its partners:

As a member project of the MP-3 umbrella framework, the project will closely coordinate with the Program Management & Coordination Unit of MP-3 on substantive issues to benefit from synergies with other components of the program. MOF and P&DDs shall be members of the Program Review Board of MP-3 as well as Project Review Boards under the ambit of MP-3. Project will also take active part in the program-level coordination forums, if and when mobilized by MP-3.

Interface with Gender Responsive Budgeting Initiative (GRBI)

Gender Responsive Budgeting is intrinsically linked with any comprehensive PRS monitoring. The work initiated under Gender Responsive Budgeting Initiative, housed in Ministry of Finance, will continue under the 'Strengthening PRS Monitoring'. Thus the resources and obligations of GRBI will be used and continue with this project.

The GRBI in addition to federal level has a Project Management Unit in the province of Punjab. The office will continue to work and when the provincial PRS Secretariat becomes operational, the GRBI Punjab office will stand merged therein.

Financial Management

Government of Pakistan and donors will channel its cash contribution through the project account. Under this modality, PCOM rules shall apply to the management and disbursement of funds.

The organogram and table describing the institutional structure of the PRSP Monitoring System is given below:

**PRS Monitoring System in Pakistan
Recommended Organizational Chart**

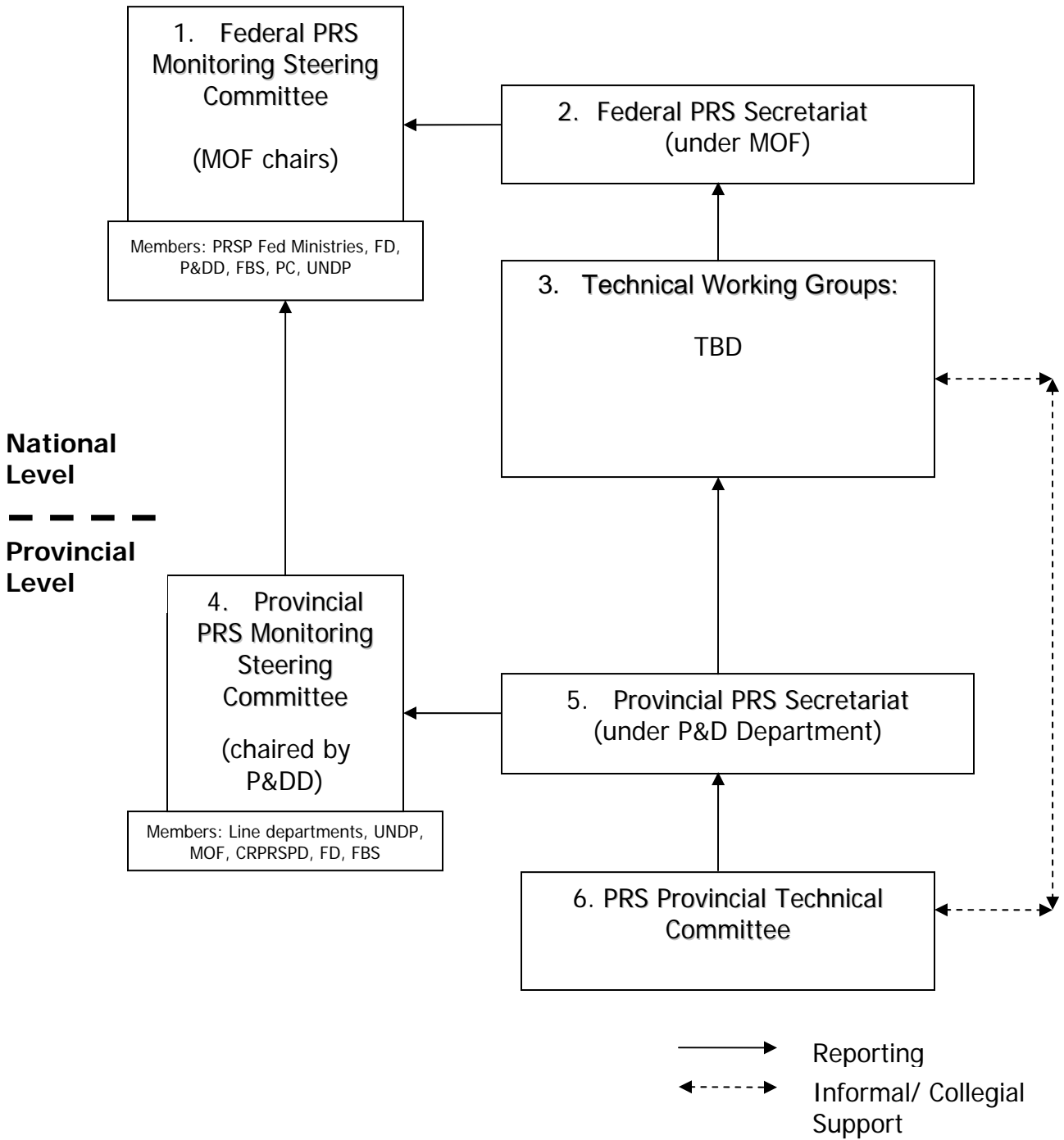


Table 1 – Makeup of Organizational Entities		
Organizational Entity	Roles and Responsibilities	Membership
1. Federal PRS Monitoring Steering Committee	<ul style="list-style-type: none"> • Review successes and lessons learned from the implementation of the PRS monitoring strategy • Address strategic challenges and issues pertaining to PRS monitoring • Approve AWP of the Federal PRS Secretariat • Motivate the delivery chain in the bureaucracy by providing and being seen to provide a “demand pull” for information • Ensure strategic coordination among PRS stakeholder ministries and federal and provincial monitoring tiers on PRS monitoring • Review the annual PRS progress report and emerging policy recommendations 	<p>Chaired by MOF.</p> <p>Members include: PRS stakeholder ministries, Planning & Development Division, MOWD, CRPRSPD, UNDP, MOL, FBS, Provincial Finance Departments, P&D Departments, donor representatives and civil society members, as appropriate.</p> <p>Convened annually or as needed</p>
2 Federal PRS Secretariat	<ul style="list-style-type: none"> • Develop and monitor the federal work plan and budget • Coordinate and collaborate with provincial PRS Secretariats with development of their respective AWP, emphasizing both strategic and policy alignment • Oversee performance of TWGs; review, approve and monitor action plans emerging from TWGs, and coordinate with Provincial Technical Committees • Support establishment of PRS Secretariats at the provincial levels • Ensure PRS stakeholder and province-level buy-in and engagement in PRS monitoring actions at the federal level • Manage the mobilization and provision of inputs (including human resources, procurement, administrative, financial management and sub-contracts) for the project and production of outputs, according to the project document and the procedures provided in the PCOM • Provide Secretariat services to the Federal PRS Monitoring Steering Committee • In close coordination with UNDP, explore the potential for resource mobilization • Quarterly and annual progress reporting on project implementation status to UNDP • Formulate technical recommendations on PRS for review by the MOF as required 	<p>Housed in Ministry of Finance.</p> <p>National Project Director, as per PCOM, will be designated by MOF, and will be responsible for overall supervision and decision-making for project implementation.</p> <p>3 specialists, 1 Admin/Finance Officer, 1 Driver and support capacities will be made available.</p>

Table 1 – Makeup of Organizational Entities		
Organizational Entity	Roles and Responsibilities	Membership
3. Technical Working Groups (TWGs)	Technical Working groups will provide technical support to improve the quality and quantity of data and its analysis. Their scope and composition will be determined by the Federal PRS Monitoring Steering Committee. TWGS maybe formed along sectoral or functional lines.	
4. Provincial PRS Monitoring Steering Committee	<p>The Provincial PSC is the provincial mirror of the national one:</p> <ul style="list-style-type: none"> • Review and approve provincial AWP • Review annual report on poverty situation in the province • Provide strategic guidance and leadership for provincial monitoring efforts • Ensure strategic coordination among PRS stakeholder departments and provincial monitoring tier on PRS monitoring • Review and approve policy recommendations pertaining to the province and/or for consideration by the Federal PRS Monitoring Steering Committee 	<p>Chaired by P&DD</p> <p>Members include: FD, line ministries/depts, FBS, interested donors, civil society orgs, UNDP</p> <p>Convened biannually or as needed</p>
5. Provincial PRS Secretariat	<ul style="list-style-type: none"> • Collate and data from existing sources and provide to provincial level with copy to PRSP Fed Secretariat • Develop province-level and/or sectoral strategies for implementing PRSP • Assess progress against PRS targets based on intermediate and outcome indicators and formulate recommendations for Provincial Steering Committee and Federal PRS Secretariat • Develop provincial AWP in coordination with the Fed PRS Secretariat, emphasizing harmonization and strategic complementarities • Mobilize inputs for project implementation and ensure timely delivery of outputs 	<p>Housed in P&D Department.</p> <p>Provincial Project Director, as per PCOM, will be designated by P&DD, and will be responsible for overall supervision and decision-making for project implementation</p> <p>The Poverty & Gender Specialist will be responsible for the management of the project</p> <p>2 specialists, 1 Admin/Finance Assistant, 1 Driver and support capacities will be made available</p>
6. PRSP Provincial Technical Committee	<ul style="list-style-type: none"> • Review and support analyses by the Provincial PRS Secretariat • Provide input for alignment of Provincial ADPs to the PRS • Advise on annual targets in the provincial PRS monitoring plan • Ensure coordination between technical planning and 	Composition to be decided by the Provincial PRS Monitoring Steering Committee

Table 1 – Makeup of Organizational Entities		
Organizational Entity	Roles and Responsibilities	Membership
	M&E staff of line departments and with P&D Departments <ul style="list-style-type: none"> Review and advise on province-level and/or sectoral PRS strategies, targets and indicators 	

MONITORING AND EVALUATION

The project will be reviewed and evaluated at three different levels.

Regular Project Monitoring: UNDP, MOF and EAD will conduct regular monitoring of the program to identify and resolve management and implementation issues, if any.

Annual Progress Review: The National Project Manager will prepare a consolidated and results-oriented Annual Progress Report based on the respective components. Annual Progress Reports (APR) are to be prepared by the respective implementation units and submitted to the federal secretariat, PMCU of MP-3 and UNDP no later than 15 days after year-end. The National Project Manager, after review and vetting of these APRs, will submit the consolidated program progress report to UNDP, PMCU of MP-3, and other concerned stakeholders deemed necessary. Consolidated Quarterly progress updates will be submitted no later than 15 days after close of quarter.

Upon conclusion of the CPAP in 2008 or thereafter and preceding the formulation of the new country plan, the project will be subject to a review conducted by UNDP and EAD as part of the evaluation of MP-3. This program review will be considered a **mid –term evaluation** of the project, unless deemed otherwise.

MP-3 Program Evaluation will be conducted at the end of the program period to assess the relevance, efficiency, efficacy, sustainability and impact of program interventions vis-à-vis stated outcomes, and will be considered as final evaluation of the project.

The AWP Monitoring Tool is given below

AWP MONITORING TOOL

	Expected Outputs and Indicators	Planned Activities	Expenditure	Results of Activities	Progress towards Achieving Outputs
A	<p>Management capacities for PRS monitoring strengthened</p> <p>Indicators:</p> <ul style="list-style-type: none"> Provincial & federal staff in place by month 3 of project initiation at each location Equipment in place by month 5 of establishment of PRS Secretariats AWP for Federal and provincial levels approved by month 6 of project initiation at respective locations TWGs functioning by month 6 of project initiation PRS Provincial Technical Committees notified by month 3 of establishment of provincial PRS Secretariats Coordination meetings produce action and decisions in support of purpose 	Activity #1: Oversight			<p>RISKS</p> <ul style="list-style-type: none"> Skilled personnel not available Provincial authorities will not buy-in to strategy and monitoring mechanisms “Turf” issues, disincentives to coordinate and inadequate/unenthusiastic participation by members in TWG or steering forums undermine efforts for substantive inter-agency cooperation <p>FACILITATING FACTORS</p> <ul style="list-style-type: none"> PRSP II is indicative of MOF interest in operationalizing a deeper and sophisticated PRS M&E system A strengthened and pro-active Secretariat will provide the “push” with high-level steering forums providing the “pull” for agencies to come together and participate in coordination platforms Sub-contracting will fill in the “capacity gaps” if required skills are not available on a longer-term basis
		Establish and convene the Federal PRS Monitoring Steering Committee			
		Establish and convene of Provincial PRS Monitoring Steering Committee			
		Activity #2: Implementation			
		Recruit staff in the Federal PRS Secretariat			
		Establish PRS Secretariats and recruit staff at provincial levels			
		Purchase equipment & vehicles			
		PRS monitoring orientation workshops			
		Annual work planning exercises at each level (F, P)			
		Capacity building of staff in PRS Secretariats (F,P) in data analysis, research and M&E techniques			
		Activity #3: Technical Coordination			
		Activate and convene Technical Working Groups			
		Establish and regularly convene Provincial Technical Committees			
		Operational Costs			
		Salaries- Technical Staff			
Salaries- Admin/Finance Staff					
Salaries- Drivers					
Salaries of Support Staff					

	Expected Outputs and Indicators	Planned Activities	Expenditure	Results of Activities	Progress towards Achieving Outputs
		Office Space & related utilities			
		Connectivity Charges			
		O&M			
		Miscellaneous Expenses			
		Regular monitoring missions and duty travel			
B	<p>Public spending and allocations in pro-poor sectors reviewed and analyzed through a gender lens to better understand the contribution and needs of men and women</p> <p>Indicators:</p> <ul style="list-style-type: none"> • X no. of gender-responsive changes incorporated in budgetary processes at different levels • X GRB tools developed and implemented by Y1, X by Y2, X by Y3, X by Y4 and X by Y5 • PRSP Progress Reports highlight impact of pro-poor expenditure in selected social sectors from a gender lens by 	<p>Deepen and expand GRB sectors in Punjab; stagger roll-out of GRB in Sindh, NWFP and Balochistan; identify two pilot districts in the new provinces</p> <p>Activity#1 : Awareness-Raising</p> <p>Raise awareness and build consensus on GRB among various stakeholders</p> <p>Develop and update easy to read resource materials such as briefs and handbooks linked to provincial and district budgetary processes and PRS monitoring</p> <p>Activity # 2: Capacity Building on GRB</p> <p>Assess emerging capacity needs of various stakeholders and update/modify training program</p> <p>Expand pool of trainers and undertake capacity building of government and civil society</p> <p>Activity #3: Gender Research & Analysis</p> <p>Develop, implement and update GRB tools including research review and dissemination</p>			<p>RISKS</p> <ul style="list-style-type: none"> • The influence of politics and changes in government on budgeting systems can significantly increase the costs of investing in an understanding and the use of the systems for gender responsive budget initiatives. • Reprioritization of resources is a 'political economy' issue. There is a risk that government may ignore the findings/ recommendations of the project and allocate budgets on other considerations • Lack of reliable, disaggregated, transparent and consistent data availability in the reporting of performance indicators against government plans, programs and projects on gender. • The prevalence of highly aggregated and technical budget papers rather than the

	Expected Outputs and Indicators	Planned Activities	Expenditure	Results of Activities	Progress towards Achieving Outputs
	<p>Y2 and thereafter</p> <ul style="list-style-type: none"> Federal and 1 provincial governments issue GBS in Y1, Federal and 2 provincial governments in Y2, Federal and 3 provincial governments in Y3, Federal and all provincial governments in Y4 and Y5 % increase in gender responsiveness of pro-poor budgetary allocations by Y5 	<p>Support the introduction of gender sensitive amendments in provincial and district level budget instruments and/or processes</p> <p>Activity #4: Advocacy on GRB</p> <p>Develop, update and translate easy-to-read IEC material in local languages using media as the primary platform for dissemination</p> <p>Engage parliamentarians, government and civil society, especially at the local level, for advocacy around GRB findings</p>			<p>transparent reporting of resource allocations, performance targets and results by the government makes the budgetary analysis challenging.</p> <p>FACILITATING FACTORS</p> <ul style="list-style-type: none"> Use proxy indicators or qualitative data as substitute Experience with GRB pilot has been encouraging Government ownership of GRB is visible
C	<p>Quality, collection, analysis and management of PRS data improved at national and province levels</p> <p>Indicators:</p> <ul style="list-style-type: none"> A policy and results matrix for PRS monitoring that links PRS policy actions with measurable targets, objectively verifiable intermediate and outcome indicators and budget allocations in place at the federal level by Y1 and at the provincial levels by Y2 and Y3 	<p>Activity #1: Indicator and data quality and coverage</p> <p>Review indicator sufficiency, identify gaps, determine action plans to address them at both federal and provincial levels</p> <p>Build consensus on indicators, its definitions, targets and baseline data, particularly at the provincial level</p> <p>Assess quality of data sources and determine improvements in the current data collection methodologies and/or system at federal and provincial levels</p> <p>Distinguish institutional levels & responsibilities for data collection, compilation, quality control and reporting arrangements</p> <p>Undertake district level disaggregated expenditure tracking</p>			<p>RISKS</p> <ul style="list-style-type: none"> Territoriality among public sector agencies, combined with a lack of incentives to participate, leads to resistance to coordination and hampers the translation of formal plans into practice Weaknesses in administrative information systems represent critical constraints Demand for monitoring information remains weak, and national policy making is based on evidence only at the margin. Legal frameworks empowering PRS Secretariats to demand data are absent

	Expected Outputs and Indicators	Planned Activities	Expenditure	Results of Activities	Progress towards Achieving Outputs
	<ul style="list-style-type: none"> • X no. of studies and surveys in the context of PRS monitoring that engage P-BOS services • X no. policies and programs that take into account findings from PRS monitoring • No. of survey instruments modified to better service the demand for PRS monitoring • Work plan for coordinating timely information flow between data producers and PRS Secretariats in place by Y2 for federal level reporting and by Y3 for province level reporting • Database for managing for national and sub-national level PRS statistics in place by Y4 in all PRS Secretariats • Improvements in scope and analytic content of PRS progress reports 	<p>Design and install IT systems for automated tracking of PRS expenditures</p> <p>Experts undertake performance reviews and experience sharing workshops based on indicators and expenditure tracking</p> <p>Activity #2: Research and Analysis</p> <p>Develop a research plan, and conduct (1) analysis of survey results (2) impact evaluations (3) specific studies and surveys.</p> <p>Develop and update through participatory processes the results and policy matrix for PRS monitoring</p> <p>Authenticate data, and produce regular PRS progress reports</p> <p>Activity #3: Improve coordination and provincial ownership on data collection and analysis</p> <p>Assess capacity needs of P-BOS, strengthen technical & computing capacities of P-BOS in the context of PRS monitoring</p> <p>Facilitate institutional linkage with FBS and provincial PRS monitoring processes</p> <p>Conduct statistical literacy workshops for a wide range of audiences</p> <p>Harmonize data management platforms in PRS Secretariats, FBS and P-BOS</p> <p>Establish linkages between PRS monitoring system and the local government service delivery monitoring systems</p>			<p>FACILITATING FACTORS</p> <ul style="list-style-type: none"> • A capable secretariat facilitates information flows, organizes dialogues, assists monitoring system members, and mediates among actors can mitigate the barriers to inter-agency coordination • Donor initiatives on strengthening statistical systems in Pakistan if linked with the PRS monitoring process can reduce fragmentation and enhance coordination • Investments in recent years by donor agencies in EMIS and HMIS to improve administrative reporting. The interface of these MISs with the PRS monitoring system needs to be elaborated • Demand mobilization strategy envisaged to increase demand for socializing evidence in poverty policy processes

	Expected Outputs and Indicators	Planned Activities	Expenditure	Results of Activities	Progress towards Achieving Outputs
D	<p>National engagement in the PRS monitoring process mobilized through participatory processes</p> <p>Indicators:</p> <ul style="list-style-type: none"> • No, and type of increase in poverty monitoring activities undertaken by civil society organizations exclusively or in collaboration with GOP • X policies, programs, donor country assistance strategies, CSO action plans that refer to PRS and/or make use of PRS monitoring data • % increase in awareness of PRS at sub-national levels • Communication strategy in place 9 months after establishment of Federal PRS Secretariat 	Promote participation in and awareness of poverty reduction plans and monitoring amongst diverse audiences			<p>RISKS</p> <ul style="list-style-type: none"> • CSOs engaged with are not seen as legitimate/representative of the poor • CSOs may prefer to remain outside the system for fear of co-optation and control by the government • The extent to which PRS priorities linkage with local planning and resource allocation processes and priorities is key for sustaining citizen buy-in. Budgetary rigidities and capacity issues related to evidence and/or performance-based planning and budgeting at local levels may undermine local interest in PRS monitoring <p>FACILITATING FACTORS</p> <ul style="list-style-type: none"> • Focus in project on a communications and advocacy strategy to mobilize demand and participation • CSO interest in poverty monitoring and government accountability • The Pak Millennium campaign will reinforce civil society, local communities and parliamentary capacity, awareness and demand for data and participation
		Coordinate with the MDG Advocacy program to engage CSOs in MDG-based PRS monitoring			
		Engage local governments, civil society, elected representatives, as well as the relevant bodies mobilized in the wake of the LGO with the PRS process			

LEGAL CONTEXT

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document referred to in the PCOM and all CPAP provisions apply to this document.

ANNEX 1: SITUATION ANALYSIS

Background

In 1999, when the new government came to power, Pakistan was facing the twin challenges of reviving economic growth and eliminating poverty and other social inequities. In December of that year, following broad national consultations, the government announced its development strategy which focused on: (i) strengthening governance and the integrity of the civil service; (ii) creating opportunities through accelerating growth of agriculture, small and medium scale industries, information technology, and oil and gas sectors; and (iii) reducing poverty through revival of growth and re-orienting public expenditure towards human development and poverty reduction. This reform agenda formed the backbone of the government's **Interim Poverty Reduction Strategy**, and was backed by the Poverty Reduction and Growth Facility. The **Poverty Reduction Strategy Paper (2003-2006)** was finalized in 2003 and launched a multifaceted attack on poverty that combined macroeconomic stabilization, reduction in debt burden, fundamental structural reforms, enhanced social service delivery and improved governance.

The Poverty Reduction Strategy Papers (PRSP) offer a potentially powerful tool to forge a consensus on policies, priorities and resources needed at all levels of government to reduce poverty and inequities, impeding the pace of economic and social development in Pakistan. The first Poverty Reduction Strategy Paper (PRSP) covering the period 2003 to 2006 identified four core pillars or principles for poverty reduction: growth and macroeconomic stability, governance, improving human development and reducing vulnerability to shocks. To achieve the targets underlying these principles, the PRSP emphasized the importance of a well-developed and extensive monitoring and evaluation system for assessing the impact of the government's poverty reduction strategies and resource allocations, along with a good feedback mechanism for informed decision making. For this purpose it identified 17 sectors and a set of related indicators – intermediate and process indicators, outputs and outcomes, which were finalized after a long consultative process for monitoring different dimensions of poverty. The indicators cover macroeconomic targets as well as poverty, education, health, population, water and sanitation, housing, rural development, environment, gender, employment, food support, governance, children, social funds, and microfinance. Presently, however, the monitoring framework focuses largely on the last two out of the five pillars referred to, human development and reduction in vulnerability to shocks, with growth and governance being cross-cutting issues influenced by other factors and developments.

The second generation of **PRSP (2007-2009)**, under formulation, proposes a program for growth and poverty reduction and centers around seven themes: 1) economic growth and macro economic stability 2) crafting a competitive advantage 3) harnessing potential of the people 4) financial sector deepening and economic development 5) provision of world class infrastructure 6) effective governance and management and 7) targeting the poor and vulnerable. The PRSP II also indicates that during the period, MOF will consolidate the PRSP M&E framework with the following objectives:

- The production of high quality statistical information
- Steady operation of the institutional mechanism
- Extending the M&E system at the province and district levels
- Impact evaluation of policy inputs; and regular production of quarterly and annual progress reports.

Institutional Arrangements

The PRSP Secretariat underpins the government's institutional mechanism for poverty monitoring. The PRSP Secretariat has been mandated with the overall lead in coordinating, monitoring, evaluating, and tracking the implementation of the PRSP; and reporting progress on anti-poverty public expenditures, intermediate social indicators, and final outcomes. A critical input in achieving the targets set out in the PRSP is the effective utilization of anti-poverty public expenditures. For this purpose the PRSP Secretariat has institutionalized a mechanism with the Controller General of Accounts (CGA) for quarterly tracking of anti-poverty expenditures. A list of anti-poverty expenditures⁴ along with their functional classifications has been developed with provincial consultations and PRSP expenditure reports are regularly posted on Finance Division's website..

For the monitoring of intermediate and outcome indicators, the PRSP Secretariat has to date relied on several sources including; 1) management information systems developed by the Ministry of Education and Ministry of Health; 2) other relevant ministries/departments such as Ministry of Population, Ministry of Rural Development, Ministry of Religious Affairs and Ministry of Environment, and 3) the Pakistan Standard Living Measurement Survey (PSLMS) of the Federal Bureau of Statistics (FBS).. For the PRSP II period, the PSLMS, Pakistan Demographic Survey (PDS) and the Labor Force Survey (LFS) will be the three major data sources for monitoring outcome indicators.

Lessons Learned from Implementation monitoring of PRSP I

UNDP, upon request from the Ministry of Finance, fielded a scoping mission during Dec 2005-Feb 2006 to assess the institutional capacity of the Ministry of Finance to monitor, analyze and evaluate policies and national poverty reduction programs. A review of the monitoring experience shows that significant progress has been made in finalization of indicators for monitoring different dimensions of poverty, particularly in the priority sectors. Information has also been made available on these indicators during the last three years, albeit to a variable degree of regularity. The M&E system has provided a good base, but surely it needs to be strengthened and the following challenges remain.

Ownership Issues

- At present, the provincial and district governments do not perceive themselves as partners in decision making on matters related to target setting in PRSP sectors. Much of it can be attributed to the absence of a formalized structure of regular consultation and work planning for implementation and monitoring. Moreover, awareness of the PRSP was created essentially through official circulars or as a result of engagements with donors whose policy matrices for specific loans referred to PRSP objectives and targets. Hence, matters concerning the degree of internalization and operationalization of the objectives of the PRSP within sub-national district governments remain unaddressed. The best awareness regarding PRSPs conceptual framework was found in the provincial government of Punjab, followed by Sindh. There is limited

⁴ The PRSP budgetary expenditures cover the following 17 sectors: roads, highways and buildings, water supply and sanitation, education, health, population planning, social security and welfare, natural calamities, irrigation, land reclamation, rural development, rural electrification, food subsidies, food support program, Tawana Pakistan, low cost housing, administration of justice and law and order. The non-budgetary PRSP expenditures, being monitored regularly, include three broad heads, Zakat, Employees Old Age Benefit Insurance (EOBI) and micro-credit disbursement through the Pakistan Poverty Alleviation Fund (PPAF), the Khushali Bank and the Zaraee Tarqati Bank Limited (ZTBL). Both budgetary and non-budgetary expenditure have been reported regularly for each quarter in the PRSP progress reports.

understanding of it in the other two provincial headquarters and at the level of district governments throughout the country.

- The political leadership at the provincial and local levels has not been a willing participant in the efforts of the Government of Pakistan (GOP) to address PRSP objectives and concerns. Their priorities are more the provision of infrastructure like roads, pavement of streets, provision of electricity, drainage, etc. Improvements in quality of social services like education and health, (except in so far as the expansion in these sectors generates more employment opportunities in the public sector) do not get adequate attention, with allocations being made, to some extent, grudgingly. Moreover, even when there is a desire to, say, improve access to, and quality of, education through the induction of teachers, district governments require the prior permission of provincial governments. The latter are reluctant to grant such approvals fearing financial indiscipline on the part of local governments that could lead a sharp escalation in salary related obligations that they would eventually have to pick up.
- Although provincial PRSPs were prepared through donor assistance, the targets of expenditures and indicators set out in these documents have at best been tangentially reflected in provincial recurrent budgetary allocations and expenditures or annual development programs. Some of the officials met during the scoping mission argued that the capacity of the line departments or allied agencies to even generate the information (let alone in a timely manner) on output or outcome indicators, especially after the establishment of district governments, had not been factored into the provincial PRSPs. In two provinces, officials even claimed that the provincial PRSP reports were neatly filed away (for sharing with inquisitive donor or civil society representatives) and not taken into consideration in developing provincial development plans and targets.
- Although the PSLM 2004-05 (undertaken by FBS) provides a common baseline at the district level, it may create problems of ownership at the provincial and district levels if they are not involved directly/indirectly in primary data collection. It is noteworthy to mention that there is a high degree of ownership of MICS (implemented by provincial P&D departments and BOS) at the provincial level and a desire to conduct similar exercises on a periodic basis to develop a time series for impact assessment. Moreover, data is not used at sub-national levels for decision-making, partly because of variable quality, lack of completeness and poor regularity of information availability.
- The sustainability of the data gathering and monitoring systems dependent upon donor assistance or ADP allocations continues to be an area of concern. For e.g. the activities of the NWFP EMIS are almost entirely funded by GTZ. Similarly, the HMIS is still being run as a project and funded through the ADP, rather than from the recurrent budget¹, which hints at the weak level of commitment of the Federal and provincial governments to the importance of the HMIS in providing data on facilities and availability of medicines and the state of 18 priority diseases for informed decision making.

Data Issues

- The indicators and potential data sources in respect of governance, access to justice, gender, fertility, child mortality and child nutrition and environment – all important indicators – are missing. Similarly, hardly any indicators have been linked to employment generation or agriculture, considering that poverty is largely a rural phenomenon.

- The Federal PRSP Secretariat is challenged in monitoring intermediate – input and output – indicators because of issues concerned with availability, timeliness and quality of data. The management information systems developed by administrative departments in the provinces are not integrated nationally⁵ and there are major data related discrepancies, with different agencies using different definitions⁶. Other reasons for this poor and delayed response include: (a) the lack of authority of the PRSP Secretariat over reporting agencies to demand submission of information on a timely basis; (b) the absence of formal channels for the flow of information; (c) lack of incentives for staff to make data available; and (d) the limited processing and editing capacity⁷ and the poor quality of technology of the management information systems.
- Poverty and MDG monitoring is also marred with issues of compatibility⁸, consistency⁹ and insufficient level of disaggregation. These issues of inconsistencies are common in administrative data versus survey data, posing a greater challenge for effective monitoring. The most glaring gap in statistical reporting is in the absence of data on disaggregated (especially by gender) basis and at sub-national levels. In addition, lack of qualitative data continues to hamper the assessment of real impact of pro-poor interventions.
- The manner in which budgets are currently structured and reporting done it is not possible to separately track certain types of expenditures, except at a more aggregated level. Take two examples; (a) there is no functional head of account for adult literacy and middle schools; and (b) in the absence of school specific budgets and the existence of primary classes in middle schools (Grades 1 to 8) and secondary schools (Grades 1 to 10), it is not possible to accurately report expenditures on the primary, elementary or secondary levels of education. Expenditures on both the primary and secondary levels of education get overstated on account of grades 6 to 8 but get understated owing to primary level classes in secondary schools that get reflected in the budgetary allocation for secondary schools. Similarly, expenditures on education in Azad Jammu and Kashmir (AJK), Northern areas and tribal areas and by the armed forces are not consolidated and reported. Similarly, construction and repairs of school buildings and Basic Health Units (BHUs) and Rural Health Centers (RHCs) are reflected under the budget of the Provincial Communications and Works Department and not tracked separately.

⁵ Take the case of the provincial EMIS. There are no standardized data collection sheets and coding and database structures to enable data collection in a form that would facilitate integration at the national level and enable data manipulation for producing various reports and estimating different indicators.

⁶ For instance, there are inconsistencies in the definition of dropout rates and primary enrollment rate (the latter with respect to the exclusion/inclusion of the enrollment in katchi classes)

⁷ On the matter of under-resourcing take the example of the HMIS. Dedicated staff for collecting and assembling information is not available in most locations. Moreover, antiquated databases and systems of information flow continue to be used, with diskettes being couriered each month from the district offices to the provincial headquarters.

⁸ For example, the 1998 Census asks whether respondents ‘...did any work...in the last year’. The Labor Force Survey (LFS), in contrast, asks whether the respondent did ‘any work...during last week...’ and the Pakistan Social and Living Standards Measurement Survey (PSLM) asks, ‘...during the last month...’Because the relevant reference period is different, among other things, labor force data from these three sources are not compatible and cannot usefully be integrated into the same time series to monitor trends over time.

⁹ For instance, infant mortality estimates for Pakistan for 1997-2000 from the PRHFPS is nearly 10% higher than that for the Punjab for 1997-2001, and nearly 4% higher than the PIHS for 1997-99, thereby reflecting a lack of consistency. In the case of participation rates at the primary level of education derived by the provincial EMIS are significantly higher than those reported by the PIHS.

Institutional Issues

- The existing statistical system is plagued by issues of limited capacity, fragmentation, weak coordination and reluctance to share data. Consequently, the task of harmonizing and integrating multiple data sources for key indicators (each using its own definitions of variables, its own method or instrument for data collection), with the aim to reduce duplication and improve comparability of data from different surveys, remains to be addressed.
- There is insufficient capacity to generate social and poverty statistics at the local level. This can be attributable to inadequate human resource and technical expertise of statistical agencies at the sub-national levels, their little familiarity with basic software packages and modern statistical techniques, and their limited, if any, institutional linkage with FBS. Moreover, investment made in training provincial BOS personnel by the FBS or other agencies to enhance capacity¹⁰ is not enough.
- To date, limited analytical work has been done or capacities created within the government to analyze data and evaluate impact of poverty policies and programs. Problems connected with interagency coordination (between Finance & Planning, for instance) have also prevented capitalizing on what limited in-house capabilities that the GOP has at its disposal to analyze data and survey results. Moreover, evaluation and assessment of poverty reduction related interventions have not been systematically carried out during the whole PRSP period, although many targeted programs have been evaluated (e.g. microfinance) and provided very useful information. Most of the analytical work carried out to-date has been funded by donors: DFID, World Bank, Asian Development Bank and USAID.
- Devolution Plan 2000 poses some challenges and new demands for poverty monitoring and for effectively targeting and implementing poverty reduction and social safety net programs. At present, there is no involvement of districts in the M&E mechanism that MOF uses to monitor the progress of both intermediate and outcome indicators at the province as well as district levels. Given the delegation of social service delivery responsibility to the local governments since 2001, their detachment from the poverty M&E feedback loop has both efficiency and accountability implications.
- There is a lack of dedicated staff at all levels to conduct PRSP related M&E activities. District governments lack adequate human and hardware resources to track expenditures and indicators.

Budgetary Rigidities

- A system of single line transfers to lower formations of government is protected by the country's Constitution or by existing legislation, like the Local Government Ordinances of 2001. Consequently, there are no efficient or effective mechanisms available within the system of inter-governmental fiscal transfers, either at the national level (between the Federal and provincial governments under the NFC Award, or at the provincial level between the provincial and district governments and the Tehsil/Town Municipal Administrators (TMAs) prescribed by the PFC) that can force sub-national governments to not only adopt national priorities but also allocate adequate resources to achieve targets set by the Federal Government in the PRSP. In the

¹⁰ For instance, the BOS even lack a core set of trained enumerators to conduct surveys.

absence of a system that incentivizes resource allocation to agreed areas for poverty reduction under PRSP, the only mechanism currently available to higher formations of government is to motivate political priorities of sub-national governments by moral suasion, an inadequate and insufficient instrument as has been demonstrated to date.

- Under the current formulae and arrangements for sharing of resources built into the existing NFC and PFC Awards, and given the high degree of dependence on Federal or provincial transfers (in view of the centralized tax structure), sub-national governments have limited fiscal space to reprioritize their spending. In view of the structural rigidities in the composition of expenditures, the bulk of the resources are pre-empted, especially in the case of district governments, by the existing portfolio of activities, inherited levels and skill mix of staff and related complementary non-salary inputs, leaving little for either reallocating to, or enhancing expenditure on, the PR sectors.¹¹ Moreover, given the long history of unpredictable revenue flows (except in the last two years) there is reluctance at the sub-national levels to plan and embark on initiatives that are essentially long-term in nature, without assurance of continued availability of resources to fund such interventions. In such conditions, getting commitments or finding additional resources on a recurring basis for administrative systems to generate reliable and up to date information on targets and achievements and outcome indicators becomes even more difficult.
- The formulation of provincial and district budgets is generally a routine affair, with almost 85% of the recurrent budget classified as permanent expenditure. Similarly, on-going activities are accepted mechanically every year. There is no comprehensive review or evaluation of expenditures and activities, which means that budget preparation, is not linked to national or provincial policies, or to projects and sectoral priorities.

Other Issues

- Monitoring should not become an end itself. The real issue is effective follow-up and implementing remedial measures and reinforcement of accountability for results. Although M&E capacity is developing, the coordination of the flow of relevant information to decision makers still remains weak. It requires that results of intermediate and outcome indicators may be disseminated among stakeholders in order to have regular feedback to policy makers for appropriate adjustment in policies
- No implementation plan was built into PRSP I.
- There is little evidence of the role of citizen forums and feedback mechanisms to assist in the monitoring process.
- There is ad-hoc and unsystematic engagement with gender issues in poverty policy design, implementation and review processes. This can be attributed to several factors, key among which are, dearth of gender disaggregated info; limited awareness of gender issues or how to operationalize gender principles in policy design, implementation and review processes; absence of gender-sensitive rules and procedures governing poverty policy development, execution and monitoring, and inadequate or under-used institutionalized channels/systems for engaging with the gender dimension of pro-poor policies.

¹¹ In fact, when it comes to disbursement under the PFC Awards to meet salary related obligations the Government of Sindh only allocates resources to cover salaries of actual staff. Allocations on the basis of sanctioned staff positions would have given the district governments greater maneuverability in improving efficiency and effectiveness

- Frequent transfers of senior officials in the departments relevant to the PRSP made policy-making and management even more difficult, their mandates already adversely affected by being overloaded with routine administrative tasks, ranging from meetings to dealing with transfer requests, to appearing in court cases. The other factors that affect outcomes are poor supervision, inadequate incentives for service delivery, weak penalty mechanisms for errant service providers and the culture of appeasement.

Pakistan's poverty reduction strategy is about to enter its second cycle and, despite the issues mentioned above, there are successes to build on. Much has been learned as well about the need for better monitoring, since efforts to assess outcomes of PRSP initiatives and how public sector service delivery scores in terms of quality and efficiency of service delivery has been weak, despite the fact that as a flagship program of the Government of Pakistan, the PRSP has commanded almost one trillion rupees in funding to date. The current emphasis of the Ministry of Finance to support system wide improvements in tracking of achievements of such a high level of funding is, therefore, urgent and essential.

ANNEX 2: PROJECT OBJECTIVES AND ACTIONS

The development **objective** supported by the initiative is to “Strengthen institutional capacities for results-based monitoring and evaluation of poverty reduction strategies.”

The proposed project will have the following **outputs**:

- Public spending and allocations in pro-poor sectors analyzed reviewed and analyzed through a gender lens to better understand the contribution and needs of men and women
- Quality, collection, analysis and management of PRS data improved at national and province levels
- National engagement in the PRS monitoring process mobilized through participatory processes

KEY ACTIVITIES

OUTPUT 1: Public spending and allocations in pro-poor sectors analyzed reviewed and analyzed through a gender lens to better understand the contribution and needs of men and women

Gender budgeting activities, in alignment with other PRS monitoring actions, would be undertaken in all provinces. Two districts in each of the province of Sindh, NWFP and Balochistan will be selected in consultation with the provincial governments.¹² These activities, *inter alia*, would include:

Activity 1.1: Raise awareness and build consensus on GRB amongst the key stakeholders such as government officials, legislators, NGOs, researchers and media, etc. Gender responsive budgeting (GRB) is a relatively new concept in Pakistan, a concerted awareness-raising and consensus building process is envisaged to bring all the stakeholders on board and to achieve their consensus and commitment towards the implementation of the Gender Responsive Budgets. At the Federal and Punjab level, the scope of activities will build on the already undertaken activities to further to enhance and strengthen the awareness-raising on GRB. At the provincial level (Sindh, NWFP and Balochistan) awareness raising activities will commence with awareness raising workshops for the key stakeholders such as government officials, legislators, NGOs, researchers and media among others. Other activities will include use of print media, dialogue/meetings with concerned departments and synergies with agencies working on gender issues especially the GRAP (Gender Reform Action Plan) Secretariats. Moreover, the awareness raising material will be widely disseminated amongst the stakeholders

Activity 1.2: Build capacities of key stakeholders to analyze budgets from a gender lens. Trainings will be conducted in the following four areas: 1) Budgets and gender issues 2) The Budget Cycle 3) Objectives of GRB and best practices 4) Tools for GRB. The training component will commence with the training of newly recruited GRB component staff. A national level Training of Trainers (TOT) will be conducted at the federal level in which the provincial trainers will also be trained to create a pool of resource persons on GRB. The already prepared GRB training manual will be utilized for the purpose and if required, additional modules will be developed. Thereafter, the approach will be to impart trainings to targeted groups for a particular GRB tool which they are expected to make use for specific purpose. Training on Gender Budget Statement (GBS), one of the key tools of GRB, will also be conducted at federal provincial and district level for government officials of the selected sectors who are involved in the

¹² As the initial phase of GRBI was at the Federal and the Punjab level and a number of activities have already been under taken, consequently the range of activities at these levels will be somewhat fewer as compared to the new provinces of Sindh, NWFP and Balochistan.

budgetary process among others. Individual GBS handbooks, keeping in view the diversification in provinces and districts, will be developed for the government officials.

Activity 1.3: Conduct gender analysis of the priority sectors. Given the data availability, suitability and applicability in the context of Pakistan, the following GRB tools will be utilized for research /analysis in the sectors of Education, Health and Population Welfare, Food and Agriculture, Labor and Manpower, Law and Human Rights, and Social Protection:

- **Gender-aware policy appraisal (GAPA):** At the federal level, the already conducted GAPA studies on Education, Health and Population Welfare will be updated and studies will be conducted for the new sectors. Provincial level GAPA studies would be conducted for both old and new sectors.
- **Gender-aware benefit incidence analysis:** This activity will be carried out at the federal level for all those sectors where it will be feasible. However, the results will be disseminated at the provincial level for advocacy.
- **Gender-aware beneficiary assessment (GABA):** The survey will be carried out at the pilot districts in the province of NWFP, Sindh and Balochistan for all those sectors where it will be feasible.
- **Gender budget statement (GBS):** GBS will be prepared and issued at the federal, province and district levels for selected sectors each year.
- **Gender-aware medium-term macroeconomic policy framework:** This activity will be undertaken at the federal level after the results of Time Use survey are available.
- Provincial-level analysis of the findings of the **Time Use survey**.

in order to validate and further improve the preliminary results of research outputs, review workshops/focus group discussions will be held for each of the tools employed. The review workshops/focus group discussions will provide the project stakeholders and subject specialists an opportunity to comment upon the research findings and point out the research gaps. Another important activity, which directly influences the government's budgetary forms and procedures, is the gender sensitive amendments in the Budget Call Circular. Taking the lead from the Federal and Punjab's amended Budget Call Circulars, other provinces will be supported to make gender sensitive amendments in their respective provinces accordingly. Introduction of these changes in the government's budgetary forms and procedures will ensure sustainability and ownership by the government.

Activity 1.4: Undertake advocacy on gender equity in the budgets. The advocacy activities, based on the results of the GRB tools employed and submissions in response to the amended Budget Call Circular, will aim for gender equity in the budgets. The advocacy activities will include dissemination workshops on findings of individual GRB tools, focus group discussions, meetings with the specific stakeholders (ministers, members of parliament, district executive committees, government officials, donors and civil society organizations), television and radio discussions and articles in the print media. The output of various research activities will also be translated into easy to read material 'policy briefs' for dissemination purposes. Efforts will be made to coincide with the advocacy activities at the time when the parliamentarians and district councilors are debating the budgets. This is to ensure that the issues raised in the research reports are brought to the attention of the parliamentarians and the district councilors during the budget debates. Civil Society Organizations will also be involved in the GRB processes. They will be engaged, especially at the district level, to disseminate and carry out the advocacy work around the findings of GRB research work i.e. GAPA, GABA and TUS etc. They will also be encouraged to undertake research work around some of ideas floated in the booklet 'GRB: Opportunities for CSO' as published by GRBI project during its first phase.

OUTPUT 2: Quality, collection, analysis and management of PRSP data improved at national and province levels for effective tracking of PRSP targets

Activity 2.1: Improve indicator and data quality and coverage. This will entail **(1)** a phased approach to examining the entire range of indicators at both federal and provincial levels with respect to their sufficiency, standardization of definitions, determination of gaps and action plans to address them. This could be achieved through annual work planning, and the use of Technical Working Groups working on priority problems, remembering that the most important and meaningful indicators at the local level will be those that are generated directly during on-going activities at that level¹³, that also support stakeholder ministries and departments in monitoring their own programs and projects. This is also part of the recipe for ownership that is badly needed **(2)** building consensus on indicators, ways of filling information gaps, targets and determining baseline data on which poverty monitoring indicators shall be based, whether the baseline should be a combination of the recently conducted Pakistan Social and Living Standards Measurement Survey (PSLM), Core Welfare Indicators Questionnaire (CWIQ)¹⁴, Household Income and Expenditure Survey (HIES) or Multiple Indicator Cluster Survey (MICS) at the sub-national/district level to capture facility and household level data in respect of intermediate indicators, which would then have to be conducted annually or on other periodic basis **(3)** assessing quality of data sources at both federal and provincial levels and determining necessary improvements in the current data collection methodologies and systems so that data can be generated, collected and used in a continuous manner **(4)** distinguishing institutional levels and responsibilities for data collection and compilation, quality control and reporting arrangements, and mapping and organizing information flows **(5)** ascertaining training needs and undertaking training program for FBS, P-BOS and PRS Secretariat (F,P) staff on M&E techniques **(6)** regular performance reviews and workshops based on indicators with and among all tiers. These are to be conducted by an external expert to allow for third-party assessment **(7)** district level disaggregated poverty expenditure tracking and installation of IT systems for automatic tracking of sub-national PRS expenditure. UN agencies will be closely collaborated with in the process.

Activity 2.2: Undertake in-depth research studies, analyses and surveys with a focus on feedback into the policy process. These include evaluating the impact of the policy inputs (and expenditures) on poverty reduction or other identified outcome indicators, exploring the interface between PRS and planning and budgetary processes¹⁵, validating the policy and program choices made in light of the MDGs¹⁶, etc. This may include to undertaking in-depth analysis of data and survey results¹⁷, as well as undertaking conventional instruments such as desk review and household surveys (and/or modifications to existing household survey formats), and innovative ones such as focus group discussions, sentinel surveillance, Participatory Poverty Assessment, Poverty Social Impact Analysis, Public Expenditure Tracking Surveys, etc. Using secondary monitoring methods (e.g. public-service satisfaction surveys) to triangulate local administrative data, to identify biases in reporting may also be pursued. In addition, negotiating rules governing common evaluation practices in stakeholder ministries/departments and

¹³ There is also a trade off between the amount of detail that can be gathered and the scale at which can be collected and analyzed in a timely manner.

¹⁴ The CWIQ survey was conducted in 2004/05 and its results are still awaited.

¹⁵ Traditionally, the ADPs have been the funding tools that also catch the imagination of both the decision makers esp. at the sub-national levels. PRSP as a composite program to alleviate poverty needs to be understood in the context of these frameworks.

¹⁶ Like coverage of programs, service delivery, eligibility criteria, outreach, targeting of beneficiaries, procedures for filing, verifying applicants and processing claims so as to improve the effectiveness of poverty reduction initiatives.

¹⁷ Capacities which are largely missing in the provincial governments.

agreeing on strategies to build evaluation & analytical capacity will form an important part of this intervention over time. It is important that CRPRSPD and UN agencies be coordinated and /or collaborated with, through the TWG mechanisms or otherwise, to reduce duplication and enhance complementation of research activities, particularly on poverty reduction outcomes and MDGs¹⁸. Analytical PRS progress reports will be published on a quarterly and annual basis. The researches mentioned above will emerge from the integrated and comprehensive needs-based research program that the PRS Secretariats would develop.

Activity 2.3: Improve coordination and provincial ownership on data collection and analysis. To enhance provincial ownership of information on outcomes there is, therefore, a need to increase the role of the provincial bureaus of statistics and the sub-national governments in primary data collection and analysis. The empowerment and strengthening of BOSs to collect, manage, and compute statistics will require strengthening technical and computing capacities, and building institutional linkage with FBS. Within the framework of the PRS monitoring project, a capacity assessment of P-BOS will be carried out and an action plan developed to energize provincial role in PRS monitoring. This intervention emphasizes the need for a supportive external environment for P-BOS and in the context of PRS monitoring, and strategies will be identified to improve the public image of the provincial bureaus by improving the design and structure of statistical reports, abstracts, and other products to make them easier to use, creating user-friendly databases to service the information demands of stakeholders and, in the interest of greater transparency, to disseminate the results more widely. In addition, the strategies for enhancing coordination and ownership include improving statistical literacy among a wide range of audiences; harmonizing data management platforms at all levels, and establishing linkages between poverty monitoring systems and the local government service delivery monitoring systems¹⁹. Cooperation will be sought with UN agencies that have established linkages with the monitoring process at the sub-national level to provide coordinated support and eliminate duplication.

OUTPUT 3: National engagement in the PRS monitoring process mobilized through participatory processes

Activity 3.1: Develop communications strategy for raising awareness of poverty reduction plans and monitoring results amongst different audiences (elected representatives, donors, local communities, government, etc.), including the introduction of additional outputs to meet specific needs and support evidence based dialogue for informed policy decisions. Other instruments include print/visual media, focus group discussions, dialogues/meetings with specific stakeholders²⁰, and cultivating synergies with agencies working on poverty monitoring issues (including GRAP Secretariats, CRPSPD, donor initiatives, Pak Millennium Campaign, etc.). The communications strategy will pay attention to the following elements: liaising with Technical Working Groups and other relevant institutions in the development of a coherent PRS monitoring plans; reviewing and adjusting the strategy based on emerging information needs and changes in social, economic and policy context; providing input in the preparation of an Annual PRS Progress Report; highlighting participatory approaches in the PRS monitoring process; identifying relevant GOP/CSO/UN dissemination networks and ensure that data and information emerging from the

¹⁸ Cooperate may be sought with CERT to undertake research in the context of local level planning, monitoring and oversight processes

¹⁹ In particular the issue of service delivery is related to governance that has not been made part of the M&E system as yet. Social Audit can be reviewed to enhance its utility as an M&E tool for PRS implementation. Social Audit from year 2008 will be representative at national, provincial and district levels and have the potential to augment the analysis and dialogue around status of PRS implementation in select sectors.

²⁰ Ministers, members of parliament, district executive committees, government officials, donors and civil society organisations

system is fed into them; lobbying and influencing target audiences to ensure that information generated by the monitoring system and PRS progress report is taken into account by target audiences; making recommendations to other Technical Working Groups on information needs that emerge from feedback on dissemination work.

Activity 3.2: Engage civil society organizations, research institutes, private sector with indicator prioritization, conduct of independent, third party quality and validation checks and research to verify outputs and outcomes that should complement and support existing systems of data collection²¹. This activity will be undertaken in cooperation with the Pak Millennium Campaign.

Activity 3.3: Build linkages with local governments to enhance ownership of PRS process at the local level. Under this component, the provincial PRSP Secretariats, with guidance and collaboration of the Federal PRS Secretariat, Technical Committees and TWGs, will develop a strategy for engaging local governments, the bureaucracy and the elected representatives, as well as the relevant bodies/ entities mobilized in the wake of the LGO with the PRS process. Attention will be paid to action planning for raising awareness of PRS objectives and required budgetary outlays, advocating for aligning district plans and/or donor projects with PRS priorities, and energizing local level participation and buy-in into the PRS monitoring process. The lessons learned and recommendations emerging from this strategy must be shared with local level platforms for capacity-building (including those operated by UN agencies and programs) in development policy making, resource allocation and oversight.

²¹ Some of these tasks are being conducted under studies sponsored periodically by multilateral and bilateral donors or as integral requirements under donor assisted programs like the World Bank's Punjab Education Sector Adjustment Credit.

ANNEX 3: TERMS OF REFERENCE – SUBJECT SPECIALISTS

Terms of Reference

Poverty Economist

Background

The PRSP Secretariat underpins the government's institutional mechanism for poverty monitoring. The PRSP Secretariat has been mandated with the overall lead in coordinating, monitoring, evaluating, and tracking the implementation of the PRSP; and reporting progress on anti-poverty public expenditures, intermediate social indicators, and final outcomes. A critical input in achieving the targets set out in the PRSP is the effective utilization of anti-poverty public expenditures.

The purpose of the PRSP Monitoring project is to strengthen institutional capacities for results-based monitoring and evaluation of poverty reduction strategies (PRS) and has the following three outputs:

1. Public spending and allocations in pro-poor sectors analyzed reviewed and analyzed through a gender lens to better understand the contribution and needs of men and women
2. Quality, collection, analysis and management of PRSP data improved at national and province levels
3. National engagement in PRSP monitoring mobilized through participatory processes

Tasks and Responsibilities:

The tasks and responsibilities of the Poverty Economist would include:

- Review and analyze significant overall historic trends in the country's macroeconomic development and consequent changes in the poverty profile.
- Review macroeconomic indicator sufficiency within Monitoring and Evaluation Framework for GOP's Poverty Reduction
- Coordinate information and evaluate various data series of the Government, national and sub-national surveys, non-Government and other sources and build a data bank for comparable data.
- Conduct/supervise studies on the linkages between macroeconomic developments in relations with anti-poverty outcome.
- Support and supervise mechanisms for streamlining, tracking, monitoring, and evaluating of PRSP intermediate social indicators and anti-poverty outcome indicators from the federal and provincial government agencies.
- Prepare Quarterly and Annual Reports for the PRSP Secretariat.
- Any other job assigned related to the functions of PRSP Secretariat as assigned by NPD PRSP Monitoring Project

Qualifications and Experience:

- Masters degree in Economics or related field

- Related work experience of 10 years and above
- Proven ability to publish in national and/or international economic journals
- Experience of working with issues related to poverty and income distribution
- Excellent written and spoken English/Urdu.

Supervision:

The Poverty Economist will work under the overall supervision of NPD

Terms of Reference

Gender and Poverty Specialist (Fed/Prov)

Background

The PRSP Secretariat underpins the government's institutional mechanism for poverty monitoring. The PRSP Secretariat has been mandated with the overall lead in coordinating, monitoring, evaluating, and tracking the implementation of the PRSP; and reporting progress on anti-poverty public expenditures, intermediate social indicators, and final outcomes. A critical input in achieving the targets set out in the PRSP is the effective utilization of anti-poverty public expenditures.

The purpose of the PRSP Monitoring project is to strengthen institutional capacities for results-based monitoring and evaluation of poverty reduction strategies (PRS) and has the following three outputs:

4. Public spending and allocations in pro-poor sectors analyzed reviewed and analyzed through a gender lens to better understand the contribution and needs of men and women
5. Quality, collection, analysis and management of PRSP data improved at national and province levels
6. National engagement in PRSP monitoring mobilized through participatory processes

Tasks and Responsibilities:

The tasks and responsibilities include:

- Identify and provide input/support on genders issues with respect to the overall ambit of Pakistan's Poverty Reduction Strategy Paper.
- Identify key opportunities, constraints and development needs for promoting gender equality through PRSP 2 and make recommendations for further improvement
- Manage the Gender Responsive Budgeting (GRB) component of the project.
- Identify resources, draft TORs and supervise institutions and resource persons who will carry out the activities outlined in the work plan of GRB component.
- Liaison with ministries/departments which are covered under GRB component
- Develop a strategic plan for dissemination of budget research and analysis reports of GRB component
- Identify resources and areas of potential research cooperation for project
- Revise annual work plan of GRB component as and when required.
- Any other job assigned relating with the functions of PRSP Secretariat by NPD/PPD

Qualifications and Experience:

- Master's degree in Social Sciences or Humanities
- At least 7-10 years of working experience in the field of development
- Expertise and experience of working with gender issues with respect to poverty and/or budgets

- Should be familiar with Internet and Computer Software: MS Word, MS Excel and MS Power Point.
- Excellent written and spoken English/Urdu.

Supervision:

The Gender and Poverty Specialist will report to NPD/PPD and will work in close coordination with NPM/PPM.

Terms of Reference

Poverty Monitoring and Evaluation Specialist

Background

The PRSP Secretariat underpins the government's institutional mechanism for poverty monitoring. The PRSP Secretariat has been mandated with the overall lead in coordinating, monitoring, evaluating, and tracking the implementation of the PRSP; and reporting progress on anti-poverty public expenditures, intermediate social indicators, and final outcomes. A critical input in achieving the targets set out in the PRSP is the effective utilization of anti-poverty public expenditures.

The purpose of the PRSP Monitoring project is to strengthen institutional capacities for results-based monitoring and evaluation of poverty reduction strategies (PRS) and has the following three outputs:

7. Public spending and allocations in pro-poor sectors analyzed reviewed and analyzed through a gender lens to better understand the contribution and needs of men and women
8. Quality, collection, analysis and management of PRSP data improved at national and province levels
9. National engagement in PRSP monitoring mobilized through participatory processes

Tasks and Responsibilities:

The tasks and responsibilities of the Poverty M&E Specialist would include:

- Implement the monitoring and evaluation framework/matrix as provided in the PRSP II document
- Collect and maintain databases (including micro data) for various data series of the government including national and sub-national surveys and build a simplified data bank for ready reference
- Streamline the mechanism for tracking, monitoring, and evaluating of PRS intermediate indicators and outcome indicators in consultation with the federal and provincial government agencies
- Institutionalize monitoring and evaluation system in federal and provincial PRS implementing agencies
- Evaluate and report on the adequacy of various indicators for any mid course corrections
- Work in close coordination with the CGA office in devising mechanisms for reporting district level anti-poverty expenditures with the institutionalization of district level accounting process
- Coordinate with Controller General of Accounts, Accountant General of Pakistan Revenues, and provincial Accountant General's offices for tracking, compiling and analyzing anti-poverty expenditure on quarterly basis
- Support in preparation in Quarterly and Annual Reports for the PRSP Secretariat
- Regularly provide material to update the website
- Any other job assigned related to the functions of PRSP Secretariat as assigned by NPD PRSP Monitoring Project

Qualifications and Experience:

- Masters degree in Economics or management sciences
- At least 5 -7 years of relevant working experience
- Experience of working with issues related to poverty reduction
- Should be familiar with working with computer based data bases
- Excellent written and spoken English/Urdu.

Supervision:

The Poverty and Monitoring Specialist will report to NPD/PPD and will work in close coordination with NPM/PPM.