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Assessment and Strengthening Program –
Rural Support Programmes Network

*Supporting Public Sector of Pakistan
in Institutional Reforms*

ASP-RSPN

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ACRONYMS

AHAN	Aik Hunar Aik Nagar
AiD	Associates in Development
AGP	Auditor General of Pakistan
ASP	Assessment and Strengthening Program
BoD	Board of Directors
BPPRA	Balochistan Public Procurement Regulatory Authority
CA	Chartered Accountant
CB	Capacity Building
CPO	Central Program Office
CSO	Civil Society Organization
DAGP	Department of Auditor General of Pakistan
DO	Development Objective
ERP	Enterprise Resource Planning
FPPRA	Federal Public Procurement Regulatory Authority
GENCO	Generation Company
GoP	Government of Pakistan
HR	Human Resource
HSA	Health Services Academy
IA	Internal Audit
IR	Intermediate Result
IT	Information Technology
JDs	Job Descriptions
KP	Khyber Pakhtunkhwa
FM	Financial Management
LFA	Logical Framework Approach
M&E	Monitoring and Evaluation
MD	Managing Director
MER	Monitoring, Evaluation and Research
MIS	Management Information System
MSP	Municipal Services Program
NGO	Non Government Organization

NSPP	National School of Public Policy
PaRRSA	Provincial Reconstruction, Rehabilitation and Settlement Authority
PMP	Performance Management Plan
PPO	Provincial Program Office
PPRA	Public Procurement Regulatory Authority
PVTC	Punjab Vocational Training Center
QPR	Quarterly Progress Report
RSPN	Rural Support Programmes Network
SE	Superintendent Engineer
SGAFP	Small Grants Ambassador Funds Program
SP	Strategic Planning
STI	Secretariat Training Institute
USAID	United States Agency for International Development
WAPDA	Water and Power Development Authority
WASC	WAPDA Administrative Staff College

EXECUTIVE SUMMARY

ASP's work in institutional capacity building has achieved significant successes during the current year. Strategic planning in public sector organizations, improvements in public procurement system, internal audit strengthening, revamping the training regime and utilizing e-solutions for effective management are some of the major breakthroughs. Over the last four (4) years of program implementation, ASP has been able to create strong ownership of its work within Pakistan's public sector entities. As a result, ASP's interventions have been institutionalized both at the Federal and Provincial levels. Constitution of a multi stakeholder 'Advisory Group on Public Procurement' and a high level 'Steering Committee' in Khyber Pakhtunkhwa (*headed by Additional Chief Secretary of KPK province*) are examples of that ownership at policy levels.

ASP-RSPN's contribution towards an improved public sector compliance environment has proven to be an effective antidote to key issues highlighted in USAID's Pakistan Assistance Strategy Report (2010-2014); which stated, *"Pakistan's limited capacity to absorb and effectively use external resources, are challenges to the effective implementation of U.S. and other donor assistance programs"*. This contribution has been expressly acknowledged by the Government of Khyber Pakhtunkhwa in the Budget White Paper (2014-15) which states *"Govt. of Khyber Pakhtunkhwa felt the need for additional technical assistance and approached Assessment & Strengthening Program – RSPN for assistance in the implementation of their reform agenda. The idea was to establish Internal Audit functions within three departments on a pilot basis and equip them with the latest tools and technologies tailored to the needs of the local environment and enabling them to achieve their intended objectives"*.

At the end of the fourth year of program implementation, ASP-RSPN has successfully completed almost seventy (70%) percent of the awarded capacity building interventions with key public sector organizations. The institutional strengthening support extended through ASP-RSPN to Pakistani institutions as identified by USAID, has largely helped in effective and transparent utilization of USAID resources.

The program's Interim Evaluation (2014) is a an important activity initiated by USAID during the period to ascertain effectiveness of the program's overall approach and each component's contribution in achieving the results set out in the ASP results framework. The evaluation has supported ASP's implementation to a large extent, sharing the salient findings as follows:

- The overall conclusion is that **ASP has been effective in improving compliance of beneficiary organizations** through improved documentation and beneficiary employees' awareness. **ASP beneficiaries now have operational manuals in place and/or upgraded** in the areas of finance, human resources, procurement, and/or monitoring and evaluation (M&E), thus meeting Intermediate Result (IR) 3: Improved Public Financial Management (PFM) Policies and Procedures
- **ASP should continue and accelerate efforts to work in what ASP-RSPN refers to as "strategic institutions", particularly those that have an oversight role such as regulatory authorities at the Provincial and federal levels.** ASP should also identify other opportunities to work with other regulatory oversight bodies (i.e., Ministry of Finance, Establishment Division, the Planning Commission, and the Auditor General of Pakistan) to enhance beneficiaries' compliance with documentation.

The Evaluation also commented on the four major components of the ASP program. The findings of Report are summed up below:

- There was a clear line of logic linking the KLB Bill, the Pakistan Assistance Strategy Report, the assessment framework, and the pre-award assessment SOWs. The process of identifying needs through the pre-assessment award and developing a capacity building plan on the basis of its findings was an effective approach to building a set of activities that addressed compliance with USAID and GOP regulations. **Capacity building plans were effective in addressing the requirements of risk mitigation identified through pre-award assessments.** Therefore, the pre-award assessments were useful in developing the capacity building plans, thereby contributing to ASP sub-IR 1.2: Management systems adopted.
- **The research component has met USAID's objective of advising the GOP on improving project planning and implementation procedures and therefore has contributed successfully to IR 1.1 (Institutional capacity gaps understood by stakeholders).** Close interaction and consultations with the government took place throughout the research process and at its completion to obtain the government's feedback and buy-in and, therefore, the research component contributed to IR 3.1 (Policy recommendations advocated).

During the current year, ASP has undertaken its reform initiatives in key institutions of public sector. Development of a National Procurement Strategy is a significant step towards bringing all procurement regulatory authorities together towards a standard, transparent and consensus-based procurement policy. Development of Strategic Plan for department of Auditor General, establishment of Internal Audit in two departments of Khyber Pakhtunkhwa (Department of Livestock & Dairy and Agriculture and Higher Education) and improvement of Public Procurement rules for Federal Procurement Regulatory Authority as well as Balochistan Procurement Regulatory Authority are major reform initiatives implemented as a result of ASP's ongoing support to the government departments during the current year.

ASP-RSPN in partnership with federal PPRA developed a comprehensive Results Framework during the last quarter for 'Improved Procurement Governance' in Pakistan. This will be a unique tool enabling the authority to continually assess the performance of federal procuring agencies in particular, and the country's procurement system in general. Most of these reforms have been incorporated by strategic Departments and Organizations in their policy guidelines and operational tools. This augurs well for the sustainability of ASP's interventions and initiatives on an institutional basis. An idea of the range of work undertaken by ASP is provided in the next chapter entitled "Highlights of ASP's Portfolio".

Notable results in the area of Validation have been achieved. ASP-RSPN completed the validation exercise of thirty six (36) organizations, including 35 recipients of USAID's Small Grants and Ambassador Fund Program and KP's USAID funded MSP program. The final validation reports, highlighting the management areas which have been improved or require further capacity building have been shared with USAID. Pre-Award Assessments of two (2) public sector universities was also completed during the year.

ASP presents this Annual Report with a sense of satisfaction that salutary results were achieved in a cost-effective manner, and the spirit of partnership & understanding, so vital in development was fortified between USAID and key public sector organizations.

HIGHLIGHTS of ASP's Portfolio

- Internal Audit toolkits and process control documents developed for C&W, Health and Education departments, their secretariats, directorates and sub-ordinate offices (SE, XEN, Hospitals and Colleges/Schools) during the previous year have been formally approved by the KP government.
- STI through the support of ASP-RSPN has developed new updated training curriculum and training methodologies for training of administrative cadres of the government. The new curriculum has been approved and is currently being taught in the institute. An MIS has also been implemented automating the institute's Training Management, Financial Management and HR management systems.
- An example of achieving sustainable results is seen in the Project Steering Committee for MSDP Sindh program, chaired by the Additional Chief Secretary Sindh approval of the four manuals developed by ASP-RSPN in the areas of HR, M&E, Financial Management and Procurement Management.
- Constitution of a high-level Steering Committee by GoKP for providing strategic direction to ASP-RSPN's Internal Audit and Strategic Planning interventions with 12 departments in KP. The committee is chaired by Additional Chief Secretary and members include Secretary Finance, Secretary Energy, Secretary Education and DCoP ASP-RSPN.
- Development of and publishing 'National Procurement Strategy' in partnership with Federal Public Procurement Regulatory Authority (PPRA). It will enable the country's public procurement system to achieve higher standards of integrity, transparency, competition, fairness and value for money.
- Development of "Learning Management Portal" for federal PPRA. This online portal hosts videos and other resources related to PPRA rules, available to be downloaded. It includes an interactive built-in process to generate random Questionnaires and thereby the relevant scoring mechanism. Users will be able to get online certificates based upon the acquired scores.
- Rationalization and re-organization of PaRRSA's entire organizational structure was completed during the current year. The intervention was intended to revamp the organization based on new lines and as per best practices model. It will help reduce

redundancies in the organizational structure and fine-tune the implementation mechanism.

- Development and approval of five-year Strategic Plan for the department of Auditor General of Pakistan.
- The important project of Validation of three Power Generation Companies (GENCOs) i.e. Northern Power, Central Power and Jamshoro Power Company Limited, Municipal Services Program KP and 35 NGOs of Small Grants program was completed. These companies are major USAID funds recipient in the energy and development sector. The Validation results identified in the reports have shown significant improvements in the implementation of new management systems.
- Development of a comprehensive hierarchical M&E system for federal PPRA for implementation of 'Improved Procurement Governance' in Pakistan. It is intended to support PPRA in conducting monitoring and compliance functions, thereby enabling the authority to ascertain effectiveness of procuring agencies in the domain of public procurements.
- Support to the prime Awardee organization i.e. RSPN in development of Grants Management and M&E manuals. These organizational policy manuals have been approved by the BoD. ASP also supported RSPN in development and implementation of MIS for automating the Work Planning, Monitoring and Reporting functions.

SOME KEY REFORMS INTRODUCED



1. Procurement (Federal & Provincial)

ASP-RSPN focused on well-known gaps in country's procurement regime, considering it one of the priority areas in public sector's governance. Specific support was extended for strengthening the legal framework, policy advocacy, institutional capacity building of the regulatory authorities, and the development and improvement of policies, procedures and management systems for effective and transparent procurement processes. Updating Procurement rules, finalizing the

National Procurement Strategy, country's Procurement Governance Framework and implementation of Learning Management System are the main reforms implemented by ASP.



2. Strategic Planning (KP)

As a partner in reforms, ASP-RSPN provided technical assistance to government of KP in developing the strategic plans and their implementation in its line departments. In the initial phase strategic plans were prepared for six departments i.e., Health, Higher Education, Public Health Engineering, Agriculture, Social Welfare and Population Welfare. After the

success of the first phase, the GoKP now plans to scale this exercise up to six (6) more Provincial departments. These have been identified as Agriculture, Energy and Power, Sports and Tourism, Local government & Rural Development and Excise and Taxation. This is recognition of the efforts of USAID and ASP-RSPN to develop institutional capacity building of the public sector organizations which is guided by a consultative approach and steered by the highest level in government.



3. Internal Audit (KP) Department / Organization

ASP's partnership with GoKP for laying the foundation of internal audit has been a great success. This has been acknowledged by all stakeholders including the Finance Department and the line departments which participated in this

exercise. ASP-RSPN supported the departments of KP in the development of Internal Audit Toolkits, critical processes documentation, standardized audit reports formats, conducting pilot audits; overall governance structure for internal audit implementation. Government of KP acknowledged ASP's efforts in the budgetary White Paper 2012-13 and adopted its recommendation of creating new positions of internal auditors in the pilot departments.



STI

WASC

NIP

NSPP

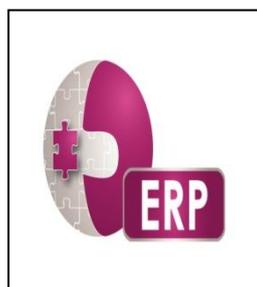
Reforms in the design, development and delivery of training coupled with periodic assessment and evaluation are important planks of ASP-RSPN's capacity building endeavors. Provision of technological support in the form computer-based Training & Learning Management systems are also key inputs to the government departments through ASP.

4. Public Sector Training Institutions

The present day complex system of governance and nature of delivery of public services require government officials to be highly professional and well aware of new models of public administration and management. ASP-RSPN under the mandate to support key public sector training institutions joined hands with some prominent training institutes for improving public sector training regime in Pakistan.

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5. Customized IT Solutions

ASP-RSPN has partnered with a number of public sector organizations for institutional strengthening and capacity building. An important plank of this transformative reform agenda is the introduction of IT solutions and automation of business processes. These

interventions form a significant part of the capacity building plans that ASP-RSPN has developed in collaboration with its partner organizations. The objective of these interventions is to enable public sector organizations to improve their service delivery and bring more transparency and accountability through adoption of modern IT-enabled business processes. ASP's IT investments are expected to make significant difference to government's productivity levels. IT solutions were developed for FPPRA, STI, RSPN and AHAN.

Creating the Impact

Development Objective/Impact: Pakistani organizations are more transparent, accountable and effective

Indicator 1: % change in risk level of ASP partner organizations as result of validation exercise

Target: 70%

Achievement: 60%

ASP's Results Framework utilizes the program's built-in Validation process to ascertain the effectiveness of capacity building support extended to recipient organizations. This detailed assessment evaluates the risk levels of management systems in comparison to the pre CB intervention of ASP. As of date, one (1) Validation of ASP-RSPN's CB assignment has been conducted i.e. for Health Services Academy, Islamabad.

The key findings of Validation exercise conducted through an independent CA firm by ASP-AiD are as under:

"While the capacity building initiative has contributed towards development of systems for strengthening the control environment of HSA, the absence of adequate Human Resources limits the organization's ability to introduce an effective control environment in the areas of governance, financial management, and monitoring and evaluation".

The Validation exercise cited significant staff turnover as the key reason for non-practice of the developed policies & procedures by ASP. These policy manuals have also been approved by the BoG. The following table reflects change in Risk levels:

Management System	Risks (Pre-Award)	Risks (Validation)
Governance & Control Environment	High	Moderate
Financial Management System	High	High
HR Management System	High	Moderate
Procurement Management System	High	Moderate
Monitoring & Evaluation System	High	High

High



Moderate



Low



The above table shows that there is a positive change in risk levels of 3 out of 5 management systems i.e. 60% achievement against the first DO level performance indicator. Similar validation exercises for the remaining entities have not yet been initiated by USAID and are planned during the fifth year of implementation. However, the results (Outcomes and Outputs) achieved under different assignments have been discussed in detail in the respective chapters on Intermediate results.

Indicator 2: “% change in satisfaction level of key organizational constituencies”
Target: 70%
Achievement: Survey likely to be conducted in 5th year

The second impact indicator is part of ASP’s PMP common for all three partners. It requires a dedicated perception based survey to be conducted. The survey is likely to be conducted in the fifth year of the project.

Indicator 3: Number of ASP introduced reforms & initiatives contributing towards transparent, accountable & effective Pakistani organizations
Target: 08
Achievement: 06

The third impact indicator of Results Framework measures the number of National, Provincial or organizational level reforms and initiatives introduced by ASP during the implementation of its Capacity Building or Research interventions. The successful implementation of the reforms and initiatives contribute to this impact indicator.

#	Organization / Department	Reform initiatives implemented
Federal		
1	Federal Public procurement regulatory Authority	Development of National Procurement Strategy
2	Federal Public procurement regulatory Authority	Updation of Procurement Rules
3	Department of Auditor General Pakistan	Implementation of Strategic plan
Balochistan		
4	Balochistan Procurement Regulatory Authority	Updation of Procurement Rules
Khyber Pakhtunkhwa		
5	Department of Livestock & Dairy and Agriculture	Establishment of Internal audit function
6	Department of Higher Education	Establishment of Internal audit function

While working with the National and Provincial level strategic organizations, ASP has achieved substantial results in the reporting year. ASP's contribution in bringing Pakistan's public procurement regime to the highest levels of integrity has impacted the program's overall objective. With the support of ASP National Procurement Strategy has been finalized and officially published by the Authority. Procurement rules having impact on all the procuring agencies have been updated both at the Federal level and in Balochistan province.

Furthermore, strategic reform interventions in the Finance department of GoKP in institutionalizing the Internal Audit system in key government departments last year have been further extended to Phase II in the reporting period in the province. Capacity building plan for Phase II aims to establish the Internal Audit function in six (06) new government departments. Documentation of processes, the risks embedded within them, related internal controls and audit steps/checklists is planned to be completed during this phase. The toolkits containing these elements were envisaged to permanently institutionalize a planned and methodical approach towards effective auditing. Learning from the past experiences where these toolkits became equally useful for non-auditing personnel, it was decided to broaden the scope of processes and risks to be documented. Internal audit function in two (02) departments i.e. Department of Higher Education and Livestock & dairy and Agriculture in KP has been introduced in the reporting period.

In addition, Strategic plan for Department of Auditor General Pakistan is another strategic reform being introduced by ASP through its capacity building initiative at the Federal level. The plan was developed after very thorough deliberations of high level focused groups from the office of the Auditor General of Pakistan. The commitment towards the development of a meaningful and practical plan was demonstrated by the level of participation in focused group discussions. All important operational field audit offices were represented by their Director Generals. Both the Additional Auditor General and Deputy Auditor General gave valuable inputs in the development of strategic plan.

IR-1

IMPROVED MANAGEMENT SYSTEMS IMPLEMENTED

The first Intermediate Result (IR) measures the provision of ASP's capacity building assistance in the development and implementation of management systems which includes support in project design activities, development/updating of policies & procedures, development of IT based (ERP/MIS) systems and introduction of new tools/techniques in the management areas. The implementing partners comprise of Government, Civil Society or Private Sector organization or a transaction based program identified by the USAID for capacity building and management systems development. Broadly, the indicators at the outcome and output level point to the progress made on the overall capacity building process and strategies adopted by ASP-RSPN.

Progress against the Outcome Indicators:

Indicator 1.1:	% organizations using improved management systems
Target:	70%
Achievement:	60%

Reasonable achievement has been recorded under this intermediate result. ASP's assistance has been extended to five (05) organisations AHAN, WAPDA Staff College, Internal Audit, PaRRSA (Phase-II) and Balochistan Public Procurement Regulatory Authority (BPPRA). The management of three (3) organizations has formally accepted the manuals and started implementing the policies and procedures being developed as part of the capacity building plan i.e. Policy manuals of AHAN, curriculum developed for WASC and restructuring/ re-organization activity carried out for PaRRSA. For other two (2) assignments, a few deliverables under the CB plan are still in completion stages. Hence, the achievement is 60% against this indicator i.e. 3 out of 5 targeted organizations are using improved systems through ASP-RSPN's support.

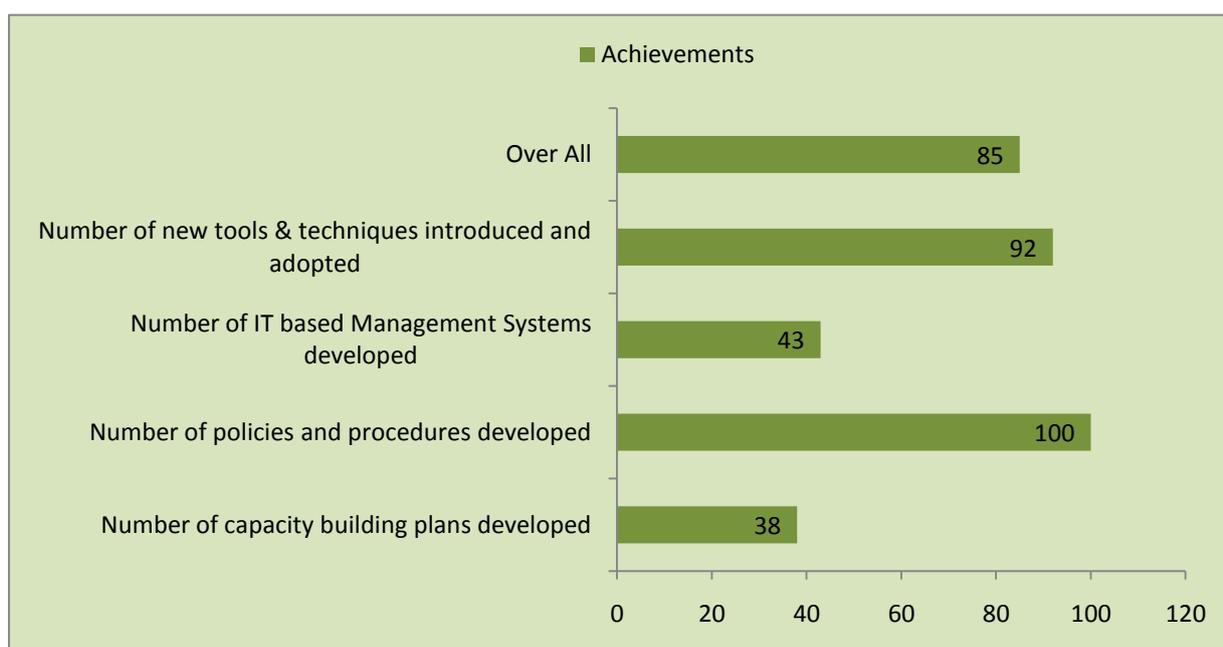
Indicator 1.2:	% organizations which continue to meet predefined management standards
Target:	70%
Achievement:	N/A

This indicator assesses the institutions showing positive change against the parameters of 'Validation'. Predefined management standard is defined as the ability of organizations to implement new management systems developed to counter the gaps identified in the Assessment process. It shows whether the institutions for which capacity building support have been completed are maintaining the management standards. As of date only one (01) capacity building assignment has been validated i.e. Health Services Academy in the reporting period. Hence, the comparison against multiple organizations is not possible at this stage.

Progress against the Output Indicators:

ASP-RSPN in the fourth year of its implementation, received six (06) Pre - Award assessments during the current year against the target of eight (08). ASP-RSPN's progress during the period is dependent upon the number of assignments received from USAID under the program components. Under Output / Sub-IR 1.2 five (05) Capacity building activities were assigned to ASP against the annual target of thirteen (13).

Graph: 1 Progress against output indicators



The above graph provides an overview of the annual progress made against performance indicators in percentage terms.

The following table reflects the details of each indicator against the following sub-intermediate results:

Sub-IR 1.1: Institutional capacity gaps understood by stakeholders

Sub-IR 1.2: Management systems adopted

IR/Sub IR	Indicator	Annual Target	Progress
IR-1: Improved Management Systems Implemented			
Sub-IR 1.1: Institutional Capacity gaps understood by Stakeholders	Number of organizational assessments and researches conducted	48	42
	Number of Pakistani organizations whose capacity needs have been established	12	6
Sub-IR1.2: Management Systems adopted	Number of capacity building plans developed	13	5
	Number of policies and procedures developed	17	17
	Number of IT based Management Systems developed	7	3
	Number of new tools & techniques introduced and adopted	85	79
	Number of project design activities supported	0	0

The details on policies, procedures and tools developed for partner organizations are given in below tables:

Institution	Policy & Procedure Documents
AHAN	Financial Management Manual Human Resource Manual Monitoring & Evaluation Manual Procurement Management Manual
DAGP	Audit Guidelines
PaRRSA	Internal Audit Manual
BPPRA	Human Resource Management Manual
Internal Audit – (Phase-II)	Tool Kit for Directorate of Livestock & Dairy Tool Kit for Higher Education Tool kit for Irrigation Tool kit for Industries Tool kit for Sarhad Development Authority
WAPDA Staff College	Curriculum of Financial Management Curriculum of Human Resource Management Curriculum of Monitoring & Evaluation Management Curriculum of Procurement Management

Institution	New Tools and Techniques introduced and adopted
AHAN (21)	Costed Work Plans, LFA, M&E Risks Matrix, Field Visit Report, Progress Reporting, Baseline/Impact Assessment & Project Completion Report templates , Interview Assessment Form, Employee Profile Form, JDs, Performance Appraisal, Travel Authorization, Exit Interview & Training Evaluation forms, Account Creation/Deletion Request Form, Fixed Assets Register, Sales Invoice Template, Cheque/Cash Requisition Form, Expense/Purchase/Sales Test Sheet & Stock Take Sheet Templates, Bidding data format, Form of Bids & Schedule to Bids, Integrity Pact format, Form of Bids/Performance Security and Form of Contract/ Consultancy Agreement (with Appendices)
PaRRSA (7)	Responsibility Matrix, IA Charter format, IA Plan format, Risks Assessment template, Risks Exposure Rating format, Risks Control Matrix, IA Report format and IA Log Sheet format
BPPRA (5)	Interview and Assessment Sheet, Performance Appraisal form, Employee grievance form, Annual Training Plan, Trainees evaluation form
Internal Audit-II (30)	Audit Programs, Risk assessment templates, Audit planning templates, Process documentation framework, Audit report formats for Livestock and Dairy, Agriculture , Higher Education, Industries , Irrigation and Sarhad Development Authority Department
WAPDA Staff College (16)	Tariff setting guidance, pricing decisions and power sector regulatory framework, financial forecasting, capital budgeting and investment appraisal, Procurement Reporting, Procurement methods, Supply Market Analysis, Contract management, Logical Framework Analysis, Developing smart Indicators, Earned Value Analysis, Result Based Management, Resource Management, Leadership development, staffing the organization, Developing JDS

IR-2

HUMAN RESOURCES ENABLED FOR ENHANCED PERFORMANCE

ASP's revised Results Framework focuses on enhancing the on-job performance of individuals under its IR-2. The interventions for this result area are targeted at two levels:

- Enhancing the knowledge and skills of individuals through training
- Supporting the application of acquired skills through on-the-job technical assistance

ASP-RSPN's General Training program, training and technical assistance under the individual capacity building plans contribute in achievements under this result area.

Progress against the Outcome Indicators:

During the reporting year, ASP-RSPN conducted Pre and Post Training evaluations for all the completed training programs. Questionnaires specific to each training contents were developed and data was collected to evaluate the 'change in skills and knowledge' and 'change in relevant competencies'. Data analysis on sample data/questionnaires was done.

The results of selected representative sample are taken against the following two indicators:

Indicator 2.1: % trainees with improved knowledge and skills

Target: 70%

Achievement: 65%

Indicator 2.2: % change in relevant competencies of trainees

Target: 30-40%

Achievement: 58%

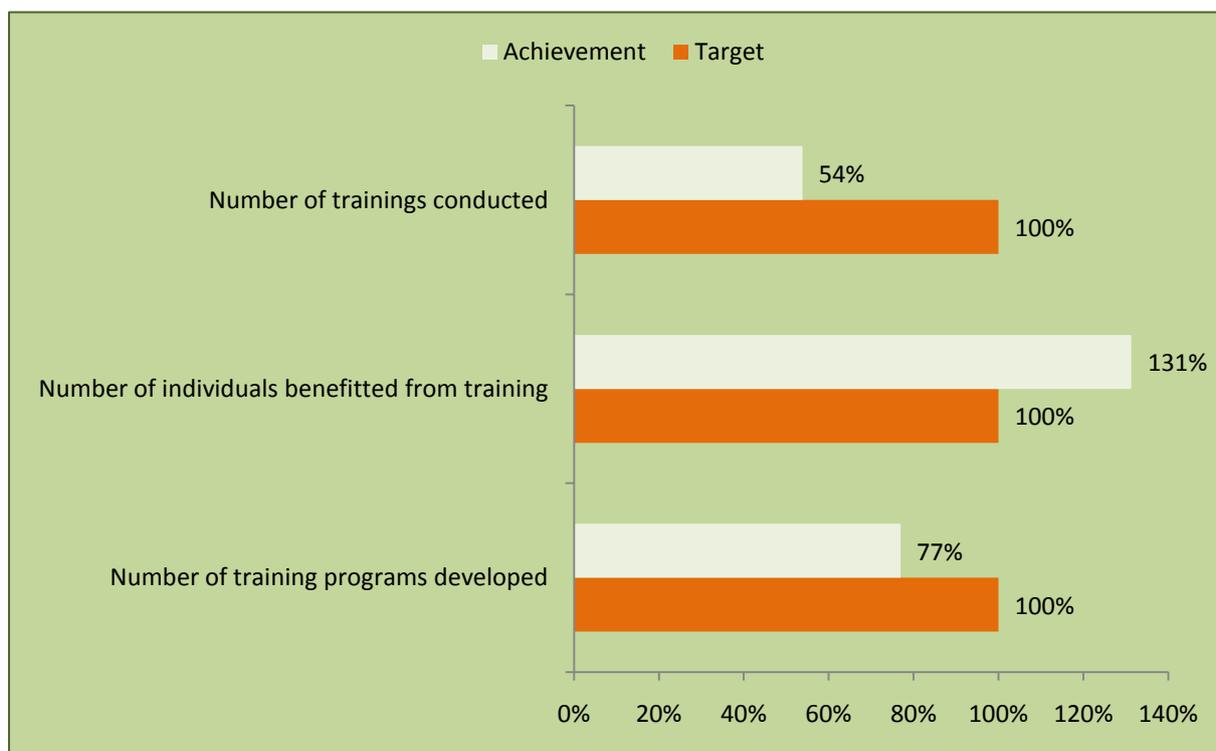
During the year training on policy manuals of AHAN, updated HR curriculum of WAPDA Staff College and Balochistan PPRA rules were completed. Under Awardees CB plan, RSPN's key staff members were also trained on Project Management Professional (PMP) course.

Progress against the Output Indicators:

The following table presents details

IR/Sub - IR	Indicator	Annual Target	Progress
IR-2: Human Resources enabled for enhanced performance			
Sub-IR 2.1: Knowledge and skills of human resource enhanced	Number of training programs developed	13	10
	Number of individuals benefitted from training	134	176
	Number of trainings conducted	13	7
Sub – IR 2.2: Application of knowledge and skills supported	Number of individuals who receive on-the-job assistance, refreshers and coaching	0	0
	Number of consultants provided for short -term technical assistance	48	40

The graph below reflects achievements in percentage against the key indicator of Sub-IR 2.1:



IR-3

IMPROVED PFM POLICIES AND PROCEDURES

ASP's third long-term result i.e. IR-3 captures strategic level interventions and activities aimed at improving rules, regulations and facilitating adoption of policy level reforms. The "Strategic Interventions" of the program's capacity building component as well as "recommendations, updated procedures, policy level changes etc." shared with GoP as a result of ASP's research interventions contribute in achieving this outcome of the ASP's Results Framework. One research assignment was approved for the current year in the Work Plan. ASP proposed several topics (including the following) for research during the year, but no new work was assigned under this component.

- Public – Private Partnerships in the social sector of Pakistan
- Study on linkage of Donor Funded projects to the new accounting system (PIFRA)

However, ASP-RSPN has continuously engaged with the relevant government departments including CGA and Planning Commission to pursue potential areas for research.

Progress against the Outcome Indicators:

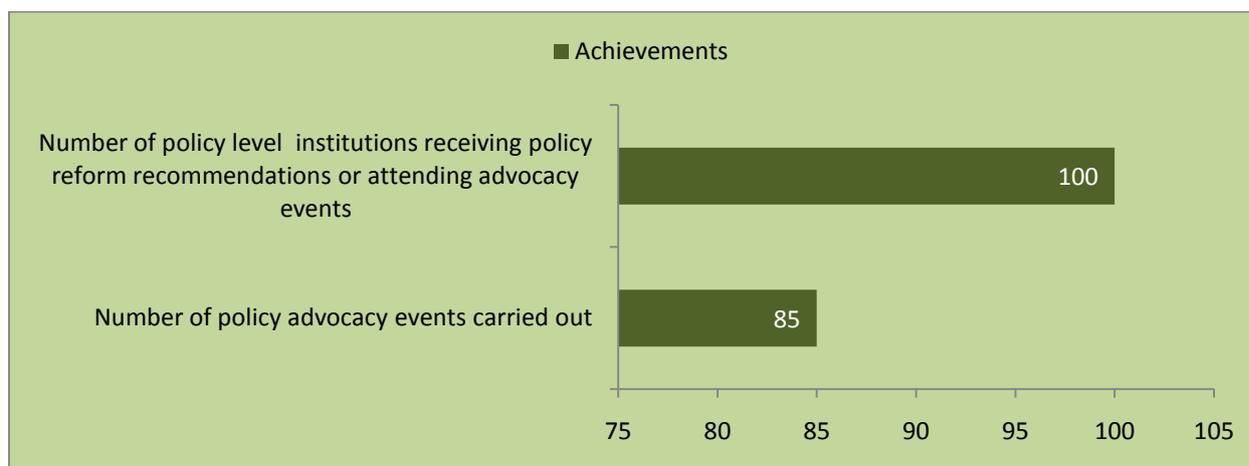
Indicator 3.1:	Number of Policy reforms adopted
Target:	5
Achievement:	3

Achievements against this indicator measures the number of policy level reforms being adopted by the beneficiary organizations as a result of ASP's interventions. Three (3) policy reforms are implemented against the target of five (5), including the National Procurement Strategy at the federal level and establishment of Internal Audit in two (2) new departments of KP government.

Indicator 3.2:	Number of rules and regulations improved
Target:	3
Achievement:	2

The achievement against this indicator includes improvement in the rules and regulations for FPPRA and BPPRA during the current year.

Progress against the Output Indicators:



IR/Sub-IR	Indicator	Annual Target	Progress
IR-3: Improved PFM Policies and Policies			
Sub-IR 3.1: Policy Recommendations advocated	Number of research studies conducted	1	0
	Number of reform/recommendations developed	0	0
	Number of policy advocacy events carried out	7	6
	Number of policy level Institutions receiving policy reform recommendations or attending advocacy events	13	13

The above graph and table depicts the annual progress against the output indicators for Sub IR-3.1.

Selected Success Stories -- Landmark Reform Initiatives

IT Solution as a tool for improved Governance and Institutional Efficiency

ASP-RSPN is facilitating the public sector organizations to adopt information technology by providing them technical assistance and making it an imperative part of their capacity building framework. Common features of the IT interventions include development and redesigning of modules dealing with financial management, procurement, inventory management and human resource management to bring in business process re-engineering.

ASP has piloted **Office Management System (OMS)** successfully in Secretariat Training Institute which has replaced traditional 'noting and drafting system' prevailing in the public sector organizations. STI is leading public sector training organization to have installed OMS customized as per their specific requirements. This system maintains a complete list of files of all sections along with their contents in terms of noting and correspondence in scanned form. Movement of files in different departments can be tracked electronically and receipt and issuance of documents have also been automated. Each user has been given a unique id to log-in for secure emailing, uploading information for public and scheduling for meetings.

One of the most pivotal applications developed by ASP-RSPN is Training Management System which has automated the entire training cycle that trainees undergo while attending various programs at STI. STI's website now maintains a complete list of training courses offered by them along with the list of speakers. Candidates can register online for a course and result of each course as well as feedback of the participants is saved in the system. Moreover ASP has upgraded the organization's website by making it more user friendly and informative. It involved the re-designing of existing features and addition of new ones. These include home page uplifting, addition of yearly calendar of the training courses, online registration of trainees, news, events and advertisements, a dynamic multimedia gallery and online posting of course material.

In sum, ASP-RSPN plans to replicate such models in several public sector organizations to cater for their business needs and to include citizens/beneficiaries in the decision making process.

Concretizing Procurement Reforms – the case of Balochistan

ASP-RSPN is collaborating with the federal and provincial public procurement regulatory authorities in furthering the reform process. The main focus is on strengthening the legal framework, policy advocacy, institutional capacity building of regulatory authorities and the improvement of policies and procedures for transparent and effective procurement processes.

ASP-RSPN on the request of Government of Balochistan prepared a Capacity Building Plan for developing and strengthening their public procurement regime. The plan comprises of two phases. In the first phase assistance would be given to GoB in preparing the procurement rules and standard bidding documents that will govern all public procurements in the province. Furthermore ASP-RSPN would provide assistance for developing Service Rules for the BPPRA's employees. The plan also envisaged BPPRA's website and an M&E system. Phase II envisages a detailed plan of capacity development for province's procuring agencies staff. Regional district-based training sessions at decentralized level are planned on Balochistan PPRA Rules to cover entire province. More than 300 procurement and IT officers who are directly involved in public procurement will be trained from the departments.

ASP-RSPN actively pursued the passage of legislation governing procurement in the Province. The Balochistan Public Procurement Regulatory Authority (BPPRA) Act was promulgated in 2009. Subsequently, some amendments in the Act were proposed, including the composition of the Board of Directors. The Balochistan Public Procurement Regulatory Authority (BPPRA) Amendment bill 2013 was finally passed on August 28, 2013. The Balochistan Public Procurement Rules developed by ASP-RSPN have now been notified by the government of Balochistan and are in practice by the procuring agencies. The BPPRA website is also in final stages of development and public access to all government tenders through this website will help bring transparency in all the involved procurements.

The proactive role of ASP from the stage of legislation to actual setting up of BPPRA is recognized by the Government of Balochistan.

Harmonizing Policies & Procedures in Public Procurement – Evolving a Successful Model

ASP-RSPN's collaborative partnership with PPRA is meant to deepen the ongoing reform process and further strengthen public procurement systems through a series of second-generation reforms. The main focus of these reforms is on strengthening the legal framework, policy advocacy, institutional capacity building, and the development and improvement of policies, procedures and management systems. Keeping in mind the federal structure of the country, harmonization in rules, procedures and practices between centre and provinces become critical. The ***Formation of the Advisory Group on Public Procurement (AGPP)*** was one such meaningful breakthrough. Working under the aegis of the PPRA, AGPP is a voluntary association of all procurement regulatory authorities in the country. Formation of the AGPP is recognized as a milestone in harmonization of different procurement regimes in the country and developing a common vision. This has proved to be a great success to date in terms of collective discussion and decision-making in the national Procurement Strategy, M&E framework for public procurement and cross learning.

Development and implementation of a Learning Management System with ASP's support is another milestone achieved. LMS is a customized web-based system for online training for officials of procuring agencies through lecture videos, hand-outs, power point presentations, quizzes, assignments, and online evaluation/tests etc. LMS supplements the in-house capacity to expand the coverage of procuring agencies for training purposes at federal and provincial level.

Procurement reform is a long-term process and there are many obstacles along the way. Establishing the legal framework and the regulatory institutions are the first step in this journey. Enforcing compliance with the law and building capacity of the regulatory authorities to deliver are the over-riding objectives. ASP-RSPN's well-considered collaborative partnership with all Procurement Regulatory Bodies in the country provides the foundation of a success story that is picking up pace in the proper direction.

Monitoring & Evaluation in ASP

Monitoring and Evaluation (M&E) within ASP is an ongoing function central to the overall project implementation and regular course correction. ASP has put into operation a continuous systematic process of collecting and analyzing information with a feedback mechanism to ensure on-going programmatic progress towards the desired objectives. The basis of M&E in ASP is the Performance Monitoring Plan (PMP) developed in consultation with USAID. The MER department is responsible for tracking the progress of activities, timelines, expenditure and above all, the performance indicators set to measure the impact, outcomes and outputs of the program.

The M&E function in helping ASP in timely provision of information to the management for necessary course correction. Data and information is being collected by and through all ASP partners. The M&E section puts together not only the progress reports for submission to the USAID but also the program related success stories and communications material.

During the year, ASP continuously monitored the program activities by using different M&E tools including products (developed documents) review, visits, review meetings, progress reports etc. A robust M&E activity tracking system has also been developed to monitor progress on each capacity building assignment. Internal Training Impact Assessment exercises were also conducted during the year to ascertain the impact of conducted trainings on the enhanced skills of individuals and their contribution in organizational performance.

Annual and Quarterly Progress Reports were developed and shared with USAID and RSPN highlighting key achievements during the course of program implementation. Similarly, 5th year Work Plan was submitted to USAID for approval. M&E team accompanied the CB departments for various review discussions and workshops. An integrated MIS is implemented to monitor the timelines of activities/sub-activities for each intervention. It also helps generate reports and analyze results at Outcomes and Outputs level.

Overall, the ASP Quality Assurance Policy is part of the M&E system which is based upon strict monitoring of all the products and deliverables against the standards agreed as part of the Capacity Building plan and as per the specific requirements of the recipient organizations. Random visits to the target institutions are also conducted to monitor the implementation status of the assistance extended under ASP. The M&E manuals and related tools developed during CB plan implementation are critically reviewed, fine-tuned before finalization. The M&E section also regularly updates USAID's TraiNet and PakInfo databases.

ASP's Partnership Approach – Some Lessons Learnt

- Any capacity building intervention at an institution has to be demand driven. This approach ensures that the partner department remains interested in institutional development activities and actively involves itself in bringing the change.
- Frequent transfers of counterpart government officials in partner organizations create disturbances in implementation of planned interventions. This delays the activities and also weakens the ownership required for effective conclusion of plan.
- Involving partner organizations at various stages of CB interventions helps in incorporating relevant inputs and effective finalization of products.
- Delayed responses are received from the recipient organizations on the submitted deliverables/documents. Implementation Committees having representation from ASP, Government organization, RSPN and/or USAID may be constituted for each CB plan. The committee will review the deliverables of CB plan and will help quick clearance of the deliverables.
- Involving stakeholders through consultation workshops helps in gathering quality inputs for planned deliverables. It also makes partner organization more comfortable in approving the policy documents. FPPRA's M&E system is a good example in this regard.
- Flexibility in contract management may be required while working with public sector – delay is the norm in providing timely feedback. A delay Assessment Committee has been formed in ASP to assess cases of delay and to make recommendations to avoid unnecessary delays.
- A post-completion assistance phase (6-8 months after closure of CB) to the partner organization may be helpful for institutionalization of developed policies and procedures.
- MIS and ERP applications need to be carefully addressed. Optional usage of the developed software applications results in non-usage of the investment made. For

ensuring mandatory usage organizations may link their payment mechanism with the MIS/ERP.

- There needs to be a dedicated budget for program's communication and advocacy in print and electronic media. Producing high quality products and creating high level ownership in government, going unnoticed due to such constraints becomes highly discouraging for the program. Advocacy folder created by ASP has received wide – ranging recognition.
- Non approval of CB plans from donor after commitment with government organizations by ASP at the highest levels discredits program's image and also effects future partnerships.

Project Implementation

Role of Central Program Office & Provincial Program Offices

ASP has a Central Project Office (CPO) based in Islamabad and four Provincial Project Offices (PPOs) in Lahore, Karachi, Quetta and Peshawar. The role of the CPO is to implement four components of the program and provide strategic guidance, technical back stopping, financial management, contract management and donor coordination. The Provincial units are responsible for coordination, monitoring and implementation of activities at the Provincial level. During the reporting quarter, the CPO and PPOs remained fully functional as per their mandates.

Like the Central Program Office (CPO) at the federal level, the PPOs also have an important role as being the field face of ASP-RSPN at the Provincial level and act as catalyst in smooth implementation of activities. They undertake to liaise with the target organizations. The PPOs perform varied functions including but not limited to participation in strategic meetings, finalization of planned deliverables by consultants/firms, arrangement and participation in discussions/ meetings with the institutions; gathering departments' policies/procedures documents, identification of potential expert human resource and facilitation to ASP-LUMS in getting nominations from the Provincial departments.

During the reporting period, PPOs remained actively involved in direct execution of activities at the provincial level with active support and oversight of CPO. The PPO in Khyber Pakhtunkhwa and Sindh ensured their continuous presence during on-the-job technical assistance phase in PaRRSA, MSDP and SBEP. PPO Khyber Pakhtunkhwa coordinated activities with departments for the institutionalization of Internal Audit and Strategic Planning. Likewise, Provincial office in Punjab successfully managed the capacity building of AAHAN. The office continued its engagement with government functionaries and other organizations to build a positive image of the project. PPO Punjab is currently engaged in the CB of AHAN project. The PPO in Balochistan played an active role in the establishment of the Balochistan Public Procurement Regulatory Authority. The PPO in Balochistan built partnership with the Finance Department to promulgate the BPPRA Act and appointment of the Managing Director. Similarly, consultation workshops were convened to finalize the rules of business for BPPRA. The PPO remained involved in seeking nominations from Provincial departments for training at LUMS.

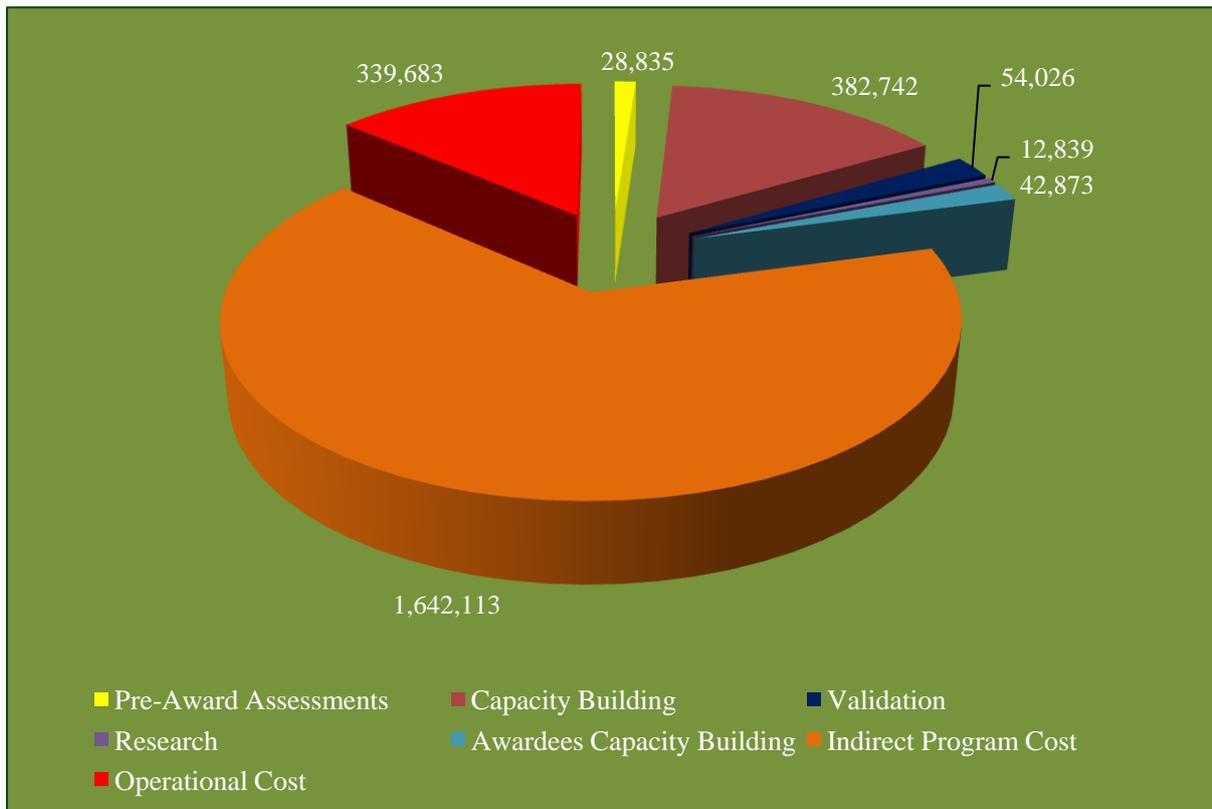
Contracts Management

During the period under report ASP-RSPN hired the services of reputable firms and individual consultants to carry out its capacity building interventions. For short listing of OIG approved Chartered Accountant Firms for pre-award assessment and validation exercises, Expression of Interest (EOI) were issued. Following a robust procurement procedure, ASP-RSPN hired the services of best available firms having expertise in conducting Financial & Management Audits. Similarly more than 50 individual consultants also provided technical services to various Capacity Building Assignments including Strategic Planning of GoKP, Internal Audit in GoKP, MSDP, Sindh, SBEP, FPPRA, PDMA-PaRRSA, AAHAN, BPPRA, SPPRA, WASC and PVTC. The selection of consultants is undertaken through the Procurement Committee constituted by the project at CPO level, with proper guidelines to ensure competitive merit.

Financial Progress

2013-14

The following graph reflects an overview of the expenditures (in US Dollars) against the Program Components/Sectors during Year-4 (Oct 2013 – Sep 2014). An expenditure of US \$ 2,503,110 was made against the receipts of US \$ 2,183,258 from USAID.

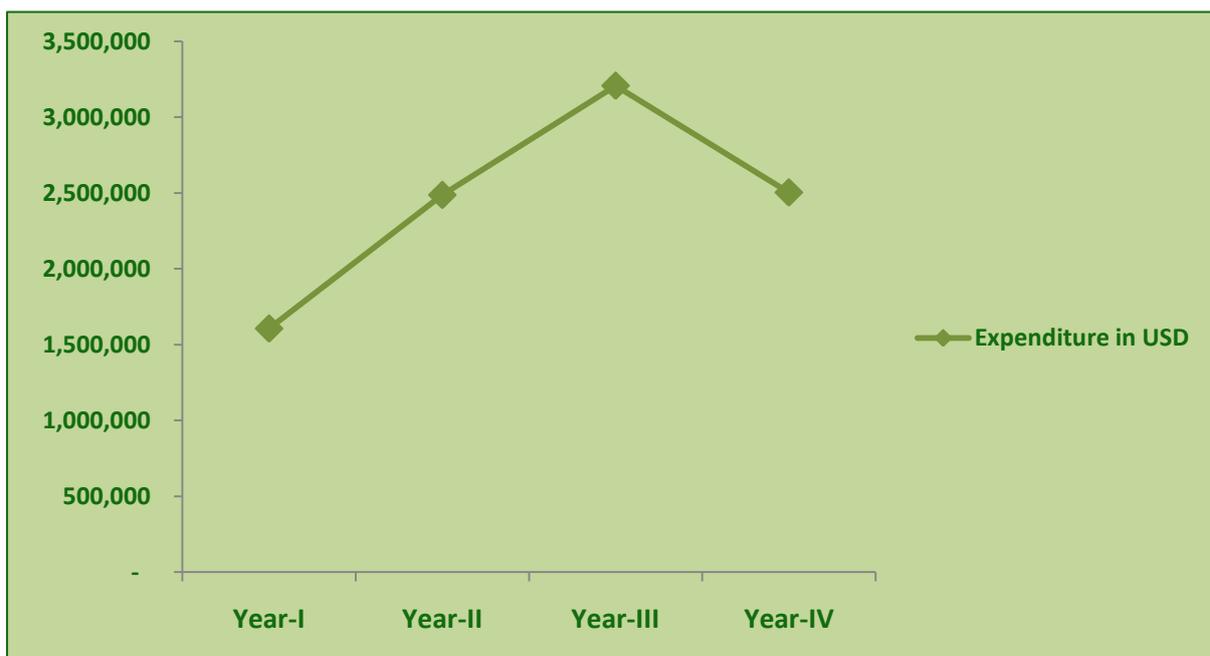


The graph indicates major portion of program spending in capacity building interventions and negligible amount spent for conducting Pre-Award Assessments. It is due to the non-provision of Pre-Award assignments to ASP-RSPN by USAID. However, ASP-RSPN received a good number of validation exercises during the last quarter of previous year (Jul-Sep 2013); thereby having more spending during the year.

The following table presents quarter-wise expenditures against all program components and operational cost:

Components	Qtr.1	Qtr.2	Qtr.3	Qtr.4	Component-Wise Total
Pre-Award Assessments	-	19,021	-	9,814	28,835
Capacity Building	68,304	77,409	76,510	160,519	382,742
Validation	8,905	7,748	24,952	12,421	54,026
Research	-	-	9,748	3,091	12,839
Awardees Capacity Building	808	5,167	11,959	24,938	42,873
Indirect Program Cost	388,852	426,787	424,156	402,316	1,642,113
Operational Cost	77,077	97,145	61,601	103,860	339,683
Quarter-Wise Total	543,947	633,278	608,926	716,960	2,503,110

The following graph presents the yearly-breakup of the expenditure till September 2014. The expenditure for current year has decreased in comparison to the previous year. This is due to low number of assignments given to ASP-RSPN by USAID in all program components. No new assignments were given under Validation and Research components; overall 38% activities were assigned to ASP-RSPN in comparison to the approved Work Plan.



ASP's Financial System Evaluation

ASP's financial performance evaluations are done through a number of accountability regimes, including the following:

- RCA Audit conducted by USAID
- External Audit conducted by RSPN
- Internal Audit conducted by RSPN
- Compliance Audit done by RSPN
- Compliance/pre-audit done by ASP's compliance department

All financial evaluations for the last 4 years covering ASP-RSPN's program implementation as well as operational costs are clear without any Question Cost raised by Auditors.

Annex – I: Component Wise details of assignments as of September 30, 2014

S. #	Name of Assignment/Institution	Status
Assessments		
1	83 Assessments under Third Party Validation of CDCP	Completed
2	Pre-Award Assessment of NESPAK	Completed
3	Pre-Award Assessment of National Highway Authority	Completed
4	Pre-Award Assessment of Abacus Consulting Pvt. Ltd.	Completed
5	Pre-Award Assessment of Halcrow Pvt. Ltd.	Completed
6	Pre-Award Assessment of National Development Consultants Pvt. Ltd.	Completed
7	Pre-Award Assessment of A.A. Associates Pvt. Ltd.	Completed
8	Pre-Award Assessment of Echo West Consulting Pvt. Ltd.	Completed
9	Pre-Award Assessment of Qavi Engineering Pvt. Ltd.	Completed
10	Pre-Award Assessment of EA Consulting Pvt. Ltd.	Completed
11	Pre-Award Assessment of Matracon Pvt. Ltd.	Completed
12	Pre-Award Assessment of Izhar Construction Pvt. Ltd.	Completed
13	Pre-Award Assessment of Marie Stopes Society	Completed
14	Mehran University of Science & Technology Jamshoro	Completed
15	Agriculture University Faisalabad	Completed
16	Punjab Vocational Training Council, Lahore	Completed
17	Technical Education & Vocational Training Authority, Peshawar	On Going
Capacity Building		
1	Pre-Obligation/Project design support to MSDP Sindh	Completed
2	Pre-Obligation/Project design support to SBEP	Completed
3	Project design support to Agriculture dept KP; Command Area Development Program of Gomal Zam Dam	Completed
4	Project design support to Health dept Sindh; JIMS	Completed
5	Higher Education Commission	Completed
6	Health Services Academy	Completed

S. #	Name of Assignment/Institution	Status
7	Phase-I of Capacity Building support to PaRRSA	Completed
8	Strategic Planning in 6 departments of KP	Completed
9	Small and Medium Enterprise Development Authority	Completed
10	KP Public Procurement Regulatory Authority	Completed
11	Internal Audit in KP	Completed
12	Sindh Public Procurement Regulatory Authority	Completed
13	Secretariat Training Institute	Completed
14	Balochistan Public Procurement Regulatory Authority	On Going
15	Federal Public Procurement regulatory Authority	On Going
16	Department of Auditor General of Pakistan	Completed
17	Aik Hunar Aik Nagar	On Going
18	WAPDA Administrative Staff College	On Going
19	Phase-II of Capacity Building support to PaRRSA	Completed
20	Phase-II CB Plan of Internal Audit in KP	On Going
21	Phase-II CB Plan of Strategic Planning in KP	On Going
22	CB support to Agriculture department KP for PMU of Command Area Development of Gomal Zam Dam Project	On Going
23	CB support to MSP Sindh Program (Phase-II) in Internal Audit	On Going
Validation		
1	Trust for Democratic Education and Accountability	Completed
2	Abacus Consulting Pvt. Ltd.	Completed
3	Municipal Services Program, KP	Completed
4	Three (3) Power Generation Companies (GENCOs)	Completed
5	36 Small Grants and Ambassador Fund Program NGOs	Completed
Research		
1	Assignment Account/Revolving Funds Account	Completed
2	Planning Process in GoP sector	Completed
3	Project Management Unit's approach	Completed

S. #	Name of Assignment/Institution	Status
4	Institutional Performance Assessment Framework/PFM Assessment Framework	Completed
Awardees Capacity Building		
1	General Training Component	Completed
2	Development of Policies & Procedures for RSPN and NRSP	Completed
3	IT Infrastructure development for NRSP	Completed
4	SAP B-1 implementation for ASP-RSPN	Completed
5	Software for ASP-RSPN	Completed
6	Capacity Building plan for RSPN	On Going

DISCLAIMER

“The report is made possible by the support of the American People through the United States Agency for International Development (USAID). The contents are the sole responsibility of ASP-RSPN and do not necessarily reflect the views of the USAID or United States Government.”