



QUARTERLY PROGRESS REPORT

Oct – Dec 2012



Mr. Akhtar Buland Rana, the Auditor General of Pakistan chairing the ASP-RSPN's organized conference on the Needs Assessment Framework for the AGP

Assessment and Strengthening Program - Rural Support Programmes Network

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Acronyms

AATI	Audit and Accounts Training Institute
ACBP	Awardees Capacity Building Plan
AGP	Auditor General of Pakistan
AJK	Azad Jammu Kashmir
AiD	Associates in Development
ASP	Assessment and Strengthening Program
BPPRA	Balochistan Public Procurement Regulatory Authority
C&W	Communications and Works
CB	Capacity Building
CDCP	Citizens Damage Compensation Program
CDWP	Central Development Working Party
CGA	Controller General of Accounts
COP	Chief of Party
CPO	Central Program Office
CSOs	Civil Society Organizations
DCOP	Deputy Chief of Party
DCO	District Coordination Officer
ECNEC	Executive Committee of National Economic Council
GOP	Government of Pakistan
GOS	Government of Sindh
HSA	Health Services Academy
IDS	Innovative Development Strategies
KP	Khyber Pakhtunkhwa
LUMS	Lahore University of Management Sciences
MER	Monitoring, Evaluation and Research
MSDP	Municipal Service Delivery Program
NADRA	National Database and Registration Authority
NBP	National Bank of Pakistan
NIM	National Institute of Management
NRSP	National Rural Support Programme
NSPP	National School of Public Policy
PARRSA	Provincial Reconstruction, Rehabilitation and Settlement Authority
PARD	Pakistan Academy for Rural Development
P&D	Planning and Development
PD	Provincial Director
PDMA	Provincial Disaster Management Authority
PFM	Public Financial Management
PIDE	Pakistan Institute of Development Economics
PMP	Performance Management Plan
PMU	Project Management Unit
PPO	Provincial Program Office
PIM	Pakistan Institute of Management
PPRA	Public Procurement Regulatory Authority
QPR	Quarterly Performance Report
RFA	Revolving Fund Account
RSPN	Rural Support Programmes Network
SBEP	Sindh Basic Education Program
SMEDA	Small and Medium Enterprise Development Authority
STI	Secretariat Training Institute
SWG	Strategic Working Group
TPV	Third Party Validation
USAID	United States Agency for International Development

Executive Summary

This report reflects the progress during the 1st quarter of FY 2012-13 and covers the period from 01 October 2012 to 31 December 2012. The third year of ASP-RSPN expects to build on the achievements of the first two years.

ASP-RSPN since the last quarter of 2011-12 is engaged in a number of strategic as well as institutional-specific CB interventions for improving government's development and management systems, policies & procedures; IT based Information Systems, Rules & Regulations. Among the strategic interventions and may be mentioned are AGP, CGA, PPRAs, Internal Audit System in KP and the Institutional Performance Assessment Framework. The reforms and upgradation process in these entities is under way through ASP-RSPN. These will have a positive impact on the federal ministries/division and provincial departments after completion of the planned support. The individual institutions identified by USAID for Capacity Building include SMEDA, WAPDA Staff College, Secretariat Training Institute, and PaRRSA. Various system enhancement initiatives are in process in these organizations. This support is important to the beneficiary organizations and is invaluable in the context of receiving multi-million dollar programs through government & donors.

Progress has also been made on the ongoing assignment of developing the Public Financial Management Assessment Framework for Pakistan under the research component. In this context, the Advisory Group chaired by the Additional Secretary Finance Division, Government of Pakistan met to bring on board all the stakeholders involved in the PFM cycle at the federal level. Senior officers of Federal Government representing Ministry of Finance, Planning Commission, Federal Board of Revenue, Controller General of Accounts and Auditor General of Pakistan attended the meeting along with the participation of USAID. The comprehensive testing of PFM Assessment Framework named as the Institutional Performance Assessment Framework (IPAF) at the federal level is also being initiated. Three concept papers for proposed researches on Gender main-streaming in human resource management for the corporate sector and in public sector in Pakistan respectively and Public Private Partnerships in social sector of Pakistan have been submitted to USAID.

The research findings and recommendations for the studies completed on: 'Planning & Development Architecture in Pakistan – A case for Restructuring' and 'Streamlining GoP's Project Management Units (PMU) Approach' have been shared with Deputy Chairman Planning Commission and Secretary P&D Division Government of Pakistan. An advocacy workshop to advocate and share the ASP-RSPN's drafted recommendations at the highest level is also planned to be held after the General Elections, scheduled to be held current year in the country shortly.

ASP-RSPN continued its support in the capacity building assignments to the Department of Education and Planning & Development Department (P&DD) of the

Government of Sindh (GoS) for Municipal Services Development Program (MSDP) and Sindh Basic Education Program (SBEP). ASP-RSPN is currently supporting both the departments in the establishment of Project Management Units (PMUs) and hiring of staff. Training programs on the drafted manuals and procedures have been developed and trainings to the newly hired PMU staff will be extended during the next quarter. This is in addition to the Hand-Holding support to these organizations to ensure a sound start-up over the next six (6) months.

Furthermore, Pre-Award Assessment of Marie Stopes Society, a non-profit organization was completed during the reporting quarter. The pre-assessment draft report of the institution has been submitted to USAID.

During the reporting quarter, ASP-RSPN conducted five (5) workshops. Three workshops were organised as part of the implementation of Capacity Building Plan for Sindh Public Procurement Regulatory Authority at Sukkar, Hyderabad and Mirpur Khas to orient the participants on the Public Sindh Public Procurement (SPP) Act 2009, and SPP Rules 2010 in Sindh. Two other workshops were conducted on the completion of Third Party Validation (TPV) exercise of the GoP's Citizen's Damage Compensation Program (CDCP) at Karachi and Muzaffarabad. The Workshop focused on sharing experiences and lessons learnt during the exercise with the key stakeholders i.e. Disaster Management Authorities, District Coordination Officers (DCOs) and representatives of the P&D department. These one-day events included sharing of experiences related to Beneficiaries lists' preparation, damage criteria definition and sample selection. These workshops are meant to pave the way for institutional strengthening of the Disaster Management regime in Pakistan.

The capacity building plans of newly identified institutions including Aik Hunar Aik Nagar (AHAN), Water and Power Development Authority (WAPDA) Staff College, Controller General of Accounts (CGA) and Engineering Development Board (EDB) are submitted to USAID for approval.

The quarterly progress and the cumulative progress made by ASP-RSPN are linked to the assignments identified by USAID for carrying out Assessments, Capacity Building and Validations by ASP-RSPN. The number of assignments given to ASP-RSPN by USAID so far this year is well below the targets to be achieved by ASP-RSPN during this five year initiative. This enhances the Unit Costs of the current assignments under implementation. It is recognized that ASP-RSPN has developed adequate capacity, both at the Central as well as the Provincial levels for handling assignments as per the Cooperative Agreement's five year plan.

1. PROGRAM ACHIEVEMENTS

ASP-RSPN entered in the first quarter of Year III with a good record of progress being in all of its assignments. The following section details the program achievement under each component:

1.1. PRE-AWARD ASSESSMENTS, TPV VALIDATION OF THE CDCP PROGRAM

The CDCP is a national level cash-grant program of the Government of Pakistan (GoP) for the recovery and rehabilitation of the flood affected people in all four provinces, including Gilgit-Baltistan (GB) and Azad Jammu and Kashmir (AJK).

ASP successfully completed the TPV exercise in eighty (80) districts during the 1st phase of exercise. The Phase-II consisted of re-survey of two (2) rejected districts of GB, which has been completed. During the current quarter, the re-survey of Ghanchay was completed. The exercise has been fully concluded and results of all the districts have been handed over to the government. The exercise enabled a huge number of poor households to avail the Cash compensation on one hand, and on the other institutional strengthening of the Disaster Management regime was ensured.

1.1.1 Experience Sharing Workshop of CDCP Third Party Validation in Muzaffarabad, AJK

The second experience sharing workshop on CDCP was conducted on December 13, 2012 in Muzaffarabad, AJK. The workshop aimed to share experiences, progress, challenges and lessons learned among the stakeholder's of the CDCP validation exercise. DG SDMA, Deputy Commissioners, representatives from NADRA, District Government, UNDP, NRSP and ASP-RSPN participated in the workshop. This workshop concluded with a list of recommendations and the way forward to combat similar situations in future. These include:

• Data

- Ensuring credibility of beneficiary lists
- Standardized templates
- Sound Database
 - NDMA/PDMA/DDMA/SDMA
- Data Collection
 - Enhancing capacities
 - ✓ Institutional
 - ✓ Human Resource
 - ✓ Involvement of local community



Fig 1: Group picture of participants in TPV Experience Sharing Workshop at Muzaffarabad

- Institutional mechanism; creating partnerships with RSPs, PPAF, other CSOs

1.1.2 Pre-Award Assessments

ASP-RSPN completed the Pre-Award assessment of Marie Stopes Society during the current quarter with the draft report being shared with USAID and the organization. This is the only assignment ASP-RSPN received from USAID during the reporting period. As per work schedule the assessment started from 1st November 2012 and the task was accomplished within the set timelines. The final report categorizing the organizational systems into risk levels will be shared with USAID upon receiving the comments on draft report from the institution.

In order to meet the yearly targets, ASP-RSPN expects to receive an appropriate number of organizations from USAID for Pre-Award assessments during the coming months.

1.2. CAPACITY BUILDING, ON THE JOB TECHNICAL ASSISTANCE & NEW STRATEGIC INTERVENTIONS

ASP-RSPN under its Capacity-Building component continued to provide support to its partner organizations. The progress in each assignment respectively in the last quarter is as follows:

1.2.1 Capacity Building of Municipal Services Delivery Program (MSDP), Sindh

The P&D department is in the process of setting up the Project Management Unit for MSDP. During the current quarter, the frameworks/manuals in 4 areas namely: Procurement, M&E, Financial and HR Management were shared with the Project Director MSDP and USAID/Pak, which as per the guidelines of USAID are being converted into comprehensive manuals. Experts have been provided to the department for helping in the recruitment and finalizing the initial operational setup of the PMU. A situation analysis report has been developed during the current quarter and submitted to PD in perspective of HR and general policies, rules and regulations. The Human Resource and general employment policies and procedures of Sindh MSDP have been reviewed and re-drafted.

As part of support in M&E function, the following priority areas are being tackled:

- Development of processes and mechanisms for the implementation and management of the M&E system.
- Developing overall as well as cross-sectoral M&E plan and reporting mechanisms.
- Development of progress and process reporting formats.

1.2.2 Capacity Building of Sindh Basic Education Program

During the current quarter, the Financial Management Framework was revised with the proposed changes (in the light of discussions held in August 2012 between USAID/Pak, RSU and ASP-RSPN) and draft of the manual was shared with RSU and USAID/Pak on 10th October 2012. Final draft of the Procurement Framework was shared with USAID/Pak and RSU on 31st October 2012. Final drafts of M&E and HR Frameworks have also been shared with RSU and USAID/Pak in the reporting period.

1.2.3 Capacity Building of Sindh PPRA

During the current quarter, DCoP along with the PPO team held a review meeting with Sindh PPRA on 15th November, 2012 and discussed the status of implementation of the Capacity Building Plan. The way forward was strategized in this meeting.

1.2.3.1 Orientation Workshops on PPRA Rules

As part of the implementation of Capacity Building plan, PPO jointly with SPPRA conducted 4 divisional workshops in Karachi, Hyderabad, Mirpurkhas and Sukkur on 8th, 11th & 23rd October and 21st December 2012, respectively. A similar workshop for Larkana Division is also planned in the 2nd week of January 2013. This series of one day workshops aimed to orient the participants on the Sindh Public Procurement (SPP) Act 2009, and SPP Rules 2010.



1.2.4 Supporting Public Procurement Authority in KP

ASP-RSPN after approval of the capacity building plan of the KP-PPRA in the previous quarter by USAID progressed further in the development of policies and procedures manuals in the reporting quarter. Experts have been deployed at KP-PPRA for developing manuals in the areas of financial management, human resource, monitoring & evaluation and procurement management. Financial management and human resource manuals have been developed; however work on the Monitoring & Evaluation and Procurement manuals are in progress.

ASP-RSPN adopted an innovative procedure to orient the KP-PPRA staff; an exposure visit of the officials to the better functioning Sindh PPRA was organized. Based on the concept of learning from each other's experiences, the concerned officials visited Sindh PPRA on November 14, 2012. The visit aimed to observe at first the working of PPRA. The staff of Sindh PPRA briefed the delegates about the functioning, constitutional development and other issues it encountered over the working of previous two years. It also provided the relevant booklets of the

constitution and rules of PPRA-Sindh, and other supporting material thought helpful for framing of the constitution and rules of the KP-PPRA. Exposure visit included ASP officials, GoKP personnel and the selected experts. A very useful Exposure Visit report was formulated by the participants.

1.2.5 Strategic Business Planning in KP

ASP-RSPN identified the need of capacity building of finance department in strategic business planning. Initial meetings with KP's finance department have been conducted in the reporting quarter. The assistance includes implementation of strategic business planning in the six provincial government departments which include Higher Education, Health, Population Welfare, Agriculture, Public Health Engineering and Social Welfare. The capacity building plan was prepared by ASP-RSPN and approved by USAID in the reporting quarter.

The activity was initiated in the later part of reporting quarter. A team of experts has been selected for carrying out the task which includes development of Annual Plans for the mentioned departments in the next quarter. Also, the Inception Report for the assignment is being prepared which will be shared with USAID.

1.2.6 Assistance to PDMA-PARRSA in KP

The Capacity building assignment of PARRSA has been initiated during the last quarter. Initial assistance was extended to complete post-project review of Khwaza Khela bridge; also technical assistance was provided in revising procedures for the recruitment & selection procedures, time sheet templates, JDs and invoice templates for PARRSA during the Phase-I.

1.2.6.1 On-the-Job Technical Assistance; Policies and Procedures Developed

In the reporting quarter, Financial Management, Procurement, Human Resource and Monitoring Evaluation manuals have been developed and submitted to PDMA-PaRRSA for approval. The approval of these manuals is awaited from PaRRSA. However, the manual for IT operations is still in process. The development of a MIS system is also in progress and would be completed in coming quarter.

The experts also developed ToRs for market assessment survey; and JDs of PDMA and PaRRSA staff. The training module on financial management and procurement is being developed and would be finalised in the next quarter.

PaRRSA has now prepared a detailed first quarterly progress report for the period Oct-Dec 2012. Previously this was limited to a brief update. 'Milestone tracking system' designed upon request from PaRRSA and accrual statements have been successfully installed.

1.2.6.2 Meetings / Workshops Held

Meeting of **Program Advisory Committee (PAC)** held on November 6, 2012. Senior officials from PDMA, USAID and ASP-RSPN attended the meeting.

Similarly, three monthly meetings of the **Project Management Committee (PMC)** were held on October 08, November 16 and December 12, 2012 respectively. Officials from PDMA, USAID and ASP-RSPN attended the meetings.

1.2.7 Assistance to the Federal PPRA

ASP-RSPN has joined hands with Federal PPRA to provide valuable assistance to the procurement regulatory authority in order to further improve the management, transparency, accountability and quality of public procurement of goods, works and services at the federal level.

ASP – RSPN developed a comprehensive capacity building plan which was approved by USAID in the reporting quarter. A couple of meetings, including one with the Managing Director were held to prioritize and strategize the interventions planned under the Capacity Building plan. The team deployment for the assignment is under way and formal initiation of the activities will take place from January 2013.

1.2.8 Assistance to Balochistan PPPRA

ASP-RSPN is entrusted with the task of supporting the Government of Balochistan in the establishment of Balochistan PPRA from the scratch. The broader objective of establishing the BPPRA is to build an autonomous body that has the responsibility of prescribing regulations and procedures for procuring agencies i.e. the provincial departments in order that they may efficiently perform the procurements process. Since the Government of Balochistan is keen to establish good governance tools in procurement and creating mechanism for ensuring value for money, they passed an act on the establishment of a PPRA. Further amendments are being considered to strengthen the system. In this context, the Government of Balochistan has requested ASP-RSPN to provide assistance in establishing and strengthening the BPPRA. Specifically, GOB has requested ASP-RSPN's assistance in the compilation of related rules and regulations for BPPRA at the Provincial level and the capacity building of the related staff.

The capacity building plan for BPPRA has been prepared and its approval from USAID obtained in the reporting quarter.

Procurement specialist has been engaged and the development of policies and procedures is underway as per the agreed plan.

1.2.9 Health Services Academy (HSA)

1.2.9.1 Policies and procedures Developed

A team of experts initiated the development of policies and procedures in areas including HR/admin, M&E, Procurement, Financial Management and Internal Audit as part of Phase-II. The first draft of all the five (5) manuals has been completed in the reporting period. The manuals have been submitted to the institute which are under review.

1.2.9.2 Training Programs Conducted

Experts are also engaged in imparting trainings related to the newly developed policies and procedures.

Training on internal audit was held from October – December 2012. Three (3) participants attended the training. However, four more trainings are in process. The training on financial management has been initiated in October 2012 and will end in January 2013. Five (5) participants are attending the training. Training on procurement was initiated in the last month of reporting quarter in which six (6) trainees participated and it will end in January 2013. Training on human resource is also underway in which eight (8) trainees are participating. The training will end in first month of coming quarter.

1.2.10 Capacity Building of Small and Medium Enterprises Development Authority (SMEDA)

During Phase-I the target is to prepare relevant policy and procedure manuals in the operational areas of Financial Management, Human Resource Management, Procurement and M&E. During Phase-II, on the job technical assistance and trainings will be introduced in order to help the staff adapt to the new/revised policies and procedures introduced during Phase I.

In the reporting period, selection process for experts has been completed in the context of institutional capacity building. The quarter also saw progress in the execution of Phase I with the development of four (4) policies and procedures manuals for areas like financial management, human resource, monitoring and evaluation and procurement.

1.2.10.1 Policies and Procedures Developed

Three deliverables related to **Procurement Management** i.e. institutional assessment and arrangements, procurement manual and standard bidding documents have been submitted to SMEDA. **Financial Management** expert submitted three deliverables as well, which include financial and accounting rules, financial regulations & procedures manual and Recommendations for Internal Audit. These interventions laid the basis for the overall control environment resulting in more transparent, efficient and effective operations over accounting and related activities.

Similarly, expert for **Human Resource** and administration developed the employee's service rules for SMEDA 2013 and employees service regulations for SMEDA 2013. The manual for **Monitoring and Evaluation** has also been developed and submitted in the reporting quarter.

1.2.10.2 New Tools, Formats and Techniques Developed / Introduced / Adopted

Manuals for M&E, FM, HR, Procurement and Internal Audit related rules and regulations have been developed. A snapshot of improvements is provided in the following table:

Areas	Tools / formats and techniques developed
<p>Procurement related institutional assessment and arrangements is a brief assessment of the existing procurement arrangements and suggestions for improving procurement function in SMEDA.</p> <p>Brief Analysis of existing procurement arrangements is as follows:</p> <ul style="list-style-type: none"> i) No standard Operating procedures and consolidated documents related to Procurement ii) Absence of Guidelines for Consulting services iii) Absence of Templates iv) Lack of clarity in Governing Arrangements v) Decentralization in PSDP Projects. 	<p>Consultant proposed the following recommendations :</p> <ul style="list-style-type: none"> i) Set of PPRA Rules and Regulations ii) Development of Procurement Manual iii) Governing Arrangements like establishment of procurement sections with structure, roles and responsibilities clearly defined. iv) Options for procurement in PDSP Projects.
<p>Procurement manual has been developed in the light of PPRA Rules 2004 and International Best Practices for providing officials with a set of standard operational procedures for undertaking the procurement processes.</p>	<p>Manual Lists down responsibilities of different divisions in SMEDA and builds on the recommendations made in the institutional assessment which calls for establishment of a separate procurement wing.</p> <p>Manual broadly consists of the following:</p> <ul style="list-style-type: none"> i) Rules, Regulations and Guiding principles for Procurement ii) Procurement Plan iii) Preparatory Documents and work flow for procurement of Goods and Services including technical and financial evaluation, procurement methods and guiding notes for choice of procurement procedures. iv) Guidelines for Procurement of Consulting Services including technical and financial evaluation, establishment of selection committee and responsibility matrix.
<p>Standard Bidding Documents</p>	<p>Standard bidding documents have been developed for:</p> <ul style="list-style-type: none"> i) Procurement of consulting services. ii) Procurement of Technical services. iii) Procurement of Large contracts. iv) Procurement of Goods-International Competitive Bidding. v) Procurement of Standard Goods. <p>These documents have been developed on International standards by referring to guidelines and bidding documents of World Bank, Asian Development Bank, Pakistan Engineering Council, Pakistan and Sindh Procurement Regulatory Authorities and include standard technical and financial Request for Proposals (RFP).</p>
<p>Financial Management</p>	<p>Financial and Accounting Rules have been drafted for:</p> <ul style="list-style-type: none"> • SMEDA Ordinance, 2002 and rules and regulations framed by SMEDA. • The rules and regulations pertaining to finance and accounting issued by the Government of Pakistan, applicable on the Government owned autonomous bodies, • Accounting policies announced by Institute of Chartered Accountants of Pakistan for Small and Medium Enterprises. • Compliance with the requirements laid down by USAID; and • International best practices in the above referred components
<p>Financial Regulations and procedures manual</p>	<p>Financial regulations and procedures manuals covers the following:</p> <ul style="list-style-type: none"> – General Accounting Policies

Areas	Tools / formats and techniques developed
	<ul style="list-style-type: none"> – Regulatory Requirements – Donor Requirements – Budgeting – Classification of Accounts – Assets Management – Treasury and Cash Management – Revenues and Receipt – Expenditure and Payments – Taxation – Maintenance of Books and Accounts and Financial Reporting
Recommendations for Internal Audit:	<ul style="list-style-type: none"> - This document explains the significance of internal audit for the Small and Medium Enterprises Development Authority (SMEDA). - The existing internal audit function is evaluated and recommendations for the improvement, along with the requirement of donor agencies including USAID, Government rules and regulations and best practices presently being followed in Pakistan have been considered for this purpose.
Human Resource and Administration	<p>Employees Service Rules for SMEDA 2013: details Rules and policies related to the following :</p> <ul style="list-style-type: none"> – Appointment, Promotion, Seniority and transfer, – Salary, Allowances and Benefits. – Retirement – Training and Deputation <p>Code of Conduct and Discipline</p>
Employees Service Regulations for SMEDA 2013	<p>Details policy and procedures related to the following :</p> <ul style="list-style-type: none"> – Office Attendance and Leave Policies. – Recruitment – Foreign Training Programmes, Deputation and Travelling policies – Overtime Pay for level-8 and below employees – Performance Appraisal and Promotions – Employee Allowances, Benefits, Perquisites and Salary – Employee File Management System Regulations – Code of Conduct related to Efficiency and Discipline – recruitment, foreign training programs, Performance appraisal, benefits and salaries.
Monitoring and Evaluation	<p>Mr. Hassan Khawer, a specialist in Monitoring and Evaluation was hired to develop the M&E manuals detailing the various policies and mechanisms necessary for setting up an M&E system. It included</p> <ol style="list-style-type: none"> i. Need for M&E and Mandatory Requirements ii. Results based planning processes, including initial planning iii. Monitoring and evaluation activities and calendars iv. Monitoring Regime – Policies and tools v. Evaluation techniques vi. Use of technology – M&E MIS for SMEDA vii. Institutional Arrangement for Implementation of M&E Framework (including capacity building) <p>Baselines and Indicators</p>

1.2.10.3 Meetings / Workshops Held

A series of meetings held with SMEDA officials and the team of consultants hired to review the policies and procedure manuals, and discuss the progress on inception reports and timelines for submission of deliverables. The first meeting was held at PPO Lahore, on October 19, 2012 to brief the consultants on SMEDA's institutional

capacity building. DCoP ASP-RSPN, PPO Punjab representative, ASP-RSPN and consultants attended the meeting.

The second meeting was held at SMEDA Lahore office on October 22, 2012. Senior management of SMEDA, institutional advisor CPO ASP-RSPN, officials from PPO Lahore and consultants attended the meeting.

The third meeting held at SMEDA Lahore office on November 29, 2012 to carry out mid level review of the progress been made. The consultants also submitted their inception reports, timelines and deliverables.



Fig 3:- Mid-Review of Consultants progress during Phase I; November 29, 2012

Two successive meetings were held to review the procurement and financial manuals developed by consultants. First meeting was held at SMEDA Lahore office on December 18, 2012 to review the procurement manual. The second meeting was held on December 28, 2012.

1.2.11 Institutionalizing the Internal Audit in KP

ASP-RSPN is providing support to the Finance Department of the GoKP in institutionalizing the Internal Audit system in the province. This strategic support to the government is aimed to provide assistance in conducting internal audit in line with the approved charter and further build the capacity of the government officials in internal audit implementation. The technical support for Phase-I includes deployment of auditors/experts for internal audit of pensions, pay roll in general and of four line departments i.e. Communication and Works; Planning and Development; Education and Health departments of the Government of KP.

The deployed internal audit execution team comprised of nine (9) experts with a team lead. In the reporting period the team has successfully completed the pensions audit in six districts i.e. Abbotabad, Mansehra, Nowshera, Kohat, Hairpur and Chitral Districts. Recoveries to the tune of Rs. 23 million have been identified as a result of audit.

The internal audit team is further divided into three (3) sub teams that will carry out the internal audit in the departments of Health, Education and overall Pensions system audit in the coming quarters. The ASP-RSPN is also in the process of deploying a governance team to develop and support the internal audit governance structure in Khyber Pakhtunkhwa in the coming quarter. The governance team will comprise of four experts with a team lead.

1.2.11.1 Meetings / workshops

The assignment progressed with several meetings held in the reporting quarter with ASP- PPO and Internal Audit team. First meeting was held on October 12, 2012 which aimed to introduce the internal audit team. Second meeting was held on October 24, 2012 in which tentative workplan and monthly progress reporting mechanism were considered. PPO-KP also had meetings with internal audit teams to share audit programs and report. The meetings were held on November 08, 2012 and November 28, 2012. Two successive meetings were also held on December 03 and 10, 2012 to discuss the monthly progress reports and also share the outcomes of the visits made by the PPO officials to audit office.

An orientation meeting was held on December 17, 2012 with ASP-PPO, internal audit team , finance KP, Education deptt, C&W and police to share the internal audit workplan, scope of current assignment and areas of coordination and cooperation.

A meeting with ASP-RSPN and Internal Audit was held with the Secretary Health. The meeting apprised the Secretary on the strategy of the exercise. Another meeting was held with the Secretary C&W Peshawar and ASP internal audit team on December 19, 2012.

1.2.12 Auditor General of Pakistan

Capacity building support to Auditor General of Pakistan is a major initiative taken during the reporting quarter. The key objective of ASP-RSPN' support for AGP is to ensure core skills and capabilities in this important organization. The assignment consists of two main components:

- (i) Development of a strategic plan based on need assessment.
- (ii) Development of a program document.

1.2.12.1 Policies and Procedures

A team of in-house and external experts has drafted the needs assessment exercise in the reporting quarter. The project document has also been drafted and shared with the Department of Auditor General (DAGP).



Fig 4: Group picture of FGD held on October 16-17, 2012 at Islamabad

1.2.12.2 Meetings / workshops

A focus group discussion (FGD) was organised by ASP-RSPN in Islamabad on October 16-17, 2012. Auditor general Pakistan with his team and senior management from ASP-RSPN attended. Priorities for the project were determined.

1.2.13 Secretariat Training Institute (STI)

Capacity building of Secretariat Training Institute (STI) made progress during the reporting quarter. ASP-RSPN is providing assistance in the review of

curriculum/content development, support in training delivery, website upgradation and development of MIS.

ASP-RSPN held several meetings with STI officials on various components of the capacity building. IT firm was selected for the development of an internal Computer based MIS and for website improvement. The initial analysis and fact finding process for all the departments of STI has been completed. The Software Requirements Specifications (SRS) document has also been prepared and shared with STI for review. Based on the finalization of SRS document the actual system will be developed.

STI has also identified different resource persons as guest speakers. Under the research component of STI different topics were identified for future deliberation.

1.2.14 Trainings on Assignment Account

During the reporting quarter, ASP-RSPN conducted one training, in the series of trainings held in previous quarter on Assignment Account.

This training was held on December 17-18, 2012 at Marriott, Islamabad. Twenty five (25) Participants from USAID, AG Punjab, Tarbela Power Station and GENCOs attended the training. This training was also delivered by experienced experts



Fig 5: Group picture of participants in Assignment Account training December 17 – 18, at Islamabad



Fig 6: Group discussion in Assignment Account training December 17 – 18, at Islamabad

whose skills have been appreciated in previous training sessions.

1.2.15 WAPDA Staff College

WAPDA Administrative Staff College (WASC) has sought ASP-RSPN's assistance in the following areas:

1. Curriculum Development
2. Training of Trainers/ Training Methodology
3. Short training courses on Management for practitioners,
4. Support in Hard-wares.

The ASP-RSPN has since developed the capacity building plan for WAPDA Staff College. The plan has been submitted to USAID for approval, which is awaited.

1.2.16 Aik Hunar Aik Nagar (AHAN):

ASP-RSPN PPO has developed a capacity building plan to improve governance and provide institutional support to AHAN. The main components are development of internal systems, operational manuals and trainings.

The capacity building plan has been submitted to USAID for approval, which is awaited.

1.2.17 Higher Education Commission (HEC)

Under the Capacity building of Higher Education Commission, ASP-RSPN provided technical assistance to HEC in preparation of PC 1 for USAID's Merit and Need Base Scholarship Program. Capacity building plan was approved on November 17, 2012. There are two components of the capacity building plan:

- Development of PC-I for USAID Merit and Need Based Scholarship Program
- Development of strategy for Funds Flow Mechanism.

First draft of PC-I was shared with HEC on December 03, 2012 for comments. Their comments are still awaited.

1.3. Validation

Periodic validation of USAID supported organizations is another major area of ASP program. The first validation exercise was taken up with Trust for Democratic Education and Accountability (TDEA) during the last year. USAID has intimated ASP-RSPN to take up the second validation exercise of Abacus Consulting. The assignment is in process and would be completed in coming quarter.

ASP-RSPN expects to receive a sizeable number of new Validation exercises from USAID during the coming months of current year. This re-assessment exercise is focused for assessing post capacity building status of the organizations for which support was extended by USAID through ASP. The completion of CB interventions will help trigger this process.

1.4. Research Leading to Policy Change

ASP-RSPN envisions a '*research to policy*' approach in its research agenda. The following areas of research have been selected:

- Development of Public Financial Management (PFM) Assessment Framework.
- Streamlining Project Management Units
- Project Design, Approval and Implementation Cycle

ASP-RSPN is simultaneously building strategic partnerships with relevant entities/ institutions that can play a vital role in influencing the decision makers to adopt research recommendations.

Following section explains the progress in the research agenda:

1.4.1. Project management (PMU) and GOP Project Cycle

The final draft reports of both the research assignments have been shared with USAID in the preceding quarter. The feedback and approval is awaited. The working draft of the report was also shared with Deputy Chairman Planning Commission and Secretary P&D Division Government of Pakistan. ASP-RSPN plans to conduct an advocacy workshop in partnership with the Planning Commission of Pakistan. All the stakeholders will be invited in the workshop and ASP-RSPN's developed recommendations will be presented for building consensus amongst the related entities. This will help disseminate the proposed reforms through a systematic approach.

1.4.2. Public Financial Management Framework (PFM)

Successful development of institutions depends, in a large measure, on the efficiency, integrity, and effectiveness with which the Government raises, manages and expends public resources. Public Finance Management (PFM) constitutes an essential element of an effective governance process. The main pillars of PFM continuum includes resource mobilization and distribution, budgetary process, management of resources, exercising controls, expenditure management and legislative oversight. ASP initiated the study to develop a robust Public Financial Management Assessment Framework focusing on institutional performance in the PFM cycle. The study intends to focus on a framework that will be utilized by the federal and provincial governments, in order to assess the efficacy of governance processes.

1.4.2.1 PFM - Institutional Performance Assessment Framework (IPAF)

The research assignment was formally launched during the last quarter with USAID's formal approval. The selected team of experts led by Mr. Nawid Ahsan, former Secretary General Finance, Government of Pakistan formulated the assessment framework. The PFM Assessment Framework was finalized after incorporating the comments of USAID and all stakeholders and has been finally submitted to USAID for approval.

The second phase entails the comprehensive testing of the framework, termed as the Institutional Performance Assessment Framework (IPAF). For the effective testing of the IPAF, a team was also constituted in the reporting quarter.

1.4.2.2 Second PFM Advisory Group Meeting

The second PFM Advisory group meeting was held on November 8, 2012 at Marriot Hotel, Islamabad to review the progress of Public Financial Management Assessment Framework. The meeting was chaired by Mr. Abdul Khaliq, Additional Finance Secretary (Budget), Finance Division.



Fig 7: Second PFM advisory Group meeting held on November 08, at Islamabad

Thirty Five (35) participants attended the meeting including senior officers of Federal Government representing Ministry of Finance, Planning Commission, Federal Board of Revenue, Controller General of Accounts and Auditor General of Pakistan along with the participation of USAID.



Fig 8: Discussion session in Second PFM advisory Group meeting held on November 08, at Islamabad

The meeting aimed at bringing on board the stakeholders involved in the PFM cycle at the federal level. The meeting emphasized the significance of comprehensive testing for fine tuning of the framework, as the results/responses of the testing will determine the breadth and depth, as well as the relevance of indicators. The meeting also laid down the way forward of this exercise. The comprehensive testing will be conducted in a phased manner at national and sub national levels. First phase entails the development of a complete PFM assessment framework and performance analysis at the national level.

1.4.3. Revolving fund account / Assignment Account

The Assignment Accounts research was formally shared with Controller General of Accounts, Mr. Farhad Khan, to consider moving appropriate authorities, including the Ministry of Finance, to adopt measures considered germane for possible improvements. ASP team also visited CGA office to brief the CGA team on the contents of the subject report. CGA acknowledged the ASP-RSPN's research study and shared their comments and suggestions. As per the request of CGA, ASP separately compiled the relevant sections and recommendations in the report dealing with Foreign Currency Assignment Account in form of a working paper.

1.4.4. New Research Proposals

ASP-RSPN has developed three new concept papers under the research component in the reporting quarter and shared these with USAID. The approval is still awaited. A brief description on the concept notes is given below:

1.4.4.1 Gender Main Streaming in Human Resource Management in Corporate Sector in Pakistan

Women have now started to enter the corporate sector in Pakistan. We see more women joining companies but studies indicate that the numbers do start dwindling as we move up the hierarchy. One of the survey results indicates that among Karachi Stock Exchange (KSE) 100 Index companies, 78 percent do not have women on the Boards. Moreover, the Code of Corporate Governance of Pakistan, by Securities and Exchange Commission of Pakistan (SECP), only indirectly promotes the representation of women in the composition of Board and that too is addressed under minority interests. A review of literature suggests that there are no formal existing rules regarding the integration of women into the corporate sector. It is proposed to examine changes at legal and institutional level to promote women role in the corporate sector.

1.4.4.2 Gender Mainstreaming in HRM in the Public Sector in Pakistan

It is observed that in government ministries/divisions the numbers of working women start dwindling as we move up the hierarchy. Also, unlike the private sector, government organizations lack the concept of Human Resource (HR) departments. There is need to analyze the existing policies and procedures of the Federal and Provincial government ministries/departments with a view to promote gender mainstreaming in Pakistan. It is also necessary to prescribe HRM policies and procedures that provide a conducive environment leading to gender mainstreaming. This is proposed as the focus of research.

1.4.4.3 Public-Private Partnerships in the Social Sector in Pakistan

In Pakistan, the Government initiated a PPP Programme in 2006 leading to establishment of the Infrastructure Project Development Facility (IPDF), under the auspices of the Ministry of Finance (MoF), for the facilitation and promotion of the PPPs. Subsequently a policy on PPPs was also developed and approved by Economic Coordination Committee (ECC) of the Cabinet for infrastructure development. However, the existing infrastructure policy is deficient as it is more of a future-oriented document. Furthermore the existent work on PPPs has overlooked the social sector and there is no single comprehensive framework focusing on social sector of Pakistan. The need of developing a policy and regulatory framework in this area is intended to be the area of focus in the proposed research.

1.5. Awardees Capacity Building

Development of Manuals for Awardees

Development of policies and procedures of the USAID awardees is an essential part of the Awardees Capacity Building component. ASP-RSPN is in the process of

developing manuals on areas of HR, M&E, Financial management, Internal Audit and IT manuals for RSPN and NRSP according to the International standards and best practices. The final drafts of all the manuals i.e. financial management, procurement, HR, IT and Internal audit for NRSP have been finalised and submitted to NRSP. Similarly HR, Internal Audit, Procurement and IT manuals have been finalised and submitted to RSPN for final approval respectively. The exercise is expected to end during the next quarter. The next step is the trainings on these manuals and that would be initiated in next quarter.

Awardees Training Program

ASP-RSPN facilitated the successful completion of trainings of individuals from ASP-RSPN, RSPN, NRSP and other USAID implementing partners through ASP-LUMS in the areas of M&E, Procurement, Financial Management and Human resource management. The following table shows a summary of the beneficiaries during the reporting period.

Training Area	# of individuals		
	USAID IPs	ASP/RSPN/NRSP	Total
Monitoring & Evaluation	16	2	18
Financial Management	25	6	31
HR & Administration	21	5	26
Procurement Management	15	2	17
Grand Total	77	15	92

2. PROGRAM SUPPORT ACTIVITIES

This section outlines the operational and support activities' progress during the reporting period. These activities indirectly contribute towards achieving the program intermediate and sub-intermediate results. The details of the activities undertaken are as under:

2.1. Work plan for Year III and Annual Performance Report

ASP-RSPN submitted the revised third year's work plan and PMP under the umbrella Results Framework after a series of meetings with all partners and USAID in the last quarter for USAID's approval, which is awaited. The annual performance report has also been finalised and submitted to USAID in the reporting quarter.

2.2. Communications

The following detail of activities under this heading is relevant in the reporting period:

Date	Event Title	City	Event Details
October 17 th 2012	Focus Group Discussion for the Department of the Auditor General of Pakistan	Islamabad	As a precursor to a long term strategic plan for the Department of the Auditor General of Pakistan (DAGP), ASP-RSPN organized a two days Focus Group Discussion on Needs Assessment Framework to assess the needs of the DAGP. ASP-RSPN aims to align DAGP's auditing practices with the International Standards for Supreme Audit Institutions (ISSAI) framework, in order to make it a transparent, accountable and efficient organization.
November 8 th 2012	Advisory Group on Public Financial Management meets in Islamabad	Islamabad	The second meeting of the PFM Advisory Group took place in November 2012, in Islamabad. The participants of the group include representatives from the Ministry of Finance (MoF), Auditor General of Pakistan (AGP), Controller General of Accounts (CGA), Public Procurement Regulatory Authorities (PPRAs), Planning Commission of Pakistan and other GoP departments.
November 14 th 2012	Second Donor's Coordination Meeting on Reforms in KP	Islamabad	ASP-RSPN in collaboration with the Finance Department of the GoKP hosted the Second Donor's Coordination Meeting in November 2012. The meeting was chaired by the Additional Secretary Finance, GoKP and other participants included representatives from the World Bank (WB), United States Agency for International Development (USAID), European Union (EU), Department for International Development (DFID) and the German Society for International Cooperation (GIZ).
December 13 th 2012	Experience Sharing Workshop on Third Party Validation	Muzzaffarabad	ASP-RSPN organized an Experience Sharing Workshop on Third Party Validation (TPV) under the Citizens Damage Compensation Program (CDCP) in Azad Jammu and Kashmir (AJK). The objective of the workshop was to bring on board all stakeholders involved in the TPV exercise and share their experiences, challenges and lessons learnt while conducting this vital assessment. The workshop proposed concrete recommendations to strengthen overall disaster response and management. The workshop was attended by representatives from the Cabinet Division, National Accountability and Data Regulatory Authority (NADRA), Deputy Commissioners' of flood affected districts of AJK, Sarhad Disaster Management Authority (SDMA), National Rural Support Programme (NRSP) and ASP.

2.3. Issues / Challenges faced during the quarter

Some of the major challenges faced during the reporting quarter.

- The procedural delays in the approvals of ASP's plans hinders in achieving the targets as per PMP and Work plan

- There is a likelihood of shortfall in achieving targets if sufficient workload is not entrusted to ASP-RSPN
- ASP-RSPN's Capacity Building portfolio is currently focused on the public sector. The original plan had provided for a public-private sector mix. This needs to be rectified
- As per the Cooperative Agreement, ASP-RSPN is also mandated to carry out Capacity Building of Non-Profit and Private sector institutions, which are yet to be assigned to ASP-RSPN from USAID
- 3rd year's (Oct 2012 – Sep 2013) Work Plan and the revised PMP are pending for formal approval from USAID. However, as per verbal understanding, ASP-RSPN is proceeding as per discussed and agreed parameters
- The General Elections season is fast approaching. Electoral fever is likely to divert the attention of the Government Departments and organizations away from development focus

3. Progress on the Performance Indicators

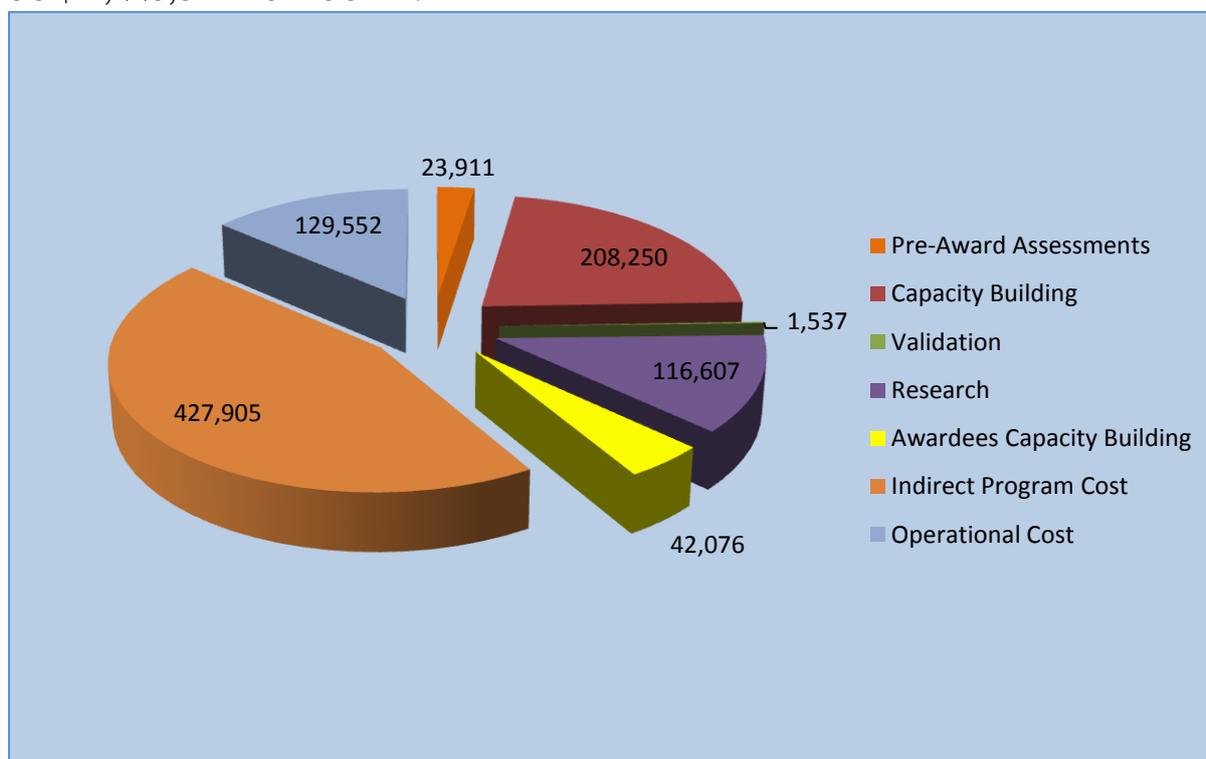
The following table presents the progress on performance indicators for the period from Oct 01, 2012 to Dec 31, 2012. The achievements for the 1st quarter of current year are reflected against the yearly targets. The indicators having quarterly data collection frequency are reported below from the overall Results Framework:

Result	Indicators	Yearly Target	Achievement As of Dec 12	Remarks
IR-1: Improved Management Systems Implemented	% organizations using improved management systems	70%	--	The completion of ongoing Capacity Building assignments will trigger achievement against this indicator. All the target organizations being from the Public Sector and having detailed plans for capacity development; these are expected to be completed during the last quarter of current year
Sub-IR 1.1: Institutional capacity gaps understood by stakeholders	Number of organizational assessments and research conducted	26	2	TPV of Ghanchay district and Pre-Award of Marie Stopes Society; in order to meet the yearly targets USAID need to increase assigning the number of assessments per quarter to ASP-RSPN
	Number of Pakistani organizations whose capacity needs have been established	25	1	Marie Stopes Society
Sub-IR 1.2: Management Systems adopted	Number of capacity building plans developed	15	3	PC-I for HEC, CB of Federal PPRA, Assistance to GoKP in development of Strategic Plan for the departments of KP government; in order to meet the yearly targets USAID need to increase assigning the number of CB assignments per quarter to ASP-RSPN
	Number of Policies & Procedures developed	TBD	14	PaRRSA: Manuals of HR management, M&E; Policy Guide & General Procedures on IT; ToRs for market assessment survey SMEDA: Institutional assessment and arrangements, Procurement manual and Standard bidding documents; Financial & Accounting rules, Financial Regulations & procedures Manual and Recommendations for Internal Audit; Employee's service rules for SMEDA 2013 and employees service regulations for SMEDA 2013; M&E Manual AGP: Needs Assessment document
	Number of IT based Management Systems developed	TBD	1	Milestones Tracking System for PaRRSA; MIS for PaRRSA and STI and being developed
	Number of new tools and techniques introduced and adopted	TBD	8	SMEDA: Governing arrangements for Procurements; Options for Procurement in PSDP projects; SBDs for Procurement of

Result	Indicators	Yearly Target	Achievement As of Dec 12	Remarks
				Consulting Services, Technical Services, Large Contracts, Goods-International Competitive Bidding and Standard Goods; Internal Audit requirements of Donors and Government
	Number of project design activities supported	TBD	1	PC-I for HEC
IR-2.1: Knowledge and skills of human resources enhanced	Number of training programs developed	45	6	Orientation Training on Sindh PPRA rules; Assignment Account; Internal Audit, FM, HR & Procurement for HSA
	Number of individuals who benefitted from training	320	257	Sindh PPRA: Karachi = 53, Hyderabad = 65, Mirpur Khas = 51, Sukkur = 60 Assignment A/c = 25 HSA = 3;
	Number of training conducted	34	6	Sindh PPRA = 4, Assignment A/c = 1 and HSA = 1
	Number of programs developed through international collaboration	2	--	Will be developed in the later months of current year
IR-2.2: Application of knowledge and skills supported	Number of individuals who receive on-job assistance, refreshers and coaching	40	23	PD MSDP; PD SBEP; PaRRSA: Finance =5, M&E = 5, Training = 1, Procurement = 3, HR/Admin = 3, IT = 4 and Infrastructure = 2
	Number of consultants provided for short-term technical assistance	TBD	36	MSDP = 3; SBEP = 1; KP-PPRA = 2; Strategic Planning KP = 4; BPPRA = 1; SMEDA = 4; Internal Audit KP = 5; HEC = 1; AGP = 2; PFM = 13
IR-3: Improved PFM Policies and Procedures	Number of policy reforms adopted	41	--	Advocacy process for the completed research assignments in underway with the relevant institutions for implementation of reforms recommended by ASP-RSPN. These along with the completion of strategic CB interventions will contribute in achieving the targets. Expected in the last two quarters of current year
	Number of Rules & Regulations Improved	TBD	--	Will be achieved after significant progress in strategic assignments under Capacity Building
IR-3.1: Policy recommendations advocated	Number of research studies conducted	3	--	Concept Notes submitted to USAID. Not yet approved
	Number of reforms/recommendations developed	TBD	--	Will be developed after completing current year's research assignments which are not yet approved
	Number of policy advocacy activities carried out	10	4	1 TPV Workshop; AGP's Needs Assessment Workshop; 2nd Donor Coordination Meeting on Reforms in KP; PFM Advisory Group Meeting at Islamabad;
	Number of policy level institutions receiving policy reform recommendations or attending advocacy events	TBD	5	PDMA, District Coordination, AGP, MoF, KP Finance Department

4. FINANCIAL PROGRESS AS OF DECEMBER 31, 2012

The following graph reflects an overview of the expenditures (in US Dollars) against the Program Components/Sectors during the 1st quarter of Year-3 (Oct 2012 – Dec 2012). An expenditure of US \$ 949,838 was made against the quarterly budget of US \$ 1,223,374 from USAID.



A detailed financial report reflecting the expenditure in US Dollars against the quarterly budget is shown below:

Head of Account	Budget in USD Qtr.1	Expenditure in USD			
		Oct-12	Nov-12	Dec-12	Qtr.1 Total
Pre-Award Assessments	111,000	15,636	2,963	5,311	23,911
Capacity Building	296,600	33,619	63,818	110,812	208,250
Validation	37,500	-	-	1,537	1,537
Research	38,033	10,546	20,043	86,018	116,607
Awardees Capacity Building	36,000	12,713	16,840	12,522	42,076
Indirect Program Cost	533,396	134,765	115,218	177,922	427,905
Operational Cost	170,846	42,612	61,115	25,826	129,552
GRAND TOTAL	1,223,374	249,891	279,998	419,949	949,838