

### III. PROGRAM IMPLEMENTATION

#### A. Institutional and Implementation Arrangements

32. The proposed institutional arrangements aim to influence the way the government operates beyond the targeted departments, initially in the context of the PforR operation and then beyond it. Existing policy arrangements are used to support the results focus of the discussion within the government, and to facilitate the dialogue between core government agencies and line departments, and across different layers of government.

33. *Program Steering Committee.* A steering committee headed by the chairperson of the Planning and Development Board will be established to oversee implementation, provide strategic direction and guidance, and facilitate coordination between implementing agencies, different departments and levels of government. The steering committee may refer any matter where a policy decision is needed or there is a major implementation challenge for guidance by the existing three high-level committees, the secretaries committee, the commissioner conference, and the DCOs committee which are chaired by the chief secretary, to ensure the effective implementation of the Program. The steering committee will also jointly oversee progress in DFID's SNGP ensuring that the two programs are viewed as a coherent, unified package of support.

34. *Overall Program Management and Coordination.* PRMP, the executing agency, will support the day-to-day implementation of Program activities, facilitate coordination across different government departments, monitor results, and generate performance and financial reports on Program implementation. It will serve as a secretariat to the steering committee on matters regarding Program implementation, help detect any problems early on, and propose

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<sup>28</sup> "Smart management" or "smart monitoring" is a new term coined for one of the interventions supported by the Program, is so called because: it relies on smart phones for data collection and analysis, and therefore, it represents a cost effective approach for improving management in resource constraint settings. .

corrective actions. *Implementing Agencies.* The Program has four implementing agencies—PRMP, PITB, PPRA and E&TD—although the systems developed or strengthened by Program interventions will be used by many other government departments. These four agencies will work with line departments to implement Program interventions in their respective result areas as per their mandate, agreed timelines and sequencing. PITB will also support all Program interventions that require the use of ICT. (See Table 1.1 in Annex 1 for more details about the Program’s implementing agencies.)

## **B. Results Monitoring and Evaluation (M&E)**

35. The proposed outcomes, intermediate results and DLIs, when regularly measured and reported, aim to support governance changes in the three key outcome areas. Regular measurement and reporting on the key results and DLIs will provide feedback to the government on how well (or not) the Program is progressing and where interventions may be needed.

36. PRMP, as executing agency, will have overall responsibility for coordinating, monitoring, and reporting on the Program’s result indicators. Each of the four implementing entities described above will be responsible for monitoring the intermediate indicators and specific PDO indicators relevant to their area of intervention. Baselines and targets are provided for all the indicators. The verification protocols agreed on will be developed to ensure that PRMP can collect, analyze and report on each disbursement linked indicator with validity during implementation. PRMP will engage a monitoring specialist to support implementation of the Program for effective data collection, analysis, and reporting.

37. Improving monitoring practices is at the heart of this operation since it includes several interventions that will strengthen the monitoring systems of Punjab’s public agencies. First, PRMP will be provided technical assistance to strengthen its M&E system for regular results reporting on the overall Program. Second, the other three implementing agencies (PITB, PPRA and E&TD) will also be provided technical assistance to strengthen their capacity to monitor the result indicators relevant to their respective areas of intervention. Third, two of the result areas supported by the operation aim to strengthen sector-wide M&E systems. In the area of procurement, the Program supports the design of an MIS for PPRA to collect information on various procurement-related practices within the government. In the targeted departments, the Program will strengthen data collection on the delivery of key services and promote the use of such information for decision-making. It is expected that such “smart performance management” systems will eventually be developed into sector-wide monitoring systems.

38. The engagement with civil society through PRMP’s communication efforts and through DFID’s EFO funds, will provide inputs to the monitoring of Program results and increase stakeholder ownership. PRMP will also liaise regularly with civil society, which will include conducting yearly provincial workshops, to seek feedback and engage with civil society on external accountability interventions.

## **Disbursement Arrangements and Verification Protocols**

39. The DLIs are realistic, verifiable, relate to the sector-specific subsystems identified under the Program, and focus on achieving targets that contribute significantly to achieving the

PDO. External verification will be conducted every six months (at the end of the second and fourth quarter of Punjab's fiscal year which is from July 1-June 30) or annually (at the end of fourth quarter of Punjab's fiscal year) by an independent entity as per the agreed protocols for each DLI. PRMP will identify a contractor/contractors to carry out the verification process for the five DLIs as per the verification protocol agreed with the Bank. This is to simplify the management of PRMP's verification work and to ensure that it receives the consistent attention and technical support required. For those DLRs requiring annual verification as set out in the verification protocol, such a contractor will be engaged not later than March 31 of each calendar year. For DLRs requiring semi-annual verifications as set out in the verification protocol, the contractor will be engaged not later than March 31 and September 30 of each calendar year. The first such engagement will take place by March 31, 2014. The verification report will be sent to the Bank within sixty days after the end of the period covered by each report. While the government will be able to make changes to the verification reports when in draft form, to correct factual errors, final approval on the acceptance of each such report rests with the Bank. Upon the receipt and acceptance by the Bank of the evidence, including the relevant verification report(s), that the DLRs have been achieved by the end of each "Period" in which the said DLR is to be achieved, the Bank will communicate the results achieved during such Period, along with the associated disbursement amount, by a letter to the government. Withdrawal application(s) can then be submitted by the government for disbursement thereafter. Though verification of some of the DLIs may be performed on a semi-annual basis, Bank disbursements against achieved DLRs will be annually, i.e. after the end of each fiscal year.

40. Credit funds will be disbursed based on achievement of the DLRs (Table 3.3 of Annex 3) and satisfying the verification protocols for each of the indicators (Table 3.2 of Annex 3) during the specified Period(s). Disbursements for meeting each of the DLRs are calculated based on the specified disbursement calculation formula (Table 3.3 of Annex 3). The Program is planned over five years with disbursements up to a maximum of US\$50 million equivalent over this time.

41. DLIs 1, 3 and 5 include targets for achieving new results as well as for sustaining such results over time. The funds allocated to new results may be disbursed in sequential order at any time so long as they are met within the specified Periods, while funds allocated for sustaining results are time-bound and can only be disbursed in one specific Period as per Table 3.3 in Annex 3.

42. DLI 2 measures the number of telephone calls received at the Citizen Contact Center to seek information about Key Services (as defined in the legal agreements). In each Period, subject to verification, the Recipient may receive funds, for every 100 telephone calls made, up to the maximum amount shown in Table 3.3 of Annex 3. These calls are known as 'Core Calls' and are strictly time-bound. There will be no payment for incremental achievement of DLRs, that is, fewer than 100 calls, in any one Period. Once satisfactory evidence has been provided for withdrawal of the maximum amount of funds allocated against these time-bound DLRs (i.e. receipt of the maximum number of Core Calls), the Recipient may, subject to verification, receive funds for every additional 100 calls, up to the maximum amount shown in Table 3.3 of Annex 3. These are known as "Additional Calls". Additional Calls are not time-bound, that is, funds allocated to the additional number of calls may be disbursed in sequential order at any time

so long as they are met within the specified Periods. However, there will be no payment for incremental achievement of such DLRs, that is, fewer than 100 calls, in any Period(s).

43. DLI 4 measures the number of properties added to the property registry and includes indicative targets for such additions for each Period. However, funds allocated to these targets are not time-bound and may be disbursed in sequential order at any time so long as they are met within the specified Periods.

44. If by the end of the Period in which a DLR is to be achieved, the maximum amount of the financing allocated to such DLR has not been fully withdrawn, the Bank may decide to reallocate all or a portion of the said non-withdrawn amount to one or more DLR(s) and/or cancel all or a portion of the said non-withdrawn amount.

45. Advance financing will be available to the government up to a ceiling of 25 percent of the credit amount, net of any cancellations. Due to cash flow constraints, the government may request advance payments to finance the Program activities necessary to achieve one or more DLRs as specified by the government, and for which the government will need to subsequently furnish evidence satisfactory to the Bank that the said DLR(s) have been achieved. If, by the end of the Period in which any DLR is set to be achieved, the amount of advance for said DLR exceeds the amount of financing eligible for withdrawal under said DLR (e.g. due to underachievement), the Bank will require the government to refund the amount of such excess and cancel such amount refunded, unless the Bank and the government agreed otherwise. For this purpose, the Bank may agree with the government to notionally allocate the amount of such excess against the achievement of one or more other DLRs or the same DLR(s) in subsequent Period(s). No prior result financing is envisaged under this Program.

46. If at the end of the Program, the amount of Bank financing disbursed exceeds the total amount of expenditures under the Program, taking into account contributions from other financing sources, the government is required to refund the difference to the Bank. During the implementation of the Program, and as part of Bank implementation support, the Program may, with the agreement of the Bank and the government, be modified to strengthen its development impact, revise its development objectives or DLIs, improve Program performance, address risks and problems that have arisen during implementation, make appropriate use of undisbursed financing, cancel non-withdrawn amounts prior to the closing date, extend the financing closing date, or otherwise respond to changed circumstances.