FOREWORD

In Balochistan, all development projects have been conceived and prepared in conformity with procedures, processes, templates and guidelines defined by the Planning Commission in the Manual for Development Projects which have been followed in Project Management Cycle and other development-related portfolios in terms of provision of the Section 13 (1) of the Balochistan Public Finance Management (PFM) Act, 2020 as well as prior to the enactment of the aforesaid PFM legislation. Several developments, including the 18th amendment, that took place in the recent past, have made it necessary to develop a provincial Planning and Project Management Manual, particularly after enactment of the Balochistan Public Finance Management, Act, 2020.

This Manual operationalizes the Balochistan PFM Act, 2020, by standardizing the planning, appraisal, approval, implementation, monitoring, completion and evaluation of development projects. It consolidates provincial procedures and adapts national guidance of the Planning Commission to the Balochistan context to ensure clarity of institutional roles, fiscal discipline, value for money, and sustainability of public assets.

The legal basis of this Manual is pursuant to Section 13(1) of the Balochistan PFM Act, 2020 and consistent with the Act. The Planning & Development Department issues this Manual to strengthen provincial autonomy in planning and improve the credibility, efficiency and accountability of public investment. The Manual aligns with the Act's Chapters III and provincializes the planning and development processes with the guiding Manual of the Planning Commission of Pakistan. This Manual governs all development projects financed wholly or partly from the Provincial Consolidated Fund, including foreign-assisted projects and PPPs etc., and provides templates/procedures across the full project life cycle.

This Manual supersedes earlier reliance on the federal manual by introducing a governance framework to the provincial context for PSDP projects in the Government of Balochistan. Notwithstanding, provided that supplementary guidance may be issued/notified, as required from time to time emerging to address any problem/issue appear, whenever any aspect of procedural or operational element remains uncovered explicitly herein.

Finally, I would like to extend my profound appreciation to the Chief Economist, P&D Department, whose leadership guided the notified committee members in bringing this Manual to completion within a commendably short time.

Zahid Saleem
Additional Chief Secretary (Dev)

LIST OF ABBREVIATIONS

ADP	Annual Development Plan
APCC	Annual Plan Coordination Committee
BCC	Budget Call Circular
BDA	Balochistan Development Authority
BLGA	Balochistan Local Government Act
BLT	Build, Lease and Transfer (BLT)
BOO	Build, Own and Operate (BOO)
BOOT	Build, Own, Operate and Transfer (BOOT)
BOT	Build, Operate and Transfer (BOT)
BPPPA	Balochistan Public Private Partnership Authority
BT	Build and Transfer (BT)
BTO	Build, Transfer and Operate
CAO	Contract, Add and Operate (CAO)
CCC	Concept Clearance Committee
CCI	Council of Common Interest
CDWP	Central Development Working Party
CSR	Composite Schedule of Rates
DCC	Divisional Coordination Committee
DDWP	Divisional Development working Party
Dev	Development
DHQ	District Head Quarters
DOT	Develop, Operate and Transfer (DOT)
DRR	Disaster Risk Reduction
DSC	Departmental Sub Committee
EAD	Economic Affairs Division
ECNEC	Executive Committee of National Economic Council
EIA	Environment Impact Assessment
FATA	Federally Administered Tribal Area
FPA	Foreign Assisted Projects
GPS	Global Positioning System
IEE	Initial Environment Examination
iPAS	Intelligent Project Automation System
IRR	Internal Rate of Return
JV	Joint Venture (JV)

KPI	Key Performance Indicators
LCGC	Local Council Grants Committee
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MIS	Management Information System
MIS	Management information System
MOPDSI	Ministry of Planning, Development and Special Initiatives
NEC	National Economic Council
NPV	Net Present Value
NSR	Non-Schedule Rates
O&M	Operation and Maintenance
P&DD	Planning and Development Department
PAO	Principal Accounting Officer
PC	Planning Commission
PDF	Project Development Facility
PDWP	Provincial Development Working Party
PFM	Public Financial Management
PIP	Public Investment Program
PMU	Project Management Unit
PPP	Public Private Partnership
PSC	Project Steering Committee
PSDP	Public Sector Development Plan
RBM	Results Based Monitoring
RMU	Risk Management Unit
ROO	Rehabilitate, Own and Operate (ROO)
ROT	Rehabilitate, Operate and Transfer (ROT)
SDGs	Sustainable Development Goals
SDP	Sectoral Development Plan
SNE	Schedule of New Expenditure
ToRs	Terms of Reference
TWG	Technical Working Group
VGF	Viability Gap Fund

Contents

Chapter 1:

Planning Machinery in Pakistan

1.1. Development Planning Concept:

Development Planning is the process of systematically finding the best ways to solve a development related problem, achieve some desired goals or create some required objects.

Development planning for a country or province prioritizes areas and synchronizes activities given the scarce resources. Good Planning is consistent in nature; has focused objectives; is balanced; practicable and according to the needs of the target group to meet the bigger problem and challenges.

There are two types of planning: top-down planning and bottom-up planning. In Top-down planning, most of the decisions are taken at the central level keeping in view the overall global and national economic indicators. With a top-down planning approach, setting of the economic goals and the ways of achieving them are set and decided by the senior management. While with the bottom-up approach, the function of planning is decentralized, and proposals are conceived at grass root level. The proposals gradually integrate into regional, provincial, national and global goals and strategies.

In the modern day world, most of the countries including Pakistan follow a mixture of top-down and bottom-up planning. Global goals, commitments and strategies as well as national and provincial plans are set, which are met through centrally designed as well as departmentally identified inputs/proposals.

Development planning involves five steps as under:

1. Identifying the problems, needs or objectives – What is the problem? What is needed to make our sphere better? What are the goals and objectives we want to achieve?

2. Identifying various ways in which the problem(s) can be solved; need(s) can be met and/or goals/objectives can be achieved.

3. Finding the most suitable and commonly acceptable ways of solving the problem(s), meeting the need(s) and/or achieving the goals/objectives.

4. Detailing the solutions or the programs/projects; including the budgeting, detailed design, technical inputs required, how a project is to be constructed or undertaken, how it will be maintained, who will do each of these parts of the work etc.

5. Implementing the programs/projects and managing them, including monitoring, reporting and auditing the processes.

There are four main benefits that make planning worthwhile:

1. **Planning enables us to know what, when, and how something should be done**—without proper planning, projects or programs may be implemented at the wrong time or in the wrong manner and may result in poor outcomes. Further, planning identifies possible and most efficient methods to perform the task.

2. **Planning helps mitigate and manage crises and ensure smoother implementation**—there will always be unexpected situations in programs and projects. However, a proper planning exercise helps reduce the likelihood of these and prepares the team for dealing with them when they occur. The planning process should also involve assessing risks and assumptions and thinking through possible unintended consequences of the activities being planned. The results of these exercises can be very helpful in anticipating and dealing with problems

3. **Planning improves focus on priorities and leads to more efficient use of time, money and other resources**—Having a clear plan or roadmap helps center one's focus on limited resources on priority activities, that is, the activities most likely to bring about the desired change. Without a plan Governments / departments/ authorities often get distracted by many competing demands. Similarly, projects and programs will often go off track and become ineffective and inefficient.

4. **Planning helps determine what success will look like**—A proper plan helps departments and authorities to know whether the results achieved are those that were intended and to assess any discrepancies. For a fact, this requires recording of data prior to intervention for comparison, effective monitoring and evaluation of what was planned. For this reason, good planning includes a clear strategy for monitoring and evaluation and use of the information from these processes.

1.2. Program:

A program is a collection of projects that are managed and delivered as a single package in order to achieve desired goals and objectives. Programs are generally large in size and cover long term strategy and the projects falling under a program are grouped into strategic portfolios.[1]

1.3. Project:

A project is an organized and unique effort undertaken to achieve planned objectives, which could be defined in terms of innovative deliverables, outputs, outcomes or benefits. The principal aim of the development project is to establish an effective and sustainable instrument to improve the living conditions and economic status of the population, create an impact in terms of synergy, development or creation of assets for the public sector which has a public value. A project is usually deemed to be a success if it achieves the objectives according to the accepted criteria, within an agreed timescale and budget.[2] Therefore, a project is bound by the triple constraints that are: calendar, cost and quality, each of which can be determined and measured objectively along the lifecycle of the project.

1.4. Plan:

In project management, a plan is a formal, approved document that defines how the project is executed, monitored, and controlled. It may be a summary or a

[1] https://www.pmi.org/learning/library/understanding-difference-programs-versus-projects-6896

[2] https://www.apm.org.uk/body-of-knowledge/context/governance/project-management/

detailed document and may include baselines, subsidiary management plans, work breakdown structure and other planning documents.[3]

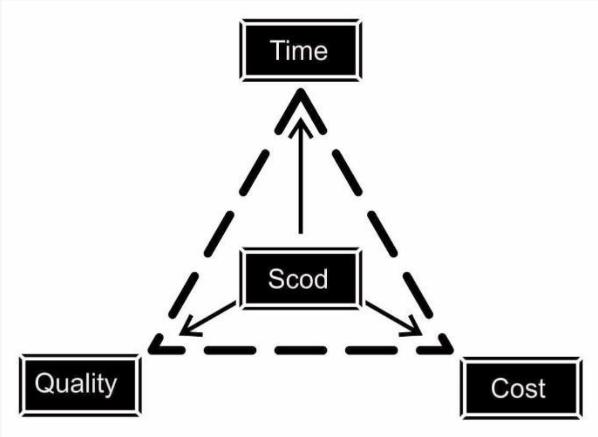
Besides a project plan, there are some interval plans that a government adopts over a period of time to achieve the objectives of development planning;

i. Perspective Plan 10-25 Years

ii. Medium term Plan 04-07 Years

iii. Rolling Plan 03 Years

iv. Annual Plan 01 Year



1.5. Project Management

Project management is the application of processes, methods, knowledge, skills, resources and experience to achieve the project objectives within an agreed time and budget. Objectives can be defined in terms of outputs, outcomes or benefits.[4]

Project Management ensures successful completion of the project and attaining the required objectives ensuring time and cost effectiveness and maintaining acceptable quality of work. It is very important to rightly identify the problems; designing sustainable projects; implementing them successfully; monitoring projects regularly and culminating within the prescribed time and cost.

1.6. Project Management Cycle:

Project Management Cycle is a logical sequence in which the projects are identified, prepared, approved and implemented. It is used to guide management

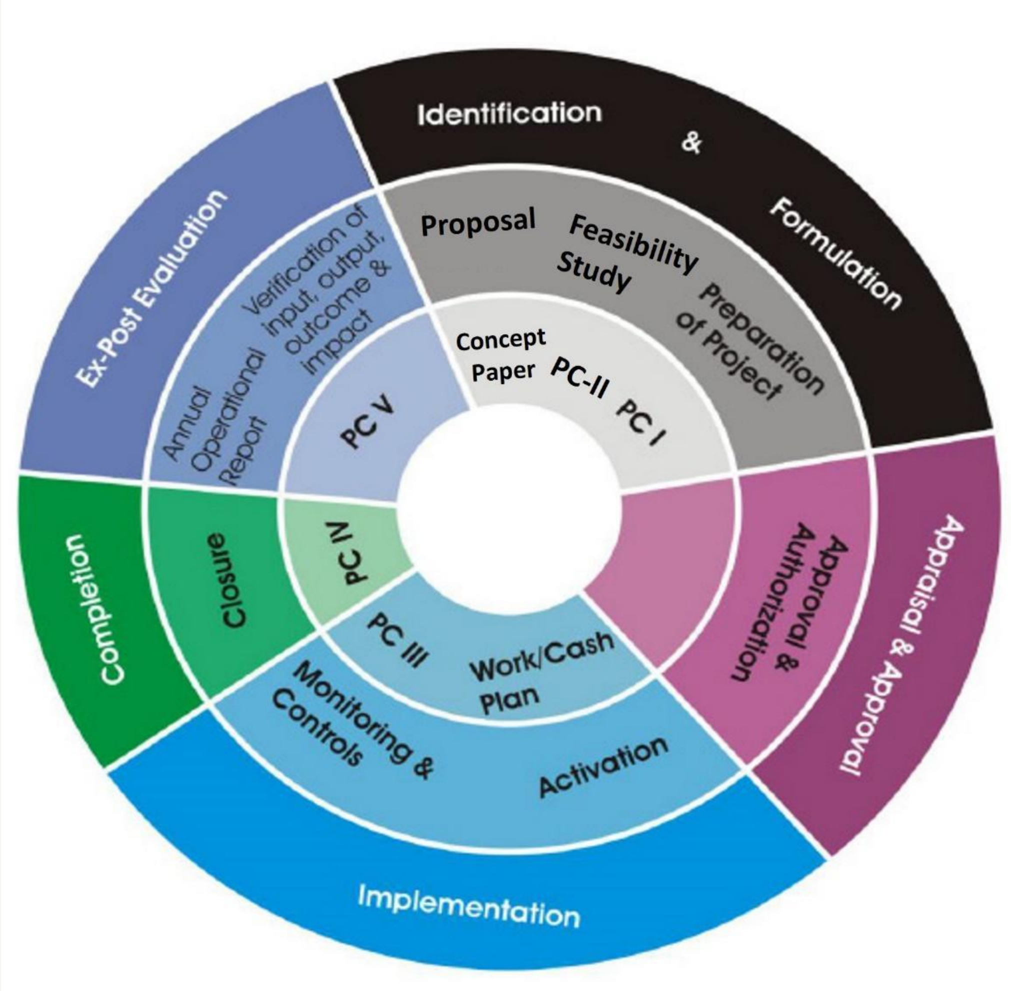
[3] https://www.simplilearn.com/what-is-a-project-management-plan-article
[4] https://www.apm.org.uk/body-of-knowledge/context/governance/project-management/

activities and decision-making procedures during the life-cycle of a project, from the initially conceived idea until the ex-post evaluation.

The cycle defines the key decisions, information requirements and responsibilities at each phase. The phases in the cycle are progressive – each phase needs to be completed before the next phase to be tackled with success. The cycle draws on evaluation to build experience from existing projects into the design of future projects.

The Project Management Cycle in Pakistan comprises five phases:

1. Project identification and formulation
2. Appraisal and approval
3. Implementation
4. Completion
5. Ex post Evaluation



1.7. Institutional Provisions of Planning & Development

The planning process was initially formalized in Pakistan with the creation of the first Development body in Pakistan in 1948 under the umbrella of the Economic Affairs Division called the Development board. In 1950, a six-year development plan was drafted that gave a broad outline for rapid economic and financial development. However, to make a more comprehensive National Plan, the Government of Pakistan established the first Planning body "National Planning Board" on 18th July, 1953 for equitable distribution of national wealth; to provide adequate social services, improve living standards and welfare of the general public. The Board prepared first five-year plan 1955-1960 for the country.

In 1958, the Government of Pakistan brought structural changes in the development planning set-up and re-designated the National Planning Board as "Planning Commission of Pakistan" with an aim of designing and implementation of public policy for optimal utilization of resources to attain highest standards and formulate medium and long-term economic plans and policies.

1.8. Structure of Planning Commission of Pakistan:

The Planning Commission of Pakistan occupies the central position in the overall planning machinery and performs its functions under the Ministry of Planning, Development and Special Initiatives (MoPDSI). It is headed by the Prime Minister of Pakistan who is the Chairperson of the Planning Commission. The Planning Development and Reforms Division acts as the secretariat of the Planning Commission of Pakistan.

1.9. Functions of Planning Commission:

Vide resolution No.4-6/2006-Min-1 dated 30th October 2013, the Planning Commission was revamped, and its functions were enhanced. The functions of Planning Commission include:

i. Preparing the National Plan and reviewing and evaluating its implementation.
ii. Formulating annual plan and ADP;
iii. Monitoring and evaluating implementation of major development projects and programs.
iv. Stimulating preparation of sound projects in regions and sectors lacking adequate portfolio;
v. Continuously evaluating the economic situation and coordinate economic policies; and
vi. Organizing research and analytical studies for economic decision making.

The Planning Commission shall also discharge the following functions:

i. Assisting in defining the national vision, and undertaking strategic planning;
ii. Assessing the material, capital and human resources of the country and formulating proposals for augmenting such resources;

iii. Assisting the Government in providing a conducive macroeconomic and regulatory framework, improved resource mobilization, an institutional framework and efficient public investment;
iv. Promoting and developing role of the private sector as engine of growth by co-opting it as a partner in development process through institutionalized effective consultative process;
v. Promoting and coordinating reform and innovation in government in partnership with relevant Ministries/Divisions and Organizations;
vi. Promoting and developing social capital for development with stakeholders (MDGs, poverty alleviation, social harmony);
vii. Promoting and coordinating economic and infrastructure initiatives towards developing regional economic integration;
viii. Monitoring Pakistan's economic competitiveness and developing strategies for its enhancement with relevant Ministries/ Divisions and Organizations;
ix. Promoting development discourse in the country towards participatory and collaborative planning and development.
x. Study trends and evaluate impact of globalization and develop appropriate national responses in coordination with relevant Ministries/Divisions and Organizations:
xi. Study and evaluate impact of new technologies on development and to develop appropriate and rationale responses in coordination with relevant Ministries/Divisions and Organizations;
xii. Facilitating capacity building of agencies involved in development and;
xiii. Any other function assigned by the Prime Minister.

1.10. Planning and Development Department in Balochistan

At the Provincial level, the Planning & Development Department (P&D), Government of Balochistan is entrusted with the responsibilities of development planning and performs the role of Secretariat for the Provincial Development Working Party (PDWP).

The P&D Department, Government of Balochistan historically worked on the pattern of P&D Department Punjab. In the beginning, it was headed by the Development Commissioner. However, arrangements were changed with the passage of time and presently the Department is administratively headed by Additional Chief Secretary (Dev).

Functions of Planning and Development Department

The functions of Planning and Development Department, Government of Balochistan as mentioned under Schedule 1, section (B) of Balochistan Government Rules of Business 2012[5], are as under:

1. Scrutinizing of Development Schemes prepared and forwarded by the Administrative Departments.
2. Preparation of Annual Development Program (ADP/PSDP) with the coordination of all Departments of Government of Balochistan.
3. Preparation of long-term development plans and coordination in the preparation of Five years/Rolling Plans and other National development Plan.
4. Conducting research on economic issues of interest to the provincial Government, socio economics impact analysis and helping in the formulation of views on economic policy issues.
5. Compilation of provincial statistical data with the help of Bureau of Statistics.
6. Acting as catalyst between different developments departments in order to improve pace and quality of economic development.
7. Determining policy for the approval of development schemes in the Provincial Government.
8. Devising strategy for investment priorities based on the availability of internal and external resources.
9. Helping in the formulation of policy regarding planning and devising guidelines in the development programs.

---

[5] https://balochistan.gov.pk/wp-content/uploads/2021/03/The-Balochistan-Government-Rules-of-Business-2012.pdf

10. Approval, monitoring, implementation and allocation of development outlays for development programs and projects.
11. To act as a clearing house for development schemes within the competence of the Federal Government i.e. CDWP/ECNEC.
12. Implementation relating to development and administration in respect of foreign assisted/funded projects in the Province, lead steering committees in PRBs of various foreign funded mega projects.
13. Coordination of external capital assistance including foreign training for Provincial Government employees.
14. Coordination of external capital assistance from abroad.
15. To evaluate the progress of development schemes and write their critical appraisal.
16. Representation in Departmental Sub Committees.
17. Review of various development Plans/projects to be implemented through PSDPs by conducting Quarterly Review Meeting.
18. Giving suitable publicity to development plans for the education of public for better utilization of facilities development and the results achieved periodically.
19. To look after the affairs of Autonomous Bodies.
20. Selection of Project Directors through the Project Director Selection Committees.
21. Establishment of MIS (Management Information System) for Provincial line departments for the purpose of planning and monitoring.
22. All Service matters of the employees of the Attached Departments, *which does not include employees of the Secretariat* and except those matters entrusted to Services and General Administration Department or to any other Department.

1.11. Planning at Departmental level

The basic input for planning is provided by the concerned departments mandated for provision of public services in the respective jurisdiction or area as per roles assigned under rules of business.

The administrative departments are responsible for systematically collecting and providing information in connection with implementation while framing new proposals. The departments are required to incorporate lessons learnt and remedial measures required for future interventions. The main source of information for line departments is reliable data, surveys, feasibilities, sectoral plan duly aligned with the plans and priorities of national and provincial strategies and objectives.

Dedicated Planning cells are established in some of the departments that deal with all sorts of planning and development matters, departmental development strategies, action plans, projects and Management Information Systems (MIS) etc. In addition, the Directorates, Divisional and District setups of the department play a vital role in planning and development functions of the line departments by providing relevant data and ensuring on ground implementation.

Similarly, Autonomous Bodies such as Quetta Development Authority, Balochistan Development Authority, Balochistan Coastal Development Authority, Gwadar Development Authority have emerged over the time, to cater for the specific development needs of relevant sectors and geographic areas. These development authorities have streamlined their own procedures for preparation, approval and implementation of their programs through self-generated funds. All these autonomous bodies are carrying out small and big development projects, which are not fully reflected in the provincial PSDP except those which are fully or partially financed from the provincial consolidated fund.

It must be noted that as per section 13, subsection 1 of the Balochistan PFM Act 2020[6] all development projects may be conceived and prepared as per the applicable planning and development processes and templates.

1.12. Planning at Local Councils Level

Balochistan Local Government Act (BLG-Act), which was enacted in May 2010, covers the functions of planning, development and implementation at different

[6] As amended on 25th May 2021 (Bill No. 18 of 2021)

tiers of Local Government system. A local council may sponsor or promote any community development project falling in its geographical area and devolved subdivision.

The local councils generate their own revenues called local fund as well as get some grants form Provincial Government out of the proceeds of Provincial Consolidated Fund. The grant received from Provincial Consolidated Fund is distributed among Local councils by Local Council Grants Committee (LCGC) headed by Minister Finance with Secretary Finance, Secretary P&D and Secretary Local Government as members. Proposals against approved budget are forwarded for approval of Divisional Coordination Committee (DCC) which is headed by Commissioner of the Division concerned.

Chapter 2:

Project Identification

Project identification is the first phase of Project Management Cycle. It holds key importance in pointing out problem(s) and achieving the desired goals and objectives. Every Government has ambitions and aspirations for development. Similarly, every government organization has vision and goals for attaining desired impact and improvement of public service delivery. To translate the vision and goals into output, the Government keeps spending on different types of projects.

Project identification is the most important phase in Project Management cycle; Identification is, therefore, done keeping in view the project's relevance to the National, Provincial and Departmental Development Plans. For Project identification, deep understanding of the overall national and provincial growth framework, social values, anticipated outcomes and most pressing and common problems of the target group and future perspectives of completed projects are essential. On the basis of national and provincial sources of project identification; socially acceptable, economically viable and environmentally sustainable projects are designed. For project identification, objectives of public investment must be clear and target group identified.

Purpose of the project identification is to develop a preliminary proposal for the most appropriate set of interventions and course of action. While every citizen of the state has equal rights to point out problems and identify projects for wellbeing of society, the projects are required to be processed as per laid down procedure and routed through the designated forums for alignment with the development plans before consideration for inclusion in Provincial PSDP, based on merit.

Use of accurate data is essential for project identification so that the input and output can be gauged on specific yardstick in relation with other demanding and competing projects. If research and data already exist, the stakeholders should rely on these. Otherwise, it may be necessary to commission new research to gain a better understanding of the specific issues. Stakeholders should review the findings of studies prior to embarking on the problem analysis. This will help to inform the quality of the group's analysis of the problems. The user can consult the following available policies / documents for identifying projects. In case the requisite data is not available in the following mentioned documents, other reliable documents can be consulted and reference thereby shall be given in the concept paper:

2.1. International Commitments:

Pakistan has signed various international commitments from time to time. To meet the international commitments and standards, Government of Pakistan specially focuses the targeted fields and the identified projects are aligned to meet the targets and standards Pakistan has agreed to. Some of the international commitments that Pakistan has signed include Sustainable Development Goals (SDGs), Polio eradication, Human Rights, Women empowerment etc.

2.2. Perspective Plans Provisions:

Perspective planning is the road map regarding the objectives and targets of long run growth. In Pakistan perspective plans are framed by the Planning Commission of Pakistan and approved by National Economic Council (NEC).

2.3. Medium Term Plan provisions:

Medium term plans such as Five-year Plans programs are planned, coordinated and cumulative economic and social development stretched over a period of five to seven years which give reasonable timeframe for achievement of targeted development goals.

First five-year plan in Pakistan was introduced in 1955 for implementation during 1955-1960. So far, 11 five-year plans have been developed. The 11^{th} five-year plan (2013-18) sought to increase PSDP volume from 3.9% of GDP in 2012-13 to 4.6% during the year 2017-18. Furthermore, the plan intended to provide friendly environment to Public Private Partnership and Private Investors to reduce burden on PSDP.

The five-year plans include preferred resource allocation and sectors with a tentative outlay of allocation for the period. Identified Projects for inclusion in Federal PSDP are aligned with the strategy chalked out in five-year plan.

2.4. National Policies and Plans:

Various overarching policies and plans have been formulated at national level by the Federal Government that act as guide for the provinces as well as policy guidelines for identification of projects, such as:

1. Plan for China-Pakistan Economic Corridor.
2. National Education Policy.
3. National Health Vision.
4. National Food Security Policy.
5. National Climate Change Policy.
6. National Environment Policy.
7. Poverty Reduction Strategy.
8. National Water Policy.

2.5. Provincial Policies, strategies and Surveys

Apart from the National plans and policies, the Government of Balochistan has developed policies and strategies for attaining the anticipated goals of development in the province which help in identification of potential plans and projects. Provincial policies, strategies and surveys help to understand the circumstances and provide authentic data for identification of project that feed into annual development plan. The strategies and policies are sometimes prepared with the support of the international donor agencies. Following are a few of the important strategies and policy documents prepared to harness provincial growth and development

1. Balochistan Comprehensive Development Growth Strategy
2. Development Statistic of Balochistan (www.balochistan.gov.pk)
3. Multiple Indicator Cluster Survey (https://mics-surveys-prod.s3.amazonaws.com/MICS6/South%20Asia/Pakistan%20%28Balochistan%29/2019-2020/Survey%20findings/English%20%5B2022-12-06%5D.pdf)
4. Balochistan Economic Report (http://documents.worldbank.org/curated/en/866831468285360512/Full-report)
5. Balochistan Needs Assessment – Development Issues and Prospects (https://documents1.worldbank.org/curated/en/606571468286789226/pdf/ACS22580WP0v200re0WC0Shahid0011012.pdf)
6. Balochistan Comprehensive Development Strategy (https://www.undp.org/pakistan/publications/balochistan-comprehensive-development-and-growth-strategy-bcdgs-2021-2026
7. Livestock Policy and Strategy (https://livestock.gob.pk/Documents/Notification/Notif177Balochistanlivestockpolicyandstrategy.pdf)
8. Mines and Minerals Policy Balochistan
9. Balochistan Education Sector Plan

(http://www.emis.gob.pk/Uploads/BESP2020-25.pdf)

10. MIS of different departments

2.6. Sectoral Development Plans:

Sectoral Development plans are crucial source for identification of projects. A sector plan is a dynamic document that defines department's strategy, goals and objectives along-with identifying the bigger problems. It points out weaknesses, deliverables and prioritizes financial and human resource allocation over a period of time for attaining the objectives. A sector plan is a doable proposal with its roots aligned in implementation plan. It gives clear directions along with criteria for interventions.

The identified projects for PSDP must be aligned with the departmental sectoral plan based on logic and criteria. According to Section 5 of the Balochistan PFM Act 2020 all government expenditure whether of recurrent or development nature shall be based on well-defined plans.

ThePC-I should therefore, include details regarding integration of the proposed projects with the departmental sectoral plans and if it does, it should mention the reference number of action area.

Broad principles and processes for Sector Plan preparation;

1. The sector development plans are a medium-range document and multiyear roadmaps that identify the province' vision for public service delivery in the sector, list certain goals, and outlines strategies to achieve them.
2. The preparation of the sector plan may be led by the concerned departments through a broad-based consultation. This may include notifying Technical Working Group(s) for sectors comprising all stake holders and relevant development partners. In case a sector has a multi-dimensional scope of activities, thematic working groups can be formulated..
3. The sectoral plan shall be aligned with the provincial and national commitments,vision, and policy for development.
4. The vision can be driven from the international commitments, national vision and development plans, the Balochistan Rules of Business, Service Delivery Plan and other related policies and plans, as the case may be. The Sector Development Plan shall incorporate more realistic estimates of the cost for implementation of the plan keeping in view the provincial fiscal framework.
5. The sector plan shall provide basis for project identification and data support for the purpose.
6. The plan should certain indicators for monitoring and evaluation..

The Sectoral Development Plans (SDP) shall preferably be scripted by Technical Working Group (TWG) under the Chairmanship of Secretary of the Department, comprising all the relevant stake holders from within the department, other related Government functionaries, development partners and civil society. The sector plan shall be approved by the Provincial Cabinet and monitored for review and implementation by a committee under the Chairmanship of concerned Secretary or the ACS (Dev), as the case may be.

<u>TORs for the Technical Working Group</u>

a) Formulation of Medium term Costed Sector Strategic Plan.
b) Identification and discussion on issues of policy and strategic nature from all participating stakeholders to provide logic of direction to the Sector strategy.
c) Development of indicators for monitoring and evaluating of SDP.
d) Critical analysis of submissions in the working groups to ensure that department's vision remains focused.
e) Prioritization of expenditure within the available resources and mobilization of resources for funding identified financial gaps during the course of implementation of sectoral projects and programs over the period of time.
f) Harmonization and monitoring & evaluation of Sector Policies and Programs.
g) Soliciting approval of SDP from provincial cabinet.

<u>TORs for the Review & Implementation Committee</u>

a) Review of Sectoral Development Plans (SDPs) before approval from Provincial Cabinet.
b) Receive reports from Technical Working Groups and consider their consistency with objectives of Sectoral Plans.
c) Ensure that the SDP investment programs are in line with provincial and national priorities for development.

d) Pursue solutions to structural, institutional and other constraints to effective SDP implementation at provincial and local levels.
e) Review mechanisms for enhancing stakeholder participation in implementing the SDP.
f) Provide the main forum for the sector-wide approach to planning and budgeting for the Sector.
g) Identify, on the basis of sector expenditure and investment plans and policy issues for consideration and action by the Government of Balochistan.
h) Monitor budget implementation with regard to the aims and objectives set out in the SDP.
i) Make decisions regarding key Government coordination issues and set coordination mechanism between different departments of GoB.
j) Forward unresolved Government coordination issues for further action at the level of Cabinet.
k) Develop and monitor sector performance indicators.
l) Mobilize financial resources to meet the gaps during the course of implementing of sector projects and programs.
m) Harmonize Sector Policies and Programs and Monitoring and Evaluation reporting formats.

2.7. Policy and Routine Directives:

The Governor and the Chief Minister issue directives from time to time for identification of projects to be made part of yearly budgets. These projects can either be recommended by Government officials, departments, civil society or other relevant stakeholder which are communicated in form of a directive to the relevant administrative department or the P&D Department; such directives require consideration in the interest of public service.

Directives received from the Governor and Chief Minister are generally received by Administrative Departments, which are required to re-submit the case on the prescribed format in the form of a summary for getting formal approval from the Governor or the Chief Minister before issuance of order/implementing the directives as required under the Balochistan Government Rules of Business,

2012. The summary for implementation of directives is routed through prescribed channels and the procedure for identification, financing, supporting data, feasibility and other aspects shall be considered. The compatibility of such projects with the sector plan of the department which is aimed to meet the set objectives and outcomes over a medium period of time shall be analyzed.

Similarly, directives are also issued for change/ modification of existing development/ budgetary policies which have already been approved by the Government. For implementation of such directives the Administrative Department concerned shall submit case for approval of Provincial Cabinet on prescribed format through all the relevant stakeholders as defined under the rules of business.

2.8. Stakeholder / Citizens needs and demands assessment Surveys:

The stakeholder needs and demands assessment surveys are generally conducted by different departments to assess what the community members see as the most important need or requirement of that group or community. It is important that the requirement is more than an individual need and represents something that specifically relates to a particular group or community. The findings of survey work as guide for proposed development, public investment and represent views of the whole range of people from individuals, communities or groups who will be impacted or affected by a public intervention.

Similarly, common man of society can also pinpoint an issue and submit demand for public intervention/ investment through proper channel. Such applications shall be submitted with the Divisional/ District Head of Administrate department concerned or through the office of Divisional Commissioner/ Deputy Commissioner of District concerned and are routed through the administrative department for appraisal based on specified criteria for inclusion in PSDP.

2.9. Steps Involved in project identification and PSDP Formulation:

The project identification and PSDP formulation involves the following steps:

i. The Finance Department shall convey the total tentative development outlay to P&D Department in the month of January / February.

ii. The P&D Department shall devise annual development and sectoral preference policy, necessary approval shall be obtained.
iii. The P&DD shall Communicate Sector-wise Indicative Budget Ceiling (IBC) to all Administrative Departments with mandatory guidelines in the month of February.
iv. The departments shall ask field offices to submit proposals and compile the plans based on departmental sectoral plans.
v. The relevant internal committees of the Department concerned shall scrutinize the proposals based on solid criteria, requisite spade work, and broad-based consultative process.
vi. The concept papers shall be prepared, and projects be listed in order of priority.
vii. The proposals/Concept Papers shall be submitted to P&D Department through PSDP Automation System for placing in Inter departmental priority committee/ Concept Clearance Committee meeting headed by ACS (Dev)/Joint Chief Economist concerned. Project proposals/Concept papers that make it through the scrutiny are recommended by the Concept Clearance Committee (CCC). The Departments prepare detailed PC-Is for the recommended proposals and submit them for consideration through the relevant approving forum.
viii. The approved projects are submitted to the Provincial Cabinet for consideration to be included in the upcoming PSDP.

2.10. Concept Paper

Concept paper is a brief submitted by the Administrative department in support of its proposal giving rationale that the project is worth investing and feasible to be considered for inclusion in the PSDP. In addition to that it will also help to achieve targets or the goals set under national/ provincial /departmental sectoral plan. The concept paper is a 1-3 pager document which includes details such as nomenclature; sector and subsector(s); goals and objectives to be achieved; geographical coverage; time period required for completion; reference of aligned sectoral plan; GPS coordinates; details of nearby facilities along-with their GPS coordinates; relevant available data citing sources and all the details as required by P&D Department vide request for proposal letter. The concept paper can also be submitted for reflection of feasibility cost for any potential project.

If PC-II of the project has already been approved/ prepared, the details may be incorporated in the concept paper and PC-II/ feasibility study shall be attached. Sample concept paper at **Annex-I**

2.11. General Criteria for Project Identification

It is critical that the formulation process for identification of project for PSDP is driven by specific and well-defined development policy milieu extracted from the development vision of the National and Provincial governments and public policy objective. The project concept must be aligned with the sectoral plan, provincial policies, and national development vision.

Along-with other sector specific factors, the following mentioned criteria/ guidelines shall be followed for identification of projects for inclusion in PSDP:

a. The project is economically, financially, technically and environmentally feasible and reliable data is used to assess its feasibility.
b. The project fits into overall development plan
c. The proposed project does not clash with other project(s) of any other department either in principle or in details and there is no contradictory policy being followed in projects of two different departments.
d. Proposed schemes should be in compliance with targets set under Sustainable Development Goals (SDGs).
e. The proposed investment shall be aligned with the expected outcomes and outputs proposed to be generated through public sector resource utilization.
f. There is no duplication in the project.
g. Repair/ purchase projects shall not be proposed as it is part of non-development budget.
h. No block allocations be proposed as per directions of the Hon'ble Supreme Court of Pakistan and the High Court of Balochistan.
i. Project size be kept so rational that it may be completed within rationalized time period.
j. Only Government owned institutions shall be proposed for financing.

k. No small nature projects shall be proposed.
l. Projects of individual nature shall not be considered.

2.12. Budget Call Circular:

Once the Government has decided the broad budget strategy for coming year, the Finance Department prepares a budget call circular (BCC) for development and non-development budget processes which summarizes the Government's strategy for the coming budget. The budget call circular envisages details such as Budget Calendar, Budget Preparation Processes, Budget guidelines, budget forms and instructions and budget activities plan. (**Annex-II**)

Chapter 3: Feasibility

3.1. Feasibility Study

A feasibility study provides relevant detailed information regarding a project and determines whether the project can be implemented successfully. Feasibility studies are critical to selecting proposed projects to achieve the best possible outcomes for the government. They also identify challenges and risks that could potentially hinder seamless implementation of the project and provide solutions to such problems at execution stage.

The Federal Planning Manual outlines the feasibility study as an *"in-depth three in one study of a project which offers technical, financial and economic viability of the project and arrives at definitive conclusion"*[7]. Feasibility study is therefore; a detailed analysis of whether a project can be successfully completed and/or the desired outcomes are achieved keeping in view the economic, financial, legal, social and other factors that can affect the project during execution or implementation.

3.2. PC-II

Planning Commission Performa-II (PC-II) is a concise proposal submitted to the P&D Department as a demand for conducting survey and feasibility studies. It includes a brief description of the project which requires commission of survey/ feasibility, details of sponsoring and executing agency, general description and justification including implementation plan, cost estimate, manpower

[7] Federal Planning Manual 1991, Edition

requirements, financial plan, expected outcomes and details of the project. **(Annex-III)**

3.3. Purposes of feasibility:

Some of the development projects are complex in nature or involve huge public investment. A feasibility study in respect of these projects is therefore essential for comparison, sound planning and determining the best possible means of execution to achieve the target objectives and to ensure that the identified development projects are need-based and properly appraised to attend and address the pressing issues and problems of the masses. The feasibility study is also called pre-investment study.

The feasibility study provides basic information related to the Project on the basis of carried out research. It may contain technical, financial, economic, managerial, social, regional or any other required aspect of the project.

The activities for consultant shall be based on the requirements of the project which may include, but not limited to the following;

a. Determination of the relative priority to be accorded to a project.
b. Formation and comparison of various alternatives, and recommendations as to which is the best.
c. General engineering layout and preliminary design of major structures.
d. Estimation of cost, benefit analysis and construction period.
e. Preparation of preliminary cost estimates.
f. Evaluation of economic and technical soundness.
g. Carrying out preliminary economic / financial evaluation and to determine the most viable alternative.
h. Suitability of organizational and managerial arrangements.
i. Social impact analysis.
j. Carrying out Initial Environment Examination (IEE)/ preliminary Environment Impact Assessment (EIA).
k. Investigating and reporting on the condition of an existing structure/facility and assessment of the strength/stability/suitability for a specific purpose.

l. Collecting and reviewing all available data and information relevant to the study.
m. Carrying out preliminary reconnaissance surveys and investigations appropriate in extent and detail where necessary to supplement available information.
n. Preparation of implementation plan for the Project i.e. work plan and cash plan of the project.
o. Reporting the merits of proceeding to the next stage of Detailed Feasibility Study.
p. Evaluating/ assessing the potential risks that can be involved in during implementation.

3.4. When is a feasibility Study needed

Under the Federal Government's Planning Commission regulations, a feasibility study is a mandatory prerequisite for preparation and approval of major development projects. As per the *Manual for Development Projects (Planning Commission, GoP)*, feasibility is required to determine the technical, financial, economic, social, environmental and operational viability of a proposed investment before PC-I processing.

A formal feasibility study through PC-II is *compulsory* for all large-scale or infrastructure-intensive federal projects — generally those involving high capital investment, public infrastructure development or substantial recurring implications. The same requirement applies to projects where the infrastructure component comprises a significant portion of the total cost (currently interpreted as Rs. 500 million and above, or where infrastructure exceeds 30% of project scope). In such cases, PC-II must be developed, approved and completed prior to PC-I formulation.

For smaller-scale or non-infrastructure projects below the defined threshold, feasibility assessment is still necessary; however, such analysis may be undertaken through simplified technical/economic appraisal or internal study by the sponsoring department. No project may be processed without adequate justification and prior evaluation of need, rationale, cost effectiveness and outcome potential.

In all cases — irrespective of project size — the sponsoring agency is responsible for conducting an ex-ante evaluation of the proposal to validate assumptions, assess risks, estimate benefits, and verify data included in the PC-I. Feasibility older than three years may require updating due to changes in market rates, technology, environmental obligations or socio-economic conditions.

3.5. Financing of Feasibility Study/PC-II

The P&D Department allocates funds yearly in PSDP under the head of "Feasibility Studies and Research". PC-II for intended feasibility studies/ surveys are prepared and submitted by the Administrative Departments for consideration of PDWP. If the proposal for the feasibility study is approved by the forum, funds are released out of the subject head.

In addition, the funds can also be managed if the cost for feasibility study of a specific project is explicitly reflected in PSDP. Besides, the cost for feasibility study can also be met from the principal amount reflected for project implementation. The cost of the feasibility study shall be computed by taking into consideration the requirements and relative weightage of the project.

3.6. Instructions for filling up PC-II Proforma:

a. Provide a general description of the project, its aims, objectives and coverage of the survey / feasibility study.
b. Provide justification for undertaking the study, indicate whether studies in the field have already been undertaken, if yes, provide details.
c. Indicate duration of study and proposed months of commencement and completion of the study.
d. Provide item-wise/ Year-wise capital cost estimate of the study.
e. Indicate date on which the cost estimates were taken and basis of the cost.
f. Source of financing for proposed study should be mentioned.

g. Indicate whether the feasibility will be in-house consultancy or external consultants will be hired.
h. If external consultant is to be hired, well justified reasons may be provided.
i. External consultant should only be recommended if the required expertise are not available with the procuring agency.
j. The expected outcome (Technical, Economical, financial) must be mentioned explicitly.
k. If the study is being undertaken for selection amongst the alternates, the details of alternates must be provided.

3.7. Appointment of Consultant for feasibility:

The executing / implementing agencies have highly qualified and experienced staff capable in implementation of complex works. The departments should therefore, use in-house consultancy for feasibility studies / preparation of project documents. The salaries and other services are charged out of the current budget; however, the operational costs (T/A, Printing, Survey etc. if required) may be met through the approved source of funding. The officers working on feasibility study are not entitled to any other allowance including project allowance.

If the services of external consultants (local or foreign) are required and permitted by the approving forum (PDWP), the selection of consultants shall be done according to the Balochistan Public Procurement Rules, 2014. Prior to hiring of consultants, clear and precise ToRs are required to be developed that spell out the requirement of the feasibility study.

3.8. Approval of PC-II

The PC-II is prepared by the administrative department in close collaboration with the executing agency on relevant Planning Commission's form. The PC-II shall map clear and concise deliverables keeping in view the requirements of study.

The PC-II shall be submitted to the P&D Department by the administrative department which is then placed in the PDWP forum for approval subject to fulfilling the required standards. The relevant scrutinizing body and mechanism for appraisal of PC-II remains the same as for the PC-I.

3.9. Approval of feasibility study

The feasibility study/ report conducted by the department itself or through external consultants is authenticated by the procuring agency. If the feasibility study meets the set standards and fulfills the purpose as covered under the TORs, the feasibility study is shared with the P&D Department along-with already approved ToRs for placing in PDWP forum to discuss the findings of the study. Appraisal of the data and proposed design is done by the technical committee of the P&D Department before placing it in the PDWP forum. In case, the feasibility study does not provide the required data, the study can be returned for provision of additional information. PC-I of projects for which feasibility study has been carried out, must be based on the findings of the study and must incorporate the relevant information. The data older than three years cannot be used in a feasibility study.

Chapter 4: PSDP

4. Public Sector Development Program

Public Sector Development Program (PSDP) is the development part of the annual of annual budget statement indicating the capital and revenue expenditure proposed for various development projects for a financial year. It represents a key policy instrument for actualizing development vision of the government through strategic resource investment. Through PSDP the government aims to invest in those projects which are likely to yield maximum benefits in terms of public service delivery. By virtue of its size and sectoral spread, PSDP interventions are seen as principal drivers of economic growth and equitable development.

4.1. Federal PSDP

The development initiatives taken by the Federal Government are reflected in the Federal PSDP, prepared by the Ministry of Planning, Development, Reform & Special Initiatives in coordination with the Federal Ministries and Provincial Governments. The Federal PSDP is classified into three types of investment:

1. Federal Government carries out development works in priority sectors such as Power, multipurpose large scale water storage Dams, Higher Education, Science, Research and Information Technology, Highways & Motorways, Railways etc. through the respective federal executing agencies directly, without transfer of funds to provincial government.
2. Some projects fall under the provincial concurrent list. Funds allocated for such projects under Federal PSDP are transferred to provincial governments for execution of development projects through the relevant provincial executing agencies.
3. The Federal Government also allocates resources to the special areas falling under the federal responsibility, i.e., Azad Jammu and Kashmir, Gilgit-Baltistan and former FATA to prepare and execute development programs (ADPs) according to their local needs and priorities.

4.2. Provincial ADP/ PSDP:

The Provincial ADP/ PSDP reflects the development strategy of the Provincial Government based on inter-departmental and inter-district equity and sectoral balances and is coordinated by the P&D Department, Government of Balochistan in close collaboration with Finance and other Administrative Departments. Funds are allocated in different sectors as per functions assigned to the concerned Administrative Departments under Balochistan Government Rules of Business, 2012. The provincial PSDP comprises new and ongoing projects and provides information on sectors, sub sectors, year in which projects became a part of PSDP, district name, total cost, revenue and capital cost, FPA component, expenditure up to 30th June of previous financial year, allocation for current year and throw-forward of the project.

The provincial PSDP accounts for development expenditure for the complete financial year (July 1st - 30th June). It is authenticated by the Provincial cabinet followed by approval of the Provincial Assembly and subsequent authorization of Chief Minister Balochistan as provided under Article 120 of the Constitution. The PSDP is a voted expenditure; the Provincial Assembly has the power to assent to it in total, refuse or assent to any demand subject to a reduction of the amount specified therein.

4.3. Allocation of funds

Allocation of funds refers to establishing priorities within the budget in order to attain the government objectives for effective utilization of public resources, improved service delivery and governance. Allocation of funds for development projects requires careful consideration of the total size of the project, annual financial phasing in approved PC-I, total number of projects in PSDP, number of projects in a particular sector, relative importance of project for delivery of public services, requirements of foreign aided project, federal funded and cost sharing projects with high national priority and percentage of allocation fixed for various sectors / sub-sectors.

As the PSDP comprises on-going and new projects, in general the on-going projects are given more preference in allocation of funds for early completion. Full allocation shall, preferably, be given to new projects which can potentially be completed within a financial year or two to yield early benefits/outcomes. The PFM Act 2020 (as amended in May 2021) in clause 16 (b), however, sets a minimum budget allocation of 20% of the total cost of the project every year.

4.4. Throw forward Management

Throw-forward is the remaining amount of funds that a project requires for completion of approved scope of work in upcoming financial years. Mathematically, it is calculated as:

Throw-forward = Total Cost – (Expenditure upto June of previous FY+ Allocation for current FY)

When multiyear projects are included in PSDP, a legitimate quantum of throw-forward is always generated based on annual financing plan, which cannot be avoided. However, a throw-forward created due to addition of large number of projects or suboptimal funding of on-going projects is detrimental to development planning, causing an unnecessary and unending (in certain cases) burden over the development budget. A larger throw-forward causes suboptimal/thin resource distribution among large number of ongoing projects and likewise lesser amount becomes available for new projects. Throw-forward arises when lessor amount of funds is allocated for on-going projects and huge numbers of new projects are included in PSDP. The Projects, thus, compete for allocation of funds within the limited size of development budget. The thin distribution of funds causes delay in completion of projects resulting in time and cost overrun.

4.5. Block Allocation:

Allocation of funds in a block rather than in specific and item wise form is called block allocation. Block allocations do not represent good financial and budgetary management practices as they have negative impacts on development planning and project management due to their non-transparent nature. Funds Allocated in blocks allocations can be therefore misused and wasted. Thus, the allocation of funds in block must be avoided. Specific and item-wise demand for grant in the budget is required to be laid before the Parliament/Assembly.

4.6. Umbrella Project

Umbrella projects typically refer to projects that have a number of multiple inter-related smaller projects or initiatives that aim to achieve a single overarching objective or goal. Characteristics of umbrella projects are as follows:

- They consist of number of similar or inter-related sub-projects
    - may be dispersed on multiple sites.
    - may fall in the geographical domains of different districts.
    - may fall under functions of different departments.
- All sub-projects are however, reflected under a single project and
- They have a single PSDP ID.

The Project documents (PC-I/II/III/IV/V) for such projects shall be prepared through coordination and details of all the activities falling in the domain of each site and/or district/ department shall be declared explicitly along-with financial costing.

4.7. Cost sharing Projects:

At times, development initiatives are jointly financed by the Federal and Provincial Governments under a cost-sharing arrangement. In such cases, the funding contributions of each tier of government are reflected separately in the respective Federal and Provincial PSDPs. Each PSDP only records its committed share, while the total project cost equals the sum of allocations made by both governments, as endorsed through their annual development plans.

In addition to inter-governmental sharing, projects may also involve co-financing with International Financial Institutions (IFIs) such as the World Bank, Asian Development Bank, Islamic Development Bank, or Asian Infrastructure Investment Bank, alongside government resources. Under such arrangements, the

PSDP records the government's counterpart financing share, while the IFI-financed portion is reflected in the foreign aid component of the PSDP or respective provincial Annual Development Programme (ADP), depending on the financing structure.

4.8. Foreign Project Assistance (FPA)

After 18th amendment, provinces are supposed to mobilize foreign assistance including grant, credits, loans and any other support from donors/development partners proactively for their financial and technical assistance to accelerate the process of growth and improve service delivery. The assistance is the outcome of interaction of two priorities. The first one is the development priorities of the province and the second is the framework agreed by the Development partners and Federal government. The former is realized in the shape of Development Framework or Five-Year Plans whereas the latter is in the shape of Country Partnership Strategies or Country Operation Plans of the development partners.

When a consensus is reached amongst the Development Partners, Federal and Provincial governments, a consultative process is initiated based on various studies and development frameworks of the province and country partnership strategies of the development partners through P&D department, assisted by group of sector experts. The consultation, after passing through various stages, sometimes spanning over years culminates in the formulation of project or program document. Aid, grant, loan or financial supports to Government of Balochistan by international development partners make a substantial part of Provincial PSDP. The FPA becomes part of the provincial PSDP after negotiations with the Economic Affairs Division.

The Balochistan PFM Act lays down the procedure for entering into loan agreement and receiving the loan given by a foreign donor agency. As per section 7 of Balochistan PFM Act 2020, Grant or a loan made to the government by a federal government or foreign donor agency through Economic Affairs Division or by any other person shall be received by the finance department on behalf of the government. It states that the planning and development department may, with the approval of the government, enter into grant and loan agreements with the donor agencies in collaboration with representatives of concerned departments. However, any endorsement to the agreement, shall be given after obtaining prior concurrence of Finance Department.

Chapter 5:

Project Preparation:

5.1. PC-I

Planning Commission proforma-I (PC-I) is a detailed form developed by Planning Commission of Pakistan to be used for preparation of technical and financial estimation as well as detailed designing for implementation and subsequent approval of the project for execution. There are three types of PC-I proformas under use:

a. The proforma used for projects of Education, Training & Manpower, Health, Nutrition, Family Planning & Social Welfare, Science & Technology, Water Supply & Sewerage, Culture, Sports, Tourism & Youth Mass Media, Governance, Women Development sector, Research etc. is called "Social Sector PC-I proforma" **(Annex-IV)**
b. The infrastructure sector proforma is used for the projects of Communication & Transport, Telecommunication, Information Technology, Energy (Fuel & Power), Physical Planning & Housing, Town Planning, Irrigation, Coastal Development & Food Control etc. **(Annex-V)**
c. The production sector PC-I proforma is used for projects of Agriculture (Production, Extension), Industries, Commerce, and Mines & Minerals, Livestock and Dairy Development, Fisheries sector etc. **(Annex-VI)**

5.2. Planning for Project Preparation:

PC-I is the key document for mapping of required financial, human and physical resources in order to attain the objectives of public investment in shape of the project. The document is prepared keeping in view context specific requirements of all stakeholders. The executing agencies must ensure that the preparation of PC-I takes into account prior field survey reports/ feasibility studies, background input data, as well as criteria specifying the selection procedure of schematic interventions. This is necessary as without providing the sector and project related data, the PC-I turns into a mere cost estimate.

PC-I consists of two parts: i) Project Digest (Part A) and ii. Technical/ Engineers estimates (Part B). The (Part A) or Project Digest is the segment about the general description and data which relates to details such as name, location, plan provision, O&M cost, objectives and justification etc. These details are better accredited by the Administrative Department; therefore, the part A shall be filled by the concerned administrative department.

The part B provides the detailed engineering/technical estimates that shall be prepared by the engineer in-charge or technical authority/ officer (s) of the executing agency after field survey

PC-I shall be prepared in close coordination with the concerned administrative department and the revenue authorities (in case of land acquisition is required to be undertaken as per prevailing law) for sustainability and mapping of all required interventions. The site for intervention plays a pivotal role in successful completion and operations. Therefore, the site shall be visited conjointly by the district officers of respective administrative department(s) and executing agency. Geographical location, ownership, acquisition possibility etc., are equally important, therefore, while identifying site for the project, convenience of general public and road access shall be given due importance. The officers responsible for preparation of the project documents are required to understand the issues of population/ economy as well as to carry out on-ground appraisal (real time on-ground realities) of the proposed projects keeping in view social, economic, engineering and environmental outcomes of the anticipated intervention thereby, designing the project in most suitable manner to meet the desired outcomes of Public Investment at the earliest.

5.3. Project Digest of PC-I

Project Digest (Part A) which is termed as general abstract which provides the required information on anticipated project. While inscription of PC-I proforma (General Abstract), the following instructions shall be complied with:

a. Clear and concise name of the project shall be mentioned. The nomenclature as given in PSDP or sector plan should be followed.

b. Location of the project shall be given as per available record. Location Map and GPS coordinates shall be attached.
c. Details of nearby facilities and their GPS coordinates shall be attached.
d. The name of sponsoring and executing authorities shall be given.
e. For future O&M of the public facility, name of the department along-with annual tentative O&M cost shall be given.
f. Project objectives and its linkages with sectoral objectives shall be mentioned and the reference number of available sector plan shall be given in the PC-I.
g. Demand and supply analysis shall be attached.
h. The number and type of beneficiaries should be given.
i. Project cost and benefit analysis is required to be made in quantified terms wherever applicable. Subsection 2 of section 13 of the Balochistan PFM Act 2020 states that Cost and benefit analysis and risk assessment of all development project proposals, in excess of a threshold size prescribed by the planning and development department is a must. The Act, therefore, makes it mandatory for departments to carry out a cost benefit analysis and risk assessment above the prescribed threshold.
j. If the project is aimed at strengthening of already existing infrastructure, the map of site, details and condition of existing infrastructure shall be attached.
k. In case, the revised PC-I is prepared, justification for proposed revision should be given. Item wise approved cost, expenditure so far and proposed changes should be given on comparative statement.
l. Financial phasing shall be chalked out and attached in the PC-I.
m. The certificate that the project proposal (PC-I) has been designed on the basis of instructions provided by the Planning Commission of Pakistan should be signed by the officer who has prepared the PC-I.
n. The environmental aspects of the PC-I/ initiative shall be taken into account and the Environmental Impact Assessment (EIA) report duly approved by the concerned Environmental Protection Agency shall invariably be attached with the PC-I.

o. All the columns shall be filled as required in the PC-I for respective sector.

5.4. Engineering Estimates/ Technical Details

Besides, the general description, the PC-I accounts for engineering estimates/ Technical details which provide information regarding requirements of physical inputs, financial resources and technical details for implementation of the project. Cost estimates are critical to successful project management, so teams must produce a reasonably accurate and reliable estimate during the conception and design phase of a project.

Cost estimating is the practice of forecasting the financial cost of undertaking a project with a defined scope. It is done at the lower level to ascertain the required components for implementation of the project. Each component is costed separately based on CSR Balochistan along with other required charges.

5.5. Composite Schedule of Rates (CSR)

The Balochistan CSR, as and when approved and to be notified by the Government of Balochistan, shall be applicable with effect from the date specified in the relevant notification, which shall serve as the basis for cost estimation, administrative approval, technical sanction, execution of works, tender etc., after application of prescribed premiums, where applicable.

The updated rates notified under CSR shall be applicable to all new and unapproved cost estimates. However, already approved and ongoing projects shall continue to be executed on the rates applicable at the time of their approval, unless conversion to revised rates is explicitly allowed by the competent authority/forum in accordance with applicable rules and policy decisions.

Keeping in view the fact that the rates become rapidly outdated in the face of inflation, the PDWP forum in its meeting held on 20th April, 2018, to consider revision/ update of the CSR decided that the CSR shall be updated on regular basis to incorporate updated market rates and add latest items. For stated purpose, a highpower committee has already constituted in the P&D Department to ensure regular update of CSR Balochistan. The update can be item-wise based on specific requirement, or for the entire CSR on the basis of the inflation experienced during the period of time and innovations/ new items added in development works.

5.6. Non-Scheduled Rate (NSR)

The items which themselves or whose best alternatives are not part of CSR, but are required for implementation of any work/project are made part of the PC-I based on nonscheduled rates analysis. The non-scheduled rates analysis is done based on quotations obtained from the open market inclusive of all the taxes. Fresh quotations from at-least three leading firms/ suppliers must be obtained in support for the quoted rate in PC-I. The rate analysis for NSR items shall be carried out on standard pattern given in the Balochistan CSR and the quotations shall contain date, stamp and valid phone numbers in case required for verification. The prices for non-scheduled rates can also be verified through the internet. CSR Premiums are not applicable on the cost of nonscheduled items.

5.7. Project Scope Management:

Project Scope Management outlines requirements of a project to deliver a product, service, or result with the specified features and functions. The Project scope management includes the processes required to ensure that the project includes “all the work required”, and “only the work required”, to complete the project successfully.

A project shall be developed on a complete package encompassing development, recurring and non-recurring expenditure to ensure sustainability in long run.

5.8. CSR Premium

Prior to enforcement of CSR 2018, the estimation of CSR was done during the year 1998, therefore, in the coming years the rates could not compete with the market prices owing to inflation. To make the scheduled rates workable, updated premiums were enforced by the P&DD in different years.

The former premiums were enforced from 1st July, 2013. All the projects approved after the aforementioned date up-to 30th June 2018 were based on CSR

1998 along-with premiums as mentioned above. The Quetta city was taken as base standard and 20% above was applied for earth work, base and sub base items, 100% above for civil work and bituminous related items and 200% above for steel related items. The rates for other districts varied keeping in view distance from base standard and availability of material. The currently applicable CRS (2023) shall apply to all projects with effect from 1st July 2023. **Annex-VII**

5.9. Financial Phasing and Work Breakdown Structure (Work Plan):

The proposed financial phasing and physical activities should be given under column 7 (b) of the PC-I. The financial phasing shall be looked at thoroughly and approved keeping in view financial flow in the coming years. The Financial phasing approved by the approving forum (PDWP/DSC) shall be abided by and funds shall be allocated and released according to the financial phasing in PC-I.

"Work Breakdown Structure (WBS), or work plan, is a deliverable-oriented hierarchical decomposition of all tasks to be executed by the project team in order to achieve the project objectives and produce the required deliverables. Once the project scope and deliverables have been clearly defined, the project work can be progressively divided into smaller and more manageable work elements. An item-wise and year-wise implementation schedule—showing the phasing of physical activities—must be prepared and provided in the PC-I under Column 7(a).

5.10. Route for submission of PC-I:

The engineering/ technical cost estimates are prepared by the executing agency and submitted to the administrative head of the sponsoring department through the technical hierarchy of the department. The technical wing is required to validate the input data, check incorporated details, design and viability of the proposals specified in the PC-I/PC-II before it is presented to the approving forum. The PC-I shall be placed in the DSC forum if it falls in the domain of the department. Otherwise, if the administrative department is different, the PC-I shall be forwarded to the relevant administrative department for placing in DSC forum. If the cost exceeds Rs. 200.00 million, the administrative department shall forward the PC-I to the P&D Department for technical scrutiny and placement in PDWP forum.

5.11. Foreign Aided Project concept clearance:

.

As per Planning Commission guidelines, when a broad outline regarding the nature and scope of a foreign-funded project is known at the preliminary stage, concept clearance must be obtained from the Planning, Development & Special Initiatives (PD&SI) Division (Federal Government) even before preliminary discussions with aid-giving agencies take place. All foreign-funded projects require approval from the Federal Government, irrespective of their size or value. Concept clearance ensures that the proposed project aligns with the development priorities of the Government.

A Concept Clearance Committee for foreign-aided projects has been constituted in the PD&SI Division. The Committee is chaired by the Deputy Chairman, Planning Commission, and provincial governments are also represented on the Committee. Sponsoring agencies are required to submit 35 copies of the project concept proposal, in the prescribed format, to the Public Investment Program (PIP) Section of the PD&SI Division. After obtaining recommendations from the relevant technical section, the proposal is submitted to the Concept Clearance Committee for approval. The Committee's approval is then communicated to the Economic Affairs Division (EAD) and the sponsoring agency for further aid negotiations with development partners.

Following the concurrence of concept clearance by the competent forum, the donor agency generally arranges pre-appraisal or appraisal missions to discuss the project with EAD and other concerned agencies. After appraisal, sufficient data becomes available for the sponsoring agency to prepare the PC-I. The sponsoring agency is required to submit the PC-I to the PD&SI Division within one month after appraisal by the donor agency, for further processing through the relevant approving authority.

It is essential that the decision of the Central Development Working Party (CDWP) is obtained before formal loan negotiations take place with the donor, so that negotiations remain consistent with the CDWP's decision. Likewise, no loan agreement should be signed before the project is approved by the competent forum or has received anticipatory approval from the ECNEC.

5.12. Machinery, equipment & furniture/ fixture components in PC-I

The details and specifications for machinery, equipment & furniture/ fixture component for PC-I which is generally referred as revenue cost, shall be provided by the administrative department for incorporation in the PC-I. The specifications should be standardized as per requirements of the department/ facility. While selecting the machinery and equipment; nature of project, alternative use of machinery, available technology levels, scale of output, cost and availability of spare parts and the performance reliability may be deliberated.

5.13. Contingency/ Departmental Service charges

Contingency charges are included in the PC-I to meet the unforeseen expenditures during the execution of the project and expenses such as POL, Stationeries and Printing etc. for executing offices. Contingency is generally fixed at 1% of total capital cost of the project unless the project is large, for which the contingency may reduce up to 0.5% of total cost. The PMU with approved SNE shall not use the contingency charges for current expenses unless approved by the Project Steering Committee.

Departmental service charges are allowed for selected authorities only. Vide P&D Department letter No. P&D.BDA(31)2008/7398 dated 25th August 2011, the Balochistan Development Authority (BDA) has been allowed to claim 2% contingency charges for all new and on-going projects. The contingency/ service charges are not applied on purchase of vehicles, furniture, equipment, land compensation and consultancy charges etc.

5.14. Future recurring cost of projects:

Under column 8 of PC-Is, the item wise annual operating cost for post completion for five years is required to be specified. The projects are required to be identified and appraised on the basis of a very careful assessment of the future recurrent costs for putting the investments to work in terms of staffing etc.

To cater the issues of shelter-less public facilities or public buildings not providing services due to non-provision of recurring and non-recurring cost etc., the future annual operating costs for public facilities shall duly be given in the PC-I under the respective column (if required), and the representative of Finance Department shall examine the same based on SNE policy of Government of Balochistan, Finance Department.

During the course of SNE meetings in Finance Department, a concise correlation shall be established between the physical progress/ availability of public buildings/ facility and sanction of new expenditure.

5.15. Cost Escalation

Cost escalation refers to the increase in the price of project inputs over time. To account for the future inflationary impact on project costs, a specific provision is added to the base cost in the PC-I. The cost escalation may be added in the PC-Is as per Planning & Development Department's Revision Policy, 2025 or as revised from time to time.

5.16. Do's and Don'ts in PC-I preparation:

a. Name and scope of work in PC-I shall be same as reflected in the PDSP.
b. Name on title page and scope inside PC-I shall not be contradictory.
c. Cost of PC-I shall not exceed the cost as reflected in PSDP.
d. No rough costing/ lump-sum provision shall be kept in PC-I.
e. Vague terms such as "various, etc., other, different" shall not be used. Specific name of site/ scope/item shall be used.
f. Adequate and authentic data shall be provided in the PC-I.

g. Officers involved in provision of flawed or misleading information are liable to disciplinary and criminal proceedings under the prevailing laws.
h. Unrealistic cost estimation shall be avoided.
i. Over estimation of benefits/ impact shall be avoided.
j. The relevant authorities/ agencies shall be taken on board and timely coordinated.
k. Availability of funds/ finance must be ensured.
l. Premiums on CSR are different district to district and also vary for within the city (DHQ) and outside, pertinent premiums shall be applied.
m. Premiums are not applied on Non Scheduled items.
n. PC-I shall be signed in original. Scans must not be used
o. The Project I.D shall be given on the title page, certificate and on the general abstract of cost.
p. Land availability shall be ensured and status be incorporated in the PC-I.
q. Site /Location shall be identified scientifically.

Chapter 6. Project Appraisal:

The project appraisal is an essential stage in project planning & management cycle. A project appraisal assesses the technical, economic, financial, managerial soundness and viability of a project. The projects involve huge investment out of public exchequer; therefore, while making the decision for approval of projects for implementation, the project appraisal plays a vital role to assess the costs and benefits. The costs are compared with the benefits, if benefits are greater than costs, a project is considered viable. The basic purpose of systematic appraisal is to make better spending decisions for capital and current expenditure on projects and programs. The project appraisal involves a careful checking of the basic data, assumptions and methodology used in project preparation, an in-depth review of the financial phasing, work plan, cost estimates and proposed financing. Therefore, appraisal involves the comparison of costs and benefits related to the projects that aids the decision makers in knowing about the short-comings and strengths of the proposal, both in financial and non-financial aspects. Before approval and allocation of resources for a particular project, the decision-making authority shall convince itself that the proposed project is the best and most economical medium of achieving the desired socio-economic objectives. Based on findings of appraisal, the project can be accepted or rejected.

Appraisal and approval of projects is undertaken at both the Federal and Provincial levels. Pre-approval appraisal of all proposed projects is domain of the Planning and Development Departments. The Key objectives of the appraisal process for a project include:

- Scrutiny of the basic data, assumptions and methodology used in project preparation (Tasks, quality of documents).
- In depth review of the work plan, cost estimates and modes of financing.
- Assessment and validity of project's financial, economic, social, managerial, environmental and organizational viability.

- Perform assessment to select amongst the competing alternative proposals to help decision makers accept or reject the project on the basis of data.

There are various types of project appraisals, out of which either one or a mixture of two or more can be opted, based on sector and type of the PC-I/ project.

6.1. Financial Appraisal:

Financial appraisal is an unbiased evaluation of the profitability and financial strength of a project. Financial and economic appraisals have similar features; both estimate the net benefits of a project. The financial appraisal takes into account the costs and benefits for project using market prices while the economic appraisal counts the expected benefits to overall economy based on shadow prices. The financial appraisal also reviews the proposed financial phasing provisions in the PC-I and likelihood of availability of resources to meet the financial requirements of the project.

The Internal rate of return, discounted cash flow and net present value are recommended analytical methods for financial appraisal.

Internal Rate of Return (IRR):

Internal rate of return (IRR) (Financial) in Project Management is based on the principle of opportunity cost and is used to estimate the profitability of public investment. Base for calculation of the IRR is prevailing discount rate which is actually the opportunity cost of intended investment on specific project. IRR is the discount rate for which the Net Present of Value of the project would be zero.

Similarly, Economic Internal Rate of Return (EIRR) implies the economic evaluation and measurement of impacts of project.

IRR calculations are compared against the prevailing rate of interest on which the State Bank of Pakistan provides loans to other commercial banks. For example, if prevailing discount rate is 8% and the IRR for any project is greater than 8%, project is feasible for investment. If the calculated IRR is less than 8%, it means that the project is not feasible for investment. If the discount rate and IRR are equal, it shall mean that the project is on break-even point and the decision to implement the project would depend on other factors.

$$\mathbf{IRR = 1/1+r^{\wedge t*NP}}$$

*Where **r** is the discount rate, **t** is the years of computation and **NP** is the net profit of loss during the year concerned. The IRR is calculated for number of years a project is expected to yield benefit or remain operational.*

Examples:

Year	Capital	O&M	Total cost	Revenue	Net Profit /loss
1	30		30		-30.00
2	20		20		-20.00
3	30		30		-30.00
4	20		20		-20.00
5	0	2	2	23.56	21.56
6	0	3	3	24	21.00
7	0	5	5	28	23.00
8	0	6	6	39	33.00
9	0	8	8	43	35.00
10	0	9	9	42	33.00
	100.000	**33.000**	**133.000**	**199.560**	**66.56**

Discount rate or r. @8%

IRR= 10%, so feasible for investment.

6.2. Economic Appraisal

Economic appraisal compares the economic benefits and costs of the project to the entire economy. Thus, economic analysis is concerned with the value, a project holds for the society as a whole. The question to be addressed in economic appraisal is whether the investment proposal contributes to the development objectives of the country/province and whether this contribution is likely to be large enough to justify the use of scarce resources. It takes into consideration all members of the society and measures, the project's positive and negative impacts.

Like, financial analysis, the economic appraisal is also done through same methods i.e., internal rate of return (IRR) and net present value (NPV). As compared to the financial analysis where market prices are taken, in economical appraisal the shadow price is taken into account. Shadow price is the value to a commodity that is not ordinarily quantifiable as having a market price, but needs to be assigned a value to conduct a cost-benefit analysis. Shadow price is assigned to goods that are not generally bought and sold as separate assets in a market place.

6.3. Technical Appraisal

Technical appraisal provides a comprehensive review of all technical aspects of the project. The appraisal is done based on the technical data and information given in the PC-I and prevailing circumstances. The technical appraisal may cover, but is not limited to the following aspects of the project under consideration:

I. There is a sound rationale for the selected technical design and approach.
II. The proposed design is in confirmation with the international and best engineering standards to the extent possible and meets the identified needs in the best possible way.
III. The intended technology has been proven or tested or has been in practice elsewhere.

IV. The proposed design is in line with existing infrastructure/ facilities/ programs.
V. Equipment demand is satisfactory and in line with requirements.
VI. Cost estimates are prepared based on CSR Balochistan.
VII. All technical alternatives have been considered and requirements fulfilled.
VIII. Correct engineering data is used for design and estimation.
IX. Future expansion is possible and prospect is considered.

6.4. Social Appraisal:

Social appraisal of the project is done from the perspective of society. It reviews the impact of project on target population and concerned stakeholders in terms of social welfare and better understanding of their interests. The social appraisal takes into account the following areas:

I. The project does not worsen income distribution.
II. The project does not adversely affect one age cohort.
III. The project is acceptable for all ethnic and religious communities.
IV. The project does not harm one religious community disproportionately.
V. The project does not harm one gender disproportionately.
VI. The project ensures equal opportunities and resources for women, girls and other vulnerable groups.

6.5. Environmental Impact Assessment

Environmental impact assessment is an integral part of PC-I. *"Environmental impact assessment" means an environmental study comprising collection of data, prediction of qualitative and quantitative impacts, comparison of alternatives, evaluation of preventive, mitigation and compensatory measures, formulation of environmental management and training plans and monitoring arrangements, and framing of recommendations and such other components as may be prescribed*[8]*.*

[8] Balochistan Environmental Act, 2012

While preparing PC-I, the potential adverse impacts in shape of ecological, Physio-Chemical and human interests must be reported and analysed as some of the projects especially of water, infrastructure and power sector may have adverse impacts on environment. The purpose of environmental impact assessment is to ensure that costs and benefits pertaining to the environment are considered in the decision making process and to ensure that possible adverse impacts are identified and avoided or minimized. A brief preliminary study to assess whether the project is harmful or not is called Initial Environmental Examination (IEE).

A specific concern with the development is that those who enjoy the fruits of economic development today may be making future generations worse off by excessively degrading the earth's resources and polluting the earth's environment. The development projects shall be designed on the principles of sustainable development so that the current generations can meet their needs without compromising the ability of future generations to do the same.

The environmental analysis assessment may cover any of the following matters:

I. Whether the project is likely to cause air, noise or water pollution.
II. Whether the project is likely to adversely affect labour and working conditions.
III. Whether the project is going to threaten biodiversity conservation and natural resource sustainability.
IV. Whether the intervention is likely to damage flora and fauna.
V. Whether the project is causing any harm to indigenous people.
VI. Whether the project involves disaster risk and arrangements have been made to mitigate or reduce the same (DRR).
VII. Whether the project can involve risks of flood, drainage erosion, water logging, soil fertility etc.
VIII. Whether the areas of settlement, agricultural lands or navigations are likely to be disturbed.

6.6. Methods of appraisal:

6.6.1. Net Present value:

Net present value (NPV) is the difference between the present value of benefits and present value of cost. NPV of a project can be calculated by discounting net cash flows at required rate of return and deducting initial investment. A project with positive net present value is accepted and with negative net present value is rejected. NPV is calculated as under:

Formula for NPV

NPV = (Cash flows)/(1+r)i

Where cash flow indicates the cash flow in the time period, ***r*** *is the discount rate,* ***i*** *is the years of computation. The NPV is calculated for number of years a project is expected to yield benefit or remain operational.* The key determinants of the NPV calculation are the appraisal horizon, the discount rate, and the accuracy of estimates for costs and benefits.

NPV is different from IRR as it offers the expected cash flows associated with a proposed project to their current value in currency. The IRR however calculates the percentage rate of return at which those same cash flows will result in a net present value of zero.

6.6.2. Payback period:

Payback period is the measure of project capital recovery. It is calculated based on length of time required to recover the original investment. The Project with lesser length of time required for payback are considered to be more feasible and economical as compared to the projects which need more time for payback.

Payback period method is used to evaluate projects, which are designed to generate revenue for public. It is used for comparison among multiple potential projects and selecting the best based on lesser payback period.

Payback period = Initial investment

Annual net earning

Scenario 1:

Quetta-Kuchlak Bypass:

Capital Investment: Rs. 369.00 million

Annual Net Earnings: Rs. 73.00 million average

Pay Back period 369/73= 5.054 years

Scenario 2:

Ziarat Chair-lift Project:

Capital Investment: Rs. 256.00 million

Annual Net earnings: Rs. 18.00 million

Payback period: 14 years

In the above scenarios, since the project 1 will payback in lesser period of time; therefore, the project 1 shall be preferred for financing.

Note: Applying different appraisal techniques to the same data may yield contradictory conclusions due to differences in the timing of when those costs and benefits are accrued and other variables that are evaluated. Therefore, the appropriate method shall be opted for project appraisal based on the requirements and nature of the project.

Chapter 7:

7. Approving Bodies for Development Projects

Approval is a legally recognized written consent by a regularity body to proceed with a requested activity. Once the project proposal has gone through the appraisal stage, the project needs to be approved by the competent approving forum prior to the implementation phase.

Approving forums are constituted at national, provincial, departmental and divisional level for approval of project documents falling in their financial and administrative domain based on the nature of project and mode of financing.

7.1. Divisional Development Working Party (DDWP)

The Divisional Development Working Party (DDWP) is empowered to approve development projects costing up-to Rs. 100.00 million. The approval of development projects is subject to proper appraisal and consideration. **(Annex-VIII)**

Composition of DDWP:

i.	Divisional Commissioner	Chairman
ii.	Deputy Commissioner in the Division	Member
iii.	Divisional head of the concerned department	Member
iv.	Director Development, P&D Department	Secretary/Member

Terms of Reference:

a. The approving authority of DDWP is only for schemes which are coordinated by Divisional Commissioner.

b. DDWP cannot approve Federal Government and Foreign Funded projects.

c. DDWP cannot revise, re-appropriate and authorize funds for development projects.

d. DDWP will adhere to the criteria of schemes duly notified by the competent forums.

e. Any task assigned by the competent forums.

7.2 Departmental Sub Committee (DSC)

Powers to approve provincially funded projects (PC-Is), costing up to Rs. 200.00 million have been delegated to the Departmental Sub Committee (DSC) of respective administrative departments. The DSC is chaired by the Administrative Secretary of the department concerned, the forum is fully competent to approve projects placed before it, reject them outright or approve them with certain conditions. However, in case of a difference of opinion, the project/PC-I is referred to the PDWP for consideration/approval. DSC notification is (**Annex-IX**)

Composition of DSC:

i.	Secretary to the Government in the Department concerned	Chairperson
ii.	A representative of P&D Department	Member
iii.	A representative of Finance Department	Member
iv.	Any Co-opted member(s) if required, (Chairperson may opt)	Member
v.	Concerned Head of Section/ Wing of the concerned Department	Member/Secretary

Further,

a. The DSC is presided over by the administrative Secretary in person and cannot be held in his absence.

b. The Departmental Sub-Committee/Divisional Development Working Party meeting will, in no case, be held without presence of any permanent member except with the written consent of the concerned member.

c. To ensure proper appraisal, the PC-I shall be provided to the members at least a week before the meeting. The meeting notice, along with working paper, should be served well in time to ensure full participation of all members.
d. The Departmental Sub-Committee/Divisional Development Working Party will not consider any project, new or revised, if it is not formulated in the light of instructions to fill the PC-I/PC-II forms.
e. In the projects of emergent nature, (concerning quick relief and rehabilitations, for instance) the Chairperson, of the approving forum, may authorize execution. Missing necessary information shall be provided thereafter at the earliest possible time.
f. The DSC/DDWP cannot consider any project for which source of funding is not known. In such case, the project proposal should be placed before the PDWP for consideration irrespective of its cost.
g. PC-Is cannot be split into fragments to bring them in the domain of DSC/DDWP. A project above Rs. 100.00 million shall be forwarded to P&D Department without fragmentation.
h. Minutes of the meeting of Departmental Sub-Committee/Divisional Development Working Party shall be prepared and circulated after approval of the Chairperson. The member(s) may point out any deviation in writing (if it exists) in recording of decision and the decision taken in the meeting.
i. The minutes, under each item of the agenda, should consist of two portions: discussion and decision. The decision about the project so approved should invariably indicate the cost and scope at which it is approved.
j. The DSC does not have the powers of re-appropriations, revisions and authorizations.
k. DSC cannot approve Federal Government / foreign Aided projects.
l. DSC is not empowered to approve PC-II.
m. Autonomous and semi-autonomous authorities are not entitled to conduct DSC meetings.

7.3 Pre- Provincial Development Working Party (Pre-PDWP)

According to the Notification of P&D Department dated 9th September, 2024, all PDWP domain development projects shall be placed in the Pre-PDWP forum. The committee is entrusted to scrutinize / examine PC-Is, feasibility studies / PC-IIs of all development projects, prior to placement in the PDWP for consideration.

7.3.1. Composition of the Pre-PDWP:

1. The Joint Chief Economist Concerned — Chairman
2. Chief of Section Concerned — Member/ Secretary
3. Superintending Engineer/ XEN P&D — Member
4. Representative from Sponsoring Deptt — Member
5. Representative from Executing Deptt — Member
6. Any Co-opted member (if required)

7.4 Provincial Development Working Party (PDWP)

Provincial Development Working Party (PDWP) is the highest empowered clearing house in Balochistan to approve projects ranging from above Rs. 100.00 million to Rs. 10,000 million. These include projects sponsored by the Government of Balochistan or sponsored by donor agency with less than 25% FPA share. The Projects exceeding Rs. 10,000 million or partially/completely funded by the Federal Government or where more than 25% of cost is borne by a donor agency are also cleared by the PDWP before submission to the CDWP for recommendation.

The PDWP is chaired by the Additional Chief Secretary (Dev) and the Planning and Development Department, Government of Balochistan acts as Secretariat for the forum.

The composition and functions of PDWP are as under:

a. Additional Chief Secretary (Dev) P&D Department, Balochistan — Chairperson
b. Secretary Finance, Government of Balochistan — Member

c.	Secretary of the Concerned Administrative Department	Member
d.	Chief Economist P&DD	Member
e.	Concerned Joint Chief Economist,	Member
f.	Director General (M&E) P&D Department, Balochistan	Co-opted Member
g.	Chief of Section, P&D Department, Balochistan	Member/Secretary
h.	Any Co-opted member(s)	

Further,

1. There is no restriction on the PDWP, if it feels necessary, to call for, or to consider any project below its power, referred to it by the Departmental Sub-Committee/ Divisional Development Working Party or any Department /agency.
2. The PDWP will also consider for approval of project below its powers, which do not fall solely within the jurisdiction of any particular department, but pertains to multiple departments (Umbrella projects).
3. All the projects of autonomous/ semi-autonomous authorities irrespective of cost are approved by the PDWP.
4. Projects, properly formulated, should be submitted to the PDWP through the Planning and Development Department.

Note: *Sanctioning powers and composition of approving forums such as PDWP, DSC and DDWP are subject to changes as and when deemed necessary by the Government.*

7.5 Central Development Working Party (CDWP)

The CDWP is now the second-highest forum for approval of development projects at the Federal Government level. It is empowered to approve all federally funded projects costing up to Rs. 7.5 billion. Projects with costs exceeding Rs. 7.5 billion are discussed and recommended for approval by Executive Committee of the National Economic Council (ECNEC). All development projects of provincial departments or agencies costing more than Rs. 7.5 billion, projects related to the water sector, and all projects with 25% or more foreign-exchange component (FEC), initially recommended by the provincial planning/development body (PDWP), are processed and examined by CDWP and subsequently recommended to ECNEC for final consideration. CDWP acts as a pre-clearing office for ECNEC; before forwarding any PC-I/II for ECNEC approval, it ensures that the project documents have been prepared on sound lines, the required proforma are properly completed, relevant documentation such as project reports, maps, and plans are attached, and the necessary economic, financial and technical scrutiny has been carried out.

7.6 Executive Committee of National Economic Council (ECNEC)

The National Economic Council (NEC) has delegated its powers to its Executive Committee referred as Executive Committee of National Economic Council (ECNEC) for smooth conduct of government business. The main functions of the ECNEC are:

i. To sanction public sector development projects exceeding financial competency of CDWP and provincial PDWP.
ii. To allow moderate changes in the plan and sectoral re-adjustments within the over-all plan allocation.
iii. To supervise implementation of the economic policies laid down by the Cabinet and the National Economic Council.
iv. Reports asked for by the Committee in pursuance of its earlier decisions.
v. Any other matter referred to the Committee by the Prime Minister, the National Economic Council, the CCI, the Cabinet or raised by a member in the committee with the permission of the Chairman.

7.7 Annual Plan Coordination Committee (APCC)

The APCC has the task to review the Annual Plan and PSDP of the previous and current years and to recommend the subsequent years proposed Annual Plan and PSDP for submission to the NEC.

The APCC is headed by the Minister PD&SI or Deputy Chairman Planning Commission. Its members include:

i. Governor State Bank of Pakistan,
ii. Ministers for Finance Division
iii. P&D Departments of all provinces and AJ&K
iv. Deputy Chief Executive of Northern Areas
v. Chairmen P&D boards Punjab and Sindh
vi. Additional Chief Secretaries (Development) of Sindh, Balochistan, KhyberPakhtunkhwa, AJ&K and GB
vii. Provincial Finance Secretaries
viii. Secretaries of all Federal Ministries
ix. Chief Economist Planning Commission
x. Chairmen FBR, NHA, WAPDA, PAEC, PNRA, HEC and CDA
xi. Economic Adviser Finance Division
xii. Additional Secretary (Budget) Finance Division
xiii. Members of Planning Commission and officers of the Planning Commission.

7.8 National Economic Council (NEC)

The National Economic Council (NEC) is the supreme policy making forum for devising long term policies and plans for economic development of the country. NEC has been constituted under article 156 of the constitution of Islamic Republic of Pakistan, which states:

156. National Economic Council (1) The President shall constitute a National Economic Council which shall consist of—

(a) The Prime Minister, who shall be the Chairman of the Council;

(b)The Chief Ministers and one member from each Province to be nominated by the Chief Minister; and

(c) Four other members as the Prime Minister may nominate from time to time.

(2) The National Economic Council shall review the overall economic condition of the country and shall, for advising the Federal Government and the Provincial Governments, formulate plans in respect of financial, commercial, social and economic policies; and in formulating such plans it shall, amongst other factors, ensure balanced development and regional

equity and shall also be guided by the Principles of Policy set out in Chapter 2 of Part-II.

(3) The meetings of the Council shall be summoned by the Chairman or on a requisition made by one-half of the members of the Council.

(4) The Council shall meet at least twice in a year and the quorum for a meeting of the Council shall be one-half of its total membership.

(5) The Council shall be responsible to the Majlis-e-Shoora (Parliament) and shall submit an Annual Report to each House of Majlis-e-Shoora (Parliament)

7.9 Approval Steps/Flow of Federally funded Project

7.10

PC-Is for the federally funded projects being implemented by the Provincial Government are prepared by the executing agency and administrative department of Government of Balochistan in close collaboration as per guidelines. Forty five (45) copies duly signed by the Principal Accounting Officer of department concerned are submitted to the Planning and Development Department for appraisal & recommendation from PDWP and signature of ACS (Dev) for onward submission to the concerned Federal sponsoring ministry and thereafter to the Ministry of Planning, Development & Reforms, Islamabad. The ministry has also developed an Intelligent Project Automation System (iPAS) which is a web-based tool for the process automation of PSDP formulation, recording and tracking, process automation of releases, online submission of progress and funds management (reappropriations, supplementary grants etc.) involving all stakeholders of development portfolio. All provincial PC-I proformas and other PC performas can be submitted digitally on the system.

On receipt of project PC-I and minutes of the PDWP meeting (45 copies) from the concerned sponsoring ministry, the Ministry of Planning, Development and Reform, Government of Pakistan circulates copies of these project PC-Is among the concerned sections of the ministry. These projects are scrutinized for their economic, financial and technical aspects by each section and the findings/results are forwarded to the corresponding section. Pre-CDWP meetings are held to fine tune the project PC-I and discuss and dispose off any issues in the PC-I. Based on the views of different sections and pre-CDWP meeting discussion, the section concerned prepares working paper for the CDWP. The working paper is then circulated among all the members of the CDWP for their comments. The sponsoring department/agency is required to prepare the replies to the points raised in the working paper and also to supply additional data, if required. The project is then put up for consideration by the CDWP and recommendation to ECNEC. The meetings of the CDWP are normally held every month and the Planning, Development and Reform Division works as Secretariat of CDWP. The ECNEC, however, generally meets once in 6 weeks or in certain cases may meet early, if so required. ECNEC is fully competent to approve, or reject a project on the basis of its merits and demerits. The CDWP may send a project back to the sponsoring agency after making some observations and suggesting modifications. These agencies carry out the amendments accordingly and again forward the projects to the Ministry of Planning, Development and Reform, Government of Pakistan. The concerned sections of this division prepare summaries, thereon for consideration by ECNEC. The Approval Steps/Flow of partial cost sharing projects is also same as for fully sponsored Federal projects.

7.11 **Approval steps of Provincial Funded Projects:**

PC-Is for provincial funded projects shall be prepared by the executing agency in collaboration with the administrative department and other stake holders. PC-I prepared by the Executive Engineer of the division is routed through the engineering/ technical hierarchy of department concerned for counter check of the engineering designs / estimates. It is, then, submitted for recommendation of the Principal Accounting Officer. Similarly for social sector projects the PC-I shall be prepared by the DDO concerned and routed through the administrative hierarchy. If the executing agency and administrative department are different, the PC-I shall be forwarded to the administrative department for placement in DSC forum, if the cost is equal to or below Rs. 200.00 million. If the cost exceeds Rs. 200.00 million, it is forwarded to the Planning and Development Department.

All PC-Is to be placed in the PDWP/DSC/DDWP are subject to appraisal and discussion, therefore, the PC-Is received in the section concerned shall be appraised internally by the officers of section and, later forwarded to technical section/ committee for detailed appraisal. The observations, if any, are communicated to the departments well in time to respond. A working paper is then prepared and circulated amongst the members of PDWP along-with relevant documents well-before the PDWP meeting for maximum participation of all the members.

The PC-Is falling in DSC are primarily scrutinized by the department concerned and PC-Is along-with detailed working papers must be circulated to the members at-least one week before the date of meeting for appraisal and participation in the meeting.

Minutes of the PDWP and DSC meetings are recorded very carefully covering all the decision taken, special requirements (if any), clearly mentioning discussion and decisions taken. Draft minutes are approved by the Chairperson of the meeting before circulation to other members for signature. After signature, minutes of the meeting shall be circulated to all the members & relevant departments for record and further processing for release of funds etc.

7.12 PC-I preparation and approval of Foreign aided project:

After 18th amendment, provinces can proactively mobilize foreign assistance including grant, credits, loans and any other support from donors/development partners for its financial and technical assistance to accelerate the process of growth and improve service delivery. The assistance is generally sought to address two priorities; the first one is the development priorities of the provincial government and the second is the framework agreed by the Development partners and the Federal government. The former is realized in the shape of Development Framework or Five-Year Plans whereas the latter is in the shape of Country Partnership Strategies or Country Operation Plans of the development partners.

The terminology, however, referred to; may vary from donor to donor or province to province.

The cycle of engagement with donor starts with a process of interaction that takes place between the Government of Balochistan and the development partners facilitated mostly by Federal Government (Economic Affairs Division). These interactions are in the shape of field missions of development partners to Balochistan or the visits of provincial government officials to development partners or their projects. The aim is to see what best international practices are being followed for any intervention in the areas of Public Finance, Public Investment or improvement of service delivery or what the gaps are for the prospective financial assistance. The missions include Identification Mission, Scoping Mission, Appraisal Mission, Project Design or Formulation Mission, Project Implementation Mission, Progress Review Mission, Project Completion Mission etc.

When consensus is reached amongst the Development Partners, Federal and Provincial governments, a consultative process is initiated. This process is based on various studies, development frameworks of the provincial government and country partnership strategies of the development partners and is assisted by group of sector experts led by P&D department. The consultations after passing through various stages sometimes culminate on the formulation of project or program document. The development partners process that document for internal approval whereas the province converts the same document into its own format of planning commission i.e., PC-I and PC-II. Upon the approval of the PC-I and PC-II by PDWP, the same is forwarded to the Federal Government for approval of CDWP and ECNEC.

After approval from CDWP and ECNEC, implementation phase of the Foreign Assisted Projects starts as per design and operational manual broadly following the Financial and Procurement arrangements of the development partners through opening of the revolving funds and assignment accounts. The project activities are overall controlled by the Project Steering Committee headed by

Additional Chief Secretary (Development) with coordination or facilitation mechanisms delegated to relevant officials.

At the closure phase, another mission prepares "Project Implementation & Completion Result Report" and the ICRR is shared with all stakeholders and becomes a reference document for future projects.**Technical Approval.**

All development project proposals must go through a technical approval process from relevant fora which shall be granted only if the project is compliant with the set standards. This has been stated in subsection 1 of Section 15 of the Balochistan PFM Act 2020. The subsection 2 of section 15 also gives the PDWP the powers to rectify errors in all provincially funded development projects other than change in cost, scope or shifting of a project from one location or site to another location or site.

7.13 Inclusion of Development Projects in Demand for grants.

As mentioned above also no project shall be considered for inclusion in demand for grants that has not been given the technical approval. Furthermore, at least 20% budget allocation out of the total cost is required for the coming year for a project to be included. Section 16 of Balochistan PFM Act 2020 clarifies this and states that no development project can be considered for inclusion in demands for grants that has not been granted technical approval. Furthermore, that same section states that no development project can be considered for inclusion in demands for grants unless it is provided with a budget allocation of at-least twenty percent of its total cost for the coming year.

Chapter 8:

Project Implementation:

Project implementation entails intense tasks and a variety of physical work for accomplishment of planned activities and financial management. The implementation of project is undertaken in accordance with all the established guidelines, procedures and regulations.

8.1. Administrative Approval

After approval of the project PC-I by the competent forum i.e., DDWP/ DSC/ PDWP/ ECNEC and authorization of funds for implementation, for every project (excluding petty works and repairs) it is necessary to obtain, in the first instance the concurrence of the competent authority of the department concerned requiring the work which is known as administrative approval. The administrative Secretary of the department concerned issues the administrative approval based on minutes of the approving body meeting. This means that the department has formally accepted the proposal to incur expenditure as per approved scope of work and within the given cost and time. The administrative approval contains details such as total cost of a project, its breakdown into capital and revenue expenditure and conditions for implementation as decided by the approving body. In addition to these, the recurring cost required after completion of the project along-with number of posts created is also given. The head of account under which the expenditure has to be debited is also indicated in the administrative approval.

The administrative approval once issued remains valid unless there is a change in the cost and/or scope of work of the project. If a project is revised, the revised administrative approval is issued by the Administrative Department. Similarly, revised approval is also required if the design or scope of a project already approved is changed.

It must be noted that the administrative approval is time-bound. The projects requiring extension in set time-period must apply for extension and the concerned Ministry/ Administrative department would, thereafter issue extension after due justification. Third time extension in time-period of a project has to be, however, obtained from the forum that has formally approved the PC-I i.e., DSC/ PDWP/ CDWP etc.

8.2. Release of funds

For the federally funded PSDP projects, the Finance Division, Government of Pakistan issues release mechanism. According to enforced release strategy, funds are released as;

1st & 2nd quarters 20% each

3rd & 4th quarter 30% each

The Ministries and other executing agencies are, nevertheless, given the flexibility to obtain releases for a certain quarter for their fast moving and near completion projects. These releases are in excess of the projects' individual ceilings but within the overall respective ceiling. This flexibility is basically meant to minimize the throw-forward and to avoid time and cost overruns as far as possible.

For the first quarter, Ministry of Planning, Development and Reforms may issue authorization for approved schemes remaining within 20% of overall PSDP allocation. Releases for quarter 2 and onward are recommended by the PD&R Division after due scrutiny.[9]

For provincial PSDP funded projects, the Planning and Development Department issues authorization letter to the Finance Department for release of funds to be placed at the disposal of the Administrative Secretary concerned. The amount for release of funds, as proportion of the total allocation, is decided by the P&D Department from time to time based on release policy for ongoing and new projects, notified for subject financial year.

For on-going projects of the PSDP, which are already approved by the competent forums, first quarter releases are made in the first month of financial

[9] Finance Division letter No. F.No.2(3)BR-III/2019/465 dated 17th September, 2019

year as per release policy adopted by the Planning and Development department. For release of remaining allocated funds or additional funds, the progress report of last quarter **on PC-III (b)** format and utilization report of already released funds is submitted to P&D Department. In addition, the monitoring reports are also referred to for release of funds and recommendations therein considered.

8.3. Project Steering Committee:

Project Steering Committee is the key advisory body of senior stakeholder or experts within the government structure, notified for selected projects. The committee is responsible for resolving issues and giving recommendations that are essential for ensuring the successful delivery of the project outputs and the attainment of project outcomes. This includes;

1. Approving the annual work plan, cash plan, SNE,
2. Defining and realizing outcomes.
3. Monitoring risks, quality and timelines.
4. Making policy, assessing and taking decision on the issues referred by the Project authorities.
5. The PSC cannot approve PC-I/ PC-II of development projects.

8.4. Establishment of Project Management Unit (PMU) and Appointment of Project Director

The Government of Balochistan has notified its own policy for appointment of project director and establishment of Project management Unit (PMU)[10] which has to be followed in letter and spirit. The policy applies to all provincial projects including federally funded projects that are executed through the Government of Balochistan. Umbrella projects with multiple sub-projects can be excluded from the ambit of the policy with approval of the competent forum.

According to the policy, for execution of selected complex nature projects,foreign aided projects and for PSDP projects executed through the Government of Balochistan that cost Rs. 2000 million and above, separate Project

[10] P&D Notification No. P&D-JCE(S.S)1-7/2023/ dated 23rd May 2023

Management Units (PMU) must be established with the aim to expediently implement the project and improve processes.

In case of technically complex projects costing less that Rs. 2000 million a dedicated PMU can be established subject to the approval of the PDWP.he demand for establishment of independent PMU is raised by the Administrative department and considered/approved by the PDWP forum keeping in view rationale for establishing an independent PMU. All the details of PMU are provided in the PC-I and accepted/approved by the competent forum. This can be reduced/enhanced as per consensus of the forum. The details envisage number and nomenclature of posts, basic project pay scale, required qualification, details of operational costs and details of physical assets required to be purchased. The PMU is mixture of management and technical experts whose job is to accomplish the task assigned under the project. The PMU is therefore designed keeping in view requirements of the project.

The schedule of new expenditure (SNE) for PMU is approved by the Project Steering Committee (PSC) on annual basis keeping in view requirements and activities of the project during the year. The sanctioned posts, eligibility criteria and overall cost allocated for SNE component in PC-I cannot be increased/changed unless formally approved by the PDWP after examining the given justification.

8.5. Appointment of Project Director:

The Government of Balochistan's Policy for Appointment of Project Director and Establishment of Project Management Unit (PMU) For Approved Public Sector Development Projects[11] lays down detailed guidelines for appointment of Project Director **(Annex XI).** According to the Policy the financial ceiling for appointment of an independent Project Director (PD) of a PMU for the PSDP funded projects is Rs. 2000.0 million and above. As mentioned in the case of establishment of the PMU if a PD has be appointed for projects of a technically complex nature costing less than the fixed ceiling of Rs. 2,000 million an

[11] P&D Notification No. P&D-JCE(S.S)1-7/2023/ dated 23rd May 2023

approval of the PDWP is required by providing justification by the sponsoring agency/department.

It must be noted that the justification, cost estimates, and other relevant information must be included in the PC-I submitted to PDWP. The Project Director should be delegated with full administrative and financial powers to improve project management, supervision and help fix technical and financial responsibility.

The Appointment of Project Directors shall be made through the following procedure, unless otherwise agreed in Foreign Assistance Projects;

Project Director Pay Scale	Short Listing Committee	Interview Committee	Appointing Authority
Project Director (BPS 10 and above)	Headed by a BS-20 or equivalent officer and comprising two BS-19/18 or equivalent officer. Both P&D and Finance Departments shall have representation in the Committee	Headed by ACS (Dev.) and comprising Secretary S&GAD department, Administrative Secretary of the concerned line department/authority and concerned chief of the section, P&D department. The Chief of section, P&D department shall also be the secretary. The chair may also invite a BS-20 or equivalent technical person as co-opted member of the committee	Chief Minister

1. The appointment of PD shall precede the appointment of project staff.
2. The PD shall be selected on merit through an open market competitive bidding process.
3. Existing Government servants from concerned departments shall be given preference provided they meet the criteria advertised. Those who meet the criteria shall be awarded 5% additional marks in the technical evaluation process.
4. The candidate fulfilling all the required criteria and scoring highest marks shall be offered the post along-with well-defined terms and conditions.
5. The PD shall be appointed on a contract basis for a period of two years which shall be extendable further till the completion of the project on an annual basis after evaluation of their performance.
6. Government employees cannot be appointed directly against a project position through routine transfer or on additional charge basis.
7. For hiring of Project Director and project related staff, an advertisement shall be given through print and social media. The advertisement shall also be placed on the website of the sponsoring/executing department/authority. The advertisement shall be self-explanatory and include

i. qualifications, age limit, terms of reference, job responsibilities and station of duty

The Project Director is accountable for all actions, steps and decisions taken during project execution. PD must set up his office as close to the site of work as possible and preferably at site, to ensure his/ her availability for taking on-spot decisions on emerging issues. Project Director supervises project and shall try his/her best to resolve day-to-day problems faced in implementation through the administrative and financial powers delegated to him/her for project execution. If any problem is beyond his delegated powers or despite of his best efforts any problem is not solved, the matter shall be reported to the Project Steering Committee for appropriate decision.. The Project Steering Committee shall judge the performance of Project Director and other project staff against the terms of reference in a quarterly basis. Termination of a job contract can be exercised by giving one months' notice or one month pay in lieu of notice without assigning any reason.

No project staff, hired from the open market on contract basis, shall be allowed to continue after the completion of the project. For the posts which are transferred to current side from the development budget, the regular process of recruitment through Departmental Selection Committee or Public Service Commission shall be followed.

8.6. Appointment of Project related staff (Below Project Director and Deputy Project Director):

Project staff below grade-09 shall be appointed in line with the following guidelines:

Project Director Pay Scale	Short Listing Committee	Interview Committee	Appointing Authority
Project Staff (BPS 06 to 09)	Headed by BS-19 or equivalent officer and comprising two BS-18 or equivalent officers. Both P&D and Finance Departments shall have representation in the Committee	Headed by Administrative Secretary of the Sponsoring Department and comprising one BS-19 or equivalent officer each from the P&D department, S&GAD and Finance Department and the concerned PD who will also act as the Secretary of the Committee	Chief Secretary

Project Staff (BPS 01 to 05)	Tests may be conducted on need basis.	Headed by concerned Project Director and comprising one BS 19/18 or equivalent officer each from P&D Department and Finance	Administrative Secretary of the Sponsoring Department

Further,

a. The project-related staff shall be hired on contract basis through a competitive process and these posts shall not be shifted on regular side.
b. The project staff just like the PD shall be appointed on a contract basis for a period of two years which shall be extendable further till the completion of the project on an annual basis after evaluation of their performance Government employees cannot be appointed directly against a project position through routine transfer or on additional charge basis.

8.7. **Consultancy Service for Projects:**

Some of the public sector development projects are complex in nature and require services of external consultant in many forms ranging from, but not limited to the following assignments:

a. Pre-investment studies to establish basis for investment priorities, feasibility to opt for any project.
b. Preparation services, which comprise preparation of detailed cost estimates, engineering specification, performance specification for turnkey contracts, preparation of bidding documents for civil work and equipment, prequalification of contractors and analysis of bids etc.

c. Implementation services comprise works such as construction supervision, project management, inspection, certification, preparation or verification of measurement books/bills etc.
d. Technical assistance, which comprises a wide range of advisory and support services, such as development of sector plans, institutional building, management studies and training needs etc.

The engineering departments of Government of Balochistan employ highly qualified technical staff with ample experience in designing and implementation of wide range of development projects. Therefore, the services of external consultants shall only be hired in the case where the department certifies that it has no specific expertise to carry out the task. The tentative cost of consultancy shall be provided in the PC-I with clear scope of assignment. The ultimate decision for approval of hiring of consultancy services or otherwise is to be taken by the PDWP forum based on findings of feasibility study, technical requirements and nature of project.

Based on the approval of PDWP for consultancy service, clear ToRs containing information such as objective and scope of the proposed assignment with in-depth definition of tasks, timing of the project, details of inputs and particulars of the outputs etc as per the requirement of the specific project shall be developed before floating expression of interest in leading newspapers. The selection of consultancy must be done based on standing instruction of Government of Balochistan and B-PPRA rules or as notified from time to time.

A consulting firm selected to prepare final design; tender documents, supervision etc shall be solely responsible for the accuracy and suitability of its data, design etc. The responsibility however lies on sponsoring agency to supervise and review the consultant's work. No modifications shall be made in the final documents prepared by the consultant without the firm's consent. Similarly, when a consulting firm assists in implementation, the consultant shall have authority in written form to make decisions to tackle all the technical problems as prescribed under the ToRs.

8.8. **Hiring of Consultancy Services:**

The hiring of consultants is done according to the Balochistan Public Procurement Rules 2014. According to the Clause 65 of subject rules; every procuring agency for the selection of consultant(s), shall set up Departmental Consultant Selection Committee which is headed by a gazetted officer not below the rank of BS-19, and, if not available, then the officer of the highest grade available shall preside the committee. In case of administrative departments, autonomous and semi-autonomous bodies, the Project Directors, Project Coordinators or Managing Directors shall head the consultant selection committee of respective project.

Other members of the committee include:

a. A nominee of the Planning & Development Department not below the rank of BPS-18.
b. A nominee of the Finance Department not below the rank of BPS-18;
c. A representative of the Procuring Agency not below the rank of BPS-18 to act as member and secretary;
d. One technical member from the concerned departments for consultation having adequate experience in the relevant field not below the rank of BPS-18 or equivalent; and
e. Co-opted member(s) – The Consultants Selection Committee, with the approval of its Chairperson, can co-opt up to two members, having adequate technical knowledge and experience in the relevant field, for providing technical input to the committee. The co-opted members shall have no voting rights.

8.9. Types of Consultancy Contracts:

There are various types of consultancy contracts, selection of appropriate dependents on the nature of the assignment and whether the scope and output are definable. The types include Man-Months consultancy contract, Lump sum Consultancy Contract and Percentage Contracts. A brief description of each of these contracts are as follows:

Man-Month Consultancy Contracts

A "Man-Months" consultancy contract is a contract that is based on the number of man-months required to complete a project. A "man-month" typically represents the amount of work that one person can complete in a month. These contracts are often used in fields where projects have variable workloads and require flexibility in staffing.

Lump Sum Consultancy Contract

A lump sum contract is a contract that sets a predetermined cost for construction work. The contractor performing the work therefore agrees to complete the project for a fixed amount. In these types of contracts, the outputs and duration is clearly defined.

Percentage Contracts

Also known as cost plus contracts, in these contracts the contractor is given a percentage of the total cost of the project. Thus the contractor is given the actual cost of all services plus a fixed percentage as profit above that.

8.10. Procurement of Revenue components:

The PC-Is in which the scope of work envisages revenue cost for purchase of machinery and equipments are sub divided into two parts i.e. Capital and Revenue components. The details of revenue cost are worked out and elaborated by the administrative department based on requirements and general specifications for utility.

The cost for revenue component shall not be released to the executing agency (in case sponsoring agency is different) and the administrative department shall carry out the procurement through the notified committees for purchase of goods out of development funds. The work plan for purchase of machinery and equipment shall be determined carefully based on progress of civil work component which shall preferably be completed or near completion.

8.11. Revision of Projects

The scope of work for any project is to be followed as per approved PC-I by the competent forum without any change. However, if the changes are imperative in nature and cannot be avoided,

The ECNEC in its meeting held on 29th November, 1978 decided that all the authorities concerned should keep an effective check on the increase in the approved cost. The Planning Commission guidelines for project management illustrate that a strong check should be exercised on cost-overruns. For this purpose, frequent revision in scope and design of the projects should be avoided. If the revision in cost is imperative in nature and in line with the established procedures and criteria, the case shall be dealt with proper justification.

As per Federal Planning Manual, 2024, if the cost of the project exceeds 15% of the approved budget at the time the contract is being awarded, PC-I will be revised immediately and should be submitted for approval of the competent forum.

8.12. Re-appropriation of funds:

Re-appropriation means transfer of savings from particular detailed object to meet additional expenditure anticipated under another detailed object within the same function and grant.[12] The re-appropriation of funds is governed under Balochistan Delegation of Financial Powers and Re-Appropriation Rules, 2019.Department shall communicate the acceptance of this surrender and provide equivalent amount in the next financial year.

The Balochistan PFM Act 2020 clarifies this. According to section 12 of the Act, all departments, their attached departments and subordinate offices and autonomous organizations shall surrender to the finance department by 15th May each year all anticipated savings in the grants or assignment accounts or grant in aid controlled by them.

In case of re-appropriation of development funds the Balochistan Delegation of Financial Powers and Re-Appropriation Rules, 2019 outlines the procedure. As per the rules

[12] Balochistan Delegation of Financial Powers and Re-appropriation Rules, 2019

i. No re-appropriation will be made after the firming up of revised estimates for that financial year;
ii. Re-appropriation may only be made within the same grant/demand;
iii. Re-appropriation may be made within the sector or sub-sector. For any inter sectoral re-appropriation, the consent of the concerned Administrative Department shall be mandatory which shall surrender the funds in a timely manner and the same may be provided as a Technical Supplementary Grant to the Department/Sector requiring supplementary funds by the Finance Department on the recommendations/ authorization of P&D Department;
iv. Re-appropriation may be made where it leads to completion of the project same financial year;
v. No re-appropriation shall be made from projects which are to be completed during the course of the same financial year;
vi. No re-appropriation shall be made in case of foreign aided projects;
vii. The approved cost of the project will not exceed, through re-appropriation, by more than 10% of the amount, for which the project has been administratively approved without changing the original scope;

Development funds re-appropriated by the Administrative Secretaries shall be submitted to Planning & Development for recommendation and onwards submission to Finance Department for adoption through Revised Estimates/final modified grant.

Chapter 9: Monitoring

9.1. Monitoring Concept:

Monitoring for development projects can be defined as the ongoing process by which stakeholders obtain regular feedback on the progress being made towards achieving the completion of assets, goals and objectives of any project. Monitoring is an important part of the project cycle and is a continuous process to identify and respond to bottlenecks or problems, track the physical and financial progress, quality of work, record, deviation from scope and completion schedule of an ongoing development project.

In the context of development planning, M&E stands at the heart of project life cycle management and is considered the "Core function" of overall planning process as it provides adequate input data at each respective phase of project management cycle. Programs and projects with strong monitoring and evaluation components tend to stay on track. Additionally, problems are often detected earlier, which reduces the likelihood of having major cost overruns or time delays later. The ultimate objective of M&E system is to ensure utilization of performance information towards evidence-based decision making at the level of implementers and planners.

Monitoring is distinct from inspection which is generally undertaken at a higher level but not very regularly. Thus, monitoring is an ongoing process done periodically; the lessons from monitoring are discussed regularly and used to inform actions and decisions.

9.2. **Types of Monitoring:**

9.2.1. Internal Monitoring:

Project Supervisors have the task of establishing sufficient controls over a project to ensure that it stays on track and achieve its objectives. Internal Monitoring is the responsibility of the managers of sponsoring departments & executing agencies who are directly involved in project formulation, appraisal, approval and implementation. The managerial staff of the administrative and executing agency and engineering hierarchy of the executing agency are responsible for internal monitoring to fulfill the performance objectives of their respective department. The internal monitoring therefore must be done on a daily, monthly or quarterly basis.

By virtue of the assigned duties and responsibilities to the Principal Accounting Officers under the regulatory provisions as chalked out in detail under the "System of Financial Control & Budgeting" notified by the Govt of Pakistan

Finance Division on 13th September, 2006[13], states that "*the heads of department being the Principal Accounting Officer (PAOs), shall oversee observance of economy (value for money) and regularity (that is, spending money for the purpose and in the manner, prescribed by law and rules).*

Furthermore, the complementary guidelines as elaborated in Para 88[14] of the General Financial Rules state that "*the authority administering a grant is ultimately responsible for watching the progress of expenditure on public service under its control*"

The present guidelines oblige the sponsoring / executing departments to:

i. Dynamically generate, and furnish performance information on project activities.
ii. Carryout baseline monitoring of the inputs and outputs on prescribed proforma (PC-III a & b) identifying bottlenecks during implementation.
iii. Furnish "Sector Implementation Reports": inception, execution, implementation, completion and post completion for analysis.
iv. Observe and estimate value for money including focus on fiscal discipline (spending money for the purpose and in the manner, prescribed by law and rules).
v. Ensure that the proper procedures for reviewing the progress reports do exist, and the accountability mechanism is operational.

9.2.2. External Monitoring:

External monitoring is carried out by any department outside the circle of execution. The external monitoring is mostly done by the Planning and Development Department and foreign donors for their specific projects. The internal monitoring teams should have a close liaison with the external monitors and are responsible for providing information to the external monitors. The external monitoring teams validate the performance of the project by collecting

[13] https://finance.gov.pk/publications/budgeting2006.pdf
[14] https://www.finance.gov.pk/publications/GFR_Vol_I.pdf

information on the spot and through field visits and verify it against the information provided by the project management teams (internal monitoring).

9.2.3. Third Party Monitoring

Third party monitoring is performed by the parties that are external to the project or program's direct beneficiary chain or management structure. Third party monitoring is mostly opted by the donor agencies with the aim to provide an independent perspective on performance of the project.

9.3. M&E Setup in Balochistan

According to the Balochistan Government Rules of Business 2012, monitoring of development projects is one of the major functions of P&D Department. To strengthen external monitoring mechanisms, a designated Implementation and Monitoring wing has been established in the Planning and Development under the Secretary (Implementation) with designated hierarchy at Provincial and Divisional level. The Secretary (Imp.) is assisted by the Director General (M&E), Director General (Implementation), Chief of Section (M&E), Superintending Engineer, Assistant Chief, Executive Engineers, Research Officers and Assistant Engineers at departmental level. The Monitoring teams issue monthly programs for inspection of development projects being undertaken by the different works departments in the first week of each month. Monitoring reports along-with photographs with specific observations, recommendations are shared within the first week of succeeding month.

The Directorates of Development are set up at Divisional level performing functions under the Director Development supported by Assistant Engineers, Assistant Director and other supporting staff. The Directorate reports to the Director General (M&E) P&DD and the Commissioner of Division concerned with the main responsibility to monitor and evaluate all the development works falling within the Division.

9.4. Functions/ Role assigned to P&D under M&E system:

i. Trace out updated progress of projects in physical and financial terms.

ii. Conduct random field inspections and compile reports on efficiency, quality and impact of outputs, as well as compliance with procedure
iii. Identify failure in achieving outputs and suggest remedial actions.
iv. Serve as “Monitoring and Evaluation Repository” on performance data for utilization at the time of revision of projects, or preparation of PSDP.

9.5. Balochistan PFM Act 2020 M&E Provisions

The Balochistan PFM Act 2020 lays down various forms of M&E in the province. Section 17 states that monitoring and evaluation of development projects shall be carried out as per the Planning and Development Department guidelines.

The said section also states that the timelines, forms and formats and guidance on conducting monitoring and evaluation and reporting shall be prescribed.

9.6. P&D Monitoring and Evaluation Framework:

To transform M&E system into an integral / core function of the overall planning process and synergize with various phases of the Project Management Cycle, the P&D Department has formulated M&E framework for P&D Balochistan.

The framework provides guideline for M&E cycle including illustration on rationale for M&E framework, institutional, regulatory & procedural mechanism for M&E, guiding principles for the assessment of projects and M&E functions, results including measurement framework for improved M&E framework, strategies for implementation and coordination for M&E framework.

9.7. Monitoring & Evaluation Cycle/Plan:

M&E is essential for designing, planning, assessing changes and measuring the results and impacts of a project. The M&E regulatory controls offer critical review of the various public investments and meet the basic aim to improve economy and public service delivery. Therefore, the M&E goes side by side with every project management cycle.

M&E Cycle	Focus	Process
Work Planning	What to Monitor	Development inputs, activities, outputs, pace of work, quality
	Who should monitor development projects	• M&E Wing P&D • Divisional Directorates • Special Teams
	When to Monitor	Develop quarterly work plan for monitoring and assign roles and responsibilities

	Where to Monitor	PSDP projects / Donor funded projects.
	What to evaluate and when to evaluate	• Status of achieving the desired results? • What worked in contributing towards achieving results and what did not? • How efficient and effective were the interventions in terms of use of resources (value for money) • Is the project economically, socially, environmentally sustainable?
Planning M&E	Standard indicators for development projects	• Obtain data on standard indicators and methodologies. The indicators shall match the objectives.
Methodologies and standard tools	How to monitor (methodologies & standard checklist) and with whom to monitor and evaluate	• Appropriate methodology (based on nature of projects) for monitoring of development projects shall be opted
Data collection and analysis	Data-base for inputting and compiling data and standard reporting format	• Data shall be obtained and compiled on standard formats. Standard Reporting formats which are simple and easy to understand shall be used

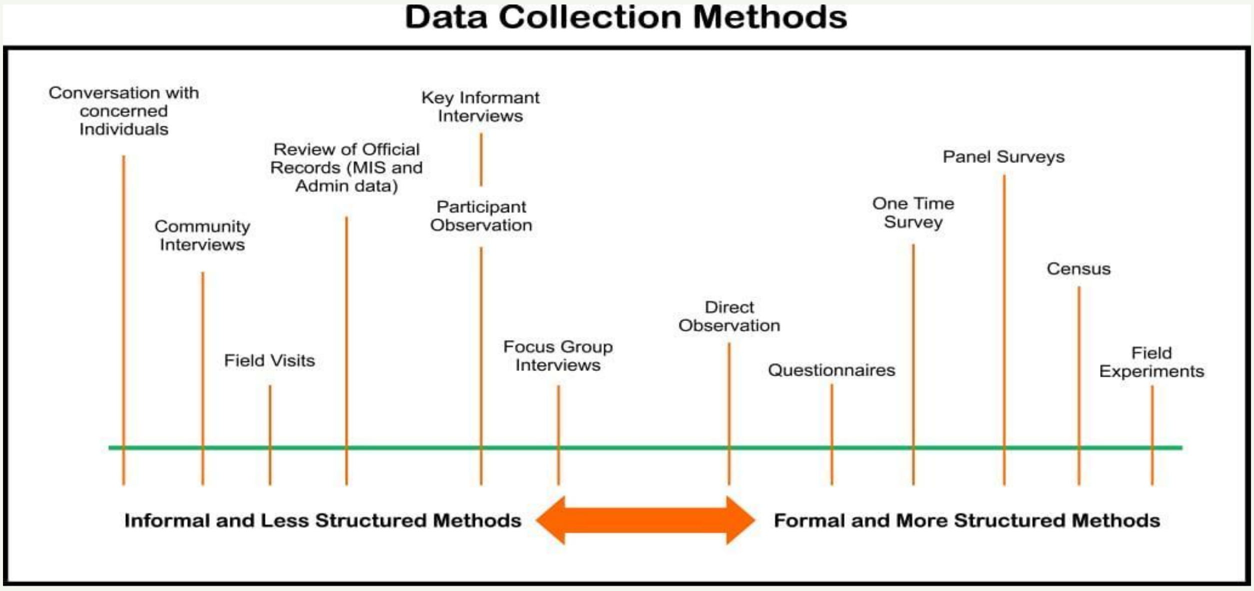
		mentioning key findings and suggest corrective actions.
Communication and reporting	Linkages with other databases and coordination between inter and intra departments	• The M&E data and reports be shared with all concerned stakeholders i.e. ○ Concerned sections in P&D ○ Finance Department ○ Concerned Administrative and Executing agencies ○ CMIT ○ Project Director(s)
Corrective Action	Linking credible information and evidence with planning and implementation processes	• The recommendations in reports shall be reviewed and corrective actions on the part of responsible departments shall be reported to the relevant offices. The reports shall be shared and discussed in quarterly progress review meetings.

9.8. **Monitoring Techniques:**

There are many techniques used for Monitoring of projects. The techniques can be used individually or in combination keeping in view nature of the project:

9.8.1. Performance indicators monitoring:

These measure inputs, processes, outputs, outcomes and impacts of development interventions. They are used for setting targets and measuring progress towards them. The impact assessment of development interventions allows this to work for evaluation as-well.



Source: World Bank

9.8.2. The logical framework (Log Frame) approach:

Logical framework (as sometimes called log frame) is a project matrix that makes a brief presentation of impact, effect, output and activities along with verifiable indicators, means of verification and assumptions. It provides an at-a-glance view of the project plan for managers and a basis for M&E needs and purposes.

9.8.3. Public expenditure tracking surveys:

These trace the flow of public funds and assess whether resources have been utilized as per allocation and approved scope without major deviations. The expenditures can be compared with the release position in PSDP or the progress reports/PC-III submitted by the executing agency for preceding quarter and on the basis of utilization capacity of the project further releases or allocation of funds in coming year can be suggested.

9.8.4. Quality Control Monitoring:

Quality Control is a must in development projects. The standards of quality are given in the CSR and also illustrated in the PC-I. The executing agency is liable to maintain the standards in engineering, design and material used. Defects or failures in constructed facilities can result in very large costs. Even with minor defects, re-construction may be required and facility operations may be impaired causing wastage of scarce resources.

9.9. Guidelines for Monitoring Officers:

i. Project Selection criteria shall be defined, slow moving and projects at completion stage may be preferred.
ii. Projects not monitored during the last FY may be preferred.
iii. Size and strategic importance of projects may be given due importance while selecting for monitoring.
iv. Set targets of specific projects to reach and dates for reaching them.
v. PC-I, PC-III (a&b), previous monitoring reports (if any) and objectives of the project may be obtained from the concerned section and examined for each project.
vi. List of contact details of project staff/ contractors to be met in the field shall be obtained.
vii. Multi-disciplinary monitoring teams may be formulated for better assessment of indicators.
viii. Select outcome indicators to monitor.
ix. Gather baseline information on the current condition.
x. Depending on the nature of project and stage of progress, identify types of community representatives to be met to obtain feedback input for monitoring data.
xi. Photographs and videos may be taken and annexed in reports in support of observations / recommendations.
xii. GIS coordinates may be taken for record.
xiii. Data may be analyzed based on planned targets vs the actual performance.
xiv. Analyze and report the results along-with reconditions.

xv. Reports may be shared with the relevant stakeholders.

xvi. Follow up monitoring schedule may be framed for assessing.

xvii. Implementation of earlier recommendations.

9.10. **Monitoring Indicators:**

Monitoring indicators are specific yardsticks which can measure progress on change in the results of a project. The Federal Government's manual for development Projects has outlined some indicators, some of which are as follows:

i. **Primary Indicators**

- Completion of preliminaries like drawing, designing, tendering etc. as per schedule.
- Financial utilization vis-a-vis PSDP allocations, fund releases and item-wise cost utilization. Physical progress, as per approved work scope and time schedule.
- Staff and equipment usage rate
- Managerial performance (timely decisions, efficiency and controls, inventory level, rate of progress, lack of labour trouble/inter-agencies coordination problems etc.).

ii. Secondary Indicators

- Technical/qualitative parameters, quality control standards, input usage rate, credit supply, extension
- Services (transfer of knowledge and technology with adoption rate etc.)
- Economic parameters (capacity utilization, crop production, intensity, yield, growth rate, etc.)
- Social parameters (income distribution index, availability of basic needs, etc.)
- Environmental parameters (pollution, climate consideration, etc.)

9.11. **Result Based Monitoring:**

Results Based Monitoring (RBM) is a continuous process of collecting and analyzing information on key indicators, and comparing actual results to the expected results. Thus, RBM has a wider horizon than just monitoring. Traditional monitoring looks into financial and physical progress but RBM probes into the outcomes and impacts of development projects and programs in quantifiable terms. RBM has been promoted as an important means to improve the quality and impact of development efforts. It is essentially a special public management tool which governments can use to measure and evaluate outcomes, and then feed the information back into the ongoing processes of governance and decision making.

9.12. **PC-III:**

PC-III (Planning Commission III) is a proforma used for project monitoring throughout Pakistan. It was developed by the Federal Planning Commission and is used by provincial governments for their project monitoring processes as well. There are two types of PC-IIIs i.e., PC-III (a) and PC III (b). PC-III (a) is submitted once a year in the month of July while PC-III (b) has to be submitted by 5th of every month. **(PC-III a & b annex-XII).** PC-III/Progress reports are essential for fact-finding so that decision makers can concentrate on problem solving. The department must therefore ensure timely submission of PC-III proformas.

9.13. **Progress Review meetings:**

The inter-agency progress review meetings are held in the Planning and Development Department to monitor the progress of new and ongoing projects of the province relating to Federal PSDP, Provincial PSDP and Foreign Aided projects. The Progress review meetings are held quarterly and are chaired by the Additional Chief Secretary (Dev). The other members include representatives from the Finance, sponsoring and executing departments along-with the concerned officers from M&E, Programming and section concerned P&D Department. The executing agency must submit the progress report/PC-III (a/b) of the preceding quarter. The bottlenecks / recommendations for each project shall explicitly be mentioned for clear decisions of the progress review forum.

The progress review meetings also work as coordination forums between different stakeholders and also to follow-up the decisions already taken for implementation of development projects.

Chapter 10: Evaluation

Evaluation is the final phase of the Project Management Cycle. Project evaluation is a systematic and objective assessment of an ongoing or completed project that aims to determine the actual contribution, relevance, performance, level of achievement of project objectives, development effectiveness, efficiency, impact and sustainability. Evaluation also feeds lessons learnt into the decision-making process of the project stakeholders, including donors and national partners (Development Assistance Committee). Evaluation can help policy makers to extract relevant information from past and ongoing activities that can be used as the basis for programmatic fine-tuning, reorientation and future planning. Therefore, evaluation helps to find out the extent to which a project has been successful or unsuccessful in meeting the desired objectives. It also provides analysis of the project results and compares them with the planned outcomes and impact of a project.

Therefore, evaluation meets the following objectives:

- **Learning from experience**: With the assistance of evaluations, successes and failures of public investment can be interpreted. Based on the experiences, both current and future projects and programs can be improved.

- Project progress and effectiveness: The extent to which the project's immediate, medium term and long-term objectives were achieved, or are expected to be achieved, taking into account their relative importance.

- Relevance and strategic fit of the project: The extent to which the objectives of a development intervention are consistent with beneficiary requirements, provincial needs, national & global priorities, partner and donor policies.

- Efficiency of resource use: A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.

- Deepening understanding: Evaluation is a tool for deepening knowledge and understanding of the assumptions, options and limits of development projects. Evaluations are intended to contribute to a comprehensive discussion and reflection about development projects.

- Improved communication: An evaluation is intended to foster communication and understanding within and between the different stakeholders.

- Validity of project design: The extent to which the project design is logical and coherent.

- Impact orientation and sustainability of the project: The strategic orientation of the project towards making a significant contribution to broader, long-term, sustainable development changes. The likelihood that the results of the project are durable and can be maintained or even scaled up and replicated by project partners after major assistance has been completed.

- Accountability mechanism: The evaluation is used as an accountability mechanism in implementation of the projects.

The evaluation must not be restricted to the completion stage of the project. It can be applied and conducted at any stage. However, the most appropriate timing will be governed by the nature of the project, and the reason for carrying out the evaluation. Ex-ante evaluation as feasibility study, interim evaluation during execution phase and terminal evaluation after the closure of project can be opted as per requirement when necessary.

10.1. **PC-V:**

PC-V is the evaluation form developed by the Planning Commission of Pakistan which is required to be furnished by 31st July of each year for 5 years after completion of Project indicating projects' operational results during the previous financial year. (PC-V Performa and guidelines to fill **annexed at XIII)**

10.2. Difference between Monitoring and Evaluation:

Monitoring is necessary, but not sufficient for evaluation. Monitoring facilitates evaluation, but evaluation uses additional data collection and different frameworks for analysis and reporting the output, outcome and impact of development projects. Evaluations, like monitoring, can apply to all sorts of development initiatives, including an activity, project, program, strategy, policy, or organization. The key distinction between the two is that evaluations are done independently to provide an objective assessment of whether or not the project met its targets as per planned objectives. The evaluations are also more structured and rigorous in their procedures, design and methodology, and generally involve more extensive analysis. However, the aims of both monitoring and evaluation are very similar: to provide information that can help informed decisions, improve performance and achieve planned results.

The following matrix highlights differences between Monitoring and Evaluation:

Monitoring	Evaluation
Clarifies program objectives	Analyze why intended results were or were not achieved
Links activities and their resources to objectives	Assesses specific causal contributions of activities to results
Translates objectives into performance indicators and set targets	Examines implementation Process
Routinely collect data on indicators, compare actual results with targets	Explores unintended results
Reports progress to stakeholder departments and alerts them to problems	Provides lessons, highlights significant accomplishment of program potential, and offers recommendations for improvement

10.3. **Evaluation Criteria:**

Generally, the development projects are evaluated based on the five key criteria[15]:

a. Relevance:

- To what extent are the objectives of the project still valid

[15] UNEG

- Are the activities and outputs of the program / project consistent with the overall goal and objectives of the department?
- Are the activities and outputs of the programme consistent with the intended impacts and effects?

b. Effectiveness:

- To what extent were the objectives achieved / are likely to be achieved?
- What were the major factors influencing the achievement or non-achievement of the objectives?

C. Efficiency:

- Were activities cost-efficient?
- Were objectives achieved on time?
- Was the programme or project implemented in the most efficient way compared to alternatives?

D. Impact:

- What has happened as a result of the programme or project?
- What real difference has the activity made to the beneficiaries?
- How many people have been affected?

E. Sustainability:

- What were the major factors which influenced the achievement or non-achievement of sustainability of the programme or project?
- Is the facility functional as per plan?

10.4. Evaluation types:

The evaluation usually involves using a number of data collecting tools to obtain a range of quantitative and qualitative information about the outcomes and impact of the project or program. As monitoring, evaluation can also be carried out by different stakeholders related to the project. The internal evaluation, the external evaluation and third-party evaluation can be carried out by stakeholders concerned. The information and data required to be produced in the PC-V can be obtained from project related documents, monitoring reports of the project, previous year budget books, through field surveys, focus group discussions etc.

There are five types of evaluation. The reason for conducting the evaluation and the target development project will better determine the most appropriate type of evaluation to be carried out.

a. **Formative Evaluation**: Formative evaluation sometimes also called internal evaluation is a method for judging the project/ program during the implementation phase for bringing improvements in scope/ methods. The formative evaluation focuses on the processes and can be conducted during any phase of the project management cycle. Its main purpose is to catch deficiencies as soon as possible and enable the implementers/ designers for remedial actions.
b. **Summative evaluation**: summative evaluation also called external evaluation is used for judging the tangible worth of a program / project at the end phase of the project management cycle. The focus of summative evaluation is on outcomes.
c. **Process evaluation**: determines whether the project activities have been implemented as intended or planned during the design phase of the program.
d. **Outcome Evaluation** measures program effects in the target population by assessing the progress in the outcomes that the program was designed to address/ achieve.
e. **Impact evaluation** assesses program effectiveness in achieving its ultimate goals.

Evaluation Type[16]	Definition	Uses	Examples

[16] https://cyfar.org/different-types-evaluation

Formative	• Evaluates a program during development in order to make early improvements • Helps to refine or improve program	• When starting a new program • To assist in the early phases of program development	• How well is the program being delivered? • What strategies can we use to improve this program?
Summative	• Provides information on program effectiveness • Conducted after the completion of the program design	• To help decide whether to continue or end a program • To help determine whether a program should be expanded to other locations	• Should this program continue to be funded? • Should we expand these services to all other after-school programs in the community?
Process	• Determines if specific program strategies were implemented as planned • Focuses on program implementation	• To determine why an established program has changed over time • To address inefficiencies in program delivery of services • To accurately portray to outside parties program operations (e.g., for replication elsewhere)	• Did your program meet its goals for recruitment of program participants? • Did participants receive the specified number of service hours?
Outcomes	• Focuses on the changes in comprehension, attitudes, behaviors, and practices that result from programs activities	• To decide whether program/activity affect participants outcomes	• Did your participants report the desired changes after completing a program cycle? • What are the short or long-

	• Can include both short and long-term results	• To establish and measure clear benefits of the program	term results observed among (or reported by) participants?
Impact	• Focuses on long term, sustained changes as a result of the program activities, both positive/negative and intended/unintended	• To influence policy • To see impact in longitudinal studies with comparison groups	• What changes in your program participants' behaviours are attributable to your program? • What effects would program participants miss out on without this program?

Chapter 11: Project Closure

The Project Closure Phase is the fourth phase in the project life cycle. In this phase, the development project is formally closed and the report regarding its overall level of success to achieve the anticipated objectives of the public investment is shared with all stakeholders.

Just as any of the other project management processes (initiation, planning, execution, monitoring and controlling), project closing serves an important purpose for the Development Planning. It ensures that the desired goals and objectives of the investment have been achieved. It also helps to avoid unfavorable and adverse scenarios which are generally denoted as the never ending, orphan and abandoned projects or claims of outstanding liabilities etc. Project closing must definitely occur at the end of the project to ensure that the project documents are complete, assets have been handed over to concerned authorities/ agencies, final payments are made, scope of work is complete and the facility has been handed over to the administrative department for operations.

In other words, Project Closing is the combination of the following when applied to a project:

1. Confirm that work is done as per the approved PC-I within given cost.
2. The Procurement processes have been completed.
3. Formal completion certificate is issued.
4. The Final payments have been made and accounts are closed properly.
5. Project related documentation has been completed.
6. Project is handed over to beneficiaries to deliver output.
7. PC-IV is prepared and submitted to the Planning and Development Department.

Closure of the project and preparation of PC-IV is the responsibility of the executing agency concerned in coordination with the sponsoring agency (if any) and the closure of project may not be delayed on account of security money.

11.1. PC-IV:

PC-IV is the Proforma designed by the Planning Commission of Pakistan which is required to be furnished immediately after completion of the project regardless of whether the project accounts have been closed or not.

The PC-IV is prepared by the executing agency in coordination with the Sponsoring agency. The particulars and instructions to fill the PC-IV annexed at XVI). The P&D Department shall notify committee(s) as deemed necessary for endorsement of PC-IV of closed projects and the Security for performance of the contractors shall be retained by the department and not paid unless PC-IV is approved by the forum. Further, the executing agency through the admin department shall submit the PC-IV within 3 months of the preceding financial year.

11.2. Premature Project Closure:

It is pertinent that mere completion of the deliverables without adopting proper project closure mechanism does not mean the project is complete. There can be some situations when the projects are required to be prematurely closed. Sometimes situations may arise to close the project prematurely owing to the changed conditions, changed priorities or perpetual nature of the project. The top management (PDWP) may not see the project feasible anymore or worth the investment up to completion stage. A failed project which is unable to deliver would only drain the resources if continued.

In such cases the project shall be closed if it is no longer justified, or can no longer achieve its development objectives and targets. The Sponsoring agency in coordination with the Executing Agency shall submit revised PC-I for approval of competent forum i.e. PDWP justifying why the project is being closed prematurely. The PC-I shall contain details of work done against which payment was made.

11.3. Transfer of Project Assets:

The development project assets comprise the procured and developed assets during the course of implementation of the project. The developed assets may comprise a building, facility, study/report, software etc. as per approved scope of the PC-I. If the executing agency and administrative/ sponsoring department are different, the completed assets have to be transferred to the administrative department for occupations and rendering services it is meant for. The handing-taking shall be done after joint inspection to verify that the work as per approved PC-I has been completed. The documentation for completion of facility and handing-taking over shall be recorded and also furnished to concerned authorities. The assets such as machinery, equipment etc. procured through the revenue component of PC-I also need to be transferred and installed to the facility it is meant for.

The Project Authorities with PMU/PIU are required to maintain log / record of procured physical assets and to be presented in the Project Steering Committee (PSC) on annual basis at the eve of SNE approval. After closure or at the eve of closure of the project all the details of physical assets are required to be presented in the Project Steering Committee to decide the further ownership.

Chapter 12:

Public Private Partnership (PPP)

A Public-Private Partnership (PPP) is a written agreement between the government and one or more private partners (which may include the operators and the financers). Within the agreement, the private partners deliver the service so that the service delivery objectives of the government are aligned with the profit objectives of the private partners.[17]

According to World Bank *"PPP is a long-term contract agreement between a public party and a private party, for the development and/or management of a public asset or service, in which the private agent bears significant risk and management responsibility through the life of the contract, and remuneration is significantly linked to performance, and/or the demand or use of the asset or service[18]".*

The requirements of economies and societies have evolved a great deal to meet the requirements and fill the infrastructure gap. While the government plans and invests in potential sectors, the public interventions have some limitations in resources, scope and O&M which require the government to seek alternate means of financing to maintain and develop public infrastructure. Similarly, the private sector excels in designing, implementing, operating and funding projects in an effective manner but has some restrictions in investing in some sectors which involve high risk or require government support. To meet both the boundaries, reduce pressure on public budget, attain expertise in infrastructure development, promote innovation, ensure value for money and cost effectiveness, the Government of Balochistan has also opted for promotion and adaptation of Public Private Partnership.

The Government of Balochistan P&D Department has developed a legal and institutional framework for PPP. The Balochistan Public Private Partnership bill

[17] https://www.oecd.org/berlin/40970566.pdf

[18] https://ppp.worldbank.org/public-private-partnership/about-us/about-public-private-partnerships

was approved by the Balochistan Assembly on 22nd December 2021 and assented by the Governor Balochistan dated 29th December 2021, Under the act, the Government of Balochistan and its agencies have been fully empowered to enter into public private partnership agreement for development, procurement, implementation, rehabilitation, construction, operation, maintenance of the Projects and for any other appropriate purposes as may have been decided under mutually agreed terms and conditions. The Act does not apply to

i. projects undertaken between two or more Government Agencies;
ii. privatization or disinvestment projects which may be taken over by any private sector entity; and
iii. mineral exploration projects where the Government is engaged on a free-carried basis.

According to the Act "Public Private Partnership" or "(PPP)" means A commercial transaction between the Implementing Agency and a Concessionaire in terms of which the Concessionaire:

i. undertakes to perform a public function, provides a public service, or develop a public property on behalf of a Government Agency; and
ii. assumes pre-determined financial, technical, operational, environmental or any other associated risks in connection with the performance of a public function, provision of public service, or responsible use of public property; or
iii. receives a benefit for performing a public function, provision of public service, or responsible use of public property either by way of
    a. Consideration to be paid by the Implementing Agency from budget or revenue; or
    b. Charges or fees to be collected by the Concessionaire from users or customers of a service provided to them; or
    c. A combination of (a) and (b);

12.1. **Public Private Partnership Board**:

To administer the PPP matters in the province, PPP board has been established under the Chairmanship of Minister, Finance Balochistan. The board is empowered to promote, approve and supervise PPP projects in the Province. The composition of PPP Board is as under:

1	Minister, Finance to the Government	Chairperson
2	Minister, Planning and Development to the Government	Member
3	Senior Member, Board of Revenue (SMBR) to the Government	Member
4	Additional Chief Secretary (Dev.) to the Government	Member
5	Secretary Finance to the Government	Member
6	Secretary Law and Parliamentary Affairs to the Government	Member
7	CEO, Balochistan Board of Investment & Trade	Member
8	Two members from the private sector to be nominated by the Chairperson on the recommendation of the MD, PPP Unit	Member.
9	Representative of Chambers of Commerce & Industry to be nominated by the Chairperson on the recommendation of the Secretary Industries as per provisions of sub-section (4) of section 3 of this Act	Member
10	CEO, Public Private Partnership Authority	Member
11	Managing Director, PPP Unit	Member/ Secretary

The detailed functions of the board are outlined in section 5 of the Balochistan PPP Act 2021. These are as follows:

i. Formulate and approve policies, bills, rules, regulations, and guidelines related to public private partnerships for the Government.
ii. Supervise and coordinate the implementation of the policies, Act, rules, regulations, and guidelines.
iii. Periodically review the PPP framework in the Province including legal, regulatory, institutional, and financial matters;
iv. Review and approve a medium-term and long-term 'Public Private Partnership Investment Plan' submitted by the PPP Authority through the PPP Unit;

v. Ensure that PPP projects are consistent with the provisions of this Act and aligned with development priorities of the Government as specified in sectoral plans, public development plans, provincial investment policies, and/or PPP investment plans;

vi. Approve, reject or send back for reconsideration the PPP project documents submitted by the Implementing Agency via the PPP Unit;

vii. Ensure that the PPP projects approved by the Board shall not be pursued by a Government Agency by availing public funds unless otherwise allowed in writing by the Board;

viii. Approve, reject or send back for reconsideration the Implementing Agency's recommendations related to user fee/levy or Government support or VGF funding or any contingent support or availability-based payments for a PPP Project, whichever apply to a particular PPP project;

ix. Establish and notify an 'Executive Committee' to supervise the administrative functions of the PPP Authority. The 'Executive Committee' shall, among the others, perform the following functions:

   (i) Review and approve 'Project Development Facility' funding requests for the PPP Authority up to a maximum limit of Pakistani Rupees 50.0 million, and in case a PDF funding request exceeds this limit, the 'Executive Committee' shall seek approval of the PPP Board;

   (ii) Approve annual budget of the PPP Authority;

   (iii) Monitor budgets and accounts of the PPP Authority;

   (iv) Review and approve requests submitted by the CEO, PPP Authority for hiring of new professional, supporting, and technical staff;

   (v) Approve the perks, privileges, terms and conditions of the staff of PPP Authority;

   (vi) Approve the appointment of transactions advisors and consultants for the PPP Authority;

   (vii) Perform such other functions as may be assigned by the PPP Board.

x. Approve PDF funding requests of the PPP Authority exceeding the limit of Pakistani Rupees 50.0 million;
xi. During negotiation of the PPP Agreement, in case of changes to the earlier approved standard terms of the PPP Agreements, the Board may approve, reject or send back for reconsideration the recommendations submitted by the Implementing Agency via the PPP Unit;
xii. Be the final deciding authority in case a disagreement or conflict arises between the PPP Unit and the Implementing Agency on any aspect of PPP projects;
xiii. Provide general directions, oversight and supervision on the affairs and administration of the PPP Authority and PPP Unit;
xiv. Supervise the performance and progress of the PPP Authority and the PPP Unit. If required, the Board may constitute Committees / Working Groups to supervise the progress of the PPP Authority and the PPP Unit;
xv. The Board may constitute such a number of working groups comprising of its members or other persons, as required, and take all other steps necessary for giving effect to the provisions of the PPP Act.

12.2. **Balochistan PPP Unit:**

Balochistan PPP Unit has been established in the Finance Department to act as the secretariat of the Board. Section 7 of the Balochistan PPP Act 2021 lists the functions of the Unit. The Unit in addition to acting as the secretariat of the Board is also mandated to carry out other functions. Some of the main functions include

i. Assisting the Board in implementation of policies, rules and guidelines pertaining to the PPP framework in the province.
ii. Preparing PP guidelines and review PPP investment plans
iii. Appraising PPP projects submitted by the PPP Authority or Government agencies.
iv. Providing advice of risk management to implementing agencies
v. Ensuring compliance of projects with rules, regulations and guidelines

vi. Facilitate the Board in processing the cases and getting the required approvals.
vii. Make recommendations for making annuity payments to the concessionaire of the projects.
viii. Prepare the budget required for annuity payment for inclusion in the annual budget.
ix. Monitor direct and contingent liabilities of the Government incurred through PPP projects.
x. Carry out research and gap analysis to improve implementation of PPPs
xi. Submit bi-annual progress reporting for sharing with the media.

The unit is headed by the Managing Director who reports to the Secretary Finance Department, Government of Balochistan.

12.3. Balochistan Public Private Partnership Authority:

Balochistan Public Private Partnership Authority (BPPPA) was established in September 2022, through the enactment of the Balochistan PPP Act, 2021. The objective of the establishment of the Balochistan PPP Authority is to develop a centralized hub and strategic arm of the government of Balochistan for promoting public-private partnerships. The Authority will be involved in formulating the strategy to develop and optimize a portfolio of PPP projects as an autonomous body. Balochistan PPP Authority is one window solution to identify, develop, execute and implement PPP projects across various sectors in Balochistan as an alternate tool for development financing and achieving the objective of higher economic growth in the province. The Functions of the Authority are given in sub-section 2 of section 9 of Balochistan PPP Act 2021 and are as follows:

i. pro-actively participate to achieve the overall objectives of the PPP framework for the Province;
ii. develop a medium-term and long-term 'Public Private Partnership Investment Plan' identifying pipeline of priority projects in line with sectoral plans, public development plans, development priorities of the

Government and potential opportunity in various sectors of the Province;

iii. Update the PPP Investment Plan annually by raising call for proposals and active engagement with the Government Agencies;

iv. develop capability and capacity to facilitate fund raising for PPP projects from various channels including but not limited to debt markets, bank financing, international and multilateral financial institutions and equity markets;

v. undertake regular key stakeholder consultations and engagements for marketability of the PPP projects;

vi. develop management structures, operating guidelines, procedures and model documents for PPP projects;

vii. maintain and administer a Project Development Facility (PDF) fund for financing the engagement of transaction advisers and consultants for project development;

viii. maintain a panel of transaction advisers and consultants for PPP projects;

ix. Originate/Initiate PPP projects by evaluating prospective projects. For projects where outcome of a concept note is positive, prepare or cause to prepare project documents for onward assessment of the PPP Unit and eventual approval by the PPP Board;

x. manage the project throughout its life cycle including but not limited to project identification, project proposal preparation including feasibility, tendering, supervising the implementation and operation of the project, and if applicable, take over the project under a PPP Agreement;

xi. recruit transaction advisors for project preparation and tendering;

xii. appoint technical, professional and other experts, advisers, agents and consultants, including but not limited to accountants, bankers, engineers, lawyers for the PPP Authority, as required;

xiii. constitute working groups consisting of the employees of the PPP Authority, Government Agencies and such other persons as may be required for carrying out designated tasks pertaining to PPP Projects;

xiv. evaluate and propose the type and amount of Government support that may be required and made available for a project;

xv. assess whether requests for Government support and the proposed risk sharing arrangements are consistent with the Act, the rules and the regulations, and are fiscally sustainable;

xvi. assess and recommend appropriate measures for the project pertaining to the regulatory and social impediments involved in the planning, development, financing, implementation, management, supervision and delivery of a project;

xvii. conduct a competitive tendering process for PPP project that has been approved by the PPP Board;

xviii. conduct pre-qualification process;

xix. carry out the bidding process according to the PPP Rules to select the concessionaire and undertake bid evaluation;

xx. Lead negotiations of PPP Agreement with the concessionaire and sign it once negotiations are over. In case there is modification with respect to terms of agreement, re-submit such re-negotiated terms for approval to the Board via PPP Unit;

xxi. Pursue implementation of the project post-execution of the PPP Agreement with the Concessionaire;

xxii. monitor and evaluate the operations of the PPP project;

xxiii. prepare bi-annual progress reports of PPP projects to be submitted to the PPP Board through PPP Unit;

xxiv. prepare the PPP Authority Budget and seek approval of the same from the PPP Board;

xxv. administer and manage the Funds of the PPP Authority in the manner prescribed by the PPP Board;

xxvi. hire professional and supporting staff for the PPP Authority;

xxvii. Assist the Government Agencies in preparing PPP projects, if required;

xxviii. The PPP Authority shall, for every project, enter into an integrity pact with the concessionaire along with the PPP Agreement;

xxix. provide information about and guidance on PPP interventions in the Province and to act as a resource centre;

xxx. provide such project information as required by the PPP Unit or the PPP Board; and

xxxi. perform any other functions as may be assigned to it by the PPP Board.

12.4. **PPP Authority Fund:**

For the PPP authority to effectively work a PPP authority Fund has been established by the Finance Department.

12.6. PPP Project Initiation and Development:

The Balochistan PPP Act 2021 outlines the procedure for PPP project initiation and development. Section 11 of the Act states that the PPP Authority shall identify and conceptualize potential projects from development plans, sectoral plans, policies and strategies of the Government. It also allows the Government Agency to identify a potential PPP Project within its sector or geographical area and recommend the project to the PPP Authority for consideration and processing.

The PPP authority must screen the projects and prioritize them on the basis of the following:

i. Value for money

ii. Readiness for implementation

iii. Expected impact on improving public access to infrastructure and services.

After preparation and prioritization of proposals, the Authority shall submit them to the Executive Committee, which is notified by the Board and whose functions are given in section 12.1 of this manual.

In the case of Project Development Facility (PDF) funding requests up to PKR 50 million the Executive committee is the approving authority. However, for requests above PKR 50 million, PPP Authority shall seek approval of the board through the PPP unit

After approval of the PDF fund request the PPP authority shall in the first instance Prepare a detailed financial feasibility and market study shall be prepared to ascertain the viability of the project. In case the project meets a certain threshold of financial viability, only then the remaining project documents shall be prepared.

The Other documents that would need to be prepared include:

i. An analysis of the feasibility and sustainability of the project including technical, financial, and socio-economic viability over the expected duration of the project.
ii. Environmental impact assessment.
iii. Analysis of the need for Government support.
iv. Affordability of the project.
v. Determination of the appropriate PPP modality.
vi. Risk analysis and risk management strategy.
vii. Bidding documents.
viii. A draft PPP Agreement and any other documents that may be required to justify the placement of the case before the PPP Board.

In the case of large projects, the PPP Authority can engage the financial Advisory Services of multilateral institutions subject to necessary approvals.

After proportion of all documents, they shall be put by the PPP authority before the PPP Unit for review and onward submission to the PPP board for approval. The PPP unit shall within 45 days, critically evaluate the projects and make recommendation to the Board for approval, rejection or reconsideration, The PPP Board shall within 30 days of the receipt of recommendation from the PPP unit approve, reject or return the proposal for reconsideration.

The proposals approved by the Board shall be put before the Provincial Cabinet in cases where:

i. the project cost equals or exceeds PkR 5.0 billion; or
ii. Viability Gap Fund (VGF) contribution equals or exceeds PkR 500.0 million; or
iii. Government is providing the land and the land cost equals or exceeds PkR 500.0 million; or
iv. where the Government is providing Provincial guarantees that equal or exceed PkR500 million; or
v. where contingent liabilities exceed PkR500 million.

After approval of the bidding documents and draft PPP agreement the implementing agency shall select the concessionaire through open competitive bidding.

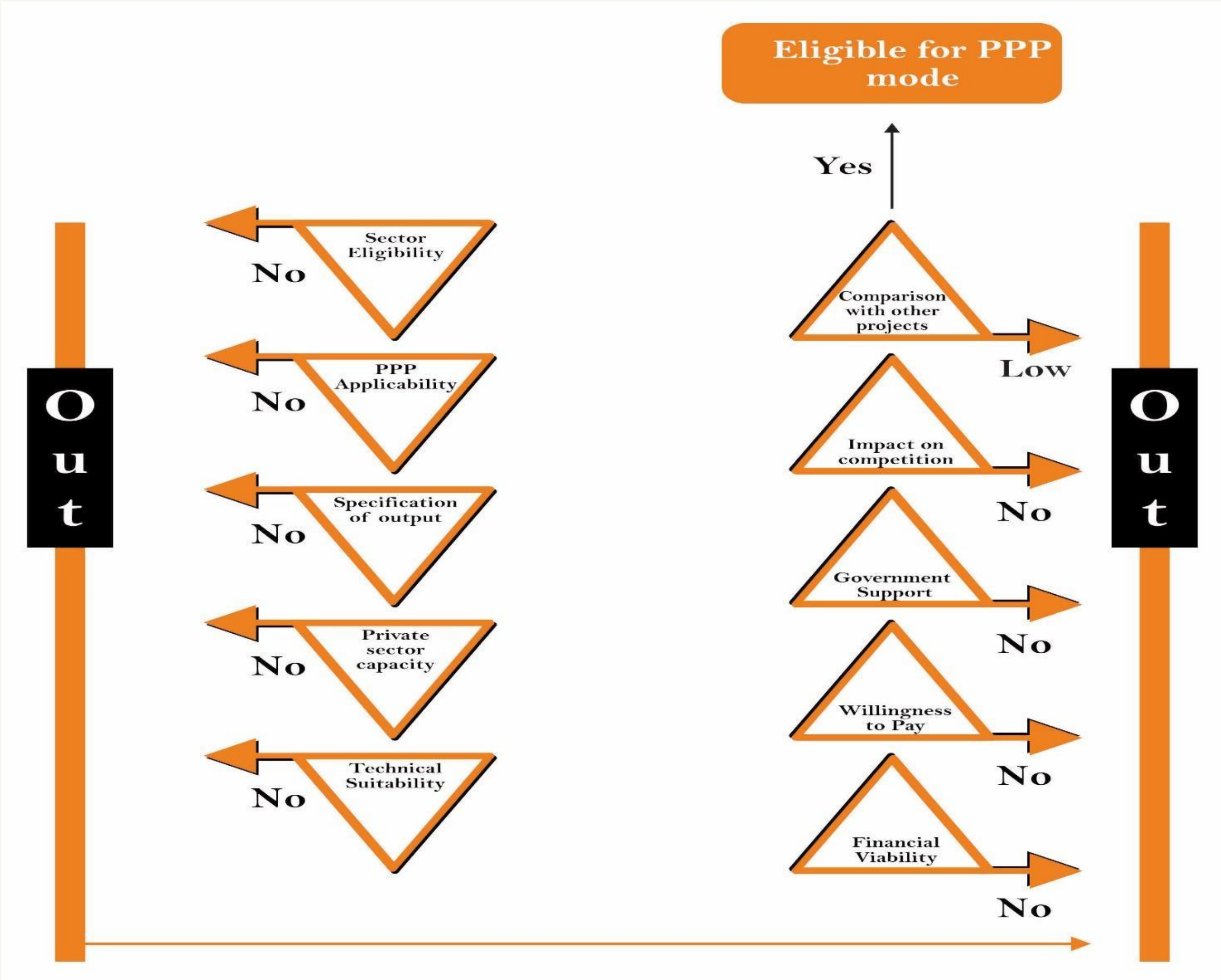
The Balochistan PPP Act 2021 also gives in detail the contents that a PPP agreement must include.

12.7. Unsolicited Proposals:

Unsolicited proposal refers to a written proposal for a new or innovative idea for development of a new PPP Project that is submitted to a government agency on the initiative of the offer or for the purpose of obtaining a PPP contract with the Government, and that is not in response to a request for proposals. The Balochistan PPP Act 2021 allows persons of entities to submit unsolicited proposals. According to the Act the PPP Authority will review and evaluate the technical, financial, legal, and environmental aspects of the proposal and may endorse or reject the unsolicited proposal or return it to the private party for amendment and resubmission.

In case of endorsement of the unsolicited proposal, the PPP Authority shall submit the same to the PPP Unit for review and appraisal and onward submission to the PPP Board.

The Authority must follow an open and competitive procurement procedure shall be followed for all unsolicited proposals.



12.8. Screening of PPP Projects:

A number of factors need to be considered while screening a project to assess if it can be undertaken in PPP mode. Some of the criteria are explained briefly below:

Types of PPPs There are various types of PPPs that can be implemented in the Province. Each has its own modalities, benefits and risks. Some of these types are as follows:

1. Build and Transfer (BT)
2. Build, Lease and Transfer (BLT)
3. Build, Operate and Transfer (BOT)
4. Build, Own and Operate (BOO)
5. Build, Own, Operate and Transfer (BOOT)
6. Build, Transfer and Operate
7. Contract, Add and Operate (CAO)
8. Develop, Operate and Transfer (DOT)
9. Joint Venture (JV)
10. Management Contract
11. Rehabilitate, Operate and Transfer (ROT)
12. Rehabilitate, Own and Operate (ROO)
13. Service Contract

Chapter 13:

Operations & Maintenance (O&M) and Repair & Maintenance (R&M)

13.1 Definitional Approach and Legal Basis

Operation & Maintenance (O&M) as the set of routine, periodic activities required to keep an asset functioning at its intended service level at daily operation, routine servicing with proper inspections; whereas Repair & Maintenance (R&M) include both minor and major repairs such as restorative works to fix defects, periodic maintenance scheduled renewal elements, and major repair is capital asset maintenance that restores life/service.

Notwithstanding anything contained elsewhere and in exercise of mandate conferred under Section 18 (1) and (2) of the Balochistan PFM Act, 2020, this Chapter provides policy framework which statutorily obligates each department to ensure adequate budgetary provision, in its demands for grants, for the operation and maintenance of physical infrastructure assets under its supervision; empowers the Finance Department, in consultation with concerned department, to define adequacy requirements for different categories of physical infrastructure expressed as the ratio of the annual budgetary provision for maintenance and the current market value of the asset.

13.2 Principle & Budgeting

The principles of O&M/R&M is to separate development (asset creation) and non-development (asset operation and maintenance) budgets, with main purpose to ensure sustainability and service delivery of public assets by financing O&M/R&M from the non-development /recurrent budget and integrating whole-of-life costs in pursuant of the Section 18 of the Balochistan PFM Act, 2020.

Finance Department appropriates budget for O&M/R&M for maintenance of assets, on demand furnished by each department, through demands for grants / schedule of authorized expenditure in annual budget of the department concerned, the former in consultation with the latter allocates O&M/R&M under recurrent heads. It may make releases as per budgeted cash plan based on justified demand of the administrative/sponsoring/executing department.

The Administrative Department / Executing Agency may maintain Inventory and Ledger Register, and train its HR who are responsible for operation and maintenance roles with possessing minimum qualifications.

13.3 Responsibilities

It is responsibility of Executing Agency/Department, upon completion of its projects, may prepare annual O&M/R&M plan, preferably after 3-5 years of completion of projects, and may include in its demand for grant in consultation with the Finance Department for O&M/R&M requirements of the department in accordance with the maintenance adequacy standards to be defined/prescribed as provided under Section 18 of the Balochistan PFM Act, 2020.