

ATTACHED TECHNICAL ASSISTANCE

A. Introduction

1. The proposed capacity development technical assistance (TA) is being processed at the request of the Department of Finance of the Government of Punjab (GOP) to support the proposed Punjab Development Finance Program (PDFP).¹ The results framework, implementation arrangements, cost estimate, and terms of reference of the TA were discussed with GOP during the fact-finding mission (8–13 May, 2012).

2. The logic of the PDFP is to establish the link between creating fiscal headroom as a means to augment and sustain development financing in the state and laying the groundwork for improvements in investment in economic and social infrastructure. However, this will require implementing several important policy actions under PDFP. The primary outcome of the TA is strong GOP institutions that are responsible for reform programs across various activities so that they can improve fiscal management performance. A key objective of the TA is to support GOP to comply with all policy conditions under the PDFP.

B. Outputs and Key Activities

3. The TA will strengthen the key institutions responsible for implementing the reforms to improve fiscal management performance in the state. The TA has six outputs:

- (i) **Power subsidy targeting.** The TA will help implement the subsidy rationalization plan, including (a) carrying out technical analysis and surveys to determine normative power consumption for agriculture, and (b) conducting a public awareness campaign. The surveys will require support for designing the methodology including the selection of the districts in Punjab, carrying out the surveys, and finalizing the report containing the main findings.
- (ii) **Revenue administration.** Under PDFP, GOP has to introduce the profession tax bill as a second tranche policy action. The TA will help the Finance Department of GOP prepare a roadmap for the introduction of the profession tax. The TA will provide training for this purpose. The TA will also help to design an information technology application for improving taxpayer services and revenue forecasting techniques.
- (iii) **Project appraisal and monitoring.** The TA will help establish the fiscal policy and management unit (FPMU) in the Finance Department to provide rigorous medium-term fiscal programming and appraisal and evaluation of the state government projects. The TA will also support FPMU in designing project appraisal and evaluation manuals based on certain principles, and strengthen the state's internal audit system.
- (iv) **Medium-term expenditure frameworks.** The TA will provide support to line departments, as well as to relevant Finance Department officials, to prepare gender-disaggregated expenditure incidence analyses and, drawing on these analyses, prepare relevant medium-term expenditure frameworks based on the long-term sector strategies. This support for implementation will include expert advice and training, and assistance with designing detailed guidelines in various areas.
- (v) **Employee database.** The TA will help the executing agency prepare a

¹ The TA first appeared in the business opportunities section of ADB's website on 12 November 2012.

comprehensive and sex-disaggregated database for employees and pensioners of the state government.

- (vi) **Debt management.** In line with the weaknesses identified in debt management in the state, the TA will build capacity for debt management, including developing appropriate cash management strategies.
- (vii) **Internal audit.** Provide support to strengthen internal audit in the state.

C. Cost and Financing

4. The TA is estimated to cost \$510,000 and of which \$400,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources).

Table 1: Cost Estimates and Financing Plan
(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. National consultants	303,400
b. Local travel	5,100
c. Reports and communications	4,600
2. Training, seminars, and conferences	
a. Training program	20,000
3. Surveys	30,000
4. Contingencies	36,900
Total	400,000

Note: The technical assistance (TA) is estimated to cost \$510,000, of which contributions from the Asian Development Bank are presented in the table above. The Government of Punjab will provide counterpart support in the form of counterpart staff remuneration, office accommodation and supplies, relevant information and data, and other logistical support. The value of government contribution is estimated to account for 22% of the total TA cost.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

Source: Asian Development Bank estimates.

D. Implementation Arrangements

5. The TA will be implemented over a period of 30 months beginning in November 2014. The TA implementation arrangements will be aligned with those for the PDFP. The Finance Department of GOP will be the executing agency. The department's secretary will be the focal point for matters pertaining to the TA. FPMU will be established with representatives from relevant government departments to monitor the implementation of PDFP. FPMU will also implement the TA outputs. The PDFP Steering Committee will provide overall supervision and coordination for the TA.

6. The TA will require a total of 38 person-months of national consultancy services intermittently. A consulting firm will be engaged to recruit the consultants, using the quality- and cost-based selection method with a standard quality–cost ratio of 90:10. All consultants will be recruited in line with ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time). The consulting firm will recruit a specialized agency to carry out the surveys. All disbursements under the TA will be made in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

7. An overview of the required consulting services is summarized in Table 2.

Table 2: Summary of Consulting Services

Area of Expertise	Duration (person-months)
National	
1. Team Leader	7
2. Revenue Administration Specialist	6
3. Internal Audit Specialist	3
4. Project Appraisal and/or Evaluation Specialist	5
5. Medium-Term Expenditure Framework Specialist	8
6. Debt Management Specialist	3
7. Employee Database Specialist	2
8. Public Awareness Campaign Specialist	4
Total	38

Source: Asian Development Bank.