



Guidelines for Project Management



**Projects Wing
Planning Commission
Government of Pakistan
Islamabad**

MOTTO

"WE FACILITATE"

**Projects Wing
Planning Commission
Government of PAKISTAN
Islamabad**

GUIDELINES FOR PROJECT MANAGMENT

FOREWARD

This guide book contains written instructions and directions, facts and access to information covering standard activities in the project management. It has been prepared for guidance of the project authorities in better implementation of the projects. Every effort has been made to compile and present all the latest instructions, procedures and various steps involved in project management. It would fulfil the need for providing understanding and mechanism on the project implementation and supervision and would be of immense value to those involved in Public Sector Projects. It focuses on better implementation of projects for achieving planned objectives, resolving problems as they arise, modify the projects if circumstances change, even closing them if they cannot achieve the objectives and drawing significant issues for conceiving future projects.

2. It will be a source of useful information to project authorities and executing agencies. The objective is to achieve efficiency, economy and effectiveness through proper utilization of funds so that project outputs and ultimate outcomes are assured.

3. It is hoped that this guide book would fulfil a long felt need and will go a long way in assisting all agencies involved in development planning and execution.

M. Salman Faruqi
Federal Minister/Deputy Chairman
Planning Commission

August, 2008

PREFACE

The “Guidelines for Project Management” prepared by the Projects Wing of Planning Commission, contains a wealth of information on major stages of development projects starting from conceptualization and identification to the preparation of documents, approval, execution, implementation, monitoring and post-completion evaluation. Such comprehensive information has been put together in a single volume. The effort meets a long felt requirement. I am sure it would be of immense value to those involved in the development activities of the country. Besides providing guidance to the project sponsoring and implementing agencies, the document gives an authentic compilation of Government orders on various aspects of development projects. A good addition is the chapter on Results Based Monitoring.

2. In view of tremendous expansion in planning and development activities, the Guidelines would be updated after every few years. The Planning Commission would welcome suggestions for improving its quality and usefulness.

3. Lt. General (Retd.) Muhammad Zubair, Member (I&M) and his team deserves special praise for this useful effort.

Suhail Safdar
Secretary
Planning & Development Division

August, 2008

PREAMBLE

The publication of “Guidelines for Project Management” by the Projects Wing, Planning Commission, Government of Pakistan, is a significant achievement in facilitation of Public Sector Project Management. The guide book not only chronicles and compiles the latest relevant instructions and orders of Government issued from time to time but also intend to serve as a guide to facilitate project preparation, approval, monitoring, implementation and evaluation, with emphasis on better implementation of projects.

2. Officials in Projects Wing, Planning Commission particularly M/S Saleem Pervez Siddiqui JS/DG (Other Sector), Muhammad Shahid JS/DG (Social Sector), Salahuddin Qureshi, Project Director (MPFP), Ghulam Akbar Malik, Director (Coord) and S. Waheed Rizvi, Monitoring Officer (MPFP) deserve special appreciation for preparing such a valuable document in concise & precise form.

Lt. Gen. Mohammad Zubair, HI (M), (Retd)

Member

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August, 2008

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1. PROJECT MANAGEMENT

Introduction

Project management encompasses all the stages of project cycle i.e. identification, preparation, appraisal/approval, implementation and post-completion evaluation. First three stages of project cycle precede the actual project implementation stage. Once the implementation stage is reached, the “Project supervision/monitoring” assumes greater importance which is followed by the final stage i.e. project completion/post completion evaluation. Project monitoring is one of the most important management tools. Unfortunately, it has not been very effective in Pakistan. An enhanced government role in project monitoring will lead to efficient and proper implementation of projects.

- 1.1 The term project management covers all activities that are necessary to: (i) ensure that the project is implemented with due diligence to achieve planned objectives within approved cost and time frame; (ii) to identify problems promptly as they arise, help resolve them, and modify the project if necessary, or as circumstances change; (iii) to close a project if it is no longer justified, particularly if it can no longer achieve its developmental objectives and targets; (iv) to draw significant lessons for designing future projects; and (v) to prepare completion reports.
- 1.2 These activities are carried out at three different levels: (a) Project Director, who supervises day to day affairs of the project; (b) sponsoring Ministry/Department, which takes policy decision, and (c) provincial Planning and Development Department or Projects Wing of Planning Commission, which acts as central agency to oversee execution of projects through periodic monitoring/evaluation. By and large, project monitoring methodology entails physical inspections, studying of day to day & periodic reports and sector implementation reviews covering several or all projects. It is important to note that project management falls in domain of the head of the project sponsoring Division/Ministry and Projects Wing of the Planning Commission.
- 1.3 To ensure proper results, management must receive adequate priority in the allocation of staff and other resources. The project executing & sponsoring agencies and concerned Federal Ministries/Divisions should allocate the resources commensurate with the nature, complexity, duration and size of each project, the problems experienced, and institutional capabilities and needs. This also implies flexibility in the timing and frequency of supervision, content of progress reports and effective use of available staff. To strengthen institutional capabilities and increase the cost effectiveness of management, project executing authorities should (a) as much as possible, integrate the government’s progress reporting requirements with the project executing authority’s own monitoring and evaluation system (b) where necessary, assist

in improving and/or developing such systems, and promoting their effective use and (c) where appropriate, engage local consultants to help carry out supervision.

- 1.4 Where implementation problems are particularly severe, or where many projects face similar problems, project management may be usefully supplemented by sector implementation review meeting with concerned officials to review overall progress, paying particular attention to problems and sectoral and cross sectoral issues.
- 1.5 To sum up, a good project may turn out to be a bad project with poor management and a bad project can become a good project with good management. Thus the role of Project Director is very crucial in the realm of project management.
- 1.6 This guide book outlines the normal policies, procedures, and responsibilities of various agencies for managing projects. It is particularly designed to provide guidance to Project Directors/Authorities who are responsible for day-to-day management of the supervision process. [Back to Contents](#)

2. PROJECT MANAGEMENT POLICY

Policy of the Government of Pakistan is to efficiently utilize natural and economic resources of the country for socio-economic welfare of the people. This objective may be achieved only when development projects are planned and executed with vigilant management.

- 2.1 Objective of development planning is to have projects implemented for the benefit and social uplift of the society. For achievement of stipulated targets and tangible returns, it is imperative to entrust management and supervision of the project during implementation stage to capable and competent persons of required qualifications, experience and caliber.
- 2.2 Project Director, who is the focal point in project implementation, is responsible for project execution according to its objectives, work scope and implementation schedule. Suitable and qualified Project Director should be appointed in case of each project that should not be transferred during currency of the project. Project Director should be delegated full administrative and financial powers to improve project management, supervision and help fix technical and financial responsibility. No member of staff working under administrative control of the Project Director should be posted/transferred without his/her prior consent/concurrence. As a team leader, he/she is under obligation to account for all actions, steps and decisions taken during project execution. It is advisable to set up headquarters of the Project Director as close to the site of work as possible preferably at site, to ensure his availability for spot decisions on unforeseen issues and other ancillary matters. Project Director should supervise project and try his/her best to resolve day-to-day problems faced in implementation independently within the administrative and financial powers delegated to him/her for project execution. If necessary, he/she may seek help from concerned Federal Ministry and/or Provincial Government for resolving the problems.
- 2.3 In case of mega projects, consultants should be appointed for preparation and supervision of work. Consultants should be associated from the stage of preparation of the project. Donor agencies generally insist on appointment of consultants in accordance with their own procedures. Government of Pakistan should endeavor to employ Pakistani consultants, who should work with devotion and responsibilities. In case it is not acceptable to a particular donor agency, we should insist that our local consultants should work jointly with foreign consultants at equal status and reasonable salary structure comparable with their counterparts, except for the top positions where foreign consultants may continue to operate.
- 2.4 Projects Wing of Planning Commission is responsible for ensuring that mega development projects are executed as per approved scope, targets and time frame. Projects Wing despite its best efforts cannot perform this responsibility

without help and cooperation of concerned Federal Ministry/Division and/or Provincial Government. Project Director should send project implementation status to Projects Wing on specified proforma and updated monthly progress reports on specified PC-III (B) proforma on 5th of each month on regular basis and indicate problems faced in project implementation. Projects Wing would computerize information received on its Project Monitoring & Evaluation System (PMES). Projects Wing would prepare Project Profile and Monitoring Report of projects and would make necessary recommendations in Monitoring Report for resolving problems/issues at the highest forum which are hindering progress. Projects Wing would request concerned organizations to resolve issues which are unnecessarily disrupting or jeopardizing progress.

- 2.5 A system should be evolved to ensure that quality material is made available in requisite quantity and utilized well in time on execution of project. This should also include installation of field laboratories adequately equipped for day to day testing of materials. In case of mega projects, this should also form part of the duty of the supervisory consultants.
- 2.6 It is important to watch that progress is not pushed at the cost of quality. It is also equally important that the works are not delayed / suspended or slowed down due to impediments in timely supply of materials, acquisition of land, and/or want of requisite funds at appropriate stages. All these strategic points must be sorted out well in advance by the Project Director in coordination with the concerned quarters to avoid time and cost over runs.
- 2.7 Project progress should be monitored on the basis of project implementation schedule/approved work plan. Progress reports are essential for planning supervision and fact finding so that policy makers can concentrate on problem solving. Project Directors should ensure that proper procedures for reviewing and responding to progress reports are established and followed.
- 2.8 Project executing and Sponsoring agencies should be responsible for monitoring of progress reports and computerize all information under Project Monitoring and Evaluation System(PMES) already developed by the Projects Wing. MIS should be set up by each sponsoring agency in line with requirement of PMES.
- 2.9 Project implementation agencies/departments should seek the approval of the competent authority as soon as they consider change in scope of work or revision in cost. Sponsoring agencies should also anticipate likely delays. They should also fix responsibility for the delays. Those responsible for not undertaking forward planning and causing delays in implementation of projects should be taken to task.
- 2.10 Projects Wing undertakes project monitoring/supervision visits to review periodic progress, provide advice and obtain additional necessary information.

Monitoring and evaluation which are also supervisory management tools play an important role in helping to improve quality of information about implementation and operation of the project. Monitoring reports are prepared on quarterly basis on PC-III (A) proforma. Monthly physical and financial progress is to be prepared on PC-III (B) proforma. [Back to Contents](#)

3. PROJECT MANAGEMENT LIFE CYCLE

A project usually brings change resulting in benefits to a target group. Projects involve a group of inter-related activities that are planned and then executed in a certain sequence to create/provide a unique service or output within a specific time frame. The Project Management Life Cycle has five distinct phases: (1) Identification & Formulation; (2) Appraisal & Approval; (3) Implementation; (4) Completion/Closure; and (5) Ex-post Evaluation. The project life cycle with specific reference to Pakistan is illustrated at exhibit 1. These phases are described in detail in the following paragraphs:

Project Identification & Preparation

- 3.1 Project identification and its formulation is the most important segment in a project cycle in which the sectoral priorities must be followed. Since such priorities in a sector have competing claims on the limited resources available, it is imperative that various Ministries prepare their sectoral strategy right. Flowing from the national planning document and priorities fixed by NEC and other fora, such sectoral strategy must also take into account the country assistance and partnership strategies of the donors.

In advanced countries, there are special organizations which are employed continuously in the field surveys and necessary investigations required for formulation of feasible projects. In less developed/developing countries, unfortunately, there are no such organizations. In Pakistan projects are normally identified by the line Ministries/Divisions, public sector corporations, NGOs, pressure groups and public representatives.

- 3.2 Development projects are prepared on the approved format i.e. PC-I Proforma. Planning Commission has devised three Proformae in 2005, one each for Infrastructure Sector, Production Sector and Social Sector. The PC-I Proformae along with detailed instructions for filling them, are placed at Annex-I, II & III, respectively, while PC-II proforma is placed at annex-IV.

- 3.3 It is mandatory that the projects of Infrastructure Sector and Production Sector costing Rs.300.00 million and above should undertake proper feasibility studies before the submission of PC-I. Separate provision has been made in the PSDP, under P&D Division for financing of the cost of feasibility studies of development projects and appointment of Project Directors at initial stage of project formulation. This facility can be availed of by different Ministries/Divisions for undertaking feasibility studies. For mega projects, where huge amount for feasibility studies is involved, a separate proposal on PC-II Proforma is to be submitted for approval. In case of more complex concepts one of the donors could be required for TA Grant. For other low cost projects, in-house feasibility is carried out. Based on the data and positive findings of feasibility study, PC-I is prepared and submitted for approval by the concerned forum.

- 3.4 At the project preparation stage, various indicators such as input, baseline data, outputs and outcome, are determined over the life of project. In addition, viability of the project in terms of financial and economic indicators is also determined, which focus on financial and economic viability of the project. Another important aspect which needs to be considered is the sustainability aspect after completion; how it would yield the required output/outcome. Therefore, due attention has to be given to the sustainability aspect of the project at the preparation stage.
- 3.5 After preparation of PC-I/PC-II, the Principal Accounting Officer has to sign the PC-I/ PC-II certifying that “the project proposal has been prepared on the basis of instructions provided by the Planning Commission for the preparation of PC-I of the concerned sector projects”. Thereafter, PC-I/PC-II is to be submitted to the relevant forum for approval/authorization.

Project Appraisal & Approval

- 3.6 The second phase in project cycle is appraisal. If a project is well formulated and thoroughly appraised, a good follow-through on subsequent stages of the project cycle will see to its goals being achieved. Appraisal involves a careful checking of the basic data, assumptions and methodology used in project preparation, an in-depth review of the work plan, cost estimates and proposed financing plan, an assessment of the projects organizational and management aspects, and finally the validity of the financial, economic and social benefits expected from the project. On the basis of such an assessment, a judgment is reached as to whether the project is technically sound, financially justified and viable from the point of view of the economy as a whole. A comprehensive project appraisal is carried out in the Planning Commission at approval stage. All the parameters including Benefit Cost Ratio, Net Present Worth and Internal Rate of Return etc are worked out from financial and economic standpoints for productive and infrastructure projects. While in case of social sector projects viability is worked out on least cost approach and by calculating the unit cost of output and services. The discount rate used for evaluating the PSDP funded projects is determined by the Finance Division on yearly basis. The discount rate as notified by the Finance Division vide letter No. F.8(1) GS-I/2006-1631 dated 11th August, 2008 (Annex-V) for the year 2007-08, applicable for the year 2008-09 is 9.96%. The rationale behind the project appraisal is to provide the decision-makers financial and economic yardsticks for the selection/rejection of projects from among competing alternative proposals for investment. If the project is found technically sound, financially & economically viable and socially desirable only then the project is approved. However, sometimes projects are also approved on political considerations and social uplift of certain areas/target groups.

- 3.7 Development projects are approved by the different fora depending upon the cost of the project. The approving limits of each forum in vogue are as under:-

Approving Authority	Cost Limit
Departmental Development Working Party (DDWP)	Up to Rs.40 million
Central Development Working Party (CDWP)	Up to Rs.500 million
Executive Committee of National Economic Council (ECNEC)	More than Rs.500 million
Provincial Development Working Party (PDWP)	Rs.5000 million
Corporations and Autonomous Bodies/CDA	No Limit *

*with 100% self-financing with no government guarantee and involving less than 25% foreign exchange/foreign assistance

- 3.8 All the projects irrespective of the cost are to be considered by the DDWP. The projects costing Up to Rs.40 million are approved by the DDWP, while, projects costing more than Rs.40 million are submitted to the CDWP for their consideration.
- 3.9 The CDWP only approves the projects costing Up to Rs.500 million, while, projects costing more than Rs.500 million are recommended to ECNEC for approval. (Annex-VI)
- 3.10 The PDWP approves the projects Up to Rs 5000 million, for projects, other than irrigation sector, provided no federal funding or external financing is involved in the cost of the project. (Annex- VII)
- 3.11 The autonomous organizations whether commercial or non-commercial having Board by whatever name called, are competent to sanction their development schemes with 100% self-financing with no government guarantee and involving less than 25% foreign exchange/foreign assistance, subject to fulfilment of certain conditions which are given at Annex-VIII.
- 3.12 The procedure for approval of development projects of FATA included in the federal PSDP is given at Annex-IX.
- 3.13 The procedure for approval of development schemes by Capital Development Authority (CDA) Islamabad is given at annex-X.
- 3.14 The procedure for approval of development projects of AJK, the AKDWP approves projects Up to Rs. 100 million. The approval limit of AKCDC is Rs. 400 million for only local funded projects as well as those projects involving less than 25% foreign exchange/foreign assistance of the total cost. (Annex-XI)

Project Authorization

- 3.15 Once the project is approved by the DDWP/CDWP/ECNEC as the case may be, the sanction is issued by the Public Investment Authorization Section of Planning & Development Division in case of projects approved by CDWP and ECNEC, while Provincial Planning & Development Departments issue sanction for the projects approved by the PDWP. In case of DDWP level projects, the sanction is issued by the concerned Ministry/Division
- 3.16 After issuance of sanction letter by the approving authority, the Ministry concerned issues administrative approval of the project. **The day, the administrative approval is issued the project implementation period starts.**

Project Activation

- 3.17 The next step involved in the activation of the project is the appointment of a Project Director. As per ECNEC decision dated 18th February, 2004, an independent (full time) Project Director should be appointed for the project costing Rs.100 million and above. Project Director can be appointed on additional charge basis, if the cost of the project is below Rs 100 million. The ECNEC decision regarding appointment of Project Director is given at Annex-XII. The guidelines for the recruitment of Project Director through transparent manner are given at Annex-XIII.

Pay Package

- 3.18 The pay package for project staff directly recruited for development projects funded from PSDP has been standardized by the Government which is effective from 01-07-2008. A copy of Finance Division (Regulation Wing) OM No.F4 (9) R-3 / 2008-499 dated 12th August 2008 is placed at Annex – XIV.

Project Allowance

- 3.19 The project allowance to the employees appointed through transfer (deputation) on full time basis in PSDP funded development projects has been standardized by the Government vide Finance Division(Regulation Wing) OM No.F.16 (1) R-14/2003 dated 12th August, 2008 effective from 01-07-2008 is placed at Annex-XV.

Delegation of Powers

- 3.20 According to ECNEC decision, dated 24th April, 2000, the Project Director should be delegated full administrative and financial powers and be made accountable for any lapses. This measure would improve management and help fix technical and financial responsibility.
- 3.21 The Project Director is required to move the case for the delegation of financial and administrative powers by the concerned Principal Accounting Officer.

Allocation of Funds

- 3.22 As a general policy no new project shall be included in the PSDP during currency of the financial year. Exception could be considered in case of only very high priority projects.
- 3.23 New Items Statement (NIS) should be prepared for the project included in the PSDP. It should be approved by the Planning & Development Division & FA Organizations for its inclusion in the PSDP and allocation of funds.
- 3.24 Token supplementary grant @ Rs.1000/- per head of account should be prepared, if the project is not included in the PSDP. It should be approved by the Planning & Development Division and the FA Organization for its inclusion in the PSDP and allocation of funds.
- 3.25 Funds for the successive years should be provided in PSDP through Priority Committee and Annual Plan Coordination Committee (APCC) meetings. The final authority in the approval of funds is the National Economic Council (NEC)

Opening of Accounts

- 3.26 Various kinds of accounts are opened and maintained by different projects, viz;
a) Assignment Account in banks.
b) Pre-audit Account with AGPR
- 3.27 Assignment Account is opened and maintained in the banks with the approval of FA Organization and Controller General of Accounts. This kind of account is normally opened for foreign aided projects and non-lapsable funds.
- 3.28 The pre-audit accounts are opened and maintained by AGPR for all the development projects which are lapsable. For opening the account with AGPR, a formal request should be made by the Project Director through concerned Ministry duly endorsed by the FA Organization. Account is activated on the submission of NIS and release order to the AGPR.

Release of Funds

- 3.29 The next important step after the allocation of funds in the PSDP is the release of funds. In this connection, Project Profile for each Project based on information provided in the approved PC-I is prepared. Work Plan based on quarterly physical activities involved during the year, should be prepared. The Cash Plan based on the Work Plan, should be prepared accordingly. The Cash/Work Plan duly signed by the Principal Accounting Officer and vetted by the Projects Wing and approved by the Technical Section of the Planning & Development Division should be submitted to the FA Organization for acceptance. The Proformae of Activity Chart, Annual Work-plan Cash-plan, are at annex XVI, XVII & XVIII respectively. The release order is issued by the Ministry with endorsement of FA Organization after the approval of work-plan/cash-plan.

Project Implementation

- 3.30 After the opening of Project Account, the next step should be the hiring of office space and appointment of key project staff. The appointment of project staff under the project should be made through open competition and in transparent manner. In this connection, a recruitment committee for the selection of Project Director chaired by the Principal Accounting Officer along with members from Planning Division, Finance Division and Establishment Division already notified by the Planning Commission should be considered. Approval for the recruitment of project staff is the responsibility of Project Director. No approval is required from any forum if the TOR are provided in the approved PC-I.
- 3.31 The physical activities like civil work, procurement of machinery & equipment, etc., may be undertaken in accordance with the approved Work Plan/Activity Chart. The procurement rules of 2004 of PPRA as amended Up to 13th December 2006 are annexed at annex XIX for guidance and facilitation.
- 3.32 Monthly reconciliation of accounts with AGPR should be made and submitted to the respective Ministries for record.

Project Completion/Closure

- 3.33 The final stage of the project is its completion. The project is considered to be completed / closed when all the funds have been utilized and objectives achieved, or abandoned due to various reasons. At this stage the project has to be closed formally, and reports to be prepared on its overall level of success, on a proforma PC-IV (Annex-XX) and forwarded to the Projects Wing of Planning Commission.

- 3.34 Project closure involves handing over the deliverables to the concerned authorities, closing of suppliers' contracts, and closure of bank account, releasing security money, staff and equipment and informing stakeholders of the closure of the project. However, the closure of the project may not be delayed on account of security money. It is recommended that pay order of security money be got prepared from banks and released after completion of maintenance period as per rules.
- 3.35 For regular operation and maintenance of projects after completion stage, it should be handed over to the agency responsible for maintenance and operation. Timely efforts are required to be made for the handing over of the project and provision of maintenance cost to the authority concerned. This exercise should be taken in hand before six months of the expected completion date.
- 3.36 If any of the project staff has to be retained for the operation of the project, a case for the shifting of the post in revenue budget may be initiated and got approved from the Finance Division well in time so that continuity in project operation is not hindered and public assets created under the project are properly maintained.
- 3.37 After closure of the project, annual operation reports have to be submitted to the Planning & Development Division over a period of five years on PC-V proforma. [Back to Contents](#)

4 . FINANCIAL MANAGEMENT

The Principal Accounting Officer is responsible not only for the efficient and economical conduct of the Ministry/Division/Department etc, but also continues to be personally answerable before Public Accounts Committee. The two main principles to be observed are economy; (getting full value of money) and regularity; (spending money for the purposes and in the manner prescribed by Law & Rules). Since the Project Directors implement the project on behalf of Principal Accounting Officers (by delegation of powers) hence, they have to ensure and adhere to the above financial principles. The system of New Financial Control and Budgeting (September 2006) should be referred to for guidance in all financial matters. (Annex-XXI)

4.1 Re-appropriation within project cost

Funds are released to the project in accordance with the approved Cash/Work Plan to which every Project Director has to stick. However, during the implementation year, some of the estimates may be in-valid due to various factors. In some cases, there might be savings due to revised implementation strategy or factors beyond the control. In this scenario, re-appropriation within the project allocation is permissible with the approval of Principal Accounting Officer.

4.2 However, in the following cases, consent of the Financial Advisor/Finance Division is a pre-requisite:-

- a) An authority may not meet by re-appropriation, expenditure which it is not empowered to meet by appropriation.
- b) Lump-sum provision for expenditure included in a grant may not be appropriated or re-appropriated.
- c)
 - i. From development to current expenditure and vice-versa;
 - ii. From to, or within the employees related expenses, from operating expenses – communication – Telephone & Trunk Calls, Telex, Tele-printer and Fax, Electronic Communication; Utilities: Gas, Water; Electricity; secret service expenditure, unfrozen expenditure for disaster preparedness & relief and occupancy costs

Re-appropriation within projects

4.3 Re-appropriation of funds from one development project to another development project is not allowed. In exceptional cases, however, re-appropriation of such funds may be allowed, where necessary by Financial Advisor on the recommendation of Planning & Development Division.

- 4.4 Normally, in the Mid Year Review Meetings, Planning Commission allows re-appropriation of funds from slow moving projects to fast moving projects on the proposals submitted by various Ministries/Divisions.
- 4.5 Surrendering or demanding funds on account of project, is considered/ approved by FA Organization on the recommendations of Planning Commission in the Mid Year Review Meetings.
- 4.6 The last date for surrendering of funds from a project is 15th May, of each year. The format for surrender order is placed at Annex-XXII. The surrender order has to be communicated to AGPR, and Finance Division with the approval of FA Organization of the respective Ministry/Division. [Back to Contents](#)

5. PROJECT MONITORING

Monitoring and Evaluation activities provide timely and useful information to the project management/implementation agencies and also a feed-back to the policy makers. The linkage between the stages is also important. Each stage leads to the next and the last phase, in turn, produces new approaches/ideas, improving the planning, implementation and supervision process of future projects. This makes the “Project Cycle” self-renewing.

Conceptual Definition

- 5.1 Conceptually “monitoring” means to check and assess the implementation status of a project/program/plan during implementation period on a regular basis. The system of watching/monitoring the progress of a program/project implementation helps in the identification/removal of bottle-necks and expediting action.
- 5.2 There are two kinds of monitoring i.e. **Internal Monitoring** and **external monitoring**. **Internal monitoring** is the responsibility of those sponsoring Ministries/Divisions and executing agencies who are directly involved in project formulation, appraisal/approval and implementation. A close collaboration and understanding between the project management and the monitoring unit is very important. **External Monitoring** is always undertaken by an outside agency like the Provincial Planning & Development Departments, Projects Wing of the Planning and Development Division and foreign donors. This is done to watch the progress of development projects to gain insights for the project benefits from the macro-planning point of view and that of the sponsoring agency for strategic feed back on the progress of implementation and its sectoral impact. The internal monitoring unit has to feed the external monitoring unit with necessary information.
- 5.3 **Monitoring Cells.** The project executing/sponsoring agencies need to monitor/review their projects in totality as each project has its own sectoral importance. Therefore, establishment of Planning and Monitoring Cells in Ministries/Divisions are essential as directed by the ECNEC.
- 5.4 **Monitoring Methodology.** The methods or techniques adopted for project monitoring should effectively measure the progress of a project, in comparison to its approved cost, scope, time schedule and objectives and be capable of producing the information, according to the requirement of all concerned. Recently, a new concept of Result Based Monitoring (RBM) has been introduced by the Projects Wing. This exercise focuses on the achievement of results i.e. input, output and outcome during the currency of implementation of projects.

5.5 Stages of Supervision/Monitoring

Monitoring of a development project has normally three broad phases, which may overlap:

Starting Phase

- 5.6 Supervision initially concentrates on ensuring timely preparation of PC-I including feasibility study, if necessary and finalization of financial arrangements including foreign aid etc.
- 5.7 A number of actions listed below are usually required to get the project take off to a good start:
- a) Approval of the project,
 - b) Issuance of administrative approval,
 - c) Establishment of organizational/institutional arrangements for implementing the project,
 - d) Appointment of Project Director, key staff and consultants,
 - e) Completion of local funding and foreign lending arrangements, and
 - f) Preparation of cash/work plan and tender documents.

Investment/Execution Phase

- 5.8 Most supervision/monitoring are carried out during investment or project execution stage. Project Director has to keep sponsoring agency and Projects Wing of the Planning Commission informed of:
- a) Progress in all major aspects of a project,
 - b) Any significant deviations from original plans with reasons and justifications, and
 - c) Bottlenecks hindering the progress and steps necessary to keep project on track.

Completion/Operating Phase

- 5.9 Except for the preparation of Project Completion Report and Evaluation Report in case of completed projects; there is usually little monitoring left after the project has been completed. [Back to Contents](#)

6. PROJECT MONITORING & EVALUATION SYSTEM (PMES)

The Projects Wing of Planning Commission responded to this challenge by designing dedicated Project Monitoring and Evaluation System (PMES) software with the assistance of Asian Development Bank (ADB). Currently, Result-Based Management of Projects (RBM) concept is also being introduced to strengthen PMES by incorporating appropriate M&E modules and necessary changes in the existing PC-Is of the Planning Commission. The PMES is designed to augment the existing flow of information to the Projects Wing (PW) of Federal Planning & Development Division (FPDD), Provincial Planning & Development Departments and Board (PPDD/PPDB), line Ministries and other stakeholders. The improved PMES is designed to assist decision-making by offering to the management a tool for looking at the big picture of development regime in an analytical milieu.

- 6.1 The Projects Wing has also planned capacity building program of the line Ministries, Project Directors and other stakeholders which is to be implemented over a span of 24 months with the assistance of ADB through regular training sessions at Federal and Provincial headquarters.
- 6.2 The primary efficacy of the improved PMES has been its support in not only examining financial and other resource allocations and utilization but also its ability to facilitate future planning. The Projects Wing has following objectives for next two years:
 - a) Strengthened PMES at the PW of Planning Commission, and PPDDs/PPDB in the four Provinces;
 - b) Assignment of responsibility for RBM/M&E to core PW staff;
 - c) Sustained information flow among stakeholders at different levels;
 - d) Establishment of a comprehensive database for key project activities and financial performance.
 - e) Operationalization of web based PMES software.
 - f) Training / Capacity building of Federal/Provincial Governments, AJK, NA & FATA.
 - g) E-linking PMES with Federal/Provincial Governments, AJK, NA & FATA.
- 6.3 Though the Projects Wing is primarily responsible for managing the PMES, extending and strengthening the M&E systems at the provincial and project level remains a priority and integral part. The project staff will ultimately feed and update all the requisite information in the system. Therefore, in order to achieve the desired results PW has launched training program in phased approach, during the financial year 2007-08, three pilot Ministries (HEC, MINFAL and Federal Board of Revenue) have been connected online through PMES with Projects Wing for sustained flow of information. The Remaining Ministries and Provinces will be brought in loop in next two years.

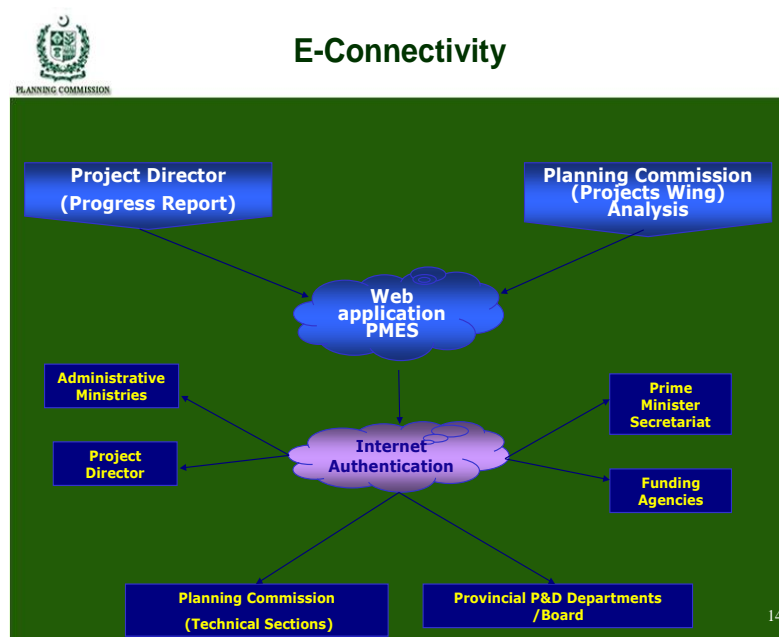
- 6.4 The strengthened PMES will fulfil planning machinery's requirement of a 'thin client software' to further augment M&E process and includes management of project **profile, work plan, cash plan and progress data against a particular project, reporting**, security, online availability of data and users management.
- 6.5 The design of the software maintains flexibility in accommodating future information. Currently, the software allows for management of project profiles, annual targets, progress data, comprehensive reporting, customized reporting, security, online availability of data and user management etc. The system has developed a regular follow-up mechanism for providing accurate and timely information on project implementation and related issues for decision makers. It is further geared to providing a more robust central controlling and strategy formulation regime. The software is deployed at MIS Section, Projects Wing of Planning Commission to reap maximum benefits for the planning and monitoring machinery of the GoP. Initially, 36 strategic projects were identified to be entered into the database. At present, the total number of projects for which data has been entered in the PMES has risen to more than 600.
- 6.6 The strengthened PMES envisages specific responsibilities for various stages of information generation, collection / compilation, analysis and sharing. Project Directors are required to enter and update the information on quarterly basis and PW's Monitoring Officer is primarily responsible for collecting and tabulating information while focal persons of line Ministries (BS-20) ensure its accuracy. Once data available in 15 areas identified in PC-1 documents is fed into the database, project staff bears the responsibility of periodic updates regarding utilization of resources and achievement of assigned targets which will be utilized for different report templates as per requirements of the user. Same data are manipulated in all reports for different users instead of asking Project Director same kind of information again and again. Keeping in view the scope of tasks and responsibilities of the above levels, the primary objective is to reach out and train relevant staff in completing required PMES proforma / formats / templates, and to train Directors General in-charge of different wings and MIS staff, in ensuring its accuracy and use for future decision making. Following are the major users of PMES:
- Administrators/MIS technical staff of Projects Wing
 - Professional Users / Monitoring Officers
 - End Users / Project Directors
 - Executive Users / Senior Management

The **last phase** will witness use of PMES software at senior management level Executive Users, who need to utilize the PMES as a management tool for looking at the big picture of development regime with a view to improving portfolio performance. Following will be utilizing the summary reports generated by the system.

- i) P.M Secretariat
- ii) Deputy Chairman Planning Commission / Minister of State;

- iii) Secretary Planning and Development Divisions
- iv) Additional Secretary and Senior Joint Secretary
- v) Members / Advisers of Planning Commission

6.7 After operationalization of PMES in line Ministries, information will be placed on central server of Projects Wing which will be utilized by all stake holders on need to know basis. Therefore it will share the load of Project Directors regarding sharing of information to all stake holders. Following will be the data flow mechanism of PMES:



How to Log into the PMES

All stake holders will log into system by using specific password with different authentications i.e. what information they can view and what they can update etc based upon his/her role. PMES is a secure web application; each user must log into the system with a valid username and password, provided to him/her by the Administrator of Projects Wing. Following steps will be followed;



- Open the website of Planning Commission.
<http://www.planningcommission.gov.pk/>
- Click PMES link on the home page of the web site.

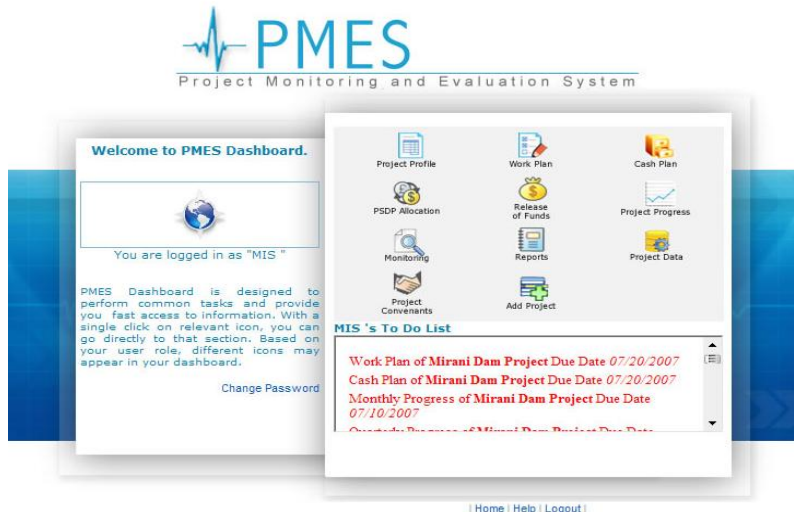
- Following Login screen will be displayed.



The login screen features the PMES logo (Project Monitoring and Evaluation System) at the top left. Below the logo, there are two input fields: "User Name" and "Password". A blue "ENTER" button is positioned below the password field.

Figure 1 PMES Login Screen

- Enter a valid User Name and Password.
- Click  button, you will now log into the system.
- Click the  button on your browser window to exit the system. Following screen will be displayed when you are successfully logged in to the system. [Back to Contents](#)



The dashboard displays the PMES logo and the text "Project Monitoring and Evaluation System". Below the logo, there is a "Welcome to PMES Dashboard." message and a "You are logged in as 'MIS'" notification. A "Change Password" link is visible. The dashboard is divided into two main sections: a left sidebar with a "PMES Dashboard is designed to perform common tasks and provide you fast access to information. With a single click on relevant icon, you can go directly to that section. Based on your user role, different icons may appear in your dashboard." message, and a main content area. The main content area contains a grid of icons for various functions: Project Profile, Work Plan, Cash Plan, PSDP Allocation, Release of Funds, Project Progress, Monitoring, Reports, Project Data, Project Convenants, and Add Project. Below the grid, there is a "MIS's To Do List" section with a scrollable list of tasks: "Work Plan of Mirani Dam Project Due Date 07/20/2007", "Cash Plan of Mirani Dam Project Due Date 07/20/2007", "Monthly Progress of Mirani Dam Project Due Date 07/10/2007", and "Cash Plan of Mirani Dam Project Due Date". At the bottom of the dashboard, there is a navigation bar with links for "Home", "Help", and "Logout".

7. PROJECT EVALUATION

Planning Commission, which occupies the central position in the planning machinery in Pakistan, also assumes the role of project evaluator. As per the Rules of Business, 1973 (updated Up to 1985), the evaluation of on-going and completed projects is one of the basic responsibilities of the Planning and Development Division. The Planning Commission (Projects Wing) while submitting a summary to the NEC on "Improving the Efficiency of Development Expenditure through Institution of Appropriate Monitoring and Evaluation Procedures" on 30th June, 1988, brought out that post-completion evaluation is necessary for improving the effectiveness of development expenditure which had largely been ignored. The NEC while taking note of the summary has not only accorded approval for creating/strengthening the Project Monitoring and Evaluation Cells (PME) in the Federal Ministries/Divisions, introduction of computers for evaluation purposes and enhancement of the status of the Projects Wing to that of a Division but also directed the Projects Wing to enhance project evaluation studies from 10 to 50 studies annually.

Purpose of Evaluation

- 7.1 The final phase in the project cycle is project evaluation. The analyst looks systematically at the elements of success and failure in the project experience to learn how to plan better for the future. The basic objective of such a study is to ascertain the real worth of a project or program as far as possible. Broadly speaking, evaluation may be defined as "a process which attempts to determine as systematically and objectively as possible the relevance, effectiveness and impact of activities in the light of the objectives". It is, thus, a critical analysis of the factual achievements/results of a project, program or policy vis-à-vis the intended objectives, underlying assumptions, strategy and resource commitment. In specific terms, it makes an attempt to assess objectively the following:-
- a) The relevance and validity of the objectives and design of the project/program in terms of broader issues of development policy, sector/sub-sector priorities and strategies as well as other problems of a wider nature;
 - b) The efficiency and adequacy of the pace of progress of the project/program where the focus is mainly on managerial performance and productivity;
 - c) The effectiveness of the project/program - a major part of an evaluation exercise-in realizing the intended objectives from a variety of angles; and
 - d) The identification of reasons for the satisfactory or unsatisfactory accomplishment of the results of the project/program and to deduce critical issues and lessons which may be of relevance to other on-going and future projects/programs of a similar nature.
- 7.2 **Types of Evaluation.** Evaluation can be applied for different purposes as well as to a specific activity, project or program. It is not restricted to the completion stage only but involves periodic investigations at many stages. The different types of

project evaluations carried out are: (i) ex-ante evaluation, (ii) on-going evaluation and (iii) terminal evaluation/ex-post evaluation. The ex-ante evaluation/pre-approval appraisal has already been discussed with methods and techniques in Chapter-3. The on-going evaluation is carried out by the organization of its own to re-assess the projected feasibility of the PC-I content because of the time lag, while external evaluation is done by an agency other than the body involved in the implementation of a project. On-going and post-completion evaluation is discussed below.

- 7.2.1 **On-going/Mid-term Evaluation** The main purpose of an on-going/mid-project evaluation is to assist the project management to make appropriate adjustments in the changed circumstances or to rectify any shortcomings in the original design, so as to improve its efficiency and overall performance.
- 7.2.2 **Post-Completion Evaluation** The purpose of an ex-post evaluation is to discover the actual, as opposed to the projected, results of implementing a project. The aim of evaluation is primarily to compare the actual outcome of the project with the projections made at the appraisal stage. The examination of different aspects of the project can provide important lessons derived from experience for the new projects. The overall impact of the project will result in a number of effects which can be classified as costs and benefits, direct and indirect or tangible and intangible. Ex-post evaluation takes place after the completion of the project and is often more in-depth as it focuses on the analysis of impact. Besides, it is time-consuming, costly and calls for persons with special skills.
- 7.3 **Feed-back for the Future** Feed-back is the most important element of a systematic and integrated approach towards project appraisal, monitoring and evaluation. Essentially, it is the evaluation exercise which provides lessons for the feed-back, because the main objective of such studies is to compare the actual outcome of the project with the projections made in its appraisal and then the examination of essential positive and negative effects of the project, providing important lessons for the future. The feed-back from evaluation is a basic requirement of the management. An evaluation without any direction or support from the management can hardly be meaningful. To promote feed-back from evaluation, it is necessary to (a) substantiate proper evaluation findings and pay proper attention to specific issues of substance, (b) establish a feed-back mechanism, preferably to the policy-makers and senior management, and (c) rely upon feed-back through formal and informal arrangements. Feed-back from the evaluation is used for operational (mid-course corrections and follow-up action), analytical (improvement of project design, objectives etc.) and policy purposes (finding out the validity of a given development strategy etc.). To ensure that, feed-back is used in a systematic manner; there must be an adequate institutional mechanism for channeling the findings and recommendations to the appropriate decision-makers and managers for the necessary follow-up action. The managers and policy-makers should know how to guide and use evaluation for their needs.

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8. RESULT BASED MONITORING (RBM)

The development partners and the developing countries under Paris Declaration are bound to work together and jointly monitor and evaluate foreign funded development projects and programs to make sure that funds are spent on the approved projects and programs. To strengthen and streamline the system, the developing countries agreed to introduce Result Based Monitoring (RBM) system. RBM is also known as:

- Managing for Development Results (MfDR)
- Results Based Monitoring and Evaluation (M&E)
- Result Management
- Performance Measurement/ Management
- Management by Objective (MBO)

8.1 Introduction

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. 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; governments can use to measure and evaluate outcomes, and then feed the information back into the ongoing processes of governance and decision making. At its core are notions of:

- **Goal-oriented ness:** Setting clear goals and results provides targets for change, and opportunities to assess whether change has occurred.
- **Causality:** Various inputs and activities leading logically to outputs, outcomes and impacts are also called the 'result chain'.
- **Continuous improvement:** Periodically measuring results provides the basis for adjustment (tactical and strategic shifts) to keep programs on track and to maximize their outcomes.

8.2 RBM Framework

The RBM framework of a project/activity consists of four phases namely: input; output; outcome and impact which are explained below:

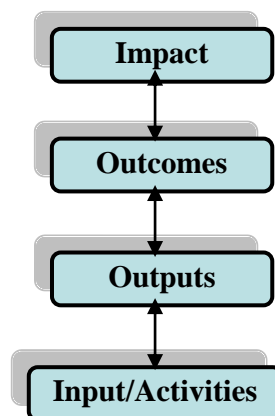
Impact: The higher-order objective to which a development intervention is intended to contribute.

Outcome: The likely or achieved short-term and medium-term effects of an intervention's outputs.

Output: The products, capital goods and services which result from a development intervention; may also include resulting from the intervention which is relevant to the achievement of outcomes.

Input/Activity: Actions taken or work performed through which inputs such as funds, technical assistance and other types of resources are mobilized to produce specific outputs.

In RBM, use is made of a result chain, which shows how activities, through a number of intermediate causal links, are expected to result in the realization of the goals of those projects, programs and policies. For example, training of farmers in improved agricultural techniques can lead to changes in agricultural practices which can improve their yields, which in turn can enhance incomes of household livelihoods.



8.3 The Power of Measuring Results

The success of RBM system hinges upon quantifying or measuring results of a development project or a program. The power of measuring results track over time, their expenditures, revenues, staffing levels, resources, program and project activities, goods and services produced, and so forth. It is fairly explained as under:

- If you do not measure results, you cannot tell success from failure.
- If you cannot see success, you cannot reward it.
- If you cannot reward success, you are probably rewarding failure.
- If you cannot see success, you cannot learn from it.
- If you cannot recognize failure, you cannot correct it.
- If you can demonstrate results, you can win public support.

Utilizing monitoring results after conducting field or desk monitoring of a development project or a program is the key step in reaping the benefits of the project. Once this step has been taken, RBM itself begins to generate results.

8.4 Implementation Monitoring versus Results Monitoring

A comparison of the various elements of traditional monitoring and the RBM system has been given as under:

Elements of Implementation Monitoring (traditionally used for projects)

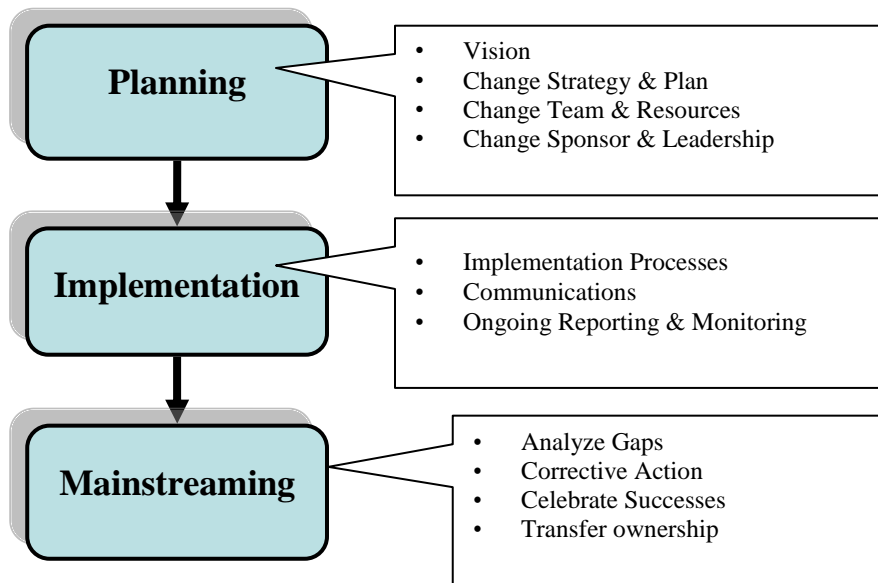
- Description of the problem or situation before the intervention.
- Benchmarks for activities and immediate outputs.
- Data collection on inputs, activities, and immediate outputs.
- Systematic reporting on provision of inputs.
- Systematic reporting on production of outputs.
- Directly linked to a discrete intervention (or series of interventions).
- Designed to provide information on administrative, implementation, and management issues as opposed to broader development effectiveness issues.

Elements of Results Monitoring (used for a range of interventions and strategies)

- Baseline data to describe the problem or situation before the intervention.
- Indicators for outcomes.
- Data collection on outputs and how and whether they contribute towards achievement of outcomes.
- More focus on perceptions of change among stakeholders.
- Systematic reporting with more qualitative and quantitative information on the progress toward outcomes.
- Done in conjunction with strategic partners.
- Capture information on success or failure of partnership strategy in achieving desired outcomes.

8.5 Change Management & Institutionalizing Reforms at the Organizational Level

To introduce RBM in an organization, there are three important stages i.e. Planning, Implementation and Mainstreaming. Changes are required to be made and managed as highlighted in the following diagram:



It would be pertinent to state here that the Projects Wing, Planning Commission as a pilot organization of Government of Pakistan for RBM has already successfully completed the first two stages i.e. planning and implementation and now making efforts to mainstream RBM in other organizations.

8.6 Ten Steps to RBM

The organization will need to take the following ten important steps in proper sequence to evolve a sustainable monitoring and evaluation system in accordance with the RBM framework.

1. Conducting a readiness assessment.
2. Agreeing on performance outcomes to monitor and evaluate.
3. Developing key indicators to monitor outcomes.
4. Gathering baseline data on indicators.
5. Planning for improvements – setting realistic targets.
6. Building a monitoring system.
7. Analyzing and reporting findings.
8. Collecting and providing evaluative information.
9. Using the findings – getting that information to the appropriate users.
10. Sustaining the monitoring and evaluation system within government/organization.

8.7 Key Indicators

Another important step for an organization is to develop key indicators so that a sustainable monitoring and evaluation system based on RBM is established. Without indicators, it is hardly possible to monitor the targets vis-à-vis achievements of a development project or program.

Indicators are “yardsticks” that can be used to demonstrate that changes have (or have not) taken place. Indicators of the achievement of objectives are required in order to establish whether a project or program is achieving the desired changes. The key indicators will usually have been defined during the planning process. Later, these need to be reviewed, and perhaps adjusted or supplemented. The key questions concerning indicators are:

- For whom should something change?
- To what extent should something change?
- By when should something change?

An example, to illustrate the development of key indicators of a project “Increasing the competitiveness of fruit and vegetable production” will be as follows:

- Average percentage increase in sales revenues.
- Average percentage reduction in production costs.
- Percentage increase in the volume of fruits and vegetables exports.
- Reduction in the number of bankruptcies.

8.8 Role and Responsibilities of a Project Director/Manager

Last but not the least is the role of a Project Director in completing the project without time and cost overrun. Among all the stakeholders of a development project or program, role of the Project Director or Manager will be pivotal in the successful implementation of RBM. The Project Director/Manager must concentrate on the following:

- Focus on results as well as implementation.
- Clarify expectations for implementation tasks and set major benchmarks.
- Plan from the outset how, what and when to monitor and evaluate.
- Develop and use indicators in programs.
- Analyze the situation, keeping track of changes and their implications.
- In reports, suggest actions for decision-making.
- Actively learn from mistakes and successes.
- Work more closely with external partners.
- Work with project staff to explain links to outcome.
- Contribute in the office to the team concerned with achieving outcomes.

8.9 External and Internal Pressures to Focus on Results

Lately, there is a variety of pressures on all governments to become more accountable and to demonstrate results achieved. In Pakistan, these pressures also include the targets to be achieved under the Medium Term Development Framework (2005-2010) and Millennium Development Goals, which set out a set of specific goals and targets to be reached by 2015 as well as ways to monitor and evaluate progress made so far. National Poverty Reduction Strategy Papers, which have become an important vehicle for development in the poorest countries, require monitoring and evaluation systems to measure progress achieved and a related commitment to accountability and transparency against measurable results. Moreover, change processes within developing countries themselves, including processes of decentralization, commercialization and privatization add to the push towards result-based management, increasing the need for monitoring and evaluation at local, regional and national levels. Even if governments diminish their roles in providing public goods and services, they still need to monitor and evaluate the impact of their policies and programs, irrespective of the fact who is implementing them.

8.10 Shifts in Policy

In view of the importance and usefulness of RBM, Planning Commission has decided to make RBM a part of the PC-I document by adding the following:

- a. "Result Based Monitoring (RBM) Indicators" have been incorporated under para-12 as 12(b). Under which RBM frame work indicators are to be provided in quantifiable terms in the following format:

Input	Output	Outcome		Targeted Impact
		Baseline Indicator	Targets after Completion of Project	
1				
2				
3				
4				
5				

- b. The concept of RBM Framework will be institutionalized through training courses to be conducted at Projects Wing (PW) and Project Planning and Management Institute (PPMI) for officers of Planning Commission, line Ministries and Provincial Planning and Development Departments.

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9. ECNEC's DECISIONS

The Central Development Working Party (CDWP) and Executive Committee of National Economic Council (ECNEC) issue instructions and guidelines from time to time regarding various issues involved in the implementation of Development Projects. Some of the important instructions/guidelines are discussed below:-

Cost Increase

- 9.1 After the approval of the project, the executing agency implements the project according to the provisions of PC-I. There is no need for revision of PC-I if completion cost is within the permissible limit of 15% of the approved cost and scope of the project as approved in the PC-I.
- 9.2 During the implementation of project, if it is felt that there will be major change in the scope of work or increase in the approved cost by more than 15%, then the project has to be revised and submitted for approval by the competent authority. It is essential that the revised cost estimates are prepared in a realistic manner. A copy of Planning Division's letter dated 26th May, 2007 is enclosed for guidance (Annex XXIII).
- 9.3 The revised PC-I should provide reasons and justifications for revision in cost/scope of work

Extension in Implementation Period

- 9.4 The project is approved with a specific period of completion. Efforts should be made to complete the project within the stipulated period to ensure flow of benefits well in time. Due to certain reasons, if extension in the implementation period is in-avoidable to achieve the planned objectives, the Principal Accounting Officer of the Ministries/Divisions is competent to accord extension in the implementation period but within the approved cost of the project. The Planning & Development Division should be kept posted accordingly. A copy of Planning and Development Division's letter dated 15th April, 1989 is placed at annex-XXIV

Appointment of Project Related Staff

- 9.5 The recruitment of project staff/ Project Director does not require to seek further approval if necessary provisions have been made in the PC-I regarding nomenclature of the posts including qualifications and experience required for the post. The guideline in this respect is at annex XXV.

Institutionalization of Monitoring Procedures

- 9.6 Various decisions taken by the ECNEC to institutionalize monitoring procedures are enumerated below for the guidance of all the concerned agencies:
 - 9.6.1 Quarterly progress reports on the monitoring of development projects should continue to be submitted on a regular basis.
 - 9.6.2 Federal Ministries and the Provincial Governments should impress upon the heads of all the departments/agencies under their control to accord highest priority to the monitoring work and to furnish all required information to the monitoring teams in a prompt and responsible manner.
 - 9.6.3 The concerned Ministries should keep a vigilant eye on their projects and take timely corrective measures during execution.
 - 9.6.4 The ECNEC in its meeting held on 18th February, 2004 had directed each executing Division/Ministry to establish Planning & Monitoring Cells to plan, appraise, monitor & evaluate development projects. The instructions issued in this regard by the Planning Commission vide letter of 13th October, 2006 are placed at annex-XXVI. [Back to Contents](#)

10. NATIONAL ECONOMIC COUNCIL'S DECISIONS

On the basis of experience and insights gained through monitoring by the Projects Wing, a summary was submitted to the NEC in its meeting held on 4th July, 1988. The NEC's decisions specifically concerning project monitoring/evaluation are as under:-

- Training in project preparation, appraisal, management monitoring and evaluation should be instituted at all levels.
- Project monitoring and evaluation Cells (PME Cells) should be strengthened/created and computerized Management Information System installed.
- Projects Wing should regularly send monitoring reports to the sponsoring/executing agencies for taking remedial measures.
- The monitoring cells should undertake itemized cost monitoring in relation to the market price independently of the costs given in the PC-I or tenders. Monitoring of costs for procurement of machinery/equipment, building construction and other miscellaneous items should be carried out through well-reputed consultants.
- Computerization should be used for monitoring and evaluation of projects.
- In order to relate release of funds to actual utilization, a mid-year review during November-December should be jointly conducted by the Planning and Finance Divisions.

- 10.1 Subsequently, a comprehensive guideline in respect of process/procedure for preparation, approval and implementation of development projects was approved by the ECNEC on 24th April, 2000. The relevant decisions of the ECNEC are reproduced below:

A. NON-AIDED PROJECTS.

IDENTIFICATION/FORMULATION OF THE PROJECTS

- i. The projects should be identified by the agencies/ departments concerned of the Federal and Provincial Governments strictly on need basis falling under our economic framework as laid down in the Five Year Plan, mid-term plan, annual plan and the policies of the Government and implemented only after approval of their PC-I/PC-II by the competent forum.
- ii. The implementation schedule should be based on Bar Charts/PERT/CPM and should essentially form part of every project document. The schedule of rates used in estimating project cost should be regularly updated by taking into account the market rates instead of allowing across the board premium on the schedule of rates. [Back to Contents](#)

- iii. The PC-Is, must contain the quantifiable performance indicators showing the visible impact on the economy after completion of project.
- iv. In the PC-Is, it should be made mandatory on the part of executing agencies to certify that discussions have been held with all the stakeholders of the project.
- v. No project under directive of any authority is started without proper preparation of PC-I/PC-II and approval of the relevant competent forum.
- vi. No umbrella project would be prepared unless P&D Departments of the concerned Provinces have been consulted and their agreement/concurrence in writing has been obtained.

PROCESSING/APPROVAL OF PROJECTS

- vii. While approving projects the DDWP/PDWP/CDWP/ ECNEC should also look into the implementation capacity of the organization.
- viii. The portfolio of approved projects should be kept within the overall PSDP size as far as possible. The proposals for approval of individual projects should clearly indicate the phasing of their financing in the subsequent years reflecting impact on each year's PSDP allocations.

IMPLEMENTATION/MONITORING & EVALUATION

- ix. For proper monitoring/evaluation of projects, Projects Wing of the Planning & Development Division should be assigned this task and all projects with an estimated cost of over Rs 1.00 billion should have an in-built provision for this purpose in the PC-I of each project. The Provincial Governments would make their own arrangements in this respect.
- x. Special CDWP meeting should be arranged after every quarter to review major projects on which serious implementation/problems have arisen.
- xi. CDWP/ECNEC should be authorized to fix the responsibility on the defaulters of the procedures, rules and regulations while implementing the projects
- xii. All sponsoring/executing agencies should provide a list of Project Directors with the information/confirmation whether these Project Directors have been appointed on full time or part time basis and whether they have the requisite qualification and experience. In case of each major project (above Rs 100 million) a qualified Project Director should be appointed who should not be transferred normally during currency of the Project. The Project Director should be delegated full administrative and financial powers and be made accountable for any lapses. This measure would improve management and help fix technical and financial

responsibility. In case an adequately qualified person is not available within the department, the person could be hired (on contract) and designated as Project Director.

- xiii. Effective Monitoring and Reporting is essential to determine the progress, the status and the achievements of the projects. For the purpose the Project Director should carry out monitoring of the inputs, processes and outputs and submit a quarterly review/progress reports on a format approved by the competent forum i.e. quarterly progress report of on-going project on PC-III, completion report of the project on PC-IV, and post completion review of project on PC-V. Detailed instructions in this regard are available in the Manual for Development Projects (May 1997). The monitoring wing in the Ministries/ Divisions/ Departments should also carry out monitoring of the project and submit the report to the Projects Wing of Planning & Development Division. The report should include the remedial actions taken for ensuring implementation of the projects. In addition, Projects Wing should regularly carry out external monitoring of the projects for taking remedial measures, if any. A quarterly report should be submitted to the ECNEC on the monitoring/evaluation of projects by the Projects Wing as a third party monitoring report.
- xiv. Within six months of project approval, detailed design and costing should be finalized and submitted to the competent authority. Implementation of such project components which require detailed designing should be started only when those have been finalized.
- xv. A strong check should be exercised on time over-runs and cost over-runs. For this purpose frequent revisions of scope and design of the projects should be avoided. Acquisition of land where required should be completed in the minimum time. Efficient and honest officers should be made responsible for supervision, implementation and timely completion of the projects. Any instances of mal-administration, corruption, lapses and pilferage should be seriously investigated and those found responsible should be severely dealt with.

STRENGTHENING OF CAPACITY AND MANPOWER QUALITY IN PUBLIC SECTOR

- xvi. It is important that Planning and implementation capacity of the Federal Ministries as well as the Provincial Governments be increased. For this purpose, following arrangements are to be made for creating in house capacity on permanent basis and discouraging use of foreign consultants:-
 - a) Strengthening of existing capacity through training. An Institute namely "Pakistan Planning & Management, Institute (PPMI) already exists in the Pakistan Institute of Development Economics (PIDE)

which organizes courses in the fields of Planning & Management, Financial Management, Macro Economics, Social Planning, Project Appraisal and Management Techniques. Federal Ministries & Provincial Governments should benefit from this training and nominate officers for the courses organized by the Institute.

- b) Creation/strengthening of Planning Monitoring Cells in Federal Ministries and Provincial Governments with trained manpower and facilities as already approved by NEC in its meeting held on 04-07-1988.

B. FOREIGN AIDED PROJECTS

- i) Only the projects which fall under our economic framework as laid down in the long/medium term/annual plans and the policies of the Government should be sponsored for foreign assistance and that, too, only after approval of their PC-I by the competent forum. Development projects should be identified by the sponsoring agencies strictly on need basis and the donors should not be allowed to determine the priorities of the country.
- ii) In case of a project where there is delay in the preparation/ approval of PC-I and there is extreme urgency for exploring foreign assistance, concept clearance may be accorded by the Concept Clearance Committee of the Planning & Development Division.....It may be noted that concept clearance is accorded only to explore the foreign assistance and on the basis of concept clearance, any kind of MOU/Agreement/Government letter etc. cannot be signed by EAD/ Sponsoring Agency with the Donor Country/Agency. Such agreements etc. can only be signed after approval of PC-I/PC-II by the competent forum and completing other procedural requirements.
- iii) The projects should not be initiated / negotiated by any Federal/Provincial Agency without the approval of Planning & Development Department of Provinces and Planning & Development Division as the case may be.

CONSULTANTS ROLE

- A. It has been noted that a high consultancy fee was paid on the consultancies even in those projects which were based on simple technology and did not require foreign consultants (NDP etc.). At the time of negotiations with foreign donor and approval of the projects the need for such consultancy should be seriously appraised. Total consultancy cost should be kept as low as possible and that it should not in any case exceed 10% of the total project cost for infrastructure project involving construction etc. This condition is however, not applicable to purely consultancy projects or involving major part of consultancy. Such projects should be examined on case to case basis. The

donors are informed that consultancy oriented grant/loan will not be acceptable in any case.

- B. Local consultants should be associated with foreign consultants and encouraged to take up the consultancy work with or without the participation of foreign consultants. 30% of the expenditure to be incurred on foreign consultancy should be diverted for the development of local consultancy. This limit of 30% would be mandatory on foreign consultants who would be required to engage local consultants.
- C. All Technical Assistance proposals (both concept clearance proposals and PC-II will be accompanied by a certificate from the Secretary of the Federal Ministry/Division in case of federal projects and Chairman/ACS, P&D Department in case of Provincial projects that the proposed study is essential and no other study on the subject has earlier been undertaken). In case any study has already been conducted on the subject, the details of such study and full justification for undertaking the proposed study will be provided. Without this certificate no concept proposal/ PC-II will be entertained by P&D Division for processing through the CCC/CDWP. Similarly the DDWPs of the Federal Ministries and PDWPs of the Provinces may ensure that such a certificate is attached with the PC-II.

DELAYS IN PROJECT IMPLEMENTATION AND FUTURE STRATEGY

- D. Lenders usually take a long time for processing projects being financed by them. A period of three to five years is not uncommon. Such delays are usually due to appointment of consultants. Another factor more relevant to Bank assisted projects is the fact that a lot of cross conditionality are tied to their implementation, which makes it very difficult for the project to be implemented. Loan with un-necessary conditionality should not be accepted and commitment charges need to be avoided.
- E. Due to depreciation of Rupee, a large amount of savings is being accrued in case of on-going aided projects and in some cases donor agencies/lenders allow the executing agencies to utilize these savings either on existing project by increasing its scope or on new projects. In such cases the executing agencies insist on utilizing these savings without obtaining approval with reference to execution of the projects or extension of the projects. EAD should, therefore, ensure that no such savings should be allowed to be utilized unless the components/projects for utilization of these savings are approved by the competent forum.
- F. All agreements for T.A., grants, loans or guarantees should be signed with donors after obtaining approval from the competent authority (i.e. Cabinet/ECC/CDWP/ECNEC).

- G. As far as self financing projects are concerned, if foreign aid or government's guarantees are involved, then those should come to the forum of CDWP/ECNEC. PTCL, Ports and Shipping are related projects.
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11. DO'S AND DON'TS:

The specific actions required by the Project Directors and sponsoring Ministries/Divisions in the Project Planning & Management of Public Sector Development Projects are summarized below in the form of Do's & Don'ts.

I. Preparation Stage:

Do's

1. The projects of Infrastructure and Production Sectors costing more than Rs 300 million should be based on proper feasibility study.
2. The Mega projects of Social Sector should also be based on proper feasibility study.
3. In case of projects costing less than Rs 300 million should be based on in house feasibility studies.
4. RBM indicators i.e. input, output, outcome and impact are clearly indicated in PC-Is.
5. Costing of the project should be on market prices indicating quantities and unit values.
6. Escalation @ 6.5% p.a. of base cost may be provided from 2nd year of project till completion.
7. Contingencies are provided @ 3% of base cost.
8. Sustainability aspect of the project be discussed in the PC-I.
9. The objectives of the project be clearly indicated preferably in quantitative terms and linked with MTDF/FYP targets of the Sector.
10. Detailed designing of civil work may be ensured in the PC-I.
11. Location analysis may be carried out scientifically.
12. Project Management Unit may be setup with well defined roles, including TORs of appointment with salary structures.
13. Financial Plan should be clearly indicated in the PC-I.

14. In case of revised projects, work already done with quantities must be given clearly. The work to be done must be clearly indicated giving quantities and unit cost over extended period. Reasons for revision may also be given along with justification.

Don'ts

15. Never provide lump sum provisions in PC-I.
16. Never indicate objectives in ambiguous form.
17. Never prepare PC-I without detailed designing of civil work.

II. Implementation Stage:

Do's

1. Take a lead role in the project implementation.
2. Get the financial and administrative Powers delegated from Principal Accounting Officer.
3. Get funds allocated in the Priorities Committee meetings.
4. Prepare MIS of the project, get it vetted by the Planning Commission and submit to Finance Division.
5. Prepare and get approved from Planning Commission workable Work/Cash Plan as early as possible.
6. Plan physical activities to be carried out during the year on bar chart on monthly basis.
7. Plan for the monthly activities in advance
8. Prepare RBM indicators matrix of project indicating input, output, outcome and impact
9. In case of any issues/problems faced in implementation, take corrective measures by informing the concerned authorities including Projects Wing.
10. Get the monthly expenditure reconciled with AGPR/Banks as the case may be.
11. Ensure periodic checking of inventory and stocks for timely replenishment.
12. Ensure maintenance of log books of vehicles.
13. Assign specific duties to the team members un-ambiguously.
14. Always discuss about the project activities with your team on regular basis for sharing project information.
15. At the time of award of contract if it is found that cost of the project would exceed the approval limits by 15% get the project revised and approved by the competent forum before implementation.

16. If there is a major change in the scope of the project (15%) get the project revised immediately and approved from competent forum.
17. If the project cannot be completed within approved time frame, get the desired extension from the Principal Accounting Officer and inform the Projects Wing of Planning Commission and Finance Division.
18. Every activity should be time based and chased rigorously.
19. If there are several projects under implementation in an organization separate accounts of each project should be opened. Similarly, separate accounts books are maintained for each project.
20. If expenditure in one head is expected to exceed the allocated amount get the re-appropriation of funds approved by the Principal Accounting Officer before incurring the excess expenditure.
21. Appointment of Project Directors should be made through a committee proposed by the Planning Commission.
22. All the appointments in the project are made in a transparent manner by advertising the posts in press.
23. All the contracts be processed and awarded by following procedures contained in the Public Procurement Rules (2006).
24. Project Purchase/Recruitment Committees be formed with the approval of Principal Accounting Officer.
25. Regular meetings of Steering Committees approved in the project must be ensured.
26. Computerize accounts of the projects for quick/timely supply of data and re-conciliation of accounts.
27. Proper coordination among different stakeholders must be ensured in case of implementation of national programs.

Don'ts

28. No revision of PC-I is required if the cost increase is due to depreciation of Pak rupee in foreign exchange cost.

29. Don't incur expenditure in excess of 15% of approved cost before revising the project.
30. Don't spend expenditure beyond approved limits.
31. Never incur expenditure in excess of allocation from any other sources except approved by the competent authority.
32. Never violate Government rules & procedures in purchase of goods and recruitment of staff.
33. Don't hide any information/facts from Monitoring Officer.

III. Monitoring Stage

Do's

1. Ensure completion of the project within approved cost and time.
2. Chase the targets of the year.
3. Monitor project activities on monthly basis.
4. E-mail monthly expenditure statement to Projects Wing by 5th of every month.
5. Prepare quarterly reports of the project for quarterly review meetings to be held in Planning Commission.
6. Share problems/issues hindering the successful Implementation of projects with Monitoring Officer of Projects Wing.

Don'ts

7. Don't hide any information/data from Monitoring Officer, because they facilitate in resolving the issues/problems faced by the project.

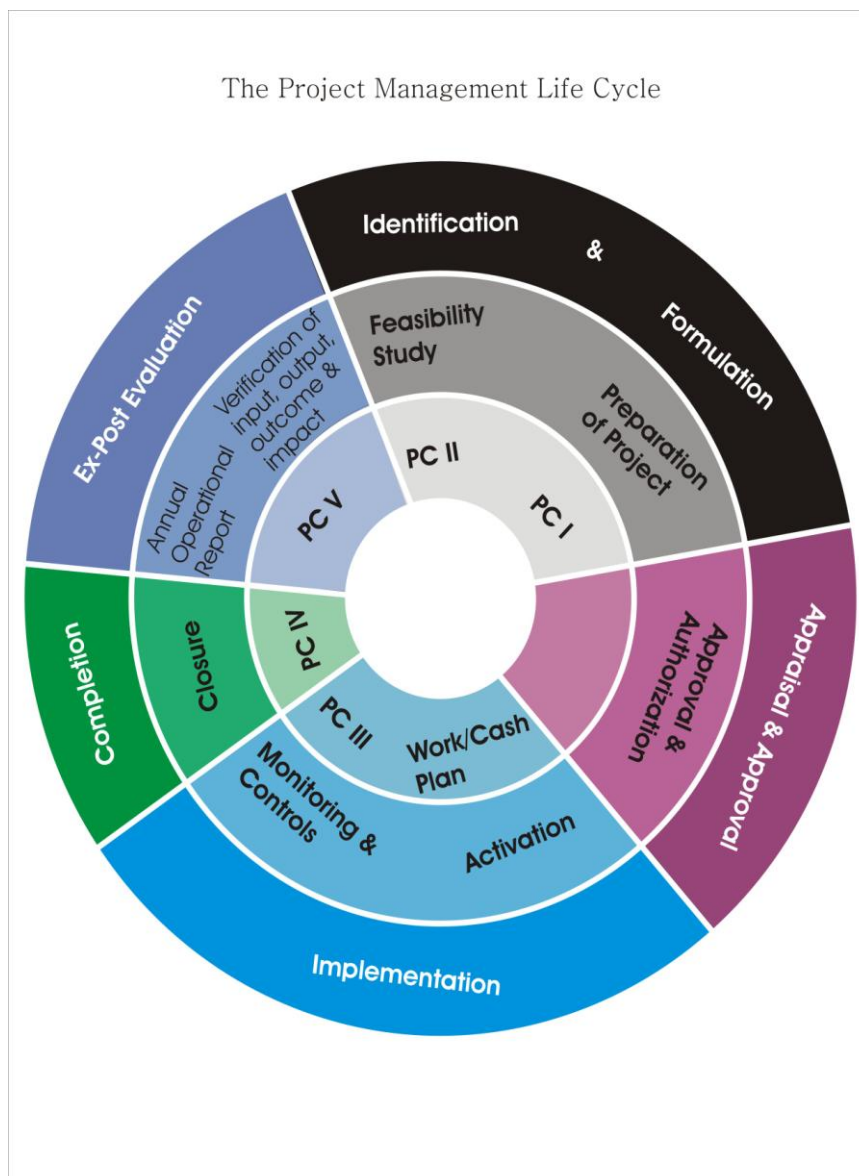
IV. Completion Stage:

Do's

1. If the project is to be maintained after completion by another agency then coordinate in advance for the transfer of the project along with assets/ liabilities.
2. If some staff of the project is to be retained for the operation of the project, then the case for the creation of posts under revenue budget may be initiated at least six months ahead of the planned closing date.
3. Make a list of assets and entire record of the project and handover to the relevant agency.
4. Close the bank accounts and cash/accounts ledgers.
5. Prepare completion report of the project on PC-IV Proforma and send to the concerned Ministry and the Projects Wing of Planning Commission.
6. The sponsoring Ministry/Division is required to submit the annual report on operation of the project for five years after completion of the project to the Projects Wing of Planning Commission.

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Exhibit-1



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PC-1 FORM

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION**

**PROFORMA FOR DEVELOPMENT PROJECTS
(INFRASTRUCTURE SECTOR)**

- Transport & Communication
- Telecommunication
- Information Technology
- Energy (Fuel & Power)
- Housing, Government Buildings & Town Planning
- Irrigation, Drainage & Flood Control

Revised 2005

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION
PC-1 FORM
(INFRASTRUCTURE SECTOR)**

1. Name of the project
2. Location
3. Authorities responsible for:
 - i. Sponsoring
 - ii. Execution
 - iii. Operation and maintenance
 - iv. Concerned Federal Ministry
4. Plan provision
5. Project objectives and its relationship with sector objectives
6. Description, justification, technical parameters and technology transfer aspects.
(Enclose feasibility study for projects costing Rs. 300 million and above)
7. Capital cost estimates
8. Annual operating and maintenance cost after completion of the Project
9. Demand and supply analysis
10. Financial plan and mode of financing
11. Project benefits and analysis
 - i) Financial
 - ii) Economic
 - iii) Social benefits with indicators
 - iv) Employment generation (direct and indirect)
 - v) Environmental impact
 - vi) Impact of delays on project cost and viability
12.
 - i) Implementation schedule
 - ii) Result Based Monitoring (RBM) Indicators

13. Management structure and manpower requirements including specialized skills during construction and operational phases
14. Additional projects/decisions required to maximize socio-economic benefits from the proposed project
15. Certified that the project proposal has been prepared on the basis of instructions provided by the Planning Commission for the preparation of PC-I for Infrastructure sector projects.

Prepared by _____
Name, Designation & Phone #

Checked by _____
Name, Designation & Phone #

Approved by _____
Name, Designation & Phone #

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION**

Instructions to Fill in PC-I Proforma (Infrastructure Sector)

1. **Name of the Project**
Indicate name of the project.
2. **Location**
 - Provide name of the district/province.
 - Attach a map of the area, clearly indicating the project location.
3. **Authorities responsible for**
Indicate name of the agency responsible for sponsoring, execution, operation and maintenance. For provincial projects, name of the concerned Federal Ministry be provided.
4. (a) **Plan provision**
 - If the project is included in the medium term/five year plan, specify actual allocation.
 - If not included in the current plan, what warrants its inclusion and how is it now proposed to be accommodated.
 - If the project is proposed to be financed out of block provision, indicate:

Total block provision	Amount already committed	Amount proposed for this project	Balance available
-----------------------	--------------------------	----------------------------------	-------------------

- (b) Provision in the current year PSDP/ADP

5. **Project Objectives**
 - The objectives of the sector/sub sector as indicated in the medium term/five year plan are reproduced. Indicate objectives of the project and develop a linkage between the proposed project and sectoral objectives.
 - In case of revised Projects, indicate objectives of the project if different from original PC-I.
6. **Description and Justification of Project (enclose feasibility study for projects costing Rs.300 million & above.)**
 - Describe the project and indicate existing facilities in the area and justify the establishment of the Project.
 - Provide technical parameters i.e. input and output of the project. Also discuss technological aspect of the project.

- Provide details of civil works, equipment, machinery and other physical facilities required for the project.
- Indicate governance issues of the sector relevant to the project and strategy to resolve them.

In addition to above, the following sector specific information be provided

Transport & Communication

- Provide technical parameters i.e. selected design features and capacity of the proposed facilities along with alternates available.
- For roads, provide information regarding land width, geometric and pavement design including formation width, pavement width.
- Land classification for bridges and culverts.
- Thickness/width of road way on bridges and culverts.
- Design speed, traffic capacity of road in terms of passenger car units per day.
- Saving in distance for diverted traffic. Average daily traffic of motor vehicles by category as well as the car units is provided.
- In case of improvement within the urban areas, separate traffic counts within that area should be given. Brief information regarding traffic and pavement width etc. in adjoining sections should also be given.
- For bridges provide location, total length of bridge, number of spans with length of each span, width roadway and footpath, type of sub and superstructure and load classification.

Telecommunication

- Mention alternate means of providing the same facilities (for example microwaves verses optic fiber cable, underground cable versus overhead cable etc.) and the cost of each of the alternative means.

Information Technology

- Provide Hardware specification
- Attach Networking/LAN diagram
- Software requirements
- Availability of services (DSL, Dial-ups, wireless)

Energy (Fuel & Power)

Fuel

- Detailed description of major equipments, items and structure.
- Provide basis of design of the project.
- Indicate alternate technology along with the selected one with justification.

- For exploration projects give details of previously work undertaken.

Power

- Give detailed description of major equipments and structure.
- For Hydroelectric projects: Give information regarding geological investigations, flow duration curve, water storage, estimated monthly kilowatt hours generation under minimum and average flow conditions and the flow conditions assumed in the project and operational regime i.e. base load or peak load plant. Rainfall record, stream flow calculation, hydrograph and other available water data along with problems be provided.
- For thermal projects: Give information on sources and availability of cooling water and fuel, calorific value, heat rate price (with custom duties and taxes shown separately) and disposal of ash and effluents.
- Give a comprehensive comparison of available technology and rationale/criterion for selection of specified technology.
- Provide analysis of adopted technology with respect to existing system.
- Indicate whether maintenance facilities are available. If not, provide details/plans for maintenance facilities.
- For transmission and distribution system: Basis of design voltage drop allowance system stability, reliability, operating voltage, policy regarding reserves, design and material to be used for supporting structure, average span length and conductor size, type of spacing.
- Load flow studies for the year in which plant is proposed to be commissioned and five years thereafter.
- For sub-stations and switching stations: Give location and purpose of each station KVA voltage, type and structure, number of circuits, type of transformers and major circuit breakers.
- Load conditions of the existing facilities, in case of extension facilities.
- In case of new projects, loading conditions of sub stations be provided.

Housing, government buildings & town planning

- Provide alternate designs and proposed design features of the project, keeping in view the income levels, family size of the population to be served along with weather conditions etc.
- Mention the nature and size of land available and indicate whether the design ensures the most economical use of space.
- Indicate whether the project is in consonance with the master plan of the city.
- Town Planning and covered area parameters/space standards applied in determining land and flood area requirements.
- Specifications of the civil works.

Irrigation, drainage and flood control

- Provide project areas characteristics in terms of population, climate, geology, soil, irrigation, ground water, drainage and agriculture (crops, yields etc.)
- For multipurpose projects, provide basis of allocation of costs for different purposes.
- Engineering projects be supported by technical background data and each distinct segment of the project be described separately.

7. Capital cost estimates

- Indicate date of estimation of Project cost.
- Basis of determining the capital cost be provided. It includes market survey, schedule rates, estimation on the basis of previous work done etc.
- Provide year-wise estimation of physical activities as per following:

Year-wise/component-wise physical activities

Items	Unit	Year-I	Year-II	Year-III
A.				
B.				
C.				

- Phasing of capital cost be worked out on the basis of each item of work as stated above and provide as per following:

Year-wise/component-wise financial phasing

(Million Rs)

	Item	Year-I			Year-II			Year-III			Total		
		Total	Local	FEC	Total	Local	FEC	Total	Local	FEC	Total	Local	FEC
A.													
B.													
C.													
D.													
	Total												

- In case of revised projects, provide
- History of project approval, year-wise PSDP allocation, releases and expenditure.
- Item-wise, year-wise actual expenditure and physical progress.
- Justification for revision of PC-I and variation in scope of project if applicable.
- Item-wise comparison of revised cost with the approved cost and give reasons for variation.
- Exchange rate used to work out FEC in the original and revised PC-I's.

8. Annual Operating Cost

Item-wise annual operating cost based on proposed capacity utilization be worked out for 5 years and sources of its financing.

9. Demand and supply analysis

- Existing capacity of services and its supply/demand
- Projected demand for 10 years.
- Capacity of the projects being implemented in public/private sector.
- Supply – demand gap.
- Designed capacity and output of the proposed project.

10. Financial Plan

Sources of financing

(a) Equity:

Indicate the amount of equity to be financed from each source

- Sponsors own resources
- Federal Government
- Provincial Government
- DFI's/banks
- General public
- Foreign equity
- NGO's/beneficiaries
- Others

b) Debt

Indicate the local & foreign debt, interest rate, and grace period and repayment period for each loan separately. The loan repayment schedule is also annexed.

- c) Grants along with sources
- d) Weighted cost of capital

11. **Benefits of the project and analysis**

- Financial: Income to the Project along with assumptions
- Economic: Benefit to the economy along with assumptions
- Social: Benefits with indicators
- Environmental: Environmental impact assessment negative/positive

Financial/Economic Analysis (with assumptions)

➤ **Financial analysis**

- Quantifiable output of the project
- Profit and loss account and Cash Flow statement
- Net present value (NPV) and Benefit Cost Ratio
- Internal financial rate of return (IFRR)
- Unit cost analysis
- Break even Point (BEP)
- Payback period
- Return on equity (ROE)

➤ **Economic analysis**

- Provide taxes & duties separately in the capital and operating cost
- Net present value (NPV) and benefit cost ratio (BCR)
- Internal Economic Rate of Return (IERR)

➤ **Employment analysis**

- Employment generation (direct and indirect)

➤ **Sensitivity analysis**

- Impact of delays on project cost and viability

12. a) **Implementation Schedule**

- Indicate starting and completion date of the project
- Item-wise/year-wise implementation schedule in line chart correlated with the phasing of physical activities.

b) **Result Based Monitoring (RBM) Indicators**

- Indicate Result Based Monitoring (RBM) framework indicators in quantifiable terms in the following table.

S.No	Input	Output	Outcome		Targeted Impact
			Baseline Indicator	Targets after Completion of Project	
1					
2					
3					
4					
5					

13. **Management Structure and Manpower Requirements**

- Administrative arrangements for implementation of project.
- The manpower requirements by skills during execution and operation of the project are provided.
- The job description
- Qualification, experience, age and salary of each post are provided.

14. **Additional projects/decisions required**

- Indicate additional projects/decisions required to optimize the investment being undertaken on the project

15. **Certificate**

- The name, designation and Phone # of the officer responsible for preparing and checking be provided. It may also be confirmed that PC-I has been prepared as per guidelines issued by the Planning Commission for the preparation of PC-I for Infrastructure Sector projects.
- The PC-I along with certificate must be signed by the Principal Accounting Officer to ensure its ownership. [Back to Annexure](#)

PC-I FORM

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION**

PROFORMA FOR DEVELOPMENT PROJECTS

(PRODUCTION SECTOR)

- Agriculture Production
- Agriculture Extension
- Industries, Commerce
and Minerals

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION**

PC-I FORM

(PRODUCTION SECTOR)

1. Name of the project
2. Location
3. Authorities responsible for:
 - i. Sponsoring
 - ii. Execution
 - iii. Operation and maintenance
 - iv. Concerned Federal Ministry
4. Plan provision
5. Project objectives and its relationship with sector objectives
6. Description, justification, technical parameters and technology transfer aspects
(enclose feasibility study for projects costing Rs 300 million and above)
7. Capital cost estimates
8. Annual operating and maintenance cost after completion of the Project
9. Demand and supply analysis
10. Financial plan and mode of financing
11. Project benefits and analysis
 - i. Financial
 - ii. Economic
 - iii. Social benefits with indicators
 - iv. Employment generation (direct and indirect)
 - v. Environmental impact
 - vi. Impact of delays on project cost and viability

12. a) Implementation schedule
 b) Result Based Monitoring (RBM) Indicators
13. Management structure and manpower requirements including specialized skills during construction and operational phases
14. Additional projects/decisions required to maximize socio-economic benefits from the proposed project
15. Certified that the project proposal has been prepared on the basis of instructions provided by the Planning Commission for the preparation of PC-I for production sector projects

Prepared by _____
Name, Designation & Phone #

Checked by _____
Name, Designation & Phone #

Approved by _____
Name, Designation & Phone #

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION**

Instructions to Fill in PC-I Proforma

(Production Sector)

1. **Name of the Project**
Indicate name of the project.
2. **Location**
 - Provide name of district and province.
 - Attach a map of the area, clearly indicating the project's location.
3. **Authorities responsible for**
 - a. Indicate name of the agency responsible for sponsoring, execution, operation and maintenance
 - b. In case of more than one agency, give their component-wise responsibility. For provincial projects, name of the concerned Federal Ministry be provided.
4. a) **Plan provision**
 - If the project is included in the medium term/five year plan, specify actual allocation.
 - If not included in the current Plan, what warrants its inclusion and how is it now proposed to be accommodated.
 - If the project is proposed to be financed out of block provision, indicate:

Total block provision	Amount already committed	Amount proposed for this project	Balance available
-----------------------	--------------------------	----------------------------------	-------------------
- b) **Provision in the current year PSDP/ADP.**
5. **Project objectives**
 - The objectives of the sector/sub sector as indicated in the medium term/five year plan are reproduced. Indicate objectives of the project and a linkage between the proposed project and the sectoral objectives.
 - In case of revised project, indicate objectives of the project if different from original PC-I.

6. Description and Justification of Project

- Describe the project and indicate existing facilities in the area and justify the establishment of the project.
- Provide technical parameters i.e. input and output of the project in quantitative terms. Also discuss the technology aspect of the project.
- Provide details of civil works, equipment, machinery and other physical facilities required for the project.
- Indicate governance issues of the sector relevant to the project and strategy to resolve them.

In addition to above the following sector specific information is provided.

Agriculture Production

- For fisheries projects: Give area for fishing and the legal rights to that area; the availability of trawlers; amount and type of fish likely to be available.
- For forestry projects: Indicate nature and state of existing forests their growth rate and any problems connected therewith. Give details of species; rotation and anticipated rotation and volume yield. Indicate availability of complementary services, e.g., access roads, saw mills etc.
- For livestock projects: Give the livestock situation of the country and mention any problems connected therewith. Present and future herd size, their species age characteristics and production capacity.
- For agriculture production projects: Give present and future crop yield, cropping intensity; land use pattern technological intervention and the basis for calculation of the future output.
- For all agriculture production sector projects, provide (i) transport, equipment & field machinery available with the department (ii) effect
- On farm income and basis for pricing of outputs (iii) farm gate and international prices.

Agriculture extension

- Provide history of extension work in and around project area and justify the extension work.
- Provide transport, equipment and field machinery etc available with the department.

Industry, Commerce and Minerals

- Provide installed capacity, proposed expansion and available technologies, the selected technology and reasons for its selection.

- Whether the output is meant for (i) import substitution (ii) meeting domestic demand or (iii) export oriented.
- In case of exports, give likely markets and their size, competitive prices and cost of production to justify the project.
- Provide all information under with and without project conditions in case of BMR & expansion projects.

7. Capital cost estimates

- Indicate date of estimation of project cost estimates.
- Basis of determining the capital cost be provided. It includes market survey, schedule rates, estimation on the basis of previous work done etc.
- Provide year-wise estimation of physical activities as per following:

Year wise/component wise physical activities

Quantities

Items	Unit	Year I	Year II	Year III
A				
B				
C				

- Phasing of capital cost be worked out on the basis of each item of work as stated above and provide as per following:

Year-wise/Component-wise financial phasing

(Million Rs)

Items	Year-I			Year-II			Year-III			Total		
	Total	Local	FEC	Total	Local	FEC	Total	Local	FEC	Total	Local	FEC
A												
B												
Total												

- In case of revised projects, provide
- Project's approval history along with PSDP allocations, releases and expenditure.

- Item-wise, year-wise actual expenditure and physical progress.
- Justification for revision of PC-I and variation in scope of project if applicable.
- Item-wise comparison of revised cost with the approved cost and give reasons for variation.
- Exchange rate used to work out FEC in the original and revised PC-I's.

8. Annual Operating Cost

- Item-wise annual operating cost based on proposed capacity utilization for 5 years.

9. Demand and supply analysis (for Industrial and Agricultural Production Projects)

- Description of product/services.
- Demand/Supply along with unit price for the last five years
- Imports/Exports for the last five years along with unit price (if applicable)
- Projected demand/supply for 10 years.
- Proposed year-wise production and unit price of the product.
- Existing and proposed arrangements for marketing.

10. Financial Plan

Sources of financing

(a) Equity:

Indicate the amount of equity to be financed from each source

- Sponsors own resources
- Federal Government
- Provincial Government
- DFI's/banks
- General public
- Foreign Equity (indicate partner's agency)
- NGO's/Beneficiaries
- Others

b) Debt

Indicate the local & foreign debt, interest rate, and grace period and repayment period for each loan separately. The loan repayment schedule is also annexed.

c) **Grants along with source**

d) **Weighted cost of capital**

11. Benefits of the project and analysis

- Financial: Income to the project along with assumptions
- Economic: Benefits to the economy along with assumptions
- Social: Benefits with indicators
- Environmental: Environmental impact assessment
negative / positive

Financial/Economic Analysis (with assumptions)

Financial analysis

- Quantifiable output of the project
- Profit and loss account and cash flow statement
- Net present value (NPV) and benefit cost ratio (BCR)
- Internal financial rate of return (IFRR)
- Unit cost analysis
- Break even Point (BEP)
- Payback period
- Return on equity (ROE)

Economic analysis

- Provide taxes & duties separately in the capital and operating cost
- Net present value (NPV) and benefit cost ratio (BCR)
- Internal economic rate of return (IERR)
- Foreign exchange rate of the project (Bruno's Ratio) for import substitution and export oriented projects

Employment analysis

- Employment generation (direct and indirect)

Sensitivity analysis

- Impact of delays on project cost and viability

12. A) **Implementation Schedule**

- Indicate starting and completion date of the project
- Item-wise/year-wise implementation schedule in line chart correlated with the phasing of physical activities.

b) **Result Based Monitoring (RBM) Indicators**

- Indicate Result Based Monitoring (RBM) framework indicators in quantifiable terms in the following table.

Sino	Input	Output	Outcome		Targeted Impact
			Baseline Indicator	Targets after Completion of Project	
1					
2					
3					
4					

13. **Management structure and manpower requirements**

- Administrative arrangements for implementation of project
- The manpower requirements by skills/profession during execution and operation of the Project.
- The job description, qualifications, experience, age and salary of each job may be provided.

14. **Additional projects/decisions required**

- Indicate additional projects/decisions required to optimize the investment being undertaken on the project

15. **Certificate**

- The name, designation and phone # of the officer responsible for preparing and checking be provided. It may also be confirmed that PC-I has been prepared as per instructions issued by the Planning Commission for the preparation of PC-I for Production Sector projects.
- The PC-I along with certificate must be signed by the Principal Accounting Officer to ensure its ownership. [Back to Annexure](#)

PC-1 FORM

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION**

**PROFORMA FOR DEVELOPMENT PROJECTS
(SOCIAL SECTOR)**

- Education, Training and Manpower
- Health, Nutrition, Family Planning &
Social Welfare
- Science & Technology
- Water Supply & Sewerage
- Culture, Sports, Tourism &
Youth
- Mass Media
- Governance
- Research

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION
PC-1 FORM
(SOCIAL SECTOR)**

1. Name of the Project
2. Location
3. Authority responsible for:
 - v. Sponsoring
 - vi. Execution
 - vii. Operation and maintenance
 - viii. Concerned Federal Ministry
4. Plan Provision
5. Project objectives and its relationship with Sectoral objectives
6. Description, justification and technical parameters
7. Capital cost estimates
8. Annual operating and maintenance cost after completion of the Project
9. Demand and supply analysis
10. Financial Plan and mode of financing
11. Project benefits and analysis
 - i. Financial
 - ii. Social benefits with indicators
 - iii. Employment generation (direct and indirect)
 - iv. Environmental impact
 - v. Impact of delays on project cost and viability
12.
 - a) Implementation schedule
 - b) Result Based Monitoring (RBM) Indicators
13. Management structure and manpower requirements including specialized skills during execution and operational phases

14. Additional projects/decisions required to maximize socio-economic benefits from the proposed project
15. Certified that the project proposal has been prepared on the basis of instructions provided by the Planning Commission for the preparation of PC-I for Social Sector projects.

Prepared by

Name, Designation & Phone#

Checked by

Name, Designation & Phone#

Approved by

Name, Designation & Phone#

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION**

Instructions to Fill in PC-I Proforma (Social Sector)

1. Name of the Project

2.

Indicate name of the project.

2. Location

- Provide name of District/Province.
- Attach a map of the area, clearly indicating the project location.

3. Authorities responsible for

Indicate name of the agency responsible for sponsoring, execution, operation and maintenance. For provincial projects, name of the concerned Federal Ministry be provided.

4. (a) Plan provision

- If the project is included in the medium term/five year plan, specify actual allocation.
- If not included in the current plan, what warrants its inclusion and how is it now proposed to be accommodated.
- If the project is proposed to be financed out of block provision, indicate:

Total block provision	Amount already committed	Amount proposed for this project	Balance available
-----------------------	--------------------------	----------------------------------	-------------------

(c) Provision in the current year PSDP/ADP

5. Project objectives

- The objectives of the sector/sub sector as indicated in the medium term/five year plan are reproduced. Indicate objectives of the project and develop a linkage between the proposed project and sectoral objectives.
- In case of revised Projects, indicate objectives of the project, if different from original PC-I.

6. Description and justification of project

- Describe the project and indicate existing facilities in the area and justify the establishment of the Project.

- Provide technical parameters and discuss technology aspect of the Project.
- Provide details of civil works, equipment, machinery and other physical facilities required for the project.
- Indicate governance issues of the sector relevant to the project and strategy to resolve them.

In addition to above, the following sector specific information be provided

Education, training and manpower

- Give student-teacher ratio for the project and the national average for the proposed level of education.
- Year-wise proposed enrolment of the institution for 5 years.
- For scholarship projects, indicate number of scholarships to be awarded each year along with selection criteria.
- Provide faculty strength in relevant discipline, in case of expansion of facilities.
- Indicate the extent of library and laboratory facilities available in case of secondary, college and university education.
- Provide details of technical staff required for operation & maintenance of laboratories.

Health, nutrition, family planning and social welfare

a) Health projects

- Indicate whether the proposed facilities are preventive or curative.
- Separate the facilities between indoor, out door and department-wise.

b) Nutrition

- Indicate the infrastructure and mechanism required for the project.
- Measures taken for involvement and participation of the community.
- Net improvement in the nutritional status of target groups in quantitative terms.

c) Family planning

- Provide information relating to motivation and distribution sub-system.
- Give benchmark data and targets relating to a number of couples to be approached and a number of contraceptives and other devices to be distributed.
- Mode/mechanism of advocacy and awareness

Water supply & sewerage

- Present and projected population and water availability/ demand.
- Indicate source and water availability (mgd) during next 5, 10, 20 years.
- For waste water/sewerage, provide present and future disposal requirements, gaps if any and proposed treatment methods and capacity.
- Indicate present and proposed per capita water supply in the project area, comparison be made with water supply in similar localities.
- Indicate whether the proposed project is a part of the master plan. If so, provide details.

Culture, sports, tourism & youth

- Existing and projected flow of tourists in the country/project area.
- Capacity of existing departments to maintain archaeological sites/museums.
- Relationship of archaeological projects with internal and foreign tourism.

Mass media

- Indicate area and population to be covered with proposed project.

Research

- Indicate benefits of the research to the economy.
- Mention the number of studies/papers to be produced.
- Indicate whether these studies would result in commercial application of the process developed (if applicable).

7. Capital cost estimates

- Indicate date of estimation of Project cost.
- Basis of determining the capital cost be provided. It includes market survey, schedule rates, estimation on the basis of previous work done etc.
- Provide year-wise estimates of Physical activities by main components as per following:

Component-wise, year-wise physical activities

Items	Unit	Year-I	Year-II	Year-III
A.				
B.				
C.				

- Phasing of Capital Cost be worked out on the basis of each item of work as stated above and provide information as per following.

Year-wise/component-wise financial phasing

(Million Rs)

	Item	Year-I			Year-II			Year-III			Total		
		Total	Local	FEC	Total	Local	FEC	Total	Local	FEC	Total	Local	FEC
A.													
B.													
C.													
	Total												

- In case of revised Projects, Provide
- Projects approval history, year wise PSDP allocations, releases and expenditure.
- Item-wise, year-wise actual expenditure and Physical progress.
- Justification for revision of PC-I and variation in scope of the project if applicable.
- Item-wise comparison of revised cost with the approved cost and give reasons for variation.
- Indicate exchange rate used to work out FEC in the original and revised PC-I.

8. Annual operating cost

- Item-wise annual operating cost for 5 years and sources of financing.

9. Demand supply analysis (excluding science & technology, research, governance & culture, sports & tourism sectors)

- Existing capacity of services and its supply
- Projected demand for ten years
- Capacity of projects being implemented both in the public & private sectors
- Supply – demand gap
- Designed capacity & output of the proposed project

10. **Financial plan**

Sources of financing

(a) **Equity:**

Indicate the amount of equity to be financed from each source

- Sponsors own resources
- Federal Government
- Provincial Government
- DFI's/banks
- General public
- Foreign equity (indicate partner's agency)
- NGO's/beneficiaries
- Others

b) **Debt**

Indicate the local & foreign debt, interest rate, and grace period and repayment period for each loan separately. The loan repayment schedule is also annexed.

c) **Grants along with sources**

d) **Weighted cost of capital**

11. (A) **Project benefits and analysis**

- Financial: Income to the project along with assumptions.
- Social: Quantify benefits to the target group
- Environmental: Environmental impact assessment negative / positive.

(b) **Project analysis**

- Quantifiable output of the project
- Unit cost analysis
- Employment generation (direct and indirect)
- Impact of delays on project cost and viability

12. a) **Implementation Schedule**

- Indicate starting and completion date of the project

- Item-wise/year-wise implementation schedule in line chart correlated with the phasing of physical activities.

b) Result Based Monitoring (RBM) Indicators

- Indicate Result Based Monitoring (RBM) framework indicators in quantifiable terms in the following table.

S.No	Input	Output	Outcome		Targeted Impact
			Baseline Indicator	Targets after Completion of Project	
1					
2					
3					
4					
5					

13. Management structure and manpower requirements

- Administrative arrangements for implementation of the project.
- Manpower requirements during execution and operation of the project be provided by skills/profession.
- Job description, qualification, experience, age and salary of each job are provided.

14. Additional projects/decisions required

- Indicate additional projects/decisions required to optimize the investment being undertaken on the project.

15. Certificate

- The name, designation and phone # of the officer responsible for, preparing and checking be provided. It may also be confirmed that PC-I has been prepared as per instructions for the preparation of PC-I for social sector projects.
- The PC-I along with certificate must be signed by the Principal Accounting Officer to ensure its ownership. [Back to Annexure](#)

PC-II FORM

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION**

**PROFORMA FOR DEVELOPMENT PROJECTS
(SURVEY AND FEASIBILITY STUDIES)**

Revised 2005

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION
PC-II FORM
PROFORMA FOR DEVELOPMENT PROJECTS
(SURVEY AND FEASIBILITY STUDIES)**

- 1) Name by which survey/ feasibility will be identified
- 2) Administrative authorities responsible for
 - i) Sponsoring
 - ii) Execution
- 3) Details of survey/feasibility study
 - i. General description and justification
 - ii. Implementation period
 - iii. Year wise estimated cost
 - iv. Manpower requirements
 - v. Financial plan
- 4) Expected outcome of the survey/feasibility study and details of projects likely to be submitted after the survey.

Prepared by:

Name, Designation & Phone #

Checked by:

Name, Designation & Phone #

Approved by:

Name, Designation & Phone #

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION
Instructions to Fill in PC-II Proforma**

1. Name of the Project

Please indicate the name by which survey/feasibility study will be undertaken.

2. Administrative authority

Indicate name of the agency responsible for sponsoring and execution of the project.

3. Details of survey/feasibility study

- Provide a general description of the aims, objectives and coverage of the survey/feasibility Study.
- Provide justification for undertaking the survey/feasibility Study. Indicate whether previous studies in the field have been undertaken. If so, provide details.
- Indicate duration of study and proposed months of commencement and completion of the study.
- Provide item-wise/year-wise capital cost estimates of the study broken down between local and foreign exchange.
- Indicate date on which cost estimates were prepared and the basis of these estimates.
- Sources of financing the capital cost be provided
- Indicate requirements separately for local and foreign personnel i.e.; professional, technical, administrative, clerical, skilled, unskilled, others along with their terms of reference.
- Indicate the period of contract of both the local and foreign consultants along with qualifications, experience and the terms of their appointment.

4. Expected outcome

- Indicate the expected outcome of the survey/feasibility study in quantifiable terms. It may also be indicated whether any project will be prepared after the survey. [Back to Annexure](#)

ANNEXURE-V

**No.F.8(1)GS-I/2006-1631
GOVERNMENT OF PAKISTAN
FINANCE DIVISION
BUDGET WING**

Islamabad the 11th August, 2008

From: Abdul Qayyum Ch.,
Section Officer (GS-I)
Tel: 9204700

To: The Controller General of Accounts,
Islamabad

Subject:- **RATE OF MARK-UP CHARGEABLE ON DEVELOPMENT
LOANS AND ADVANCES BY THE FEDERAL
GOVERNMENT TO THE PROVINCIAL GOVERNMENTS
AND CAPITAL OUTLAYS OF THE COMMERCIAL
DEPARTMENTS ETC.**

I am directed to state that the following rates of mark-up chargeable on (i) Cash Development Loans to Provincial Governments, Corporations, Local Bodies etc., and (ii) Capital outlays of the Federal Governments in the Commercial Departments, have been fixed by the Federal Government.

<u>Year</u>	<u>Provisional Rate of Mark-up</u>	<u>Final Rate of Mark-up</u>
2005-2006	10.65%	9.79%
2006-2007	10.21%	
2007-2008	9.96%	

These rates will also be applicable to the foreign aid, goods passed on to the Commercial Departments as well as the investment made by the Federal Government in these Departments.

2. The provisional rates of mark-up for the year 2005-2006, 2006-2007 and 2007-2008 would however; apply **FINALLY** to (a) Advances for purchase of Conveyance and (b) Building Advance.

Sd/-
(Abdul Qayyum Ch.)
Section Officer (GS-I)

[Back to Annexure](#)

ANNEXURE-VI
IMMEDIATE

GOVERNMENT OF PAKISTAN
PLANNING AND DEVELOPMENT DIVISION
(Public Investment Authorization Section)

No.20(1)PIA/PC/2005

Islamabad the 14th March, 2005

The Chairman,
Planning & Development Board,
Government of the Punjab, Lahore.

Additional Chief Secretary (Dev),
Planning & Development Department,
Government of Sindh, Karachi.

Additional Chief Secretary (Dev),
Planning & Development Department,
Government of NWFP, Peshawar.

Additional Chief Secretary (Dev),
Planning & Development Department,
Government of Balochistan, Quetta.

Additional Chief Secretary (Dev),
Planning & Development Department,
Government of AJ&K, Muzaffarabad.

Secretary,
Planning & Development Department,
Northern Areas, Gilgit

Subject:- ENHANCEMENT OF POWERS OF CDWP FOR
SANCTIONING DEVELOPMENT SCHEMES

The National Economic Council (NEC) in its meeting held on 3rd March, 2005 approved the following revised sanctioning powers of the CDWP/ECNEC:

Name of Forum	Chaired by	Sanctioning Powers approved by the NEC on 7-6-2000	Revised Sanctioning Powers approved by the NEC on 3-3-2005
1	2	3	4
ECNEC	Prime Minister	Above Rs 200 million	Above Rs 500 million
CDWP	Deputy Chairman, Planning Commission/Secretary Planning & Development Division when Deputy Chairman is not in place.	Up to Rs 200 million	Up to Rs 500 million

-2-

2. The revised sanctioning powers of the CDWP and ECNEC contained in Column-4 above would be effective from 03-03-2005.

-Sd-
(Shahnawaz Hussain)
Chief
Ph. 9202701

Copy forwarded to:

1. Secretaries/Additional Secretaries (In charge) of all Federal Ministries/Divisions
2. Joint Secretary (Cabinet Committees), Cabinet Division, Islamabad
3. Joint Chief Economists/Sr. Chiefs/Chiefs/Heads of all Technical/Economic Sections and Project Directors, Planning & Development Division

-Sd/-
(Shahnawaz Hussain)
Chief

CC:

1. Deputy Chairman, Planning Commission, Islamabad
2. Secretary, P&D Division, Islamabad
3. Chief Economist, Planning Commission, Islamabad
4. Additional Secretary (Projects Wing), P&D Division, Islamabad
5. Members (Infrastructure, P&M and S.S) P&D Division, Islamabad

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ANNEXURE-VII

**GOVERNMENT OF PAKISTAN
PLANNING & DEVELOPMENT DIVISION
(Public Investment Authorization Section)**

No. 20(1)PIA/PC/2005

Islamabad, the 13th July 2005.

The Chairman,
Planning & Development Board,
Government of the Punjab, Lahore.

Additional Chief Secretary (Dev),
Planning & Development Department,
Government of Sindh, Karachi.

Additional Chief Secretary (Dev),
Planning & Development Department,
Government of NWFP, Peshawar.

Additional Chief Secretary (Dev),
Planning & Development Department,
Government of Balochistan, Quetta.

Additional Chief Secretary (Dev),
Planning & Development Department,
Government of AJ&K, Muzaffarabad.

**Subject: REVIEW OF THE PUBLIC SECTOR DEVELOPMENT
PROGRAM 2004-05 AND PROPOSED PSDP 2005-06**

I am directed to say that the National Economic Council in its meeting held on 27-5-2003 while considering summary submitted by the Planning & Development Division on the "Review of the Public Sector Development Program 2004-05 and proposed PSDP 2005-06" took along others, the following decision:

x	x	x	x
x	x	x	x

"The powers of Provincial Development Working Parties (PDWP) were enhanced to sanction development schemes, costing Up to Rs 5,000 million, for projects other than irrigation sector, provided no Federal funding or external financing was involved in the cost of project".

x	x	x	x
x	x	x	x

2. You are requested to kindly ensure that the above decision of the NEC is communicated to all concerned agencies for compliance.

Sd/-
(Muhammad Sarwar Zahid)
Deputy Chief
Tele: 9219384

Copy forwarded for similar action to:

- i. All Federal Ministries/Divisions (with the request to circulate the same to all concerned attached Departments under their administrative control)
- ii. All Senior Chiefs/JCE(O)/Chiefs and Heads of Technical Sections/
Economic Appraisal Section of Planning and Development Division,
Islamabad
- iii. Joint Secretary(Committees), Cabinet Division, Islamabad

CC:

- a) P.S to Deputy Chairman, Planning Commission
- b) P.S to Secretary, P&D Division
- c) P.S to Chief Economist, Planning Commission
- d) P.S. to Additional Secretary (Projects), P&D Division
- e) All Members, Planning Commission

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ANNEXURE-VIII
IMMEDIATE

GOVERNMENT OF PAKISTAN
PLANNING AND DEVELOPMENT DIVISION
(Public Investment Authorization Section)

No.21(2-Gen)PIA/PC/2004

Islamabad the 18th December, 2004

OFFICE MEMORANDUM

Subject: - PROCEDURE FOR APPROVAL OF SELF-FINANCING
DEVELOPMENT SCHEMES OF AUTONOMOUS
ORGANIZATIONS (COMMERCIAL/ NON-COMMERCIAL)

The undersigned is directed to say that the Executive Committee of the National Economic Council (ECNEC) considered the summary dated 5th November, 2004 submitted by the Planning & Development Division on “**Procedure for Approval of Self-Financing Development Schemes of Autonomous Organizations (Commercial/Non-Commercial)**” and approved the recommendations contained in paragraph 2 (two) thereof.

2. Para 2 of the above summary are reproduced below:

The autonomous organizations whether commercial or non-commercial having board by whatever name called, should be competent to sanction their development schemes with 100% self-financing with no government guarantee and involving less than 25% foreign exchange/foreign assistance, subject to the following:

- i. A development Working Party should be constituted by each organization and notified to consider and approve their self-financed projects.
- ii. The Development Working Party should be headed by the Chairman/head of the Organization and, among others, should include representatives of the Planning & Development Division, the Finance Division, and the concerned Ministry/Division each not below the rank of Joint Secretary.
- iii. The quorum of the Development Working Party would be incomplete without the presence of either representative of the Finance Division and the Planning & Development Division. In case either of these Divisions does not agree to the project proposal or any aspect thereof, the case would be referred to the CDWP for consideration.
- iv. The decision of the Development Working Party will be subject to the endorsement of the board of the organization.

3. Ministries/Divisions are requested to take further necessary action to implement the above decision of ECNEC under intimation to this Division.

Sd/-
(Shahnawaz Hussain)
Chief
Ph. 9202701

All Secretaries/Additional Secretaries (In charge)
Federal Ministries/Divisions.

Copy forwarded to:

Heads of P&D Departments of all the Provinces, AJK and Northern
Areas

-Sd/-
(Shahnawaz Hussain)
Chief

Copy also forwarded to:

- a) All Members, Planning Commission
- b) Additional Secretary (Projects), P&D Division
- c) Sr. Chiefs/Heads of Technical Sections

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ANNEXURE-IX
IMMEDIATE

GOVERNMENT OF PAKISTAN
PLANNING COMMISSION
PLANNING AND DEVELOPMENT DIVISION
(Public Investment Programming Section)

Subject:- PROCEDURE FOR APPROVAL OF DEVELOPMENT
PROJECTS OF FATA INCLUDED IN THE FEDERAL PSDP

Reference is invited to this Division's U.Os. of even number dated July 6, 2006 and August 7, 2006 on the above subject.

In supersession of above referred U.Os. the following revised procedure for approval of development projects of Federally Administered Tribal Areas (FATA) would be effective from December 12, 2006:

Project Approval Forum	Powers (Rs. in million)	Chairman	Members
Agency/FR Development Sub-committee (ADSC/FRDSC)	Up to Rs 20 million	PA/DCO	<ul style="list-style-type: none">• Deputy Secretary (P&D), FATA Secretariat• Deputy Secretary (Finance), FATA Secretariat• Head of concerned line Department at Agency/FR level
FATA Development Working Party (FDWP)	Above Rs 20 million and Up to Rs 200 million	Additional Chief Secretary (FATA)	<ul style="list-style-type: none">• Representative of SAFRON Government of Pakistan• Representative of Planning and Development Division, Government of Pakistan• Secretary Finance/Financial Advisor, FATA• Secretary Planning & Development, FATA Secretariat• Secretary Administration/Coordination, FATA Secretariat• Concerned Head of line Department FATA
Central Development	Above Rs. 200	Deputy Chairman,	<ul style="list-style-type: none">• Secretary Planning & Development Division

Working Party (CDWP)	million and Up to Rs. 500 million	Planning Commission	<ul style="list-style-type: none"> • Chief Economist, Planning & Development Division • Members Planning Commission • Secretary (SAFRON) • Secretaries, Economic Affairs and Finance Division • Chairman, Planning and Development Board, Punjab • Additional Chief Secretaries, Sindh, NWFP, Balochistan and AJK • Secretary, Planning and Development, Northern Areas • Additional Chief Secretary (FATA)
ECNEC	Above Rs. 500 million	Prime Minister of Pakistan	<ul style="list-style-type: none"> • Deputy Chairman, Planning Commission • Federal Ministers concerned • Secretary SAFRON • Secretary Economic Affairs Division • Secretary Finance Division • Provincial Ministers of Finance and Planning • Chairman Planning and Development Board, Punjab • Additional Chief Secretaries of Sindh, NWFP, Balochistan, AJK and FATA

2. The following authorities will be competent to accord administrative approval of the FATA development projects:

FATA Project Approved by: (i)	Authority for Issuing Administrative Approval (ii)
Agency / Frontier Regions Development Sub-Committee (ADSC/FR DCS) Powers Up to Rs 20 million	Concerned Political Agent/DCO after obtaining approval of the Secretary P&D/Finance FATA Secretariat
FATA Development Working Party (above Rs 20 million and Up to Rs 200 million)	Concerned Head of Department in FATA Secretariat after obtaining approval of the Additional Chief Secretary (FATA)

Central Development Working Party (CDWP) (above Rs 200 million and Up to Rs 500 million)	Secretary SAFRON
Executive Committee of the National Economic Council (ECNEC) (above Rs 500 million)	Secretary SAFRON

Sd/-
(MUHAMMAD ASIF SHEIKH)
Joint Chief Economist (OP)
Tele: 9202124

1. Secretary, SAFRON Division, Islamabad
 2. Secretary, Finance Division, Islamabad
 3. Secretary, Economic Affairs Division, Islamabad
 4. Secretary to Governor NWFP, Peshawar
 5. Chairman, Planning & Development Board, Government of the Punjab, Lahore
 6. Additional Chief Secretaries (Dev), Provincial Governments
 7. Additional Chief Secretary (Dev), Government of AJK, Muzaffarabad
 8. Additional Chief Secretary, FATA, Civil Secretariat, Peshawar
 9. Secretary, Planning & Development Department, Northern Areas, Gilgit
- P&D Division (PIP Section)'s U.O. No.4(1-43)PIP/PC/2006-07 dated 12-12-2006

Copy also forwarded to:

- i. Advisor to Prime Minister on Tribal Areas, Cabinet Division, Islamabad
- ii. Principal Secretary to the Prime Minister, P.M. Secretariat, Islamabad.

CC:

- Deputy Chairman, Planning Commission, Islamabad
- Secretary, Planning & Development Division, Islamabad
- Members, Planning Commission, Islamabad
- All Senior Chiefs, Planning & Development Division, Islamabad
- All Chiefs, Planning & Development Division, Islamabad

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ANNEXURE-X
IMMEDIATE

GOVERNMENT OF PAKISTAN
PLANNING AND DEVELOPMENT DIVISION
(Public Investment Authorization Section)

No.21(2-Gen)PIA/PC/2004

Islamabad the 18th December, 2004

OFFICE MEMORANDUM

Subject:- APPROVAL OF SELF-FINANCING SCHEMES
BY CAPITAL DEVELOPMENT AUTHORITY
(CDA) ISLAMABAD

The undersigned is directed to state that the Executive Committee of the National Economic Council (ECNEC) considered the summary dated 11th October, 2004 submitted by the Planning & Development Division on “**Approval of Self-Financing Schemes by Capital Development Authority (CDA)**” and approved the recommendations contained in paragraph 4 (four) thereof:

Para 4 of the above summary are reproduced below:

- i. A CDA Development Working Party (CDADWP) should be constituted and notified to consider and approve the self-financed projects of CDA.
 - ii. The composition of the CDADWP should include representatives of the Planning and Development Division, the Finance Division and the Interior Division, each not below the rank of Joint Secretary.
 - iii. The quorum of CDADWP would be incomplete without the presence of either representative of the Finance Division and Planning and Development Division.
 - iv. In case either of these Divisions does not agree to the project proposal or any aspect thereof, the case would be referred to CDWP for consideration.
 - v. The Planning and Development Division would carry out an annual review after 12 months of the holding of the first CDADWP meeting to the CDWP/ECNEC on the working of these arrangements.
2. Further necessary action to implement the above decision of ECNEC may be taken under intimation to this Division.

-Sd/-
(Shahnawaz Hussain)
Chief
Ph. 9202701

1. Secretary,
Interior Division,
Islamabad.
2. Chairman,
Capital Development Authority,
Islamabad.

Copy forwarded to:

1. All Federal Ministries/Divisions
2. Heads of P&D Departments of all the Provinces, AJK and Northern Areas

CC:

- a) All Members, Planning Commission, Islamabad
- b) Additional Secretary (Projects), P&D Division, Islamabad.
- c) Sr. Chiefs/Chiefs/Heads of Technical Sections.

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**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION
(Public Investment Authorization Section)**

ANNEXURE-XI

No.20(1) PIA-1/PC/2007

Islamabad, the 1st January, 2008

The Chief Secretary,
Government of Azad Jammu & Kashmir,
Muzaffarabad.

Subject:- **ENHANCEMENT OF SANCTIONING POWERS OF VARIOUS
DEVELOPMENT FORA OF AJK**

Reference Government of Azad of Jammu Kashmir's letter No.MA/KH/07-2735 dated 23rd October, 2007 on the above subject.

2. The Prime Minister of Pakistan in his capacity as Chairman National Economic Council (NEC) has been pleased to approve the enhancement of the sanctioning powers of the following fora of Government of AJK.

<u>Name of Forum</u>	<u>Chaired By</u>	<u>Existing Powers</u>	<u>Enhanced Powers</u>
AKDWP	Chief Secretary (AJK)	Rs 40.00 m	Rs 100.00 m
AKCDC	Prime Minister (AJK)	Rs 200.00 m	Rs 400.00 m

3. The above enhanced powers of AKDWP and AKCDC are only for local funded projects as well as those projects involving less than 25 % foreign exchange/foreign assistance of the total cost and will be effective from 14-12-2007.

Sd/-
(Shahnawaz Hussain)
Chief (PIA)
Ph: 9202701

Copy to:

- i) Principal Secretary to the Prime Minister, Govt. of AJK, Muzaffarabad.
- ii) Secretary, Finance Division, Islamabad.
- iii) Secretary, Economic Affairs Division, Islamabad.
- iv) Secretary, M/O Kashmir Affairs & Northern Areas, Islamabad.
- v) Secretaries/In charge of all Federal Ministries/Divisions.
- vi) Chairman, Planning & Dev. Board, Govt. of Punjab, Lahore.
- vii) Additional Chief Secretaries (Dev), P & D Department, Govt. of Sindh, Balochistan, NWFP, AJK, ACS (Dev) FATA and Secretary, P & D Department, Northern Areas, Gilgit.

viii) Members/JCE (O)/Senior Chiefs, DG (JACC), Chiefs/Heads of Technical Sections/ Economic Appraisal Section, Director (Coordination), Projects Wing, Planning Commission, Islamabad.

C.C:

- a) PS to Deputy Chairman, Planning Commission.
- b) PS to Secretary, P&D Division.

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ANNEXURE-XII

**GOVERNMENT OF PAKISTAN
PLANNING AND DEVELOPMENT DIVISION
(Public Investment Authorization Section)**

No.21(2-Gen)PIA/PC/2003

Islamabad the 31st March, 2004

The Chairman,
Planning & Development Board,
Government of the Punjab,
Lahore.

Additional Chief Secretary (Dev),
Planning & Development Department,
Government of Sindh,
Karachi.

Additional Chief Secretary (Dev),
Planning & Development Department,
Government of NWFP,
Peshawar.

Additional Chief Secretary (Dev),
Planning & Development Department,
Government of Balochistan,
Quetta.

SUBJECT:- Mid-Year Review of Public Sector Development Program 2003-04

Sir,

I am directed to refer to the decision of ECNEC regarding Case No. ECNEC-37/2/2004 dated 18-02-2004 and to state that the ECNEC in its meeting of 18th February, 2004 took the following decisions:

- i) For all ongoing projects costing Rs 100 million or more, independent Project Directors should be appointed by March 2004. Exemptions could be given to certain projects where called for, in consultation with the Planning and Development Division.
- ii) No approval is given to a new project costing Rs 100 million or more unless an independent Project Director is included in the PC-I estimates or

proper justification has been given in the PC-I for not having the Project Director.

- iii) Tenure of the Project Director should be fixed to avoid rapid turn over
- iv) All Ministries/Divisions should establish planning and monitoring cells for project formulation, monitoring and evaluation.
- v) As a general policy, projects shall be included in the PSDP only on receipt of PC-Is, which should be furnished before May each year.
- vi) In case of block allocations, the Ministries/Divisions shall establish separate project accounts.
- vii) As a general policy, no new project shall be included in the PSDP during the currency of the financial year. Exceptions could be considered in case of only very high priority projects.
- viii) Public commitments for development expenditure should be made only in accordance with priorities and resource availability

2. The ECNEC directed that after every quarterly review Planning and Development Division would write to Ministries/Secretaries of each Ministry/Division indicating the level of releases and problems/hurdles faced by each project along with suggested remedial measures to enable them to closely monitor their projects. Present position of the projects will be conveyed within a week.

3. The ECNEC further directed that Finance Division should examine the proposal for making a block provision for each Ministry/Division for the purpose of meeting the costs of tendering/advertisement etc before actual release of the development funds.

4. All Ministries/Divisions are requested to adhere to the decisions taken by the ECNEC in particular the deadlines given for submission of the PC-Is to the P&D Division.

-Sd/-
(Abdul Qadeer)
Chief

Encl: As above.

All Ministries/Divisions

Copy to:

- 1) Members, Planning Commission
- 2) Additional Secretary(Projects)
- 3) Senior Chiefs/Chiefs/Heads of Technical Sections
- 4) PS to Secretary
- 5) PS to Chief Economist
- 6) PA to JCE(OP)

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ANNEXURE-XIII



**D.O No. 2(263) /PW/PD/2003\
GOVERNMENT OF PAKISTAN
PLANNING COMMISSION
PROJECTS WING**

Member (I&M)/ED(IMU)
Ph: 051-9201079
Fax: 051-9206722

Islamabad, the 3rd November 2006.

Subject: APPOINTMENT OF INDEPENDENT PROJECT DIRECTOR

My dear Secretary,

ECNEC in its meeting held on 18-2-2004 directed all the Executing agencies to appoint independent Project Directors for all the on-going projects costing Rs 100 million and above. It was also decided that no approval will be given to new projects costing Rs 100 million and above unless an independent Project Director is included in the PC-I cost estimates.

2. It has been observed that in a number of on-going projects, the capital cost estimates do not have the provision of independent Project Director and the executing agencies are facing difficulty to appoint an independent Project Director. The Deputy Chairman Planning Commission has therefore been pleased to approve the following procedure for the appointment of independent Project Director for already approved and under implementation projects.

- i) The executing agencies may meet the expenses on account of appointment of independent Project Director and related staff from the contingencies of the project.
- ii) In case the project does not contain enough contingencies for the appointment of Project Director and related staff, the executing agencies with the approval of Principal accounting officer may adjust the expenses on account of appointment of Project Director and staff with adjustment in the approved capital cost of the project.
- iii) The executing agency will furnish the adjusted capital cost of the project after its approval from the Principal Accounting Officer to the concerned technical section and Projects Wing of the Planning Commission by 15th

December, 2006. Thereafter, the facility of adjustment in cost will cease to exist.

- iv) The appointment of Project Director will be made through advertisement in the Press in a transparent manner. The recruitment committee for the appointment of Project Director will consist of the following:

- | | |
|---|----------------------|
| 1) Secretary of the Executing Division | Chairman |
| 2) Member (Implementation & Monitoring)
Planning Commission or a nominee of BPS 20 | Member |
| 3) Additional Secretary (Expenditure)
Ministry of Finance or a nominee of
BPS 20. | Member |
| 4) Additional Secretary, Establishment
nominee of BPS 20. | Member Division or a |

- v) The educational qualifications of the Project Director will be broad based i.e. B.Sc. (Engineering), MBA, MBBS/MPH, M.A (Economics) or equivalent depending upon the nature of the project.

- vi) The posts may be advertised by 15th December 2006 and the process of appointment of Project Director be completed by 31st January 2007.

3. You are requested to take appropriate action as per above guidelines to facilitate the implementation of development projects. Progress report in respect of implementation of above decisions may kindly be furnished on monthly basis.

With regards,

Yours sincerely,

-Sd/-

Lt.Gen. (R) Muhammad Zubair

All Federal Secretaries

cc:

1. PS to Deputy Chairman, Planning Commission, Islamabad.
2. PS to Secretary, Planning & Development Division

3. PS to Member (I&M), Planning Commission, Islamabad.
4. PS to Member (Social Sector)
5. PS to Member (Science & Technology)
6. PS to Member (Agriculture & Food)
7. PS to JCE (Operation)
8. Chief, PIA Section
9. Chiefs of all Technical Sections.

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ANNEXURE-XIV



**GOVERNMENT OF PAKISTAN
FINANCE DIVISION
(Regulations Wing)**

No.F.4 (9) R-3/2008-499

Islamabad, the 12th August, 2008

OFFICE MEMORANDUM

Subject: **STANDARD PAY PACKAGE FOR THE PROJECT STAFF
DIRECTLY RECRUITED FOR DEVELOPMENT PROJECTS
FUNDED FROM PSDP.**

The undersigned is directed to convey the approval of the President of Pakistan to the following standard pay package for officers/staff directly recruited for the execution of Development Projects funded from PSDP from open market on contract basis: -

S.No.	BPS/Equivalent	Pay package in rupees
1.	22	150,000 to 200, 000 (5% annual increment Up to maximum)
2.	21	125,000 to 150, 000 (5% annual increment Up to maximum)
3.	20	100,000 to 118, 000 (5% annual increment Up to maximum)
4.	19	75,000 to 90, 000 (5% annual increment Up to maximum)
5.	18	50,000 to 75, 000 (5% annual increment Up to maximum)
6.	17	45,000 to 50, 000 (5% annual increment Up to maximum)
7.	16	30,000 to 35, 000 (5% annual increment Up to maximum)
8.	11-15	15,000 to 25, 000 (5% annual increment Up to maximum)
9.	5-10	10,000 to 15, 000 (5% annual increment Up to maximum)
10.	1-4	7,000 to 10, 000 (5% annual increment Up to maximum)

2. The aforesaid pay package will be effective with effect from 1st July, 2008 for the new as well as for the on-going/old PSDP projects and shall be admissible subject to following conditions:-

- (i) This pay package will followed for the appointments of officers / staff including Project Directors, Advisors, Specialists, Consultants etc, in the PSDP founded development projects as reflected in the PC-I/ PC-II, duly approved by the competent forum.
- (ii) The above lump sum pay package will be admissible for fresh/direct appointees. The Projects employees will be appointed on contract basis in PDSP project for an initial period not exceeding two years

which will be extendable further till the completion period of the project on yearly basis after evaluation of their performance.

- (iii) This pay package shall not be admissible to those who are re-employed/appointed on contract after their retirement. They may be allowed pay and allowances, as per provisions of the contract policy of the Establishment Division issued vide their O.M. No.F.10/52/95-R-2, dated 18th July, 1996 and as amended from time to time.
- (iv) The project employees appointed through transfer (deputation) on full time basis will get pay in their own pay scales and allowances plus deputation allowance as admissible under the deputation policy contained in Establishment Division's O.M. No. 1/13/87/R-I, date 03.12.1990 as amended from time to time, at the rate of 20% of the basic pay subject to maximum Rs.6, 000/- per month, in addition to project allowance.
- (v) The government servants who are assigned additional charge of the posts of projects costing up to Rs.100.00 million will be allowed Additional Charge Allowance at the rate of 20% of the basic pay subject to maximum Rs. 6,000/- per month, in addition to their normal pay and allowances of their regular posts. They will not be entitled to the Project Allowance.
- (vi) This pay package will not be admissible to those project employees whose services/ posts are transferred to the non-development side after completion of project, from the date of their transfer.
- (vii) The payment of pay package of project staff will be stopped from the date of transfer of their service/posts to any other establishment.
- (viii) On transfer of project posts to the non-development side, such posts shall be filled in the prescribed manner in regular Basic Pay Scale and incumbents of such posts shall be treated as fresh employees of the Ministries /Divisions/Departments and not for the project.
- (ix) If as employee of the project is selected on a post on the non-development side, he will be appointed at the initial stage of the relevant Basic Pay Scale, and his pay and service rendered in the project shall not be protected/counted for any purpose i.e. pay, pension and seniority etc.

-Sd-
(Maher Sher Muhammad)
Joint Secretary (Regs.)
Tele: 9262525

All Ministries/Divisions/Department:

Copy forwarded for information to:-

1. President's Secretariat (Internal/Public), Islamabad.
2. Prime's Secretariat (Internal/Public), Islamabad.
3. Senate Secretariat, Islamabad.
4. National Assembly Secretariat, Islamabad.
5. Election Commission of Pakistan, Islamabad.
6. Supreme Court of Pakistan, Islamabad.
7. Auditor General of Pakistan, Islamabad.
8. Wafaqi Mohtasib (Ombudsman)'s Secretariat, Islamabad.
9. Federal Tax Ombudsman Secretariat, Islamabad.
10. Pakistan Mint, Lahore.
11. The Director General National Savings, Islamabad.
12. Securities and Exchange Authority of Pakistan, Islamabad.
13. Capital Development Authority, Islamabad.
14. Cost Accounts Organization, Finance Division, Islamabad.
15. Federal Inspection Commission, Islamabad.
16. A.G.P.R., Islamabad, Sub Office AGPR, Punjab, Lahore, Sindh, Karachi, NWFP, Peshawar, Balochistan, Quetta.
17. M.A.G., Rawalpindi.
18. Sub-Office of the AGPR, Lahore, Karachi, Peshawar, Quetta.
19. Chief Accounts Officer, Ministry of Foreign Affairs, Islamabad.
20. Financial Advisers/DFAs attached to the Ministries/Divisions.
21. Secretariat Training Institute, Islamabad.
22. Pakistan Atomic Energy Commission, Islamabad.
23. C.B.R., Islamabad.
24. Director General, Post office, Islamabad.
25. Chief Secretaries of the Government of Punjab, Sindh, NWFP, Balochistan.
26. Finance Secretaries of the Government of Punjab, Sindh, NWFP, Balochistan.
27. Finance Secretary, Azad Government of Jammu & Kashmir, Muzaffarabad,
28. Deputy Secretary (Manual/Legal), Finance Division, Islamabad.

Sd/-
(ADNAN MAJID)
Section Officer (R-3)

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GOVERNMENT OF PAKISTAN
Finance Division
(Regulations Wing)

No.F.16 (1) R-14/2003

Islamabad, the 12th August, 2008

Office Memorandum

Subject: **Grant of Project Allowance to the Officers / Staff appointed in PSDP Funded Development Projects.**

The undersigned is directed to refer to Finance Division's O.M No.F.11(1) R-13/91-1196, dated 15-10-1992 and No.F.16(1)R-14/2003, dated 6-7-2005 on the above subject (copies enclosed) and to say that under the existing government policy/rules Project Allowance is applicable only to the staff of foreign funded and social sector projects, whereas the staff of the non-social sector as well as locally funded projects are not entitled to Project Allowance. In order to ensure smooth implementation of development projects, the matter was reviewed by CDWP in its meeting held on 1st March, 2008.

2. On the recommendations of CDWP made in the aforesaid meeting, it has been decided with the approval of competent authority that the Project Allowance shall be admissible to the project staff as under;

- a) For projects costing above Rs.100 million (both new and on-going), appointment of Project Director on full time basis is mandatory in accordance with ECNEC decision dated 24-04-2005. Therefore, the employees appointed through transfer (deputation) on full time basis will get pay in their own pay scales and allowance plus deputation allowance @ 20% of the basic pay subject to a maximum of Rs.6,000/- per month or as revised from time to time along with the Project Allowance at the following rates, subject to its provision in the PC-I and approval by the competent forum: -

<u>Project Staff in BPS</u>		<u>Amount of Project Allowance</u>
BPS 20-22	=	Rs.50,000/- per month
BPS 19	=	Rs.40,000/- per month
BPS 17-18	=	Rs.30,000/- per month
BPS 16	=	Rs.15,000/- per month
BPS 11-15	=	Rs.8,000/- per month
BPS 05-10	=	Rs.4,000/- per month
BPS 01-04	=	Rs.2,000/- per month

- b) Project allowance would be admissible in the case of all types of projects (i.e. both locally funded and foreign funded) as well as projects of all sectors.
 - c) Additional charge Allowance at the rate of 20% of the basic pay scale subject to a maximum of Rs.6, 000/- per month or as revised from time to time will be allowed to the government servants who are assigned additional charge of posts of the project costing up to Rs.100.00 million. They will, however, not be entitled to the project Allowance.
3. This aforesaid project allowance for project staff in the new as well as for the on-going PSDP projects will be admissible with effect from 1st July, 2008.
4. The earlier instructions contained in Finance Division's O.Ms dated 15-10-1992 and dated 6-7-2005, as referred to in para-1 above, stand superseded and replaced by this Office Memorandum.

Sd/-
(Maher Sher Muhammad)
Joint Secretary (Regs)

All Ministries/Divisions.



GOVERNMENT OF PAKISTAN
FINANCE DIVISION
(Regulations Wing)

No.F.16 (1) R-14/2003-

Islamabad, the 6th July, 2005

Office Memorandum

Subject: **GRANT OF PROJECT ALLOWANCE IN FOREIGN AIDED PROJECTS.**

The undersigned is directed to refer to Finance Division's Office Memorandum No.F11(1) R.13/91-1196, dated the 15th October, 1992 on the subject noted above and to convey the sanction of the President to grant of Project Allowance to the officers who are working on foreign funded projects, with immediate effect on the following conditions: -

- | | | | | | | | | | | |
|-----------|--|-----------------------|---|-----------------------|--------|---|-----------------------|-----------|---|-----------------------|
| i) | Project Allowance would be admissible only in case of foreign funded social sector projects; | | | | | | | | | |
| ii) | The Project Allowance would be specifically provided for and approved as part of PC-I by the competent authority; | | | | | | | | | |
| iii) | The Project Allowance would be sanctioned only to those civil servants who have been selected through open competition for the project posts; | | | | | | | | | |
| iv) | The Project Allowance will not be admissible to the officers who are posted as Project Directors by transfer; | | | | | | | | | |
| v) | The rates of the project allowance would be as follows: <table border="0" style="margin-left: 40px;"><tbody><tr><td>BPS 20-21</td><td>=</td><td>Rs.50,000/- per month</td></tr><tr><td>BPS 19</td><td>=</td><td>Rs.40,000/- per month</td></tr><tr><td>BPS 17-18</td><td>=</td><td>Rs.30,000/- per month</td></tr></tbody></table> | BPS 20-21 | = | Rs.50,000/- per month | BPS 19 | = | Rs.40,000/- per month | BPS 17-18 | = | Rs.30,000/- per month |
| BPS 20-21 | = | Rs.50,000/- per month | | | | | | | | |
| BPS 19 | = | Rs.40,000/- per month | | | | | | | | |
| BPS 17-18 | = | Rs.30,000/- per month | | | | | | | | |

Sd/-
(M.Sikandar Iqbal)
Deputy Secretary (R.IV)
Tel: 9201059

All Ministries / Division:

GOVERNMENT OF PAKISTAN
Finance Division
(Regulations Wing)

No.F.11 (1) R.13/91-1196

Islamabad, the 15th October, 1992

OFFICE MEMORANDUM

Subject: **GRANT OF PROJECT ALLOWANCE IN FOREIGN AIDED PROJECTS.**

In supersession of Finance Division's circular O.M. No.F.11(1)R.13/91, dated 13.5.1992 and Policy Analysis Wing U.O.No.2(20)-EF(P)/92, dated 28.6.1992 addressed to Economic Affairs Division regarding grant of Project Allowance in Foreign Aided Projects, the undersigned is directed to convey the sanction of the President to the grant of Project Allowance @ 10% of pay in addition to Deputation Allowance @ 20% of the minimum of Basic Pay Scales to the staff / officers up to BPS-21 in the project management cell only who have been transferred from other departments / offices to Social Sectors Projects where the aid component of project is not below \$ 10 million, with immediate effect.

Sd/-
(M.FAYYAZ UL HAQ)
SECTION OFFICER (R.13)

All Ministries / Division:

[Back to Annexure](#)

ACTIVITY CHART

PROJECT: _____
MINISTRY: _____

ACTIVITY	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Land Acquisition												
Selection of Land												
Request for land acquisition												
Preparation of details of land & owners												
Payment to Revenue Department												
Notification under section 4												
Notification under section 17												
Award												
Notification by Revenue Department												
Payment to land owners												
Transfer of land												
Possession of land												
Any other activity (To be specified)												

(Contd)

ACTIVITY CHART

ACTIVITY	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Recruitment												
Advertisement in the press												
Receipt of applications												
Scrutiny of applications												
Constitution of recruitment committee												
Issuance of call letters												
Test / Interviews												
Selection												
Approval of competent authority												
Issuance of appointment letters												
Joining												
Any other activity (To be specified)												

(Contd)

ACTIVITY CHART

ACTIVITY	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Consultancy												
Preparation of TOR of consultants												
Approval of TOR												
Advertisement in the Press												
Receipt of bids												
Scrutiny of bids												
Notification of Tech. & Fin. Committees												
Selection of Consultant												
Approval by competent authority												
Issuance of offer letters												
Agreement with consultant												
Joining of consultant												

(Contd)

ACTIVITY CHART

ACTIVITY	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Civil Works by P.W.D / C&W												
Letter to PWD/C&W												
Appointment of an Engineer												
Preparation of Line Plan												
Approval of Line Plan												
Sub-soil investigations												
Preparation of Architectural Drawings												
Structural Design												
Technical approval												
Preparation of tenders												
Floating of tenders												
Opening of tenders												
Scrutiny of tenders												
Award of work												
Bid bond, Performance bond etc.												
Contractor mobilized												
Structural works												
Wood Electric works												
Plaster works												
Utility connections												
Finishing works												
Any other activity (To be specified)												

(Contd)

ACTIVITY CHART

ACTIVITY	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Civil Works other than PWD												
Adversithment for pre-qualification of contractor												
Receipt of applications												
Scrutiny of applications												
Pre-qualification of contractors												
Issuance of tenders												
Receipt of tenders												
Opening of Tenders												
Scrutiny of Tenders												
Approval by competent authority												
Award of works												
Bid Bond, Performance Bond etc-A80												
Contractor mobilized												
Layout of construction design												
Structural works												
Wood Electric works												
Plaster works												
Utility connections												
Finishing works												
Any other activity (To be specified)												

(Contd)

ACTIVITY CHART

ACTIVITY	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Road Construction												
Adversithment for pre-qualification												
Receipt of applications												
Scrutiny of applications												
Pre-qualification of contractors												
Issuance of tenders												
Receipt of tenders												
Opening of Tenders												
Scrutiny of Tenders												
Approval by competent authority												
Award of works												
Bid Bond, Performance Bond etc												
Contractor mobilized												
Site Clearance												
Sub grade preparation												
Laying of sub Base												
Laying of Base												
Carpeting/TST (Top Surface Treatment)												
Drains												
Culverts												
Bridges												
Any other activity (To be specified)												

(Contd)

ACTIVITY CHART

ACTIVITY	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Procurement of Equipment Goods												
Constitution of Procurement of Committee												
Preparation of list of goods												
Detailed specification of goods												
Approval of competent authority												
Preparation of Tenders												
Advertisement in the Press												
Receipt of Bids												
Opening of Bids												
Scrutiny of Bids												
Approval of competent authority												
Placement of orders												
Pre-delivery inspection												
Delivery of equipment goods												
Installation												
Operation												
Any other activity (To be specified)												

(Contd)

ACTIVITY CHART

ACTIVITY	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Human Resource Development/Training												
Advertisement												
Receipt of applications												
Scrutiny of applications												
Test / Interviews of candidates												
Selection / Placement of Candidates												
Admission in Institutes												
Completion of formalities (Visa etc)												
Departure of Candidates												

Prepared by: _____ Approved by: _____

(Project Director): _____ Ministry of: _____

Approved by: _____ Accepted by: _____

P&D Division (Technical Section): _____ Ministry of Finance: _____

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ANNEXURE-XVII

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION**

Ministry _____
Project _____

ANNUAL WORK PLAN FOR FY

ACTIVITY / ITEM OF WORK	UNIT	SCOPE OF WORK	CUMULATIVE PHYSICAL ACHIEVEMENTS UP TO THE END OF LAST FINANCIAL YEAR	QUARTERLY PHYSICAL TARGETS			
				JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN
1	2	3	4	5	6	7	8
Land Acquisition							
Recruitment/Establishment							
Consultancy							
Civil Works							
Procurement							
Human Resource Development							
POL, Repairs and Maintenance							
Stationery, Utilities, etc							
Contingency							
Others (to be specified)							

Prepared by _____ Approved by _____
(Project Director) _____ Ministry of _____
Approved by: _____
P & D Division (Technical Section) _____

Accepted by _____
Ministry of Finance _____

ACTIVITY CHART FOR ITEMS OF WORK IS ENCLOSED AS APPENDIX

Continue

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ANNEXURE-XVIII

PW Proforma-001

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION**

Ministry _____
 Project _____
 PSDP Allocation for FY _____
 PSDP Serial # _____

CASH PLAN FOR FY

(Rs. In Million)

OBJECT/ Functional CLASSIFICATION	ITEMS OF EXPENDITURE	APPROVED COST	CUMULATIVE EXP. UP TO THE END OF LAST FINANCIAL YEAR	QUARTERLY FINANCIAL REQUIREMENTS BASED ON WORK PLAN									
				1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		Total	
				Total	FEC	Total	FEC	Total	FEC	Total	FEC	Total	FEC
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Recruitment/Establishment												
	Consultancy												
	Civil Works												
	Procurement												
	Human Resource Development												
	POL. Repair and Maintenance												
	Stationery, Utilities, etc.												
	Contingency												
	Others (to be specified)												
	Total:												

Prepared by _____ Approved by _____
 (Project Director) _____ Ministry of _____

Accepted by _____
 Ministry of Finance _____

Approved by: _____
 P & D Division (Technical Section) _____

N.B. WORK PLAN OF PHYSICAL ACTIVITIES IS ENCLOSED AT ANNEX-1

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Government of Pakistan
Public Procurement Regulatory Authority

Public Procurement Rules



2004

As amended Up to December 13, 2006

URL: www.ppra.org.pk

Islamabad, June 9, 2004

**GOVERNMENT OF PAKISTAN
FINANCE DIVISION
(Admn. and Coord. Wing)**

NOTIFICATION

S.R.O. 432(I)/2004. In exercise of the powers conferred by section 26 of the Public Procurement Regulatory Authority Ordinance, 2002 (XXII of 2002), the Federal Government is pleased to make the following rules, namely:-

1. Short title and commencement.-

- (1) These rules may be called the Public Procurement Rules, 2004.
- (2) They shall come into force at once.

GENERAL PROVISIONS

2. Definitions.-

- (1) In these rules, unless there is anything repugnant in the subject or context,-
 - (a) “bid” means a tender, or an offer, in response to an invitation, by a person, consultant, firm, company or an organization expressing his or its willingness to undertake a specified task at a price;
 - (b) “Bidder” means a person who submits a bid;
 - (c) “competitive bidding” means a procedure leading to the award of a contract whereby all the interested persons, firms, companies or organizations may bid for the contract and include both national competitive bidding and international competitive bidding;
 - (d) “Contractor” means a person, consultant, firm, company or an organization who undertakes to supply goods, services or works;
 - (e) “Contract” means an agreement enforceable by law;
 - (f) “corrupt and fraudulent practices” include the offering, giving, receiving, or soliciting of any thing of value to influence the action of a public official or the supplier

or contractor in the procurement process or in contract execution to the detriment of the procuring agencies; or misrepresentation of facts in order to influence a procurement process or the execution of a contract, collusive practices among bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the procuring agencies of the benefits of free and open competition and any request for, or solicitation of anything of value by any public official in the course of the exercise of his duty;

(g) “emergency” means natural calamities, disasters, accidents, war and operational emergency which may give rise to abnormal situation requiring prompt and immediate action to limit or avoid damage to person, property or the environment;

(h) “Lowest evaluated bid” means,-

(i) A bid most closely conforming to evaluation criterion and other conditions specified in the bidding document; and

(ii) Having lowest evaluated cost;

(i) “Ordinance” means the Public Procurement Regulatory Authority Ordinance, 2002 (XXII of 2002);

(j) “Repeat orders” means procurement of the same commodity from the same source without competition and includes enhancement of contracts;

(k) “Supplier” means a person, consultant, firm, company or an organization who undertakes to supply goods, services or works; and

(l) “value for money” means best returns for each rupee spent in terms of quality, timeliness, reliability, after sales service, up-grade ability, price, source, and the combination of whole-life cost and quality to meet the procuring agency’s requirements.

(2) The expressions used but not defined in these rules shall have the same meanings as are assigned to them in the Ordinance.

3. Scope and applicability.-

Save as otherwise provided, these rules shall apply to all procurements made by all procuring agencies of the Federal Government whether within or outside Pakistan.

4. Principles of procurements.-

Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

5. International and inter-governmental commitments of the Federal Government:-

Whenever these rules are in conflict with an obligation or commitment of the Federal Government arising out of an international treaty or an agreement with a State or States, or any international financial institution the provisions of such international treaty or agreement shall prevail to the extent of such conflict.

6. Language.-

(1) All communications and documentation related to procurements of the Federal Government shall either be in Urdu or English or both. Except where a procuring agency is situated outside the territories of Pakistan and procurements are to be made locally, the procuring agency may use the local language in addition to Urdu or English.

(2) Where the use of local language is found essential, the original documentation shall be in Urdu or English, which shall be retained on record; for all other purposes their translations in local language shall be used:

Provided that such use of local language ensures maximum economy and efficiency in the procurement.

(3) In case of the dispute, reference shall be made to the original documentation retained on record.

7. Integrity pact.-

Procurements exceeding the prescribed limit shall be subject to an integrity pact, as specified by regulation with approval of the Federal Government, between the procuring agency and the suppliers or contractors.

PROCUREMENT PLANNING

8. Procurement planning

Within one year of commencement of these rules, all procuring agencies shall devise a mechanism, for planning in detail for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

9. Limitation on splitting or regrouping of proposed procurement

Save as otherwise provided and subject to the regulation made by the Authority, with the prior approval of the Federal Government, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website.

10. Specifications

Specifications shall allow the widest possible competition and shall not favour any single contractor or supplier nor put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications. However if the procuring agency is convinced that the use of or a reference to a brand name or a catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words "or equivalent".

11. Approval mechanism

All procuring agencies shall provide clear authorization and delegation of powers for different categories of procurement and shall only initiate procurements once approval by the competent authorities concerned has been accorded.

PROCUREMENT ADVERTISEMENTS

12. Methods of advertisement

**** (1)** Procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency:

****** Provided that the lower financial limits for advertisement on Authority's website for open competitive bidding shall be the prescribed financial limit for request for quotations under clause (b) of rule 42.

**** (2)** All procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

(3) In cases where the procuring agency has its own website it may also post all advertisements concerning procurement on that website as well.

(4) A procuring agency utilizing electronic media shall ensure that the information posted on the website is complete for the purposes for which it has been posted, and such information shall remain available on that website until the closing date for the submission of bids.

13. Response time

**** (1)** The procuring agency may decide the response time for receipt of bids or proposals (including proposals for pre-qualification) from the date of publication of an advertisement or notice, keeping in view the individual procurement's complexity, availability and urgency. However, under no circumstances the response time shall be less than fifteen days for national competitive bidding and thirty days for international competitive bidding from the date of publication of advertisement or notice. All advertisements or notices shall expressly mention the response time allowed for that particular procurement along with the information for collection of bid documents which shall be issued till a given date, allowing sufficient time to complete and submit the bid by the closing date:

Provided that no time limit shall be applicable in case of emergency.

(2) The response time shall be calculated from the date of first publication of the advertisement in a newspaper or posting on the web site, as the case may be.

(3) In situations where publication of such advertisements or notices has occurred in both electronic and print media, the response time shall be calculated from the day of its first publication in the newspapers.

14. Exceptions

****It shall be mandatory for all procuring agencies to advertise all procurement requirements exceeding prescribed financial limit which is applicable under sub-clause (i) of clause (b) of rule 42. However under following circumstances deviation from the requirement is permissible with the prior approval of the Authority,-**

- (a) The proposed procurement is related to national security and its publication could jeopardize national security objectives; and
- (b) The proposed procurement advertisement or notice or publication of it, in any manner, relates to disclosure of information, which is proprietary in nature or falls within the definition of intellectual property which is available from a single source.

PRE-QUALIFICATION, QUALIFICATION AND DIS-QUALIFICATION OF SUPPLIERS AND CONTRACTORS

15. Pre-qualification of suppliers and contractors

(1) A procuring agency, prior to the floating of tenders, invitation to proposals or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil works, turnkey projects and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification shall solely be based upon the ability of the interested parties to perform that particular work satisfactorily.

(2) A procuring agency while engaging in pre-qualification may take into consideration the following factors, namely:-

- (a) Relevant experience and past performance;
- (b) Capabilities with respect to personnel, equipment, and plant;
- (c) Financial position;
- (d) Appropriate managerial capability; and
- (e) Any other factor that a procuring agency may deem relevant, not inconsistent with these rules.

16. Pre-qualification process

(1) The procuring agency engaging in pre-qualification shall announce, in the pre-qualification documents, all information required for pre-qualification including instructions for preparation and submission of the pre-qualification documents, evaluation criterion, list of documentary evidence required by suppliers or contractors to demonstrate their respective qualifications and any other information that the procuring agency deems necessary for pre-qualification.

(2) The procuring agency shall provide a set of pre-qualification documents to any supplier or contractor, on request and subject to payment of price, if any.

Explanation- For the purposes of this sub-rule price means the cost of printing and providing the documents only.

(3) The procuring agency shall promptly notify each supplier or contractor submitting an application to pre-qualify whether or not it has been pre-qualified and shall make available to any person directly involved in the pre-qualification process, upon request, the names of all suppliers or contractors who have been pre-qualified. Only suppliers or contractors who have been pre-qualified shall be entitled to participate further in the procurement proceedings.

(4) The procuring agency shall communicate to those suppliers or contractors who have not been pre-qualified the reasons for not pre-qualifying them.

17. Qualification of suppliers and contractors

A procuring agency, at any stage of the procurement proceedings, having credible reasons for or prima facie evidence of any defect in supplier's or contractor's capacities, may require the suppliers or contractors to provide information concerning their professional, technical, financial, legal or managerial competence whether they already pre-qualified or not:

Provided that such qualification shall only be laid down after recording reasons therefor in writing. They shall form part of the records of that procurement proceeding.

18. Disqualification of suppliers and contractors

The procuring agency shall disqualify a supplier or contractor if it finds, at any time, that the information submitted by him/her concerning his/her qualification as supplier or contractor was false and materially inaccurate or incomplete.

19. Blacklisting of suppliers and contractors

The procuring agencies shall specify a mechanism and manner to permanently or temporarily bar, from participating in their respective procurement proceedings, suppliers and contractors who either consistently fail to provide satisfactory performances or are found to be indulging in corrupt or fraudulent practices. Such barring action shall be duly publicized and communicated to the Authority:

Provided that any supplier or contractor who is to be blacklisted shall be accorded adequate opportunity of being heard.

METHODS OF PROCUREMENT

20. Principal method of procurement

Save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

21. Open competitive bidding

**Subject to the provisions of rules 22 to 37 the procuring agencies shall engage in open competitive bidding if the cost of the object to be procured is more than the prescribed financial limit which is applicable under sub-clause (i) of clause (b) of rule 42

22. Submission of bids

(1) The bids shall be submitted in a sealed package or packages in such a manner that the contents are fully enclosed and cannot be known until duly opened.

(2) A procuring agency shall specify the manner and method of submission and receipt of bids in an unambiguous and clear manner in the bidding documents.

23. Bidding documents

(1) Procuring agencies shall formulate precise and unambiguous bidding documents that shall be made available to the bidders immediately after the publication of the invitation to bid.

(2) For competitive bidding, whether open or limited, the bidding documents shall include the following, namely:-

- (a) Invitation to bid;
- (b) Instructions to bidders;
- (c) Form of bid;
- (d) Form of contract;
- (e) General or special conditions of contract;
- (f) Specifications and drawings or performance criterion (where applicable);
- (g) List of goods or bill of quantities (where applicable);
- (h) Delivery time or completion schedule;
- (I) qualification criterion (where applicable);
- (j) Bid evaluation criterion;

- (k) Format of all securities required (where applicable);
 - (l) Details of standards (if any) that are to be used in assessing the quality of goods, works or services specified; and
 - (m) Any other detail not inconsistent with these rules that the procuring agency may deem necessary.
- (3) Any information, that becomes necessary for bidding or for bid evaluation, after the invitation to bid or issue of the bidding documents to the prospective bidders, shall be provided in a timely manner and on equal opportunity basis. Where notification of such a change, addition, modification or deletion becomes essential, such notification shall be made in a manner similar to the original advertisement.
- (4) Procuring agencies shall use standard bidding documents as and when notified by regulation by the Authority:

Provided that bidding documents already in use of procuring agencies may be retained in their respective usage to the extent they are not inconsistent with these rules and till such time that the standard bidding documents are specified by regulations.

- (5) The procuring agency shall provide a set of bidding documents to any supplier or contractor, on request and subject to payment of price, if any.

Explanation- For the purpose of this sub-rule price means the cost of printing and providing the documents only.

24. Reservations and preference

- (1) Procuring agencies shall allow all prospective bidders to participate in procuring procedure without regard to nationality, except in cases in which any procuring agency decides to limit such participation to national bidders only or prohibit participation of bidders of some nationalities, in accordance with the policy of Federal Government.
- (2) Procuring agencies shall allow for a preference to domestic or national suppliers or contractors in accordance with the policies of the Federal Government. The magnitude of price preference to be accorded shall be clearly mentioned in the bidding documents under the bid evaluation criteria.

25. Bid security

The procuring agency may require the bidders to furnish a bid security not exceeding five per cent of the bid price.

26. Bid validity

- (1) A procuring agency, keeping in view the nature of the procurement, shall subject the bid to a bid validity period.
- (2) Bids shall be valid for the period of time specified in the bidding document.
- (3) The procuring agency shall ordinarily be under an obligation to process and evaluate the bid within the stipulated bid validity period. However under exceptional circumstances and for reasons to be recorded in writing, if an extension is considered necessary, all those who have submitted their bids shall be asked to extend their respective bid validity period. Such extension shall be for not more than the period equal to the period of the original bid validity.
- (4) Bidders who,-
 - (a) Agree to extension of their bid validity period shall also extend the validity of the bid bond or security for the extended period of the bid validity;
 - (b) Agree to the procuring agency's request for extension of bid validity period shall not be permitted to change the substance of their bids; and
 - (c) Do not agree to an extension of the bid validity period shall be allowed to withdraw their bids without forfeiture of their bid bonds or securities.

27. Extension of time for submission of bids

Where a procuring agency has already prescribed a deadline for the submission of bids and due to any reason the procuring agency finds it necessary to extend such deadline, it shall do so only after recording its reasons in writing and in an equal opportunity manner. Advertisement of such extension in time shall be done in a manner similar to the original advertisement.

OPENING, EVALUATION AND REJECTION OF BIDS

28. Opening of bids

- (1) The date for opening of bids and the last date for the submission of bids shall be the same. Bids shall be opened at the time specified in the bidding documents. The bids shall be opened at least thirty minutes after the deadline for submission of bids.
- (2) All bids shall be opened publicly in the presence of the bidders or their representatives who may choose to be present, at the time and place announced prior to

the bidding. The procuring agency shall read aloud the unit price as well as the bid amount and shall record the minutes of the bid opening. All bidders in attendance shall sign an attendance sheet. All bids submitted after the time prescribed shall be rejected and returned without being opened.

29. Evaluation criterion

Procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criterion shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criterion in the bidding documents shall amount to misprocurement.

30. Evaluation of bids

(1) All bids shall be evaluated in accordance with the evaluation criterion and other terms and conditions set forth in the prescribed bidding documents. Save as provided for in sub-clause (iv) of clause (c) of rule 36 no evaluation criterion shall be used for evaluation of bids that had not been specified in the bidding documents.

(2) For the purposes of comparison of bids quoted in different currencies, the price shall be converted into a single currency specified in the bidding documents. The rate of exchange shall be the selling rate, prevailing on the date of opening of bids specified in the bidding documents, as notified by the State Bank of Pakistan on that day.

(3) A bid once opened in accordance with the prescribed procedure shall be subject to only those rules, regulations and policies that are in force at the time of issue of notice for invitation of bids.

31. Clarification of bids

(1) No bidder shall be allowed to alter or modify his bid after the bids have been opened. However the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid.

(2) Any request for clarification in the bid, made by the procuring agency shall invariably be in writing. The response to such request shall also be in writing.

32. Discriminatory and difficult conditions

Save as otherwise provided, no procuring agency shall introduce any such condition, which discriminates between bidders or that is considered to be met with difficulty. In ascertaining the discriminatory or difficult nature of any condition reference

shall be made to the ordinary practices of that trade, manufacturing, construction business or service to which that particular procurement is related.

33. Rejection of bids

(1) The procuring agency may reject all bids or proposals at any time prior to the acceptance of a bid or proposal. The procuring agency shall upon request communicate to any supplier or contractor who submitted a bid or proposal, the grounds for its rejection of all bids or proposals, but is not required to justify those grounds.

(2) The procuring agency shall incur no liability, solely by virtue of its invoking sub-rule (1) towards suppliers or contractors who have submitted bids or proposals.

(3) Notice of the rejection of all bids or proposals shall be given promptly to all suppliers or contractors who submitted bids or proposals.

34. Re-bidding

(1) If the procuring agency has rejected all bids under rule 33 it may call for a re-bidding.

(2) The procuring agency before invitation for re-bidding shall assess the reasons for rejection and may revise specifications, evaluation criterion or any other condition for bidders as it may deem necessary.

35. Announcement of evaluation reports

Procuring agencies shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract.

36. Procedures of open competitive bidding

Save as otherwise provided in these rules the following procedures shall be permissible for open competitive bidding, namely:-

(a) Single stage – one envelope procedure

Each bid shall comprise one single envelope containing separately financial proposal and technical proposal (if any). All bids received shall be opened and evaluated in the manner prescribed in the bidding document.

(b) Single stage – two envelope procedure

- (i) The bid shall comprise a single package containing two separate envelopes. Each envelope shall contain separately the financial proposal and the technical proposal;
- (ii) The envelopes shall be marked as “FINANCIAL PROPOSAL” and “TECHNICAL PROPOSAL” in bold and legible letters to avoid confusion;
- (iii) Initially, only the envelope marked “TECHNICAL PROPOSAL” shall be opened;
- (iv) The envelope marked as “FINANCIAL PROPOSAL” shall be retained in the custody of the procuring agency without being opened;
- (v) The procuring agency shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal which does not conform to the specified requirements;
- (vi) During the technical evaluation no amendments in the technical proposal shall be permitted;
- (vii) The financial proposals of bids shall be opened publicly at a time, date and venue announced and communicated to the bidders in advance;
- (viii) After the evaluation and approval of the technical proposal the procuring agency, shall at a time within the bid validity period, publicly open the financial proposal of the technically accepted bids only. The financial proposal of bids found technically non-responsive shall be returned un-opened to the respective bidders; and
- (ix) The bid found to be the lowest evaluated bid shall be accepted.

(c) Two stage bidding procedure.-

First stage

- (i) The bidders shall first submit, according to the required specifications, a technical proposal without price;

- (ii) The technical proposal shall be evaluated in accordance with the specified evaluation criterion and may be discussed with the bidders regarding any deficiencies and unsatisfactory technical features;
- (iii) After such discussions, all the bidders shall be permitted to revise their respective technical proposals to meet the requirements of the procuring agency;
- (iv) The procuring agency may revise, delete, modify or add any aspect of the technical requirements or evaluation criterion, or it may add new requirements or criterion not inconsistent with these rules:

Provided that such revisions, deletions, modifications or additions are communicated to all the bidders equally at the time of invitation to submit final bids, and that sufficient time is allowed to the bidders to prepare their revised bids:

Provided further that such allowance of time shall not be less than fifteen days in the case of national competitive bidding and thirty days in the case of international competitive bidding;

- (v) Those bidders not willing to conform their respective bids to the procuring agency's technical requirements may be allowed to withdraw from the bidding without forfeiture of their bid security;

Second stage

- (vi) The bidders, whose technical proposals or bids have not been rejected and who are willing to conform their bids to the revised technical requirements of the procuring agency, shall be invited to submit a revised technical proposal along with the financial proposal;
- (vii) The revised technical proposal and the financial proposal shall be opened at a time, date and venue announced and communicated to the bidders in advance; and
- (viii) The revised technical proposal and the financial proposal shall be evaluated in the manner prescribed above. The bid found to be the lowest evaluated bid shall be accepted:

Provided that in setting the date for the submission of the revised technical proposal and financial proposal a procuring agency shall allow sufficient time to the

bidders to incorporate the agreed upon changes in the technical proposal and prepare their financial proposal accordingly.

(d) Two stage - two envelope bidding procedure

First stage

- (i) The bid shall comprise a single package containing two separate envelopes. Each envelope shall contain separately the financial proposal and the technical proposal;
- (ii) The envelopes shall be marked as “FINANCIAL PROPOSAL” and “TECHNICAL PROPOSAL” in bold and legible letters to avoid confusion;
- (iii) Initially, only the envelope marked “TECHNICAL PROPOSAL” shall be opened;
- (iv) The envelope marked as “FINANCIAL PROPOSAL” shall be retained in the custody of the procuring agency without being opened;
- (v) The Technical Proposal shall be discussed with the bidders with reference to the procuring agency’s technical requirements;
- (vi) Those bidders willing to meet the requirements of the procuring agency shall be allowed to revise their technical proposals following these discussions;
- (vii) Bidders not willing to conform their technical proposal to the revised requirements of the procuring agency shall be allowed to withdraw their respective bids without forfeiture of their bid security;

Second stage

- (viii) after agreement between the procuring agency and the bidders on the technical requirements, bidders who are willing to conform to the revised technical specifications and whose bids have not already been rejected shall submit a revised technical proposal and supplementary financial proposal, according to the technical requirements;
- (ix) The revised technical proposal along with the original financial proposal and supplementary financial proposal shall be opened at a date, time and venue announced in advance by the procuring agency;

Provided that in setting the date for the submission of the revised technical proposal and supplementary price proposal a procuring agency shall allow sufficient time to the bidders to incorporate the agreed upon changes in the technical proposal and to prepare the required supplementary financial proposal; and

- (x) The procuring agency shall evaluate the whole proposal in accordance with the evaluation criterion and the bid found to be the lowest evaluated bid shall be accepted.

37. Conditions for use of single stage two envelope, two stage and two stage two envelope bidding procedures.-

Single stage one envelope bidding procedure shall ordinarily be the main open competitive bidding procedure used for most of the procurement. Other appropriate procedures of open competitive bidding shall be selected in the following circumstances, namely:-

- (a) single stage two envelope bidding procedure shall be used where the bids are to be evaluated on technical and financial grounds and price is taken into account after technical evaluation;
- (b) two stage bidding procedure shall be adopted in large and complex contracts where technically unequal proposals are likely to be encountered or where the procuring agency is aware of its options in the market but, for a given set of performance requirements, there are two or more equally acceptable technical solutions available to the procuring agency; and
- (c) Two stage two envelope bidding method shall be used for procurement where alternative technical proposals are possible, such as certain type of machinery or equipment or manufacturing plant

ACCEPTANCE OF BIDS AND AWARD OF PROCUREMENT CONTRACTS

38. Acceptance of bids.-

The bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulations or policy of the Federal Government, shall be awarded the procurement contract, within the original or extended period of bid validity.

39. Performance guarantee.-

Where needed and clearly expressed in the bidding documents, the procuring agency shall require the successful bidder to furnish a performance guarantee which shall not exceed ten per cent of the contract amount.

40. Limitation on negotiations.-

Save as otherwise provided there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder:

Provided that the extent of negotiations permissible shall be subject to the regulations issued by the Authority.

41. Confidentiality.-

The procuring agency shall keep all information regarding the bid evaluation confidential until the time of the announcement of the evaluation report in accordance with the requirements of rule 35.

42. Alternative methods of procurements.-

A procuring agency may utilize the following alternative methods of procurement of goods, services and works, namely:-

(a) Petty purchases.-

Procuring agencies may provide for petty purchases where the object of the procurement is below the financial limit of twenty five thousand rupees. Such procurement shall be exempt from the requirements of bidding or quotation of prices:

Provided that the procuring agencies shall ensure that procurement of petty purchases is in conformity with the principles of procurement prescribed in rule 4:

Provided further that procuring agencies convinced of the inadequacy of the financial limit prescribed for petty purchases in undertaking their respective operations may approach the Federal Government for enhancement of the same with full and proper justifications.

(b) Request for quotations.-

A procuring agency shall engage in this method of procurement only if the following conditions exist, namely:-

- (i) The cost of object of procurement is below the prescribed limit of **one hundred thousand rupees:

**Provided that the respective Boards of Autonomous Bodies are authorized to fix an appropriate limit for request for quotations method of procurement subject to a maximum of rupees five hundred thousand which will become a financial limit under this sub-rule:

- (ii) The object of the procurement has standard specifications;
- (iii) Minimum of three quotations have been obtained; and
- (iv) The object of the procurement is purchased from the supplier offering the lowest price:

Provided that procuring agencies convinced of the inadequacy of the financial limit prescribed for request for quotations in undertaking their respective operations may approach the Federal Government for enhancement of the same with full and proper justifications;

(c) direct contracting.- A procuring agency shall only engage in direct contracting if the following conditions exist, namely:-

- (i) The procurement concerns the acquisition of spare parts or supplementary services from original manufacturer or supplier:

Provided that the same are not available from alternative sources;

- (ii) Only one manufacturer or supplier exists for the required procurement:

Provided that the procuring agencies shall specify the appropriate fora, which may authorize procurement of proprietary object after due diligence; and

- (iii) Where a change of supplier would oblige the procuring agency to acquire material having different technical specifications or characteristics and would result in incompatibility or disproportionate technical difficulties in operation and maintenance:

Provided that the contract or contracts do not exceed three years in duration;

- (iv) Repeat orders not exceeding fifteen per cent of the original procurement;
- (v) In case of an emergency:

Provided that the procuring agencies shall specify appropriate fora vested with necessary authority to declare an emergency;

- *(vi) When the price of goods, services or works is fixed by the government or

Any other authority, agency or body duly authorized by the Government, on its behalf, and

- ** (vii) For purchase of motor cars from local original manufacturers or their authorized agents at manufacturer's price.

(d) Negotiated tendering- A procuring agency may engage in negotiated tendering with one or more suppliers or contractors with or without prior publication of a procurement notification. This procedure shall only be used when,-

- (i) The supplies involved are manufactured purely for the purpose of supporting a specific piece of research or an experiment, a study or a particular development;
- (ii) For technical or artistic reasons, or for reasons connected with protection of exclusive rights or intellectual property, the supplies may be manufactured or delivered only by a particular supplier;
- (iii) For reasons of extreme urgency brought about by events unforeseeable by the procuring agency, the time limits laid down for open and limited bidding methods cannot be met. The circumstances invoked to justify extreme urgency must not be attributable to the procuring agency:

Provided that any procuring agency desirous of using negotiated tendering as a method of procurement shall record its reasons and justifications in writing for resorting to negotiated tendering and shall place the same on record.

43. On account payments- All procuring agencies shall make prompt payments to suppliers and contractors against their invoices or running bills within the time given in the conditions of the contract, which shall not exceed thirty days.

44. Entry into force of the procurement contract.-

A procurement contract shall come into force,-

- (a) Where no formal signing of a contract is required, from the date the notice of the acceptance of the bid or purchase order has been given to the bidder whose bid has been accepted. Such notice of acceptance or purchase order shall be issued within a reasonable time; or
- (b) Where the procuring agency requires signing of a written contract, from the date on which the signatures of both the procuring agency and the successful bidder are affixed to the written contract. Such affixing of signatures shall take place within a reasonable time:

Provided that where the coming into force of a contract is contingent upon fulfilment of a certain condition or conditions, the contract shall take effect from the date whereon such fulfilment takes place.

45. Closing of contract.-

(1) Except for defect liability or maintenance by the supplier or contractor, as specified in the conditions of contract, performance of the contract shall be deemed close on the issue of over-all delivery certificate or taking over certificate which shall be issued within thirty days of final taking over of goods or receiving the deliverables or completion of works enabling the supplier or contractor to submit final bill and the auditors to do substantial audit.

(2) In case of defect liability or maintenance period, defect liability certificate shall be issued within thirty days of the expiry of the said period enabling the supplier or contractor to submit the final bill. Except for unsettled claims, which shall be resolved through arbitration, the bill shall be paid within the time given in the conditions of contract, which shall not exceed sixty days to close the contract for final audit.

MAINTENANCE OF RECORD AND FREEDOM OF INFORMATION

46. Record of procurement proceedings.-

- (1) All procuring agencies shall maintain a record of their respective procurement proceedings along with all associated documentation for a minimum period of five years.
- (2) Such maintenance of record shall be subject to the regulations framed in this regard from time to time.

47. Public access and transparency.- As soon as a contract has been awarded the procuring agency shall make all documents related to the evaluation of the bid and award of contract public:

Provided that where the disclosure of any information related to the award of a contract is of proprietary nature or where the procuring agency is convinced that such disclosure shall be against the public interest, it can withhold only such information from public disclosure subject to the prior approval of the Authority.

REDRESSAL OF GRIEVANCES AND SETTLEMENT OF DISPUTES

48. Redressal of grievances by the procuring agency.-

- (1) The procuring agency shall constitute a committee comprising an odd number of persons, with proper powers and authorizations, to address the complaints of bidders that may occur prior to the entry into force of the procurement contract.
- (2) Any bidder feeling aggrieved by any act of the procuring agency after the submission of his bid may lodge a written complaint concerning his grievances not later than fifteen days after the announcement of the bid evaluation report under rule 35.
- (3) The committee shall investigate and decide upon the complaint within fifteen days of the receipt of the complaint.
- (4) Mere fact of lodging of a complaint shall not warrant suspension of the procurement process.
- (5) Any bidder not satisfied with the decision of the committee of the procuring agency may lodge an appeal in the relevant court of jurisdiction.

49. Arbitration

(1) After coming into force of the procurement contracts, disputes between the parties to the contract shall be settled by arbitration.

(2) The procuring agencies shall provide for a method of arbitration in the procurement contract, not inconsistent with the laws of Pakistan.

50. Mis-procurement

Any unauthorized breach of these rules shall amount to mis-procurement.

51. Overriding effect

The provisions of these rules shall have effect notwithstanding anything to the contrary contained in any other rules concerning public procurements:

Provided that the prevailing rules and procedures will remain applicable only for the procurement of goods, services and works for which notice for invitation of bids had been issued prior to the commencement of these rules unless the procuring agency deems it appropriate to re-issue the notice for the said procurement after commencement of these rules.

[No.F.6 (1) Admn.V/04]

Sd/-
SAJID HASSAN
Additional Secretary

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PC-IV FORM

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION**

**PROFORMA FOR DEVELOPMENT PROJECTS
(PROJECT COMPLETION REPORT)**

Revised 2005

**Government of Pakistan
Planning Commission**

To be furnished immediately after completion of Project regardless of whether or not the accounts of the Project have been closed.

1. Name of the Project:

--

2. Implementation period:

Commencement

Completion

▪ As per PC-I:

--	--

▪ As per actual:

--

3. Capital Cost:

(Million Rs)

Planned	Actual

4. PC-I phasing/allocations, releases & expenditure:

(Million Rs)

Year	Phasing as per PC-I	PSDP Allocations	Releases	Expenditure
1.				
2.				
3.				
4.				

5. Item wise physical targets and achievements:

Item	Unit	PC-I Estimates	Actual Achievements

6. Item wise planned and actual expenditure:

(Million Rs)

Item	PC-I Estimates	Actual Expenditure

7. Quantifiable benefits of the project:

- a) Financial
- b) Economic
- c) Social Employment generated

8. Financial/Economic results based on actual cost:

- a) Financial
 - Net present worth
 - Benefit cost ratio
 - Internal financial rate of return
 - Unit cost analysis
- b) Economic
 - Net present worth
 - Benefit cost ratio
 - Internal financial rate of return

For Social Sectors: Provide only unit cost analysis

**9. Whether the Project has been implemented as per approved scope of the project.
If not provide details on justification of variation.**

10. Impact of the Project on target group:

11. Lessons learned in:

- a) Project identification
- b) Project preparation
- c) Project approval
- d) Project financing
- e) Project implementation

12. Suggestions for planning & implementation of similar Projects:

(Revised 2005)

Government of Pakistan
Planning Commission

Instructions to fill in PC-IV Proforma

1. **Name of the project:**

Indicate name of the Project.

2. **Implementation period:**

Indicate planned, commencement and completion date along with actual ones.

3. **Capital cost:**

Provide capital cost of the project as approved by the competent forum and actual expenditure incurred on the project till preparation of PC-IV.

4. **PC-I phasing, allocations, releases & expenditure:**

- Provide PC-I phasing as per approved PC-I.
- PSDP allocations as reflected in PSDP/ADP.
- Year-wise releases made to the project.
- Year-wise actual expenditure incurred on the project.

5. **Item-wise physical targets and achievements:**

- Provide item-wise quantifiable physical targets as given in the approved PC-I.
- Actual physical achievements against physical targets are provided.

6. **Item-wise planned and actual expenditure:**

- Provide item-wise allocations as per approved PC-I.
- Item-wise actual expenditure incurred on the project be provided.

7. Quantifiable benefits of the project:

- Provide quantifiable financial benefits of the project along with assumptions/parameters.
- Quantifiable benefits to the economy along with assumptions/ parameters.
- Social benefits to target group along with indicators.
- Planned and actual employment generated by category

8. Financial/Economic results based on actual cost:

- Undertake financial, unit cost and economic analysis based on actual capital and recurring cost. The benefits of the project may also be calculated on prevailing prices and output.
- In case of social sector projects, unit cost analysis may only be provided.

9. Project implementation:

- Indicate whether project has been implemented as per approved cost, scope and time. In case of variation, reasons are provided.

10. Project impact:

- Provide impact of the project on the target group/area.

11. Lessons learned:

- Provide lessons learned during identification, preparation, approval, financing and implementation of the project.

12. Suggestions:

- Suggestions for planning & implementation of similar nature of projects, keeping in view the lessons learned in project implementation.

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**SYSTEM OF FINANCIAL CONTROL
AND
BUDGETING
(September – 2006)**

**GOVERNMENT OF PAKISTAN
FINANCE DIVISION
ISLAMABAD**

No. F. 3(2) Exp. III/2006
Government of Pakistan
Finance Division

Islamabad, the 13th September, 2006

OFFICE MEMORANDUM

SUBJECT: SYSTEM OF FINANCIAL CONTROL AND BUDGETING

The undersigned is directed to refer to the New System of Financial Control and Budgeting introduced with effect from 1st July, 2000 vide the Finance Division's O.M. No. F.3(4) Exp. III/2000 dated 30-6-2000 on the above subject and to state that it has been decided to review the system with a view to delegating more powers to administrative Ministries / Divisions and bring it in line with the Chart of Accounts (CoA) as laid down by the Auditor General of Pakistan.

2. The procedures and financial limits laid down in this O.M shall take with immediate effect.

3. **Principal Accounting Officer:** The Secretary shall be the Principal Accounting Officer of the Ministry / Division, Attached Departments and Subordinate Offices in respect of the expenditure incurred against the budget grant(s) of the Ministry / Division. The term Secretary shall include the Principal Secretary, the Acting Secretary, and the Additional Secretary In charge or the Senior Joint Secretary / Joint Secretary In charge of a Division

4. **Duties and Responsibilities of Principal Accounting Officer:** In the duties and responsibilities of the Principal Accounting Officer, finance is an essential element in policy questions and the Principal Accounting Officer is to ensure that financial considerations are taken into account at all stages in framing and implementing decisions. The Principal Accounting Officer shall be assisted by a Chief Finance and Accounts Officer (CFAO) and Financial Adviser (FA) in the discharge of his duties in financial and budgetary matters. The delegation of greater financial powers to the Principal Accounting Officer entails greater responsibilities also. The Principal Accounting Officer is responsible not only for the efficient and economical conduct of the Ministries/Divisions/Departments etc., but also continues to be personally answerable before the Public Accounts Committee. The two main principles to be observed are economy: (getting full value for money) and regularity: (spending money for the purposes and in the manner prescribed by law & rules). The General Financial Rules (GFR) Vol-I emphasize the following principles:

- (i) **Propriety:** The expenditure is incurred with due regard to high standards of financial property.
- (ii) **Purpose:** The funds allotted to a Ministry/Division, Attached Departments and Subordinate Offices are spent for the purpose for which they are allocated.

- (iii) **Rules & Regulations:** The funds are spent in accordance with relevant rules and regulations.
 - (iv) **Limitations:** The actual expenditure does not exceed the budget allocation.
 - (v) **Prudence:** The expenditure is not, prima facie, more than the occasion demands, and that every government servant exercises the same vigilance in respect of the expenditure incurred from public funds as a person of ordinary prudence would exercise in respect of the expenditure of his own money.
 - (vi) **Public Advantage:** No authority exercises the powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage and that public moneys are not utilized for the benefit of a particular person or section of the community unless the amount of expenditure involved is insignificant, or the claim for the amount can be enforced in a court of law, or the expenditure is in pursuance of a recognized policy or custom.
 - (vii) **Allowances Not To Be a Source of Profit:** The amount of allowances, such as travelling allowance, granted to meet the expenditure of a particular type, is so regulated that the allowances are not, on the whole, a source of profit to the recipient.
 - (viii) **Inevitable Payments:** In pursuance of the GFR Vol. I, the Principal Accounting Officer shall adopt the procedure laid down therein. Under para 105 GFR- Vol-I, it is an important principle that money indisputably payable should not, as far as possible, be left unpaid and that money paid should, under no circumstances, be kept out of accounts a day longer than is absolutely necessary. It is no economy to postpone inevitable payments and it is very important to ascertain, provide for in the budget estimates, liquidate and record the payment of all actual obligations at the earlier possible date. Besides, the Principal Accounting Officer shall make prompt payments to suppliers and contractors against their invoices or running bills within the time given in the conditions of the contract which shall not exceed thirty (30) days, as stipulated in rule 43 of Public Procurement Rules (PPR), 2004 issued by the Finance Division vide SRO 432(1) / 2004 dated 8th June, 2004.
5. Other duties and responsibilities of the Principal Accounting Officer shall be as under:-
- (a) **Proposals for Budgetary Allocations:** The Principal Accounting Officer shall consider budgetary proposals submitted to him and shall, after careful scrutiny, forward the proposals to Financial Adviser's Organization for budgetary allocations. The proposals for the expenditure not covered in the delegated powers shall also be forwarded by the Principal Accounting Officer to the Financial Adviser's Organization / Finance Division.

- (b) **Control Over Expenditure:** The Principal Accounting Officer shall ensure that the funds allotted to a Ministry / Division, etc., are spent for the purpose for which these are allotted. He shall also ensure that the expenditure falls within the ambit of a Grant or an Appropriation duly authenticated, is normally proportionate to the budget allotment and that the flow of expenditure does not give rise to demand for additional funds. The expenditure in excess of the amount of Grant or Appropriation as well as the expenditure not falling within the scope or intention of any Grant or Appropriation, unless regularized by a Supplementary Grant or a Technical Supplementary Grant, shall be treated unauthorized. The Principal Accounting Officer is responsible for any laxity in matters of control over expenditure including that on the part of subordinates. He shall ensure that neither he nor his subordinates disregard the instructions issued by government from time to time for proper utilization of funds placed at his disposal. The principle of personal answerability shall not, however, be applicable in a case in which a Principal Accounting Officer has been over ruled by his Minister on a matter of importance affecting the financial administration of his Ministry / Division and is required to take a course of action which he regards as inconsistent with his duties as Principal Accounting Officer. In such cases he should not hesitate to submit the case to the Minister explaining how that particular course of action is inconsistent with his duties as the Principal Accounting Officer.
- (c) **Observance of Rules, Regulations & Instructions:** While sanctioning expenditure out of the funds placed at his disposal, the Principal Accounting Officer shall ensure that the requirements of the relevant rules and regulations are fully met and that the approval of the Finance Division has been obtained in all cases which are not covered by a standing authorization that may have been delegated.
- (d) **Maintenance and Reconciliation of Accounts:** The Principal Accounting Officer is responsible for ensuring that the expenditure is not incurred in excess of the budget allocation. He shall ensure that payments are correctly classified under the appropriate heads of accounts and that departmental accounts are regularly reconciled every month with the figures communicated by the Controller General of Accounts (CGA)/Accountant General of Pakistan Revenues (AGPR). He shall, in addition, keep himself well informed not only of the actual expenditure but also of the liabilities, which have been incurred and must ultimately be met. Any anticipated excesses and savings should be readjusted by means of re-appropriation to the extent powers have been delegated to the Principal Accounting Officer under the new procedure. Similarly, the Principal Accounting Officer shall make sure that the accounts of receipts shall be maintained properly and reconciled on monthly basis.
- (e) **Realization of Receipts:** In the matter of receipts pertaining to the Ministry / Division, Attached Departments and Subordinate Offices, the Principal Accounting Officer is expected to ensure that adequate machinery exists for

dues collection and bringing to accounts of all receipts of any kind connected with the functions of the Ministry/Division/Departments and Subordinate Offices under his control.

- (f) **Public Accounts Committee (PAC) and Departmental Accounts Committee (DAC):** Being personally accountable to the PAC, the Principal Accounting Officer shall attend all the meetings of PAC. The Principal Accounting Officer/Additional Secretary or equivalent shall regularly hold meetings of DAC as Chairperson, with Financial / Deputy Financial Adviser and Director General (Audit) as Members and Chief Finance and Accounts Officer as Member/Secretary to watch the processing of Audit & Inspection Reports and decide upon appropriate measures so as to aid and accelerate the process of finalization.

6. **Chief Finance and Accounts Officer:** In each Ministry/Division, there shall be a Chief Finance and Accounts Officer (CFAO) under the Principal Accounting Officer who shall assist him and report to him as part of his team. The CFAO shall be a well- trained and experienced officer and equivalent to Joint Secretary or Deputy Secretary, as may be appropriate, to assist the Principal Accounting Officer in matters relating to risk management, asset protection, internal control/audit, reconciliation of accounts, monitoring and coordination with DAC, PAC and financial proprieties of expenditure and receipts. The CFAO shall have such supporting officers and staff as may be necessary. The orders for posting of CFAO shall be issued by the Establishment Division in consultation with the Auditor General of Pakistan. The officers posted as such by the Establishment Division, shall not be transferable to any other Wing of the Ministry/Division. The CFAO and the officers/staff under him shall be under the administrative control of the Ministry/Division to which he is attached. However, the transfer of the CFAO out of the Ministry/Division shall be with the concurrence of the Auditor General of Pakistan. He shall work directly under the Principal Accounting Officer and be accountable to him. He shall coordinate his work with the Financial Adviser's Organization. (Till such time that the Ministries/Divisions have been provided CFAO, the present F&A Officers shall continue to perform their duties.)

7. **Duties and Responsibilities of the Chief Finance and Accounts Officer:** the duties and responsibilities of the CFAO shall be as under:-

- (i) **Maintenance and Reconciliation of Accounts:** he shall systematize proper maintenance of accounts and their timely reconciliation with the actual figures of the CGA/AGPR and maintenance of 'Liability Register' in the Ministry/Division, its Attached Departments and Subordinate Offices. He shall monitor the progress of the expenditure and receipts and furnish, with the approval of the Principal Accounting Officer, a monthly statement of departmental expenditure and receipts to Financial Adviser's Organization and the Finance Division (Budget and Accounts Section – Budget Wing) by the 10th and the reconciled statement of expenditure and receipts by the 25th of the month following the month to which it relates.

- (ii) **Coordination and Scrutiny of Budget: Expenditure and Receipts:** He shall undertake coordination and internal scrutiny of budget estimates of expenditure as well as receipts of Ministry/Division, its Attached Departments and Subordinate Offices, including Budget Order (BO) and New-Items Statement (NIS) in accordance with the Budget Call Circular issued by the Finance Division and proposals for additional funds to be met out of supplementary Grants.
- (iii) **Consolidation of Public Sector Development Program (PSDP):** He shall be responsible for consolidation of PSDP so that the development schemes of the Ministry/Division are prepared in accordance with the prescribed procedure and instructions under the supervision and with the approval of the Principal Accounting Officer.
- (iv) **Advice in Delegated Field:** He shall tender advice to the Principal Accounting Officer in the delegated field, where called upon, in all matters of payment and matters affecting the accounts or any other matter concerning propriety and regularity of transactions.
- (v) **Processing of Cases in Non-Delegated Field:** He shall process, in accordance with the prescribed rules and procedure, cases relating to the non-delegated field, and matters relating to foreign exchange, and demands for Supplementary Grant, which is required to be referred to the main Finance Division through the Financial Adviser.
- (vi) **Public Accounts Committee (PAC) and Departmental Accounts Committee (DAC):** He shall be responsible for the work relating to PAC, DAC and audit observations on Appropriation Accounts and Audit Reports, ensuring compliance with the PAC observations and recommendations. He shall assist the Principal Accounting Officer, prepare necessary Briefs for PAC/DAC and attend the meetings of the PAC and DAC along with the Principal Accounting Officer in the case of PAC and Additional Secretary/equivalent officer in the case of DAC.
- (vii) **Compliance with Rules, Regulations and Orders:** He shall tender advice to the Principal Accounting Officer for compliance of rules, such as GFR, Fundamental Rules (FR), Supplementary Rules (SR), Federal Treasury Rules (FTR) and other regulations, instructions and orders issued by the Finance Division from time to time.
- (viii) **Internal Control:** He shall be responsible for observance of Internal Control prescribed by the CGA in the Ministry/Division, Attached Departments and Subordinate Offices. He shall assist and advise the Principal Accounting Officer for preventing irregularities, waste and fraud and shall exercise internal checks as provided in para 13 of GFRs Volume-I, which reads that:

- a) Rules on handling and custody of cash are properly understood and applied;
 - b) An effective system of internal check exists for securing regularity and propriety in the various transactions including receipt and issue of stores etc, if any, and
 - c) A satisfactory arrangement exists for a systematic and proper maintenance of Account Books and other ancillary records concerned with the Initial Accounts.
- (ix) **Internal Audit:** He shall conduct the Internal Audit of the Ministry/Division Attached Departments and Subordinate Offices and incorporate the results of these inspections in the form of an inspection report and furnish the Internal Audit Report to the Principal Accounting Officer. The Principal Accounting Officer shall, after scrutiny of the reports, communicate to Audit, copies of the reports along with remarks and orders/action(s) taken thereon.

8. **Powers Delegated to Ministries/Divisions/Departments:** The powers delegated to Ministries/Divisions/Departments are indicated below:-

- (a) Powers are delegated to the Principal Accounting Officer in the Ministries/Divisions and the Heads of the Departments, respectively **(Annex-I)**. They may exercise these powers without consulting the Financial Advisor. The Chief Finance and Accounts Officers may, however, be consulted, where considered necessary or advisable. His advice can however, be over-ruled by the Principal Accounting Officer who may record reasons for overruling the advice. The powers so delegated shall be subject to the observance of austerity measures taken by the government from time to time and the following conditions:-
 - (1) availability of funds, by valid appropriation or re-appropriation where permissible, from within the sanctioned budget grant; and
 - (2) availability of foreign exchange, where required, from within the allocation of foreign exchange sanctioned for the Ministry/Division concerned provided:-
 - (i) specific provision exists in the foreign exchange budget;
 - (ii) it does not involve re-appropriation from “imports” to “invisible” or vice versa;
 - (iii) it does not involve travel by another carrier on routes where PIA flights operate; and
 - (iv) It does not involve expenditure on entertainment or contingencies.

- (b) The Current Expenditure in the first half of the financial year shall be restricted to 40% of the total budget allocation in the financial year. In the second half of the financial year, the Finance Division shall issue separate instructions in respect of the balance 60% of the budgetary allocation.
- (c) The financial powers delegated to the Ministries/Divisions under the FR and SR, GFR etc., prior to the introduction of Financial Advisor's Schemes, shall stand enhanced / modified to the extent stated in this Office Memorandum.
- (d) Except as specifically provided (**Annex-I**), further delegation of delegated powers (**Annex-I**) may, as considered appropriate, be made by the Secretaries of the administrative Ministries/Divisions and Heads of Departments to the officers subordinate to them without consulting the Financial Adviser.

Note:- The term "Head of Department" denotes Head of Department as defined in S.R.2 (10)

9. **Role of Financial Advisor:** Basically, FAs will facilitate and support the operations of Ministries/Divisions that they are assigned to, and to provide constructive advice to the Principal Accounting Officer. The Financial Adviser's scheme has the following elements:-

- (a) The Financial Adviser shall continue to be under the administrative control of the Finance Division, and shall, subject to the provisions of sub-paras (d) and (e) below, exercise the Powers of the Joint Secretary to the Finance Division in relation to the Ministries/Divisions to which he is attached. The Financial Adviser shall represent the Finance Division in a comprehensive manner and be the focal point in the financial management of the Ministries/Divisions. He shall monitor the monthly statement of expenditure and receipts forwarded by the CFAO, as mentioned in Para 7 (1) and draw after careful scrutiny, the Principal Accounting Officer's attention to discrepancies, if any and shall also submit comments to AFS(E).
- (b) The Financial Adviser shall be assisted by Deputy Financial Advisers depending on the number of Divisions allocated and the quantum of work entrusted to him. The Financial Adviser/Deputy Financial Adviser and their staff shall be paid from the budget grant of the Finance Division.
- (c) The advice of the Financial Adviser in cases falling outside the field of delegated powers shall be binding on the administrative Ministries/Divisions. In case of a difference of opinion with the Financial Adviser, the Secretary of the Ministry/Division may take up the case with the Additional Finance Secretary (Expenditure) (AFS-E)/Finance Secretary (FS), or the Minister may take it up with the Finance Minister (FM).
- (d) The Finance Division (Main) shall continue to deal with the matters relating to interpretation, application and relaxation of service and financial rules and

regulations, and allocation of foreign exchange in accordance with the prescribed procedure. Except for the cases relating to interpretation, application and relaxation of service rules and regulations which shall be forwarded by Ministries/Divisions directly to the Finance Division (Regulations Wing), the other cases shall be routed through F.A.

- (e) Financial sanctions relating to service rules and regulations which are accorded with the concurrence of the Finance Division (Regulations Wing) will be endorsed to Audit through that Wing and not through the Deputy Financial Adviser of the Ministries/Divisions.

10. **Reference to Financial Adviser/ Finance Division:** - In cases where a reference to the Financial Adviser/Finance Division is necessary, the Chief Finance and Accounts Officer shall ensure that: -

- a) The case is properly examined in accordance with the relevant rules and orders.
- b) The facts of the case and the points of reference are clearly stated in a self-contained note or office memorandum which shall be submitted in duplicate and
- c) Such further data and information is furnished as may be asked for by the Financial Adviser/ Finance Division for the proper disposal of the issues referred to him.

11. **Responsibilities and Powers of the Financial Adviser:** - The responsibilities and powers of the Financial Adviser/Deputy Financial Adviser in respect of Ministries/ Divisions to which they are attached shall be as follows.

A. Current Expenditure

- i. **Approval of Expenditure and Budget Provision:-** The Financial Adviser shall have full powers to approve expenditure proposals and to accept budget provision, except that the cases involving important issues of policy shall be submitted to the Additional Finance Secretary (Exp.)/Finance Secretary/Finance Minister.

Note- 1 Deputy Secretary (Exp)/DFAs shall have powers to approve expenditure proposal and to accept budget provision Up to Rs. 5,000,000.00 (Rupees Five Million)

Note – 2 Financial sanctions requiring endorsement by the Finance Division other than sanctions relating to service rules and regulations which are accorded with concurrence of Finance Division (Regulations

Wing) shall be endorsed to Audit through the Deputy Financial Adviser of the Ministry/Division concerned.

- ii. **Lump-sum provision:** The expenditure to be financed from a lump-sum provision shall be examined and disposed of by the Financial Adviser. He shall submit a monthly statement of such expenditures to AFS(E).
- iii. **Proposal for Supplementary Grant in Respect of Unexpected Expenditure:** Proposals for Supplementary Grant shall like other expenditure proposals, be examined by the Financial Adviser concerned as per the instructions contained in **Annex-II** to this Office Memorandum. The Financial Adviser shall submit cases for sanctioning of Token Supplementary Grant to AFS(E) for approval. He shall submit the cases for Technical Supplementary Grant Up to Rs. 100,000,000.00 (Rupees One Hundred Million) for approval of AFS(E). The cases for sanctioning of Technical Supplementary Grant beyond Rs. 100 million and regular Supplementary Grant shall be submitted by the FA, through AFS (E) to the Finance Secretary for approval.
- iv. **Re-appropriation of Funds:** - The powers of re-appropriation of the Finance Division, as set out (SI. No. 5 of **Annex-I**) shall be exercised by Financial Adviser except re-appropriation from, to, or within the Employees Related Expenses and from Utility Charges which shall be submitted by Financial Advisor to AFS (E) for approval.
- v. **Creation of Posts:** The Financial Advisor shall submit cases for creation of posts to AFS (E) in BPS –1 to 19 for approval. The cases for creation of Posts in BPS – 20 and above shall be submitted by the FA, through AFS (E), to the Finance Secretary for approval. However, a proposal/case, involving creation of a large number of posts in the pay scales mentioned above and necessitating a hierarchical structure requiring the creation of posts above BS – 19, shall be dealt with as a single proposal/case. The whole case shall, irrespective of the scale of the posts, require approval at the level of the Finance Secretary.
- vi. **Appointment of contingent Paid Staff:** The Financial Adviser shall submit proposals for appointment of contingent paid staff to AFS (E) for approval.
- vii. **Write off of Losses:** The Financial Advisor shall dispose of cases for write-off losses beyond Rs. 5,000,000.00 (Rupees Five Million) Up to Rs. 10,000,000.00 (Rupees Ten Million). He shall submit cases for write-off of losses Up to Rs. 20,000,000.00 (Rupees Twenty Million) to AFS (E) for approval. The cases for write off of losses above Rs. 20,000,000.00 (Rupees Twenty million) shall be submitted by the FA, through AFS (E),

to Finance Secretary for approval. These powers shall be exercised within the framework of para 47 of GFR- Vol-I.

- viii. Representation of the Finance Division on Committees:** The Financial Advisers/Deputy Financial Advisers, accredited to the administrative Ministries/ Divisions shall represent the Finance Division at various Committees, including PAC and DAC and prepare Briefs for Finance Secretary/AFS (E). Since Secretaries/PAOs have full powers for purchase, hence normally FAs/DFs will not be the members of the Purchase Committees of Ministries/Divisions, which shall include officials of Ministries/Divisions/Departments. If PAOs so wish they may seek an exception from Finance Division, if so required.

(B) Development Expenditure

- i) The Financial Adviser shall be associated with the processing of development schemes from beginning to completion. He shall be responsible for the scrutiny and approval of development schemes of the Federal Government costing Up to Rs. 40 million, which do not require submission to the Central Development Working Party (CDWP). However, before according approval, the Financial Adviser shall consult the Finance Division (Development Wing), where necessary, to ensure policy coordination.
- ii) He shall be responsible for scrutiny of development schemes sponsored by the Ministries/Divisions for consideration of the Central Development Working Party (CDWP). He shall furnish his views to the AFS (E) through Finance Division (Development Wing). The Finance Division (Development Wing) shall ensure the following: -
 - a. The scheme fits into overall development plan.
 - b. The scheme does not clash with any other scheme of any other Ministry/Division/Department either in principle or in detail and there is no contradictory policy being followed in schemes of two different Ministries/Divisions /Departments.
 - c. There is no duplication in the schemes of the various Ministries/Divisions/Departments both in major work and in detailed working.

Note: - Financial Advisers and Deputy Financial Advisers shall exercise their powers within the guidelines approved by the Finance Division.

12. **Representation of the Finance Division in Development Working Parties:** The meetings of the Departmental Development Working Party (DDWP) shall be attended by Financial Advisor/Deputy Financial Advisor and meetings of the Central Development Working Party (CDWP) by Additional Finance Secretary (Expenditure).

13. **Budgetary Procedure:** The powers to sanction expenditure within the budget grants have been delegated to the administrative Ministries/Divisions. Yet, the finalization of the budget proposals continues to be the responsibility of the Finance Division. Budget is, therefore, to be used as the most important instrument of financial control. No proposals for expenditure shall be included in the budget unless these have been concurred in by the Finance Division after scrutiny. The scrutiny of budgetary proposals by Ministries/Divisions through the Financial Adviser for inclusion in the budget shall, as far as possible, be undertaken by the Finance Division as a pre-budget exercise. The budgetary proposals shall be submitted by administrative Ministries/Divisions to the Financial Advisor with the approval of the Principal Accounting Officer. The Financial Advisor shall carefully scrutinize the proposals before agreeing to budget provision. Once a provision for expenditure has been made in the budget and it has become effective, administrative Ministries/Divisions shall have the authority to sanction expenditure from within their sanctioned budget grants, subject to the powers delegated to them and the fulfilment of the conditions laid down therefore under this Office Memorandum. Ministries/Divisions, while issuing expenditure sanctions without further consultation with the Financial Advisers in cases within the financial competence of the Principal Accounting Officer shall ensure that Object Wise details are shown both in Part I and Part II Budget Estimates. The salient features of the budgetary procedure shall be as follows:

- i. **Budget a Continuous Process:** Budgeting being a continuous process, the preparation of the budget shall begin well ahead of the year to which it relates.
- ii. **Estimates of Expenditure: Approval and Issuance of Budget Order (BO) and New Items Statement (NIS):** All the proposals for Employees Related Expenditure and other expenditure shall be cleared with the Financial Adviser as soon as these are ready. Part-I of the Budget Estimates (Relating to standing and fluctuating charges) and Part-II Budget Estimates (relating to fresh charges) shall be scrutinized finally by the Financial Adviser concerned who will approve and issue to the Finance Division (Budget Wing) and the AGPR copies of the BOs in respect of Part-I Budget Estimates and verified copies of NISs in respect of Part-II Budget Estimates in accordance with the instructions contained in the Budget Call Circular. The admitted Part-I and Part-II Budget Estimates shall be compiled together into "Demands" by the Finance Division (Budget Wing)
- iii. **Estimates of Tax and Non-Tax Revenues:** The estimates of Tax Revenues, Non Tax Revenues and Capital Receipts shall also first be coordinated and scrutinized by the Chief Finance and Accounts Officer and submitted with

the approval of the Principal Accounting Officer to the Financial Adviser for approval. The estimates, as approved and verified by the Financial Adviser, shall be furnished to the Finance Division (Budget Wing) in accordance with the instructions contained in the Budget Call Circular.

- iv. Lump Sum Provision in Current Expenditure:** Lump-sum provision in the budget shall not be proposed or made except in exceptional circumstances such as lump provision for late NIS, late receipt of directives etc., which shall be recorded. Where such a provision is made in the budget, expenditure sanction shall be given with the concurrence of the Financial Adviser.
- v. Lump Sum Provision in PSDP:** No sector-wise lump-sum allocation shall be made in the PSDP as a general policy, except in exceptional circumstances, which shall invariably be recorded. In respect of such lump-sum provisions, the sponsoring Ministries/Divisions /Departments /Subordinate Offices concerned shall invariably furnish a list of approved schemes indicating bifurcation of the lump-sum allocation against each scheme to FA's/Planning and Development Division and other organizations concerned. Releases against this provision shall be made with the prior approval of Financial Adviser.
- vi. Allocations in the PSDP for New unapproved Schemes/Projects:** Allocation in the PSDP for new unapproved development schemes / projects shall be made in exceptional circumstances only, after anticipatory approval of such new schemes/projects by the competent authority.
- vii. Cash Plan of PSDP and Releases of Funds:** During the first quarter of the financial year, releases of the allocations provided in the PSDP for individual schemes, as have already been approved formally by the competent authority or have been given anticipatory approval by the Chairman, ECNEC, shall be made by the Secretary of the Ministry/Division concerned/PAO without approval of FA's Organization in accordance with the Cash Plan of the projects duly approved by the Secretary of the Ministry/Division and Planning and Development Division. All releases during the remaining three quarters of the financial year shall be made with the prior approval of Financial Adviser's Organization in accordance with the approved Cash Plan. The releases shall be subject to utilization of funds released earlier, after furnishing a certificate by the Principal Accounting Officer regarding satisfactory implementation of approved Work Plan for the previous quarter of the financial year. The releases shall not be unduly delayed.
- viii. Supplementary Grants:** There are three forms of Supplementary Grants: Token, Technical and Regular.
 - (a) The Token Supplementary Grant is sanctioned to open and operate a new budget head.

- (b) The Technical Supplementary Grant is sanctioned to transfer funds from a Grant/Demand as a result of accrual of saving to another Grant/Demand, which needs provision of additional funds.
- (c) The Regular Supplementary Grant is sanctioned when saving is not available either through re-appropriation of funds from within the same Grant/Demand or Technical Supplementary Grant from one Grant/Demand to another Grant/Demand.

While the Technical Supplementary Grant does not imply any additionality to the sanctioned budget grant, the Regular Supplementary Grant involves an upward change in the sanctioned budget grant. All Supplementary Grants have to be presented to the Parliament for ex-post authorization. Ministries/Divisions should, therefore, be able to anticipate the requirements well ahead of the financial year to which the budget relates and obtain the concurrence of the Finance Division, thereby eliminating the necessity for Supplementary Grants. Finance Division will look with disfavour upon any request for Supplementary Grants except in extraordinary circumstances. In such circumstances, the Finance Division would expect an explanation of the failure to foresee the additional expenditure at the time of submission of budget proposals. The funds obtained through Supplementary Grants shall be expended for the purposes for which these have been sanctioned. In Current Expenditure, demands for Supplementary Grants/Technical Supplementary Grants shall not be made, except in extraordinary circumstances for which full justification shall have to be furnished to the Financial Adviser/Finance Division with reason as to why the additional expenditure could not be foreseen at the time of submission of proposals for budget provision. In case of Technical Supplementary Grants in the Current Expenditure, the procedure prescribed for surrender of funds from one Demand/Grant and reallocation to another Demand/Grant shall have to be followed. Similarly, in Development Expenditure, while sanctioning the Technical Supplementary Grants, the prescribed procedure for surrender of savings shall have to be completed. Likewise, for reallocation of funds from one development project to another as a result of review of the PSDP, the prescribed procedure for surrender of savings shall have to be completed. For this purpose, Planning and Development Division shall indicate matching savings which shall have to be surrendered before allocation of additional funds to another project. This process shall be completed expeditiously to ensure that the release of funds to development schemes/projects is not unduly delayed. The last date for submission of Schedule of Supplementary Grants/Technical Supplementary Grants to the Finance Division (Budget Wing) shall be 31st May of the financial year. Such proposals for Supplementary Grants/Technical Supplementary Grants shall be submitted in pursuance of the Constitutional provisions and GFR and on the prescribed Proforma (**Annex-II**)

- IX. Foreign Exchange Budget in PSDP:** The foreign exchange budget shall be prepared in accordance with the instructions issued by the Finance Division (External Finance Wing) from time to time.

14. **Powers of Sanctioning Project:** The existing sanctioning powers of various authorities are indicated below:-

S. No	Authority	Sanctioning Power
1	Executive Committee of National Economic Council (ECNEC)	Schemes costing above Rs.500 million. (Planning and Development Division's letter No.20(1) PIA/PC/2005, dated 14 th March,2005)
2	Central Development Working Party (CDWP)	Schemes costing up to Rs.500 million. Subject to the condition that the Ministry of Finance does not disagree. (Planning and Development Division's letter No.20(1) PIA/PC/2005, dated 14 th March,2005)
3	Departmental Development Working Party (DDWP)	Schemes costing up to Rs.40 million. This power shall be subject to the following conditions:- (i) Ministry/Division concerned shall create a proper planning and monitoring unit within the organization and setup a DDWP, in which a representative of the Ministry of Finance is included. (ii) The Ministry of Finance does not disagree with the decision of the DDWP; in case there is any disagreement, the scheme shall be submitted to the CDWP/ECNEC. (iii) A copy of PC-I Form of the scheme shall be furnished to the Finance Division and Planning and Development Division at least 10 days before the meeting of the DDWP; Planning and Development Division will also have the right to express their views on the PC-I and to attend the meeting of the DDWP. (iv) A copy of the scheme finally approved by the DDWP will be promptly furnished to the Planning & Development Division and Ministry of Finance (Development Wing). (Planning and Development Division's letter No.20(1) DA/PC/2000, dated 19 th June, 2000)

S. No	Authority	Sanctioning Power
4	Autonomous Bodies (Commercial/Non-Commercial)	<p>The autonomous organization whether commercial or non-commercial having board by whatever name called, would be competent to sanction their development schemes with 100% self-financing with no government guarantee and involving less than 25% foreign exchange/foreign assistance, subject to the following:-</p> <p>(i) A Development Working Party should be constituted by each organization and notified to consider and approve their self-financed projects.</p> <p>(ii) The Development Working Party should be headed by the Chairman/Head of the Organization and, among others, should include representatives of the Planning & Development Division, the Finance Division, and the Ministry/Division concerned, each not below the rank of Joint Secretary.</p> <p>(iii) The quorum of the Development Working Party should be incomplete without the presence of either representative of the Finance Division and the Planning and Development Division. In case either of these Divisions does not agree to the project proposal or any aspect thereof, the case would be referred to the CDWP for consideration.</p> <p>(iv) The decision of the Development Working Party will be subject to the endorsement of the board of the organization.</p> <p>(Planning and Development Division's letter No.21(2-Gen)/PIA/PC/2004, dated 18th December, 2004)</p>
	Federally Administered Tribal Areas (FATA)	

S. No	Authority	Sanctioning Power
5	Agency/FR Development Sub-committee (ADSC/FRDSC)	Up to Rs.20 million. (Planning and Development Division's letter No.4(1-43) PIP/PC/2006-07, dated 6 th July, 2006)
6	FATA Development Working Party (FDWP)	Above Rs.20 million and up to Rs. 200 million. (Planning and Development Division's letter No.4(1-43) PIP/PC/2006-07, dated 6 th July, 2006)
	Northern Areas	
7	Northern Areas Departmental Development Working Committee (NADDWC)	Up to Rs.20 million. (Kashmir Affairs & Northern Areas Division's notification No.14(11/99-CS, dated 26 th November, 1999)
8	Northern Areas Development Working Party (NADWP)	Up to Rs. 100 million (Kashmir Affairs & Northern Areas Division's notification No.14(1)1/99-CS dated 26 th November, 1999)
	Azad Government of the State of Jammu & Kashmir	
9	AJ & K Development Working Party	Up to Rs.40 million.

S.No	Authority	Sanctioning Power
10	AJ & K Cabinet Development Committee	Up to Rs.200 million.
	Islamabad Capital Territory (ICT)	
11	Islamabad Development Working Party	Up to Rs.40 million. (Planning and Development Division's letter No.20(1) DA/PC/2000, dated 18 th November, 2000)

15. This O.M shall be issued subject to the following conditions:-

- (a) Except as set out in sub-para (b) below this O.M supersedes this Division's O.M.No.F.3(4) Exp.III/2000, dated 30th June,2000.
- (b) In cases that had arisen before the date of the coming into effect of this O.M. the instructions contained in this Division's O.M.NO.F.3 (4) Exp.III/2000, dated 30th June, 2000 shall apply;
- (c) This system shall not be applicable to Defence Services where the Revised System of Financial Management for Defence Services as introduced in Ministry of Defence letter No. F.1/335/81/D-21 (Budget) dated the 26th December, 1981 as modified from time to time, shall continue to be in force.

-Sd/-
(Tauqir Ahmed)
Addl. Finance Secretary (Exp)
Ph: 9202576

Secretaries/Additional Secretary In charge of Ministries/Divisions

Copy forwarded to :-

1. President's Secretariat (Public/Personal), Islamabad.
2. Prime Minister's Secretariat (Public/Personal), Islamabad
3. Supreme Court of Pakistan, Islamabad.
4. Federal Shariat Court, Islamabad
5. National Assembly Secretariat, Islamabad
6. Senate Secretariat, Islamabad
7. Wafaqi Mohtasib's Secretariat, Islamabad
8. Federal Tax Ombudsman's Secretariat, Islamabad
9. Election Commission of Pakistan, Islamabad
10. Auditor General of Pakistan, Islamabad
11. Controller General of Accounts, Islamabad
12. A.G.P.R., Islamabad
13. Chief Accounts Officer, Ministry of Foreign Affairs, Islamabad
14. Finance Division (Military) Rawalpindi.
15. Central Directorate of National Savings, Islamabad
16. Monopoly Control Authority, Islamabad
17. Pakistan Mint, Lahore-9
18. Federal Treasury Office, Islamabad/Karachi
19. All Officers/FAs/DFAs, Finance Division, Islamabad
20. Chief Secretaries, Governments of Punjab/Sindh/NWFP/Balochistan.
21. Chief Secretary, Azad Government of Jammu & Kashmir, Muzaffarabad.

-Sd/-
(Obaidur Rehman Khan)
Deputy Secretary (Exp)
Ph: 9211079

Annex-I

See para 8(a) of the Finance Division's O.M.No.F.3(2) Exp-III/2006
dated 13-9-2006

**FINANCIAL POWERS DELEGATED TO THE MINISTRIES/DIVISIONS AND
THE HEADS OF THE DEPARTMENTS.**

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
1	Creation of temporary posts	The creation of new posts in the Current Expenditure shall require the approval of the Finance Division, even when these are included in the current budget. The Secretaries of the Ministries/Divisions shall have full powers to create new Post(s) in the Development Expenditure/PSDP, included in PC-I or PC-II after the approval of the project by the relevant forum subject to availability of development budget against Employees Related Expenses. These posts shall be continued on year to year basis till the completion of the project. Such post(s) will cease to exist on the closure / completion of the project. After completion of the project and submission of PC-IV, the barest minimum and essential post(s) shall be	Heads of Foreign Missions may create a temporary post for a maximum period of 5 days for enabling the transferred official to brief the incoming official and to hand over to him accountable documents etc.	(i) A post in any office or department which has remained vacant for a period of three years or more shall be deemed to have been abolished. The powers for revival of that post shall not be exercised without obtaining prior approval of the Financial Adviser. (ii) Financial Adviser's concurrence for continuance of temporary posts in the next financial year may be sought well before the beginning of that year so that the posts not agreed to by the Financial Adviser are not continued in the next financial year even for a day. (iii) The proposals

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		Converted from Development Expenditure to Current Expenditure with the approval of the Financial Adviser.		for creation of temporary posts belonging to Occupational Groups/Services administratively controlled by the Establishment Division will first be referred to the Establishment Division for clearance.
2	Conversion of a temporary post into a permanent post	Full powers, subject to the following condition: Posts which have been in existence continuously for five years or more, and have been created for work of a permanent nature, and are likely to continue for an indefinite period.	As in column3.	Details of temporary posts converted into permanent during the course of a financial year, which are proposed to be transferred from Part-II to Part-I of the budget for the next year, should invariably be reported to the Financial Adviser before the 1st October, every year.
3	Abolition of posts	Full Powers	As in Column3.	
4.	Reimbursement of Medical Charges	Full powers subject to availability of budget	As in Column3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
5.	Re-appropriation of funds	<p>Full powers, subject to the observance of the following general restrictions and to the supply of a certificate to Audit by the administrative Ministry/Division while issuing orders for re-appropriation to the effect that the expenditure to be met by re-appropriation from the relevant minor and detailed objects was not foreseen at the time of budget; the expenditure cannot be reduced nor can it be postponed to the next year; and the expenditure in question was not specifically disallowed by the Finance Division at the time of approving the budget estimates.</p> <p>General Instructions:</p> <p>II. (a) No appropriation or re-appropriation may be made:</p> <p>i) from one grant to another;</p> <p>ii) after the expiry of the financial year;</p>	As in Column3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		iii) between funds authorized for expenditure charged on the Federal Consolidated Fund and other expenditure; (b) Funds may not be appropriated or re-appropriated to meet: i) any item of expenditure which has not been sanctioned by an authority competent to sanction it; ii) expenditure on a "new service" not provided for in the budget estimates authorized for the year; and iii) Expenditure for a purpose the allotment of which was specifically reduced or refused by the National Assembly. (II) All powers of appropriation and re-appropriation conferred upon Administrative Ministries/ Divisions / Departments/Sub-ordinate Offices		

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		<p>and other authorities. are subject to the condition that without the previous consent of the Financial Adviser Finance Division:</p> <p>(a) An authority may not meet, by re-appropriation, expenditure which it is not empowered to meet by appropriation;.</p> <p>(b) lump-sum provision for expenditure included in a grant may not be appropriated or expropriated;</p> <p>(c) No re-appropriation may be made:</p> <p>(i) from Development to Current Expenditure and vice versa;</p> <p>(ii) from to, or within the Employees Related Expenses, from Operating Expenses" Communication Telephone & Trunk Calls, Telex, Tele printer & FAX, Electronic Communication; Utilities: Gas, Water,</p>	<p>If funds to meet a new service are available under the relevant grant, re-appropriation for such new service may be made after a token sum has been 'allocated through a Supplementary Grant.</p>	

SL. NO	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		<p>Electricity; Secret Service Expenditure, Unforeseen Expenditure for Disaster Preparedness & Relief and Occupancy Costs.</p> <p>iii) of provision specifically made in the budget for expenditure in foreign exchange to expenditure in local currency; and</p> <p>iv) Of provision allowed as Supplementary Grant;.</p> <p>(d) Funds may not be appropriated or re-appropriated to meet any expenditure, which is likely to involve further outlay in a future financial year.</p> <p>(III)</p> <p>(a) Ministry / Division / Department/Subordinate Office (including any autonomous body) shall be authorized to re-appropriate funds from one development scheme to another development scheme.</p>		<p>In the case of expenditure on works, the conditions laid down in paragraphs 31 and 32 of Appendix 6 to the Central Public Works Account</p>

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		<p>In exceptional cases, however, re - appropriation of such funds may be allowed, where necessary, by Financial Adviser on the recommendation of Planning and Development Division.</p> <p>(b) In the case of development schemes controlled! executed by the Planning and Development Division themselves, approval for re-- appropriation of funds from one development scheme to another, if necessary, shall be made with the prior approval of the Financial Adviser to that Division.</p>		<p>Code shall also apply.</p> <p>Appropriation or re-appropriation in accordance with provisions of S.No.5(I), (II) and (III) in Column 3 by a competent authority will, if that authority is authorized to sanction the expenditure in question, operate as sanction to such expenditure.</p>
6	Power to declare Stores surplus or unserviceable	Full powers, subject to prescribed conditions	As in column 3.	Heads of Pakistan Mission abroad may exercise these powers in accordance with approved scales, in respect of the residences of officers subordinate to them.

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
7	Powers to sell surplus or unserviceable stores and stocks by auction.	Full powers, subject to the prescribed conditions.	As in column 3.	Heads of Pakistan Missions abroad may exercise these powers in accordance with approved scales, in respect of the residences of officers subordinate to them.
8	Write off of irrecoverable value of stores or public money due to losses on account of fraud, theft, etc.	(i) Up to Rs.5000,000 (Rupees five Million) in each case, provided that:- (a) The loss does not disclose a defect of system the amendment of which requires the orders of higher authority; and (b) There has not been any serious negligence on the part of some individual government officer or officers, which may possibly call for disciplinary action requiring the orders of any higher authority.	Up to Rs. 100,000 (Rupees One hundred thousand) subject to observance of conditions mentioned in Column3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		(iii) Powers to write-off of losses up to a limit of Rs. 200,000(Rupees two Hundred Thousand) to cover deficiencies on account of breakage, shortage in transit, wastage, spoilage and bottling, dryness in storage and depreciation on account of wear and tear fluctuations in market prices and obsolescence.		Subordinate Authorities already enjoying the powers in (ii) of column 3 beyond this limit may continue to exercise those powers
9.	Expenditure against provision in the budget shall be sanctioned in the following manner : -			
	<u>Project Pre-Investment Analysis</u> (1) Feasibility studies, research and surveys and exploratory operations.	Full powers, subject to the prescribed conditions.	As in Column 3.	
	<u>Operating Expenses</u> (2) Travelling allowance.	Full powers, subject to the prescribed conditions.	As in Column 3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
	(3) Transportation of goods.	Full powers.	As in Column 3.	
	(4) POL charges and CNG charges.	Full powers, subject to observance of ceiling where applicable	As in Column 3.	
	(5) Conveyance charges.	Full powers, subject to the prescribed conditions.	As in Column 3.	
	(6) Postage and Telegraph	Full powers.	As in Column 3.	
	(7) Telephone and Trunk calls.	Full powers, subject to observance of ceiling where applicable	As in Column 3.	
	(8) Telex, Tele-printer and Fax.	Full powers, subject to observance of ceiling where applicable	As in Column 3.	
	(9) Electronic Communication.	Full powers, subject to observance of ceiling where applicable	As in Column 3.	
	(10) Courier and Pilot services.	Full powers.	As in Column 3.	
	(11) Utilities (Gas, Water, Electricity) Hot & Cold Weather charges.	Full powers, subject to observance of ceiling where applicable.	As in Column 3.	
	(12) Office Stationary.	Full powers.	As in Column 3.	
	(13) Printing & Publications.	Full powers, provided that printing at a press other than a press of the Printing Corporation of Pakistan,	As in Column 3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		should be undertaken only if the Principal Accounting Officer is satisfied that it is in public interest to do so and records a certificate to that effect.		The job of printing material of sensitive and classified nature shall continue to be performed by Printing Corporation of Pakistan. The Principal Accounting Officer shall determine the nature of such printing material.
	(14) Newspapers, Periodicals and Books.	Full powers.	As in Column 3.	
	(15) Uniforms and Liveries.	Full powers, provided that the purchase of uniforms and liveries shall be made subject to the prescribed scales and prices.	As in Column 3.	
	(16) Rent of non-residential buildings.	(i) Works Division & Defence Division, full powers. (ii) Ministry of Foreign Affairs. Full powers. In respect of Pakistan Missions Abroad. (iii) Other Ministries / Divisions: (a) Up to Rs.100,000 (Rupees One		The powers to incur expenditure on rent of “non-residential” and “residential” buildings shall be subject to the approved rates and scales. In sanctioning rents, merits and local conditions in each case will be kept in mind.

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		Hundred Thousand) per month for Islamabad / Rawalpindi / Lahore / Karachi / Peshawar / Quetta. (b) Up to Rs.50, 000 (Rupees Fifty Thousand) per month for other places, or as approved from time to time.		
	(17) Rent of Residential Buildings.	(i) Full powers to incur expenditure from within the sanctioned budget grant as per prescribed rental ceiling and grant one year advance payment of rent during the least period and subject to availability of funds. (ii) Ministry of Foreign Affairs: Full powers in respect to Pakistan Missions Abroad.	As in Column 3.	1) In sanctioning rent, merits and local conditions in each case will be kept in mind. 2) Powers at (i) and (ii) in Column 3 may be exercised only in the case of government servants who are entitled to provision of residential accommodation under any general or specific orders.
	(18) Consultancy and Contractual Work.	Full Powers subject to observance of prescribed conditions.	As in Column 3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
	(19) Royalties, Rates and Taxes, Rent of machine and Equipment	Full powers.	As in Column 3.	
	(20) Training Domestic	Full powers.	As in Column 3.	
	(21) Payment to Government Departments for services rendered	Full powers.	As in Column 3.	
	(22) Essay writing and Copy writing	Full powers.	As in Column 3.	
	(23) Law Charges	Full Powers, in consultation with Law Division.	As in Column 3.	
	(24) Fees to Law Officers	Full Powers, in consultation with Law Division.	As in Column 3.	
	(25) Exhibitions, Fairs and Other National Celebrations	Full powers.	As in Column 3.	
	(26) Advertising and Publications	Full powers, subject to prescribed conditions.	As in Column 3.	
	(27) Payment to Others for services rendered	Full powers, subject to prescribed conditions.	As in Column 3.	
	(28) Purchase of drugs and medicines.	Full powers.	As in Column 3.	
	(29) Contribution and Subscription.	Full powers.	As in Column 3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
	(30) Expenditures on Pakistan delegations to Foreign Countries,	Full powers, subject to prescribed conditions.	As in Column 3.	
	(31) Loss on Exchange	Full powers, subject to prescribed conditions.	As in Column 3.	
	(32) Secret Services Expenditure	Full powers, subject to prescribed conditions.	As in Column 3.	
	(33) Conferences/ Seminars/ Workshops/ Symposia	Full powers, subject to prescribed conditions.	As in Column 3.	
	(34) Unforeseen Expenditure & Others (General)	Rs. 100,000.00 (Rupees One Hundred Thousand)	Rs. 50,000.00 (Fifty Thousand)	
	<u>Employees Retirement Benefits</u>			
	(35) Reimbursement of Medical Charges to Pensioners.	Full powers subject to availability of budget.	As in Column 3.	
	<u>Grants</u>			
	(36) Grants domestic.	(i) Institutions wholly financed by the government:- Full powers, to release the amount specifically provided for this purpose in the budget subject to the prescribed conditions.	As in clause (i) and (ii) (a) of Column 3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		(ii) Institution not wholly financed by the government:- (a) Full powers subject to the prescribed conditions to sanction recurring grants, provided that specific budget provision the respect of each individual institution is made. (b) For non-recurring grants not covered by the rules; Up to Rs. 10,000.00 (Rupees ten Thousand) in a year subject to the prescribed conditions provided that budget provision exists.		
	<u>Transfers</u>			
	(37) Scholarships, Bonuses and Other Awards.	Full powers in accordance with the approved rates or scales.	As in Column 3.	
	(38) Entertainment.	(i) For light refreshment not exceeding Rs. 30 (Rupees Thirty) per head at meetings convened for	As in (i) of Column 3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		<p>official business. Decision to incur such expenditure will be taken only by officers of and above the status of Joint Secretary.</p> <p>(ii) For receptions, lunches and dinners: Up to Rs. 40,000.00 (Rupees Forty Thousand) in each case for Ministries/Divisions subject to the condition that per head expenditure including taxes and soft drinks etc should not in any case exceed Rs. 1200 (Rupees Twelve Hundred).</p>		<p>Welcome or farewell receptions, lunches and dinners to Government functionaries should not be arranged of public exchequer.</p> <p>(a) Not with-standing the provision of para 8 (d) of this O.M. the powers at (ii) and (iii) of column 3 shall not be delegated by the Secretaries of administrative Ministries/Divisions and elsewhere.</p> <p>(b) The expenditure involved shall be subject to availability of budget. No proposals for re-appropriation of fund from the restricted heads as mentioned at</p>

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
				SI. No 5 above and Supplementary Grant shall be entertained by Finance Division.
	(39) Gifts	Up to Rs. 10,000 (Rupees Ten Thousand) in one year subject to availability of budget.		(a) For presentation to foreign dignitaries only. (b) Subject to the conditions mentioned under SI.No.9(83)(b) Column 5 above.
	<u>Expenditure on Acquiring of Physical Assets.</u>			
	(40) Purchase of Building Computer Equipment, Commodity purchases (Cost of State), Other Stores and stocks, Transport, Plant and Machinery, Furniture and purchase of Other Assets	Full powers, subject to observance of prescribed conditions & instructions of Cabinet Division, regarding purchase of transport.	As in Column 3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
	(41) Civil works on Roads, Highways & Bridges, Irrigation works, Embankment and Drainage Works, Buildings & Structure, other works and Telecommunication works and Drought Emergency Relief Assistance (DERA) works.	Approved Development Schemes. Full powers, subject to release of funds with the prior approval of Financial Adviser as provided under Para 13(vii) of this O.M. Non-Development Works Up to Rs. 1,000,000 (Rupees One Million).		Includes powers for purchase of land for Pakistan missions abroad and construction of building thereon.
	<u>Repairs & Maintenance</u>			
	(42) Transport	Rs. 100,000 (Rupees One Hundred Thousand) at any one time to one or any number of vehicles used by the Ministry/Division	As in Column 3.	US\$ 2000 (\$ Two Thousand) at any one time to one or any number of vehicles used by the Pakistan Missions Abroad.
	(43) Machinery and Equipments, Furniture and Fixture and Computer Equipment.	Full powers, subject to the prescribed conditions.	As in Column 3.	i) Heads of Missions Abroad may exercise these powers in accordance with approved scales in respect of the

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
				residence of the officers subordinate to them. ii) Heads of Pakistan Missions may incur expenditure on repairs up to 10% of assessed market value of furniture and furnishing per final year.
	(44) Building & Structure of Pakistani Missions abroad owned by the government of Pakistan.	Ministries of Foreign Affairs; per financial year Up to 10% of annual standard rent.	As in Column 3.	
	(45) Building & Structures (hired and the requisitioned)	Accommodation for office and residential purpose: Up to two months rent as the land lord's liability limited to the lease period of not less than three years.		Heads of Missions: Up to \$200 (\$ Two Hundred) per annum within the financial year. No liability shall be incurred for government on this account.

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
	(46) Powers to give administrative approval to work in respect of non residential buildings.	Works Division Up to Rs. 2000,000 (Rupees Two million) Other Ministries and Divisions Up to Rs. 500,000 (Rupees Five Hundred Thousand).		
10	Powers to order refund in accordance with the rules or in pursuance of decisions of courts in respect of which no appeal is proposed to be filed.	Full powers	As in Column 3.	
11	Compensation payable to any individual under law, rules, or judgment of courts.	Full powers	As in Column 3.	
12	Charges for remittance of pay and or allowance of establishment by money order or by bank drafts, other than leave salary	Full powers	As in Column 3.	
13	Powers to sanction investigation of claims of government servants to	Full powers subject to restrictions under paras 125 and 126 of GFR Vol-I.	As in Column 3.	Claims of government servants to arrears of pay and allowances or increments, or in respect of any

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
	arrears of pay, allowances, etc.			underpayments, which have been allowed to remain in abeyance for period exceeding one year may not be investigated by an Accountant General, except under the special orders of the competent authority, as vested under para 124 of GPR Vol-I.
14	Fixation of initial pay by grant of premature increments in cases of first appointment under government of persons not already in the service of the Federal, or a Provincial Government.	<p>Powers to grant no more than six premature increments for the initial fixation of pay subject to the following conditions:-</p> <p>(a) In cases of persons appointed through the FPSC, premature increments should be granted on the recommendations of FPSC, and in consideration of the fact that suitable persons of requisite qualifications are not available in the minimum pay of the post.</p>	As in Column 3.	Six advance increments can also be allowed to those nominees of FPSC who are already in government service over and above the minimum of the respective pay scale to which they are appointed and not over and above their protected pay under FR.22.

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		<p>(b) No premature increments should be granted in cases of 'ad-hoc' appointments in anticipation of FPSC's recommendations.</p> <p>(c) In posts where appointment is not made through FPSC, premature increments should be granted only after the appointing authority certifies that suitable persons of requisite qualifications are not available on the minimum of the sanctioned pay scale of the posts.</p>		
15	Fixation of initial pay of an officiating government servant on appointment to another post in a time scale of pay.	Power to fix the initial pay in the time-scale of the new post at the stage at which it would have been fixed under the rules if the officiating pay in respect of the old post was the substantive pay, of the government servant provided that:-	As in Column 3.	In case where the initial pay in the time scale of a new post is fixed in exercise of these powers, the government servant will, for the purposes of subsequent drawals of pay in that post (and for these purposes only), be treated

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		<p>(a) The government servant concerned has held that post for a period of three years continuously (including period of leave) or would have held it for that period if not appointed to the other post; and</p> <p>(b) The appointing authority certifies that the government servant was not officiating in a leave or short term vacancy (sanctioned for less than one year) and was not likely to revert to a lower post at least for the period during which he/she holds the new post</p>		as if the government servant were holding a lien on the old post.
16	Fixation of scales/rates of pay and allowance of posts in Pakistani Mission abroad to which recruitment is made locally.		Full powers to the Head of Pakistani Mission abroad concerned to sanction increase in scales / rates of pay corresponding to the increase allowed by the local government subject to the availability of budget provision.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
17	Sanction to the undertaking of work for which an honorarium is offered and the grant of acceptance of an honorarium.	Full powers Up to the level of Section Officer and equivalent. The amount should not exceed one month's pay of the government servant concerned on each occasion. In the case of recurring honoraria, this limit applies to the total of recurring payments made to an individual in a financial year.	As in Column 3.	The powers will be exercised subject to the condition that the relevant rules and policy instructions issued by the Finance Division from time to time are duly observed and that the grant of honorarium is not used as a device to compensate a government servant for special pay etc. not admissible under the rules. No expenditure should be incurred on honoraria in excess of the specific provision made for this purpose in the sanctioned budget grant and that if expenditure in cases of such provision becomes necessary at some stage, prior concurrence of the Financial Adviser shall be necessary before such expenditure is incurred.

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
				Notwithstanding the provisions of para 8 (d) of this O.M this power shall not be delegated by the Secretaries of administrative Ministries/ Divisions and Heads of Departments to the officers subordinate to them in Ministries / Divisions and Departments
18	Sanction of honoraria to government servants in connection with departmental examinations in accordance with the rules.	Full powers, in accordance with approved rates or scales.	As in Column 3.	
19	Powers to sanction the undertaking of work for which a fee is offered and acceptance of fee.	Full powers	As in Column 3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
20	Exemption form crediting portion of fees to government.	Full powers in respect of fees paid to government servants for services rendered in Pakistan	As in Column 3.	One third of any fee in excess of \$ 1000 (\$ One thousand) or equivalent received by a civil servant for a foreign consultancy outside Pakistan shall be credited to general revenues.
21	Relaxation of the prescribed time limit for submission of TA Bill.	i. Where no TA advance was drawn: Full powers. ii. Where TA advance was drawn: TA adjustment bill should be submitted within one year of the date of performance of journey by the government servant, failing which the advance will be recovered.	As in Column 3.	
22	Relaxation of the prescribed time limit where the family of transferred government servant could	Full powers , subject to the following conditions: (i) Instructions contained in Government Decision No.15 under S.R. 116	As in Column 3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
	not join within one year due to shortage of accommodation, education of children or on medical or compassionate grounds.	are duly observed. (ii) Where advance of TA has been drawn in respect of the family members and the family did not accompany the government servant, the advance would be refunded within one year.		
23	Relaxation of the prescribed time limit in respect of a member of the family of a transferred government servant preceding him.	Full powers provided that the family performed the journey after the transfer orders for the government servant were issued.	As in Column 3.	
24	Powers to decide the amount of permanent travelling allowance to be drawn by a government servant holding more than one post to which permanent travelling allowance is attached.	Full powers, provided that the limit laid down in SR 24 is not exceeded.		

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
25	Relaxation of prescribed time limit where the family could not follow a government servant granted leave travel concession within the prescribed period of one month on medical grounds or due to private affairs	Full powers, subject to the adjustment of TA advance within twelve months.	As in Column 3.	
26	Grant of permission for the family to precede a government servant granted leave travel concession.	Full powers, subject to the condition that the family precedes the government servant after the formal sanction of leave.	As in Column 3.	
27	Grant of TA concession during leave where leave is combined with extraordinary leave due to circumstances beyond the control of government servant.	Full powers	As in Column 3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
28	Permission to travel by air on transfer to a Pakistani Mission abroad in cases where air route is not the approved route.	Full powers to send an official by air. The decision shall be taken at the level of Secretary.		
29	Grant of travelling and daily allowance to non- official members of Commissions/ Committees etc. setup by the government and to foreign experts.	Daily allowance Up to the maximum rates admissible to government servants, and in addition, where the person concerned has, of necessity, to stay in a hotel, reimbursement of actual single room-rent subject to the production of hotel receipts/vouchers, Up to the maximum rate admissible to government servants.		
30	Grant of daily allowance for compulsory halt due to dislocation of communications	Full powers.	As in Column 3.	
31	Grant of extraordinary leave to temporary government servants Up to one year for reasons beyond their control.	Full powers	As in Column 3.	As prescribed under Revised Leave Rules, 1980

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
32	Grant of leave terms to employees appointed on contract.	Full powers to the extent covered by model rules laid down in Appendix-10 to FR & SR Vol-II.	As in Column 3.	In terms of Item No. 8 of the standard terms and conditions laid down vide Establishment Division's O.M. No.10/52/95-R-2, dated 18-7-1996.
33	Grant of special disability leave.	Full powers provided that the disability manifests itself within three months after the occurrence of its cause.	As in Column 3.	
34	Grant of advance to government servants from various provident funds	Full powers, subject to the condition that advance will be allowed in a manner that only one advance will remain outstanding at one time.	As in Column 3.	
35	Permission to postpone recovery of advance drawn from the GP Fund for a specified period.	Powers to postpone recovery of advance for a period not exceeding two years.	As in Column 3.	
36	Grant of advance for the purchase of Motor Car/ Motor Cycle to temporary government servants.	Full powers subject to the production of surety bond and fulfilment of other conditions prescribed by the rules.	As in Column 3.	

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
37	Relaxation of the time limit of one month within which purchase of conveyance should be completed.	Full powers to raise the limit Up to six months.	As in Column 3.	
38	Authorization of the final payment of the dues of a deceased government servant to the members of family, dispensing with the production of succession certificate and guardianship certificate in the case of minor heir (s)	Full powers subject to the production of indemnity bond or provided that the amount or balance standing to the credit of a deceased subscriber in the fund is to the extent of Rs.20, 000 (Rupees Twenty thousand).	As in Column 3.	The amount is paid in accordance with the provisions of Clause (I) of sub-rule (I) of rule 234 of the Federal Treasury Rules Volume. I.
39	Question of deciding the real legal heir (s) in case where there is no nomination or the nomination is incorrect or invalid.	Full powers in consultation with the Law Division.	As in Column 3.	
40	Condonation of interruption of service.	Full powers provided each spell of service is qualifying but not in the case of voluntary retirement, or on resignation from public service.		Subject to fulfilment of conditions given under Civil Service Regulations (CSR) 420.

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
41	Condonation of deficiency in qualifying service for pension.	<p>Up to any period, less than a year if both the conditions mentioned below are satisfied:-</p> <p>i. If a government servant dies while in service or retires under circumstances beyond control such as on invalidation or abolition of the post and would have complete another year of qualifying service if he/she had not died or retired.</p> <p>ii. The service rendered was meritorious as laid down under CSR 423 (2) (b).</p>		The powers shall not be exercised in the case of government servants who have rendered less than 5 years continuous services.
42	Grant of conveyance allowance	Powers to sanction conveyance allowance to government servants whose ordinary duties involve extensive travelling at or within a short distance from the headquarters in terms of SR 25, provided that:-		Subject to rates approved by the Finance Division.

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		(a) The powers shall not be available in respect of officers and staff of the Ministries/ Divisions; and (b) The expenditure can be met from within the sanctioned budget provision;		
43	Powers to sanction deputation of government servants	I. <u>Temporary Duty Abroad</u> Full powers subject to the following conditions and the orders issued by the Finance Division from time to time:- (i) The approval of the competent authority has been obtained in accordance with the existing orders. (ii) Where no expenditure in foreign exchange on passage, daily allowance, registration fee, contingent items, etc. is involved: or where expenditure on pay, passage, daily allowances, or registration fee is		

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		<p>involved but it is to be borne by the Ministry/Division concerned under the normal rules from within the foreign exchange allocation made for the specified period.</p> <p>(iii) Sanction of drawal of pay, daily allowance etc, to the extent admissible under the normal rules, in foreign exchange in advance, if the duration of visit is up to one month and the rupee cover is provided by the government servant concerned.</p> <p>(iv) Grant of permission to the government servant to take his wife with him to the place of visit at this own expense or when expenses on wife's passage are borne by the host government/ agency, provided that no additional</p>		

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		<p>foreign exchange is involved and that the wife travels exclusively by a Pakistani carrier, like PIA etc.</p> <p>II. <u>Training – International</u></p> <p>Full powers subject to the following conditions:-</p> <p>(i) Budget provision exists.</p> <p>(ii) The prescribed procedure is observed and approval of competent authority is obtained in accordance with the existing rules.</p> <p>(iii) The terms of deputation are in accordance with the general orders issued by the Finance Division on the subject from time to time.</p> <p>(iv) Foreign exchange expenditure is met out of the sanctioned allocation for the specified period.</p>		

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		<p>(v) Sanction of drawal of pay in advance in foreign exchange for a period not exceeding one month, if the rupee cover is provided by the government servant concerned.</p> <p>(vi) Grant of permission to government servant to take his wife with him on training abroad in the following cases:-</p> <p>a) Where the period of training is more than one year;</p> <p>b) Where the period of training is one year or less and the cost of wife's passage is borne by the donor government/ agency; and</p> <p>c) Where the period of training is more than six months but not more than one year and the government servant concerned bears cost of wife's passage etc.</p>		<p>In both the cases mentioned at (vi) (a) and (b), the government servant will draw his full pay and allowances (excluding compensatory allowances) in foreign exchange for the period of stay of his wife abroad. The permission shall be granted by the Secretary or the Additional/ Joint Secretary In charge of a Division, who will certify that it would be desirable for the government servant to take his wife along with him.</p>

SL. NO.	NAME OF POWERS	POWERS DELEGATED TO THE MINISTRIES/ DIVISIONS	POWERS DELEGATED TO THE HEADS OF DEPARTMENTS	REMARKS
1	2	3	4	5
		provided the no additional foreign exchange is involved, the wife travels exclusively by a Pakistani carrier like PIA etc, and the government servant concerned shall draw, in foreign currency, 50% of pay as admissible under the normal rules		The Secretary/ Additional Secretary/ In charge shall also satisfy that the salary, subsistence allowances etc, admissible in foreign exchange is adequate to cover the expenses.
44	Advance payment to the government departments and government owned/ controlled organizations, in exceptional cases only.	Full Powers, subject to adjustment of pervious advance, if any.	As in column 3.	

**(See para 13 (viii) of the Finance Division's
O.M.No.F.3 (2) Exp.III/2006, dated 13-9-2006)**

Supplementary Grants

The provisions regarding supplementary grants as contained in the Constitution of the Islamic Republic of Pakistan and General Financial Rules are reproduced below:-

Constitutional Provision regarding Supplementary Grants

Article 84. If in respect of any financial year it is found

- a) that the amount authorized to be expended for a particular service for the current financial year is insufficient, or that a need has arisen for expenditure upon some new service not included in the Annual Budget Statement for that year ; or
- b) that any money has been spent on any service during a financial year in excess of the amount granted for that service for that year;

the Federal Government shall have power to authorize expenditure from the Federal Consolidated Fund, whether the expenditure is charged by the Constitution upon that Fund or not, and shall cause to be laid before the National Assembly a Supplementary Budget Statement or, as the case may be, and Excess Budget Statement, setting out the amount of that expenditure, and the provisions of Articles 80 to 83 shall apply to those statements as they apply to the Annual Budget Statement.

General Financial Rules

Para 98(1)(iv) “If such savings are not available, it should be seen whether special economies can be effected under other sub-heads. If funds cannot be provided by either of these methods, it will have to be considered whether the excess should be met by postponement of expenditure or whether an application for a supplementary grant should be made. In either case, application will have to be made to the Ministry of Finance through the Administrative Department concerned and the course recommended by the latter stated. Normally, an application for a supplementary grant will not be entertained

by Government unless the anticipated excess is due to a cause beyond the control of the authority concerned and funds cannot be found by any legitimate postponement of expenditure for which provision already exists. All applications for supplementary grants should be accompanied by a full explanation of the reason for the excess and of the impossibility of providing funds to meet it”.

2. Keeping in view the above principles, the request for a Supplementary Grant should be made in a summary to be signed by the Principal Accounting Officer. The Summary should contain the information as indicated in the enclosed proforma (Appendix to Annex-II)

3. The Summary may be forwarded to the Finance Division. If the proposal is approved by the Finance Division, necessary sanction will be issued by the Division concerned under intimation to the Budget Wing of the Finance Division. The sanction letter shall state that it issues with the concurrence of the Finance Division and a copy of the sanction shall be endorsed to Audit by the Deputy Financial Adviser.

Appendix to Annex-II

PROFORMA FOR SUPPLEMENTARY GRANTS.

- (1) Budget Year
(2) Demand No.
(3) Demand Name:
(4) Department Name:
- (5)

Charged

Other then Charged

Current

Development

- Tick the Box applicable*
- (6) Total expenditure involved in the proposal in the current year and the following years both recurring and non-recurring.
- (7) An analysis of the Demand to which the expenditure is debit able indicating:-
- (a) Amount provided detailed object-wise;
- (b) Particulars of expenditure already incurred under each detailed object; and
- (c) Particulars of commitment (including sanctions already issued) and plan of expenditure under each detailed object for the remaining part of the financial year.
- (8) Reasons why provision was not made in the budget.
- (9) The reasons why some of the contemplated expenditure at (7)(c) above cannot be dropped/ curtailed to accommodate the present proposal.
- (10) Reasons as to why the proposed expenditure cannot be postponed to a subsequent year;
- (11) Detailed justification of the proposal: and
- (12) Confirmation that no saving to meet the proposed expenditure is available under all the Demands controlled by Principal Accounting Officer.

Name & Signature of Principal Accounting Officer

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ANNEXURE-XXII

GOVERNMENT OF PAKISTAN

No.

The Accountant General,
Pakistan Revenues,
Islamabad.

Subject:- SURRENDER OF SAVINGS OUT OF DEMAND NO.
DEVELOPMENT EXPENDITURE OF FOR
THE YEAR _____

Sir,

I am directed to convey the sanction of President of Pakistan to surrender an amount of Rs _____ (_____) from demand No. _____ for the year _____ as per details given below:

Function cum Object Classification 015201-Planning	
Name of the Project	
Heads of Account from whom an amount has to be surrendered separately	

Copy forwarded for information”

1. Project Director (Name of Project)
2. Deputy Financial Advisor
3. Accounts Officer (A&B)
4. Accounts Officer Report Sector AGPR
5. Accounts Officer (B. Wing) Finance Division, Islamabad

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ANNEXURE-XXIII

**No. 21(40) /PIA/PC/200
GOVERNMENT OF PAKISTAN
PLANNING & DEVELOPMENT DIVISION**

Muhammad Zia ur Rehman
Secretary
Tele: 9212831

Islamabad, the 26th May 2007

**Subject: SUBMISSION OF REVISED SCHEMES WHEN COST EXCEEDS
BEYOND 15% PERMISSIBLE LIMIT FOR ORIGINAL
APPROVED SCHEMES**

It has been observed in a number of cases during CDWP/DDWP meetings that expenditure continued to be incurred on the schemes even when its cost had exceeded the approved cost. In this connection attention is drawn to the Cabinet Division's letter No. 5/CF/75 dated 7th May, 1975 (Annex-I), according to which the executing agency should start preparing the revised scheme immediately when it is known that the cost of the scheme is going to rise beyond permissible limit of 15%. It is further added that the 15% permissible limit is allowed only in respect of original approved cost and not revised cost of the scheme (Annex-II).

2. The above instructions may again be brought to the notice of all concerned including autonomous bodies under your administrative control for compliance.

3. In future, revised PC-I received in Planning & Development Division for ex-post-facto approval would not be entertained and returned without taking any further action.

-Sd/-
(Muhammad Zia ur Rehman)
Secretary

1. Secretaries/In charge of all Federal Ministries/Divisions.
2. Chairman, Planning & Development Board Punjab, ACSs(Dev)
Sindh, NWFP, Balochistan, AJK and Secretary(P&D), Northern Areas.
3. All Members, Planning Commission
4. All Technical Sections, Planning & Development Division.

Annexure-I

**NATIONAL ECONOMIC COUNCIL SECRETARIAT
CABINET DIVISION**

Iqbal Mueen,
Secretary,
Executive Committee of the
National Economic Council.

No.5/CF/75

Rawalpindi, the 16th July, 1975

My dear Secretary,

Executive Committee of the National Economic Council had repeatedly been pressing the observance of financial discipline in the matter execution of schemes. In a recent case it was again noticed by ECNEC that expenditure continued to be incurred on a scheme even when its cost had exceeded the approved cost. Instructions have separately been issued under Cabinet Division circular D.O. letter No.5/CF/75 dated 7th May 1975 requiring the executing agencies to start preparing the revised scheme immediately when it was known that the cost of the scheme is going to rise beyond the permissible limit of 15%.

2. It is considered that no difficulty should be experienced in this regard, as PC-III forms (Quarterly progress report) are prepared in respect of all such schemes and columns 6 and 7 of the said form indicate the percentages of physical completion and financial expenditure are relevant. The two percentages have close relationship. If the percentages of financial expenditure exceed percentage of physical work by more than 15% it is enough indication to show that the cost of the project would go beyond the approved cost. As soon as this indication is visible the executing agency should immediately start work on revising the scheme without stopping the actual work. In exceptional cases where the revised scheme cannot be prepared in time recourse could be taken to obtaining anticipatory approval of the Chairman, Executive Committee of the National Economic Council following the procedure outlined in the Cabinet Division circular letter referred to in para-1 above.

3. A preliminary stage when the possibility of revision of cost becomes clear is when the project is to be implemented through a few major contracts and the bids received in response to tenders make it obvious that the sanctioned cost will be exceeded.

4. I would request that these instructions should be brought to the notice of all concerned with development projects including autonomous and semi autonomous bodies under your administrative control.

Yours sincerely,
-Sd/-
(IQBAL MUEEN)

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ANNEXURE-II

**GOVERNMENT OF PAKISTAN
PLANNING & DEVELOPMENT DIVISION**

No.20(1)DA/PC/79-Vol,XIV

Islamabad the 22 June, 1980

The Chairman,
Planning & Development Board,
Government of the Punjab,
Lahore (Mr. Saeed A. Qureshi)

The Additional Chief Secretary (Dev)
Planning & Development Department,
Government of Sindh,
Karachi (Mr. R.A. Akhund)

The Additional Chief Secretary (Dev)
Planning & Development Department,
Government of NWFP,
Peshawar (Mr. Imtiaz A. Sahibzada)

The Additional Chief Secretary (Dev)
Planning & Development Department,
Government of Balochistan,
Quetta (Mr. Omar Khan Afridi)

Subject:- QUESTION WHETHER THE LIMIT OF 15% FOR INCURRING EXPENDITURE IN EXCESS OF THE ORIGINALLY APPROVED COST WITHOUT RE-SUBMITTING THE SCHEME TO THE APPROVING AUTHORITY SHOULD BE APPLICABLE TO THE SUCCESSIVE REVISIONS.

Sir,

I am directed to say that the ECNEC at its meeting held on 29-12-1974 approved the following procedure for obtaining fresh approval of a development scheme in case its cost increased by more than 15% of the originally approved cost:

“If the total estimated cost, as sanctioned increases by a margin of 15 per cent or more or if any significant variation in the nature of scope of the project has been made, irrespective of whether or not it involves an increased outlay, the approval of the ECNEC/Competent authority shall be obtained in the same manner as in the case of the original scheme without delay”.

2. A question has been raised whether or not a development scheme whose expenditure exceeded 15% of the original cost, and therefore got duly approved by the ECNEC/Competent authority in accordance with the above decision of the ECNEC is required to be submitted again for fresh approval, in case its cost increased further but the increase remained less than 15% of the revised approved cost.

3. I am directed to clarify that the permission of 15% given by the ECNEC vide decision quoted in Para-1 above is in respect of the original cost and not the revised cost of the scheme.

4. It is requested that the above clarification may be brought to the notice of all the Departments/Agencies under your control and no expenditure be allowed to be incurred over the revised approved cost unless further approved by the ECNEC/Competent authority.

Your obedient servant

-Sd/-
(S.A. Ghafoor)
Chief(DA)

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ANNEXURE-XXIV

**GOVERNMENT OF PAKISTAN
PLANNING AND DEVELOPMENT DIVISION**

No.2(1-29)DA/PC/86

Islamabad April 15, 1989

To

The Chairman,
Planning and Development Board,
Government of the Punjab,
Lahore (Mr. Zulfiqar Ali Shah).

The Additional Chief Secretary (Dev),
Planning and Development Department,
Government of Sind,
Karachi (A.M. Soomro).

The Additional Chief Secretary (Dev),
Planning and Development Department,
Government of NWFP,
Peshawar (Mr. M. Azam Khan).

The Additional Chief Secretary (Dev),
Planning and Development Department,
Government of Baluchistan,
Quetta (Mr. Ata Muhammad Jafar).

**Subject- EXTENSION IN THE PERIOD OF EXECUTION OF THE
PROJECTS**

Sir,

I am directed to say that Planning Division have been receiving sporadic requests from the Provincial Governments, Federal Ministries/Divisions for the extension of the execution period of the various approved projects beyond the prescribed/approved period given in the PC-I.

2. In the procedure prescribed by the Cabinet Division for approval of the development projects there is no mention of such extension and neither there is any embargo. The projects are required to be resubmitted for fresh approval of the competent authority only in case the scope/cost of the project increases (or decreases) beyond 15% of the original approved scope/cost, (excluding FEC fluctuation). Such premium is not allowed on the revised projects.

3. It has now been decided that in case of the non-aided projects where scope/cost of projects remains within 15% of the original approved scope/cost, the case for extension of the execution period beyond that approved in the PC-I need not to be referred to P&D Division. However, Planning and Finance Divisions may be informed when such extensions are issued by executing agencies giving reasons for the delay in execution of the project.

4. In case of the aided projects, extension if necessary may be obtained from Economic Affairs Division and P&D Division and Finance Division is informed. The Economic Affairs Division for such extension would consult the aid giving agency (agencies) and P&D and Finance Divisions if essential.

5. Federal Ministries/Divisions and Provincial Governments are requested to take note of the above instructions, issued with the approval of Deputy Chairman, Planning Commission.

Your obedient servant

-Sd/-
(FAZLULLAH QURESHI)
Chief (DA)

All Federal Ministries/Divisions
All Technical Sections, P&D Division

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ANNEXURE-XXV

**GOVERNMENT OF PAKISTAN
PLANNING COMMISSION
Infrastructure Management Unit**

No. Projects/Salary

Islamabad, the 24th February 2007

To

Director (Coord)
Projects Wing
Planning Commission
Islamabad.

Subject:- **Minutes of the Meeting on Salary Package for Development Projects
Staff held on 07-02-2007 under the Chairmanship of Deputy
Chairman, Planning Commission**

Copy of the minutes of the meeting on Salary Package for Development Projects Staff held on 7th February 2007 is forwarded to you. It is desired by the Member(I&M) that all contents of the letter be brought to the knowledge of all officers of Projects Wing.

2. For necessary action please.

-Sd/-
Lt Col(Retd)
Engr Tahir Pervaiz Dar
Staff Officer to Member(I&M)

**Subject:- MINUTES OF THE MEETING OF THE COMMITTEE ON
SALARY PACKAGE FOR DEVELOPMENT PROJECTS STAFF**

Deputy Chairman, Planning Commission presided over a meeting to review procedural bottlenecks that were impeding smooth implementation of development projects in the Food, Agriculture and Livestock Sector. Secretary Establishment, Secretary MINFAL, members Agriculture and M&D of the Planning Commission and Additional Secretary Finance were amongst those attending. A list of participants is attached as Annexure-I. Issues discussed and decisions taken are as under individual items below:

(Item-I) Payment of project allowance/market salary to govt. servants posted on development projects' posts:

2. Issue: Govt. servants posted on development project posts are not allowed to draw either market salary or project allowance even where the same is included in the project PC-I approved by the ECNEC, CDWP, DDWP, etc. The Ministry of Finance O.M. No.16(1)-R.14/2003 dated 6th of July 2005 (Annex-II) lays down different rates of project allowance entitlements for officers drawing salaries in different pay scales with the qualification that only government servants posted on posts of foreign-aided social sector projects would be entitled for such project allowance. This limitation poses a disincentive for qualified government servants who are posted against posts of non foreign-aided non-social sector development projects, even if the individuals are highly qualified for the positions and have been posted after selection for the positions through an open competition process.

3. Deputy Chairman observed that an equitable treatment should be extended to all projects posts irrespective of the source of their funding or the sector under which they are reflected so as to enable availability of the services of the best of the best individuals in the market for all projects and ensure best possible project implementation of every type of the projects. The representative of the Finance Division fully endorsed the viewpoint of the Deputy Chairman. He explained that the earlier O.M. was issued based on a decision of ECNEC at that time. He concurred that there was good ground for extending of project allowance benefit to government servants posted on all project posts provided that the approved PC-I of the project included a provision to this effect and that selection had been done on merit through an open competition process. He stated; that government servants posted without undergoing selection through an open competition process i.e. by simple transfer was not eligible to receive such project allowance but would be entitled to receive the standard deputation allowance benefit. Regarding market based salary, he said that government servants could opt for this benefit only according to the laid down government rules for the purpose. The Secretary, Establishment Division concurred with this option. Member (M&B) Planning Commission recommended that project allowance or market salary should be paid according to the approved rates to individual project PC-I document and not at fixed rates or as a proportion of the total project cost. He said that at time the nature of service required even in projects having small financial size involved special expertise and

qualification and thus the salary package and project allowance would have been fixed at a considerably higher rate to attract the best possible person. He further observed that Project PC-Is are subjected to through scrutiny by all concerned and thereafter approved by development forums that have membership from, all regulatory ministries. Therefore any ceilings/conditions with regard to any PC-I provision, included those on project allowances and salaries package must be implemented without putting these to further question or scrutiny.

4. Decision: It was decided that in supersession of instructions contained in Finance Division's O.M. under reference or any other standing instruction with regard to payment of project allowance, with immediate effect project allowance should be paid according to the provision in the approved project PC-I irrespective of the source of funding of the project or the sector under which the project falls. However, in case where the project PC-I does not specifically reflect provisions or rates of project allowance, payment of this allowance shall be made based on the rates laid down in the Ministry of Finance O.M. of 6th July 2005. The eligibility to receive project allowance would be subject to the condition that the concerned government servant has been selected on merit through an open competitive process. Government servants posted by transfer without undergoing the above noted selection process would be; entitled to draw normal deputation allowance; only. Decision with entitlement to project allowance shall vest in the Principal Accounting Officer of the ministry concerned and no further reference would be required by any other authority.

(Item-II) Waiver of requirement for preparation of recruitment rules for posts under development projects

5. Issue: Implementation of several development projects has suffered severely for not being able to fill project posts for 2-3 years owing to the requirement to prepare recruitment rules for these posts in terms of standing procedures of the government. In this process often project implementation period expired without appointment of project staff or achieving the laid down targets and goals. Development project posts are temporary contract posts and lapse on completion of the project. It would be incorrect to treat project posts on similar lines as regular posts.

6. Issue: Linked to the above issue is the mandatory requirement that appointment on projects posts would be two years contract basis and extension beyond this period would be given with prior approval of Establishment Division/FPSC. This provision adversely impinges on project implementation as generally implementation period of projects is more than two years and often project periods are extended.

7. The Deputy Chairman Planning Commission noted that while observance of transparent procedures in selection on projects posts was inviolable, temporary contract project posts appointments should not be encumbered by the strict application of the requirement for establishment of recruitment rules. Secretary Establishment stated that in an earlier meeting chaired by the Deputy Chairman Planning Commission on February 06, 2006 the Establishment Division had already stated that there was no need to seek

NOC or clearance of the Establishment Division to fill project posts. He agreed that as long as requisite qualifications, job description and experience requirements were given in the project PC-I or notified by the administrative Secretary before advertising the posts, the requirement to establish recruitment rules was unnecessary and need to be dispensed with. In case of the need of reference to the FPSC for extension in the tenure of the contract beyond two years, the Establishment Secretary said that this needed to be likewise corrected. He informed that the Establishment Division was processing an amendment to the relevant law and development posts would be excluded from purview of such a requirement. Deputy Chairman Planning Commission stated that within the above discussed parameters, full powers must vest in the administrative secretaries with regard to appointment on development projects posts.

8. Decision: It was decided that the requirement to make recruitment rules would not apply to appointments on contract development projects posts. The administrative departments should preferably incorporate required qualifications and experience on an objective basis in the project PC-I document and where such stipulation has not been made in the PC-I document, the concerned authority in the administrative ministry shall complete this requirement of prior advertisement of the posts. Selection on project's posts shall be done following an open and transparent competition process. Appointments on project's posts; would be made for the complete period provided in the approved project PC-I and no reference to any other authority would be required. Similarly in case of period of contract and subsequent extension the powers shall vest in the administrative secretary. It was further decided that the above decisions would start with immediate effect so as to ensure unhindered PSDP implementation. The Establishment Division would take necessary action concurrently to cover this decision.

Annexure-I**List of Participants**

S.No.	Name, Designation & Department
1	Engr. Dr. Akram Sheikh, Deputy Chairman, Planning Commission, Islamabad. In Chair
2	Syed Tariq Ali Bukhari, Secretary, Establishment Division, Islamabad.
3.	Mr. Muhammad Ismail Qureshi, Secretary, Ministry of Food, Agriculture & Livestock, Islamabad.
4.	Mr. Muhammad Saleem Khan, Additional Secretary, Ministry of Food, Agriculture & Livestock, Islamabad.
5	Mr. Tariq Ahmed, Additional Secretary, Ministry of Finance, Islamabad.
6..	Dr. Kausar Abdullah Malik, Member, Food & Agriculture, Planning Commission, Islamabad.
7	Lt. Gen(Retd), Muhammad Zubair, Member & Executive Director (Monitoring & Implementation), Infrastructure Management Unit, Planning Commission, Islamabad.
8..	Mr. Muhammad Asif Shaikh, Joint Chief Economist (Operation), Planning and Development Division, Islamabad.
9.	Mr. Abdul Ghaffar Arian, Project Director (M&E), Ministry of Food, Agriculture & Livestock, Islamabad.
10.	Mr. M. Aslam Nadeem, Assistant Chief, Agriculture and Food Section, Planning and Development Division, Islamabad.
11.	Mr. Saleem Iqbal, Assistant Chief, Agriculture and Food Section, Planning and Development Division, Islamabad.

Annexure-II

**GOVERNMENT OF PAKISTAN
FINANCE DIVISION
(Regulations Wing)

No.F.16(1)R.14/2003

Islamabad, the 6th July, 2005

OFFICE MEMORANDUM

**Subject:- GRANT OF PROJECT ALLOWANCE IN FOREIGN AIDED
PROJECTS**

The undersigned is directed to refer to Finance Division's Office Memorandum No.F.11(1)R.13/91-1196 dated the 15th October, 1992 on the subject noted above and to convey the sanction of the President to the grant of Project Allowance to the officers who are working on foreign funded projects, with immediate effect on the following conditions:

- i. Project Allowance would be admissible only in case of foreign funded social sector projects.
- ii. Project Allowance would be specifically provided for and approved as part of PC-I by the competent authority.
- iii. Project Allowance would be sanctioned only to those civil servants who have been selected through open competition for the project posts.
- iv. Project Allowance will not be admissible to the officers who are posted as Project Directors by transfer.
- v. The rates of project allowance would be as follows:

BPS 20-21	-	Rs. 50,000/- per month
BPS 19	-	Rs. 40,000/- per month
BPS 17-18	-	Rs. 30,000/- per month

-Sd/-
(M. Sikandar Iqbal)
Deputy Secretary(R.IV)
Tele:9201059

All Ministries/Divisions

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ANNEXURE-XXVI

D.O. No. 18 (124) PW/PD/ 06
GOVERNMENT OF PAKISTAN
PLANNING AND DEVELOPMENT DIVISION
(PROJECTS WING)

From: Member I&M/ ED IMU
Ph: 9201079

Islamabad, the 13th October 2006

Subject:- **ESTABLISHMENT OF PLANNING AND MONITORING CELL**

My Dear Secretary,

You might recall that ECNEC in its meeting held on 18-2-2004 had directed each executing Division to establish Planning and Monitoring Cells to plan, appraise, monitor & evaluate development projects. It has been observed that most of the executing Divisions have not been able to get requisite approval of Ministry of Finance for creation of Planning & Monitoring Cells from non-development budget.

2. Planning Commission has reviewed the situation in the context of 32 percent increase in development budget during 2006-07 and the necessity of establishment of Planning & Monitoring Cells (PMC). I am pleased to inform that Deputy Chairman, Planning Commission has approved the proposal of establishment of Planning & Monitoring Cells through PSDP. You are, therefore, requested to take immediate steps to prepare PC-I for the establishment of PMC in your Ministry/Division. The PC-I be got approved from DDWP by 30th December 2006. The minutes of the DDWP along with administrative approval and copy of the PC-I be provided to Projects Wing, Planning Commission to facilitate allocation of requisite funds. The guidelines for the preparation of PC-I are enclosed.

With regards,

Yours sincerely,

-Sd/-

(Lt.Gen. (Retd) Muhammad Zubair)

All Federal Secretaries

**Guidelines for Establishment of
Planning & Monitoring Cell**

Preparation of PC-I

- The Project be prepared on PC-I Proforma for social sector Projects.
- The Project proposal be prepared as per guidelines annexed with the PC-I proforma.

Implementation period

- The project be prepared for a 3-year implementation period.

Strength of Planning & Monitoring Cell

- The strength of Planning & Monitoring Cell in each executing Division will be worked out on the basis of work load i.e. number of Projects and PSDP allocation. The Secretary of each executing Division will decide the number of positions along with BPS/Contract appointments required for the cell.
- In case the Cell is already established, proposal for its strengthening be prepared if required.
- The academic qualifications may include MBA, MA (Economics), M.A. Public administration etc. and may not be only confined to doctors for health or teachers for education.
- The officer staff ratio be 1:2

Recruitment Procedure & Emolument

- In case of contract recruitment, the officer be selected through open competition by advertisement in the press and paid market based salary.
- The recruitment of experienced/retired officers can also be considered for contract appointment through advertisement.
- In case of selection from government employees, the position be circulated in respective Divisions.
- The short listed candidates be interviewed by a Selection Committee consisting of:
 - i. Secretary of executing Division = Chairman
 - ii. Member (Implementation & Monitoring),
Planning Commission or his nominee of
BPS-20 = Member

iii. Additional Secretary (Expenditure), M/o Finance or his nominee of BPS-20 = Member

iv. Additional Secretary, Establishment Division or his nominee of BPS-20 = Member

Operationalization of Cell

- Provisions may also be made for
 - Establishment along with TA/DA
 - Hiring of Office building (if required)
 - Furniture
 - Computer
 - Printers
 - Scanners
 - Digital Cameras
 - Fax with dedicated line
 - E-mail facility etc
 - One Lap top
 - Vehicle with POL
 - Maintenance of vehicles & equipment, Utility bills etc.
 - Office computer and stationery
- Contingencies
 - Physical contingencies @ 3%.
 - Price contingencies @ 6.5% of unspent amount.

Out put of the Project

- Indicate the proposed out put of the project on yearly basis in terms of:
 - Project Preparation
 - No of projects included in the PSDP
 - No of projects to be monitored each month
 - Preparation of progress reports each month (Nos)
 - Development of Data base
 - Quarterly review of PSDP financed projects
 - Evaluation of completed projects (Nos)
 - Annual performance review of operational projects (Nos)

Implementation Schedule

- Annex activity wise implementation schedule

Management Structure

- Prepare Management Structure of the Planning & Monitoring Cell
- Job description, qualifications, experience, age and salary of each job be provided in the PC-I

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This is not a priced document. A copy of the guidelines can be obtained from the following address for official use only:

**Project Director
Monitoring of PSDP Financed Projects
Projects Wing
Planning Commission
3rd Floor Chughtai Plaza
Blue Area Islamabad
Tel: 051-9054106**