



**Punjab Municipal Development Fund Company**

**Operations Manual**

**Punjab Municipal Services Improvement Project  
(PMSIP)**

**Version 1.1**

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### ***Operations Manual Contents***

This manual covers the operating procedures related to the implementation of Punjab Municipal Services Improvement Project (PMSIP). This manual does not cover all the activities of PMDFC as implementation of other projects will be handled through separate procedure manuals.

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25 July 05	0.2	Added new sections on PIP, project approval, grants disbursement, project supervision and project monitoring.
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## 1. Preamble

### 1.1. Background

- 1.1.1. Punjab Municipal Development Fund Company (PMDFC) has launched a project called 'Punjab Municipal Services Improvement Project' (PMSIP) for institutional development of TMAs and improving delivery of municipal services. The project is being funded by the World Bank and Government of Punjab. Apart from providing funds for improvement and development of municipal infrastructure, the key initiative of PMSIP is to assist TMAs in developing their institutional capacity by providing management support tools like GIS, computerization of TMA functions, testing laboratory equipment, trainings, establishment of performance management system etc.
- 1.1.2. This Operations Manual describes the policies, procedures and related forms for the implementation of PMSIP. The manual provides a guide to PMDFC staff to carry out project implementation and to coordinate efforts of various staff teams working together to perform an activity.
- 1.1.3. The main text of the manual describes various procedures to be followed for implementation of each phase of the project. The annexes consist of various forms, documents and checklists to be used in conjunction with the procedures described in the main text.

### 1.2. Objectives

- 1.2.1. The purpose of this manual is to set out detailed policies and procedures to be followed by the management and staff of PMDFC in connection with the implementation of Punjab Municipal Services Improvement Project. This manual will be helpful to:
  - ◆ provide an on job reference guide for the policies and procedures to be followed;
  - ◆ indoctrinate new and existing employees;
  - ◆ clarify reporting structure and responsibilities;
  - ◆ relieve the management of repetitive instructions;
  - ◆ provide uniformity in interpretation and administration of company policies;
  - ◆ provide means for constant review and improvement of policies and procedures;
  - ◆ facilitate coordination and communication amongst various components of PMDFC;
  - ◆ eliminate unnecessary duplication of effort.

## 2. Custody of Manual and Revision Procedures

### 2.1. Manual Custody

2.1.1. A copy of the PMSIP Operations Manual will be in the custody of the following:

- ◆ Managing Director
- ◆ General Manager (ID)
- ◆ General Manager (F&A)
- ◆ General Manager (Engineering)
- ◆ General Manager (P&E)

2.1.2. PMDFC staff involved in PMSIP implementation must acquaint themselves with the contents of this manual.

### 2.2. Manual Revision

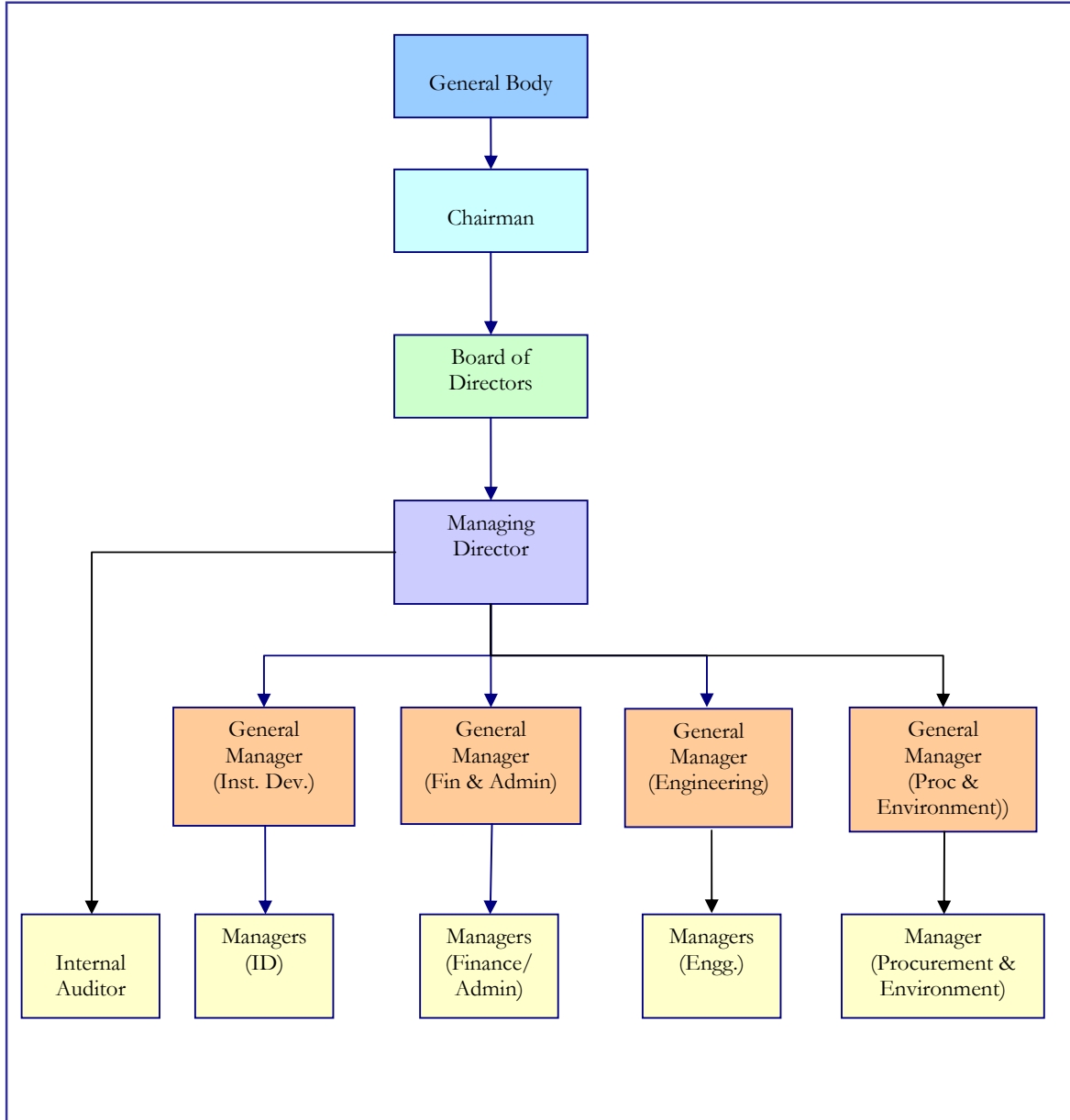
2.2.1. The manual will be a 'living' document and must be periodically reviewed as well as updated for any changes that occur from time to time. The manual custodians are responsible for updating their copies for all revisions made from time to time.

2.2.2. Based on the practical experience of implementing the procedures described in this manual, the Managing Director may change the contents and formats of the annexes as and when required.

2.2.3. Whenever revision takes place, updates will be circulated from the office of the General Manager (ID) along with the version control. The manual custodian should:

- ◆ Replace the old pages with the updated pages.
- ◆ Discard the replaced pages.
- ◆ Update version control history document (filed before the Table of Contents) with the latest release.

### 3. PMDFC Organization



## 4. Policies

### 4.1. Eligible Sectors

4.1.1. PMSIP funds are available for the following:

- (a) Development and improvement of physical infrastructure in TMAs covering the following sectors:
  - Water supply
  - Sewerage
  - Solid waste management (SWM)
  - Roadside drainage
  - Roads
  - Street lighting
  - Parks
  - Fire fighting
  - Other municipal services.
- (b) Technical Assistance for institutional development / capacity building of TMAs for the following activities:
  - Urban planning
  - Preparation of infrastructure sub projects.
  - Trainings
  - Systems Improvement
  - Service Improvement
  - Office and laboratory equipment
- (c) Capacity building of PMDFC and the provincial government

### 4.2. Eligibility

- ◆ All TMAs in Punjab are eligible for PMSIP grant for capacity building and infrastructure development, except TMAs in City District Governments.
- ◆ PMDFC and GoPunjab are eligible for capacity building grant.

### 4.3. TMAs Selection Criteria

PMDFC will use the following criteria for selection of TMAs to be financed under PMSIP:

- ◆ Ratio of own source revenues to total recurrent revenues during the previous completed financial year.
- ◆ Ratio of actual development expenditure to the total development funds available during the previous completed financial year.

The ratio of own source revenue to total recurrent revenue is an indicator of TMAs capacity to generate additional revenues from its own taxes and fees by improving collection efficiency or by increasing the user fees and charges. The ratio of actual development expenditure to total development funds is an indicator of TMAs capacity to timely implement infrastructure sub projects.

Once a TMA is selected for PMSIP assistance, it will continue to receive annual grants unless it is dropped out for not meeting the performance criteria. Every year PMDFC will select additional TMAs, the number of which will depend upon PMDFC's capacity to process TMA applications.

#### 4.4. Counterpart Funds

For infrastructure sub projects, each TMA will contribute 15% of the project cost from its own sources.

Counterpart fund contribution by TMA may comprise a mix of:

- ◆ Cash contribution by the TMA;
- ◆ the value of land provided by the TMA, where a scheme requires incremental land; and
- ◆ project preparation and design studies financed by the TMA (up to a maximum of 1% of total cost)

TMA's will have to deposit counterpart funds upfront in the Project Account; however, MD PMDFC will be authorized to make installments on a case to case basis, in view of cash flow constraints of TMA's.

Cost of capacity building interventions will be borne 100% by PMDFC through Technical Assistance (TA) grant for TMA's.

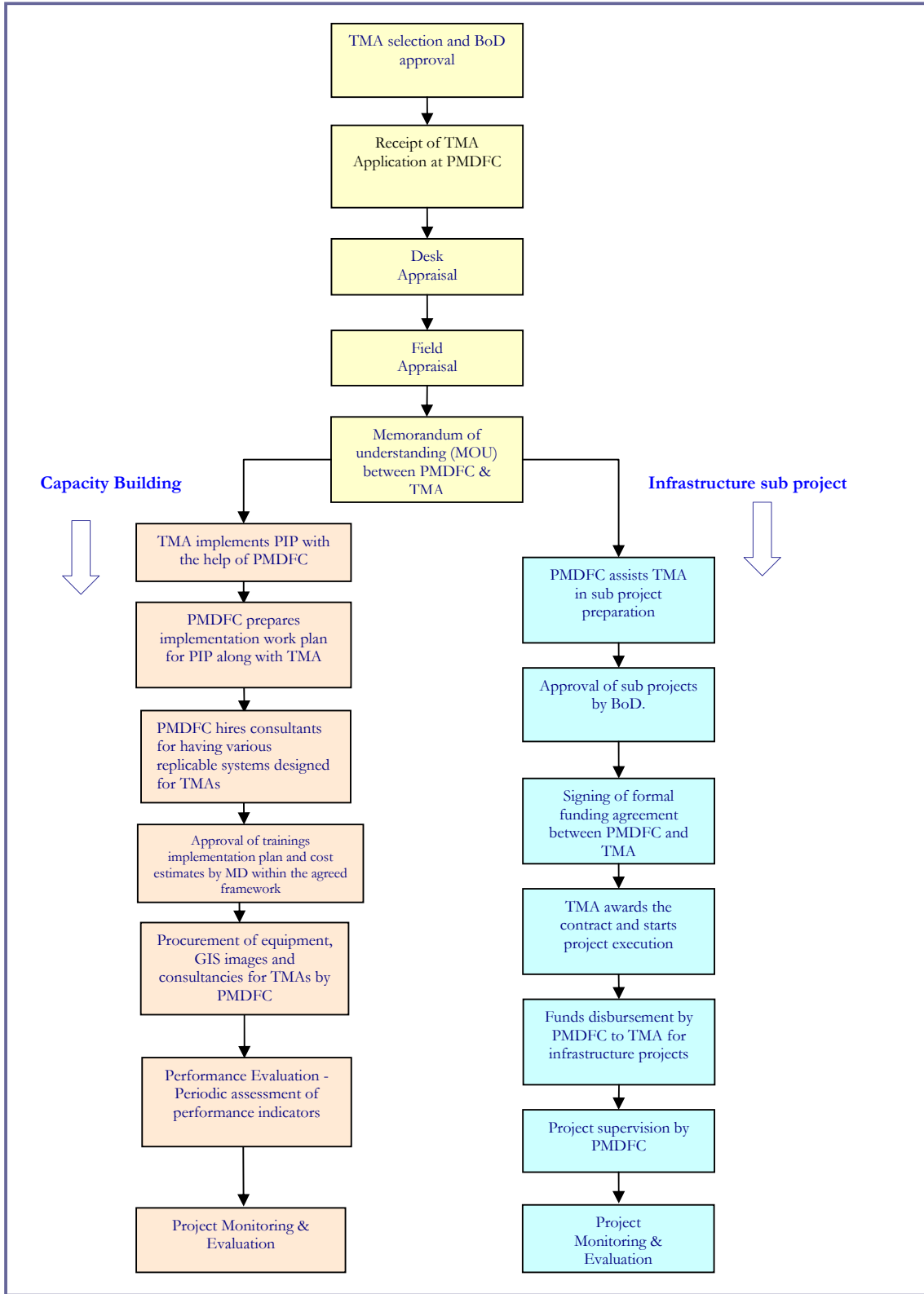
#### 4.5. Operations and Maintenance

TMA's applying for PMSIP funds must commit to undertake all required operation and maintenance of the proposed schemes. TMA finances should reflect availability of enough funds to finance the operation and maintenance of the proposed schemes.

#### 4.6. Lower Limit for TMA Projects

Any infrastructure sub project costing less than Rs. 10 million will not be financed under PMSIP. However in order to support financially weak TMA's which can not afford large amounts of counterpart funds, this limit will be lowered up to 50% of previous year's development expenditure by the TMA.

## 5. Project Cycle



## 5.1. Macro Level Processes

The Operations Manual discusses the following macro level processes involved in the implementation of PMSIP.

- (i) TMA selection for PMSIP and BoD approval.
- (ii) Receipt of TMA application by PMDFC.
- (iii) Desk appraisal of TMA's application at PMDFC office.
- (iv) Field appraisal of TMA's application.
- (v) Memorandum of Understanding (MOU) between PMDFC and the TMA.
- (vi) TMA implements PIP with the help of PMDFC.
- (vii) Performance Evaluation
- (viii) PMDFC assists TMA to prepare project design and tender documents.
- (ix) Approval of infrastructure sub projects by the BoD
- (x) Signing of formal funding agreement between PMDFC and TMA
- (xi) TMA awards the contract and starts project execution.
- (xii) Funds disbursement by PMDFC to TMA
- (xiii) Project supervision by PMDFC
- (xiv) Project Monitoring and Evaluation by PMDFC.

## 6. TMAs Selection and BoD Approval

All TMAs in Punjab are entitled to get PMSIP grant; however, due to PMDFC capacity constraints in terms of handling the number of projects, only a limited number of TMAs will be included in PMSIP at a time. TMAs to be included in PMSIP will be selected based on the following parameters (discussed in detail in 4.3 above):

- ◆ Ratio of own source revenues to total recurrent revenues during the previous completed financial year.
- ◆ Ratio of actual development expenditure to the total development funds available during the previous completed financial year.

Sr.	Tasks (TMA Selection for PMSIP and BoD Approval)	Entity	Person Responsible	Related Documents	Doc. Ref
(i)	General Manager (Finance) will collect financial data from all TMAs related to the above mentioned selection parameters, using the TMAs Data Collection Sheet.	Finance	GM (Finance)	TMAs Data Collection Sheet	OPM-01
(ii)	All data received from TMAs must have been signed by TO (Finance) and TMO.	TMA	TO(F) & TMO		
(iii)	Once the data is received at PMDFC, it will be entered into the computer spreadsheets. Each TMA will be awarded a score using sum of the above mentioned two ratios. A list of all TMAs will be prepared in the descending order of the score acquired by each TMA.	Finance	GM (Finance)		
(iv)	General Manager (Finance) will select TMAs from the top of the list, the number of which will depend upon PMDFC's capacity to process TMA applications during the year.	Finance	GM (Finance)		
(v)	General Manager (Finance) will prepare a list of the selected TMAs and submit the list to the MD for his approval.	Finance	GM (Finance)		
(vi)	MD will approve the list and ask the Company Secretary to submit it to the BoD for its formal approval.		Company Secretary		
(vii)	After BoD approval, MD will inform the selected TMAs and ask them to submit their applications for capacity building and infrastructure development grants under PMSIP.	MD Office	MD		
(viii)	Every year additional TMAs will be inducted into PMSIP using the above referred procedures, the number of which will depend upon the number of TMAs dropped out of the project due to lack of performance and any increase in PMDFC capacity to handle additional projects.	Finance	GM (Finance)		

## 7. Receipt of TMA Applications

Sr.	Tasks (Receipt of TMA Applications)	Entity	Person Responsible	Related Documents	Doc. Ref
(i)	All mail received at PMDFC will be allotted a 'diary number' by the mail receiving official. This will be a serial number of all letters received by PMDFC, whether TMA applications or other letters.	Admin	Mail Receiving official		
(ii)	All applications will be submitted to the MD's secretary.	Admin	Mail Receiving official	None	
(iii)	MD's secretary will enter the application in a register, assign a unique serial number to the application and record the receiving date and brief particulars of the application: <ul style="list-style-type: none"> <li>▪ Diary number</li> <li>▪ Application number</li> <li>▪ Receiving date</li> <li>▪ Name of the TMA</li> </ul> After making the entry in the 'Applications Register', the MD's secretary will submit the application to the MD.	MD Office	MD's Secretary	Applications Receipt Register	OPM-02
(iv)	MD will assign a staff member to carry out preliminary scrutiny of TMAs application based on the policies formulated by BoD from time to time.	MD Office	MD		
(v)	The application which fails against the above policy criteria will be rejected and the MD will send a formal letter to the TMA informing the reason for rejection of the application.	MD Office	MD	None	
(vi)	The applications passing the initial scrutiny in step (iv) above will be processed further for desk appraisal.	MD Office			
(vii)	MD's secretary will make three copies of the application, retain the original and forward the copies to the following for desk appraisal: <ul style="list-style-type: none"> <li>▪ General Manager (ID)</li> <li>▪ General Manager (Finance)</li> <li>▪ General Manager (Engineering)</li> <li>▪ General Manager (P &amp; E)</li> </ul>	MD Office	MD's Secretary	None	

## 8. Desk Appraisal

The primary objective of desk appraisal is to prepare ground work for the field appraisal. This will primarily involve checking the completeness of the application and preparing a work plan for the field visit.

Sr.	Tasks (Desk Appraisal)	Entity	Person Responsible	Related Documents	Doc. Ref
(i)	General Manager (ID), GM (Finance) and GM (Engg) will receive a copy of the TMA application from the MD office to carry out the desk appraisal	ID. Finance Engg	GM (ID) GM (Finance) GM (Engg.) GM (P&E)	TMA Application	OPM-03
(ii)	GM (ID), GM (Finance) and GM (Engg.) will check the application for completeness of information related to their functions. If any information or document is missing, then each General Manager will coordinate directly with the TMA to get the missing information related to his functions.	ID. Finance Engg	GM (ID) GM (Finance) GM (Engg.) GM (P&E)	TMA Application	
(iii)	Each General Manager will analyze the completed application with reference to the field appraisal checklist and prepare a list of information required from TMA during the field appraisal	ID. Finance Engg	GM (ID) GM (Finance) GM (Engg.) GM (P&E)	TMA Application Field Appraisal Checklist	OPM-04
(iv)	Each General Manager will send the above mentioned list to the TMA so that the TMA prepares the required information prior to the PMDFC staff visit to the TMA.	ID. Finance Engg	GM (ID) GM (Finance) GM (Engg.) GM (P&E)		
(v)	All tasks for desk appraisal will be completed within one week of receiving the completed application from the TMA	ID. Finance Engg	GM (ID) GM (Finance) GM (Engg.) GM (P&E)		
(vi)	Each GM will inform the GM (ID) about the completion of his desk appraisal and readiness to conduct field appraisal.	ID. Finance Engg	GM (ID) GM (Finance) GM (Engg.) GM (P&E)		
(vii)	GM (ID) will put up a note to the MD for his approval to commence the field appraisal.	ID	GM (ID)		

## 9. Field Appraisal

### 9.1. Field Appraisal Objectives

- ◆ Verify the information provided in the TMA application for PMSIP grant.
- ◆ Discuss the draft PIP with each TO and agree the action plan with the TMA for implementation of PIP.
- ◆ Agree performance measurement indicators to assess the effective implementation of PIP.
- ◆ Conduct detailed technical evaluation of the infrastructure projects.
- ◆ Assess social and environmental impacts of the project and the proposed mitigating measures.

### 9.2. Field Appraisal Logistics

- (a) General Manager (ID) will coordinate with the concerned TMA and set the dates for the field appraisal.
- (b) Field appraisal team will consist of at least one staff member/ consultant each from ID, Finance, Engineering and P&E components of PMDFC. Each team member will carry out the field appraisal for his concerned area as described in sections 9.5 – 9.9 of this manual.
- (c) General Manager (Finance & Admin) will coordinate all the logistics related to transport and accommodation for the field appraisal team.

### 9.3. Field Appraisal Compilation

- (a) At the end of the field appraisal, each team member will submit his appraisal report to the concerned General Manager.
- (b) Each General Manager will submit the field appraisal report for his component to the Managing Director.
- (c) The Managing Director will review and analyze the Field Appraisal Report with the General Manager (Finance), General Manager (ID), General Manager (Engineering) and General Manager (P & E).

### 9.4. Field Appraisal Output

The output of the field appraisal will be in two parts as follows:

- ◆ An agreed PIP for each TO and TMO for institutional development and improvement in general management capacity of the TMA. The PIP will give an agreed list of tasks to be performed by the TMA and the associated performance indicators to measure the effectiveness of the implementation of PIP. This agreed PIP will later form part of the agreement / MOU to be signed between PMDFC and the TMA.
- ◆ Technical evaluation of the infrastructure sub projects, giving recommendations whether to finance the proposed infrastructure projects through PMSIP, considering the following parameters:
  - Project site and its related issues like right of way, land acquisition etc.
  - Social and environment assessment
  - Rough cost estimates are within the PMSIP policy guidelines.

- Estimated number of beneficiaries of the project.
  - General review of the proposed design of the schemes by the TMA.
  - Assess whether the project is based on the needs of the local community.
  - Technical viability of the project (water source availability, water quality, proper disposal for sewerage etc.)
  - Tentative work plan.
  - Brief description of the operations and maintenance plan.
- ◆ Agreed list of performance indicators for monitoring the impacts of the capacity building and infrastructure development under the PMSIP.

## 9.5. Field Appraisal – General Management Capacity

General Manager (ID) will be responsible to carry out the field appraisal of the overall management capacity of the TMA. This will primarily cover the functioning of the TO (Regulations), Tehsil Municipal Officer (TMO) and the Tehsil Nazim.

The field appraisal will be done mainly for the following areas:

### TMO

- (i) Citizens complaint cell / complaints tracking system.
- (ii) TMA web site.
- (iii) Implementation of Performance Management system
- (iv) Initiation of development schemes through CCBs.

### TO (Regulation)

- (v) Computerization of judicial / litigation cases for proper monitoring.
- (vi) Awareness campaign about taxation schedule.
- (vii) Enforcement of municipal laws

The output of this field appraisal will be a PIP for the TO (R) and TMO giving an agreed list of tasks to be performed and the associated performance indicators to measure the effectiveness of the implementation of PIP.

Sr.	Tasks (Field Appraisal - General Management Capacity)	Entity	Person Responsible	Related Documents	Doc. Ref
(i)	Get the organization chart of TMO and TO (R) with names of the staff posted against each position, their qualification and experience in related field. Identify training needs of the TO (Regulation) staff.	ID	GM (ID).	Field Appraisal checklist	OPM-04
(ii)	Assess the possibility of setting up a complaint center and computerized complaints tracking system. If computerized system not possible, discuss the manual tracking system.	ID	GM. (ID)	Field Appraisal checklist	OPM-04
(iii)	Assess the possibility of launching TMA's website.	ID	GM. (ID)	Field Appraisal checklist	OPM-04
(iv)	Discuss and agree the implementation of performance management system. Agree a list of indicators to be measured on periodic basis and the mechanism for reporting to PMDFC.	ID	GM. (ID)	Field Appraisal checklist	OPM-04

Sr.	Tasks (Field Appraisal - General Management Capacity)	Entity	Person Responsible	Related Documents	Doc. Ref
(v)	Discuss the participation of CCBs in the development schemes. If CCB allocation has not been utilized fully in the previous years, then agree a work plan to increase CCBs involvement.	ID	GM. (ID)	Field Appraisal checklist	OPM-04
(vi)	Assess the possibility of computerization of monitoring of litigation cases. If computerization not possible, then discuss the possibility of implementing a manual system.	ID	GM. (ID)	Field Appraisal checklist	OPM-04
(vii)	Discuss the possibility of launching public awareness campaigns about taxes, encroachments and enforcement of other municipal laws.	ID	GM. (ID)	Field Appraisal checklist	OPM-04
(viii)	The General Manager (ID) will compile the output of the field appraisal including draft PIP and the related performance indicators agreed with the TMA and submit it to the MD.	ID	GM. (ID)		

## 9.6. Field Appraisal – Financial Management Capacity

General Manager (Finance) will be responsible to carry out the field appraisal (detailed assessment) of the financial management capacity of the TMA. The field appraisal will be carried out keeping in focus the following broad areas of performance improvement for TO (Finance) functions:

- (i) Computerization of financial systems (FMS).
- (ii) Monthly/ quarterly reconciliation of accounts.
- (iii) Analysis of user charges and related costs on periodic basis.
- (iv) Steps to achieve increase in revenues or reduction in expenditures.

The output of this field appraisal will be a PIP for TO (Finance), giving an agreed list of tasks to be performed and the associated performance indicators to measure the effectiveness of the implementation of PIP.

Sr.	Tasks (Field Appraisal - Financial Management Capacity)	Entity	Person Responsible	Related Documents	Doc. Ref
(i)	Get the organization chart of TO (Finance), with names of the staff posted against each position, their qualification and experience in finance. Identify training needs of the TO (Finance) staff.	Finance	GM (F)		
(ii)	Review the existing computer infrastructure, hardware and manpower. Discuss the possibility of implementing computerized accounting system (FMS) developed by PMDFC. If possible, agree an implementation plan.	Finance	GM (F)	Field Appraisal checklist	OPM-04
(iii)	If computerization not possible, discuss improvements in book keeping as per prescribed procedures.	Finance	GM (F)	Field Appraisal checklist List of accounting record to be examined.	OPM-04
(iv)	Analyze user charges and related costs and collection efficiency and discuss the action plan to bridge the gap between costs and user charges.	Finance	GM (F)	Field appraisal checklist.	OPM-04
(v)	Discuss TMAs financial performance as per the PIP checklist and agree ways and means to improve fiscal space by increasing revenues and reducing costs, improving collection efficiency etc.	Finance	GM (F)	Field appraisal checklist	OPM-04
(vi)	Agree a PIP component to be implemented for TO (Finance) and the related performance indicators to be monitored.	Finance	GM (F) and TO (Finance)	Field appraisal checklist	OPM-04
(vii)	The General Manager (F) will compile the output of the field appraisal including draft PIP agreed with the TMA and submit to the MD.	Finance	GM (F)		

### 9.7. Field Appraisal – TMA’s Urban Planning Capacity

General Manager ID will be primarily responsible to carry out the field appraisal of TMA’s urban planning capacity.

Sr.	Tasks (Field Appraisal – Urban Planning Capacity)	Entity	Person Responsible	Related Documents	Doc. Ref
(i)	Get the organization chart of TO (Planning), with names of the staff posted against each position, their qualification and experience in related field. Identify training needs of the TO (Planning) staff.	ID.	GM (ID)	Field Appraisal checklist.	OPM-04
(ii)	Review base maps if exist	ID	GM (ID)	Field Appraisal checklist.	OPM-04
(iii)	Assess how the building plans approval can be simplified and made more effective.	ID	GM (ID)	Field Appraisal checklist.	OPM-04
(iv)	Agree the PIP component to be implemented for TO (Planning) and the related performance indicators to be monitored.	ID	GM (ID) and TO (Planning)		
(v)	General Manager (ID) will compile his report on the field appraisal for urban planning capacity of the TMA and submit to the MD.	ID.	GM (ID)		

## 9.8. Field Appraisal – Engineering Capacity

General Manager (Engineering) will be responsible to carry out the field appraisal of the technical capacity of the TMA. The output of this field appraisal will be a PIP for TO (I&S) giving an agreed list of tasks to be performed and the associated performance indicators to measure the effectiveness of the implementation of PIP. This agreed PIP will later form part of the agreement to be signed between PMDFC and the TMA.

Sr.	Tasks (Field Appraisal – Technical Capacity)	Dept./ Entity	Person Responsible	Related Documents	Doc. Ref
(i)	Assess the quality control equipment. Discuss how PMSIP can help in strengthening the Quality Control function of the TO (I&S).	Engg.	GM (Engg)	Field appraisal checklist.	OPM-04
(ii)	Verify the existence and use of the survey equipment by the TMA. Discuss how PMSIP can help in providing the equipment. Also discuss how to adopt the use of such equipment.	Engg.	GM (Engg)	Field appraisal checklist.	OPM-04
(iii)	Check the existence of service maps with the TMA. If not available discuss how PMSIP can help in preparing such maps.	Engg.	GM (Engg)	Field appraisal checklist.	OPM-04
(iv)	Verify the service delivery data provided by the TMA as part of the applications.	Engg.	GM (Engg)	Field appraisal checklist.	OPM-04
(v)	Assess drafting skills of TMA. Agree a training plan for the TMA staff to use AutoCAD.	Engg.	GM (Engg)	Field appraisal checklist.	OPM-04
(vi)	The General Manager (Engg) will compile the output of the field appraisal including draft PIP agreed with the TMA and submit to the MD.	Engg.	GM (Engg)		

### 9.9. Field Appraisal – Technical Evaluation of Sub Projects

General Manager (Engineering) will be responsible to carry out the field appraisal and technical evaluation of the infrastructure sub projects submitted by the TMAs. This will cover the following aspects:

- ◆ Technical and financial viability of the sub projects
- ◆ Social and environmental assessment

Sr.	Tasks (Field Appraisal – Technical Evaluation of Sub Projects)	Dept./ Entity	Person Responsible	Related Documents	Doc. Ref
(i)	Verify the basis of project identification and resolve any queries of the desk appraisal.	Engg.	GM (Engg)		
(ii)	Discuss the project objectives and major benefits with the TMA staff and other stake holders and ensure that these are in line with the PMSIP objectives.	Engg.	GM (Engg)		
(iii)	Verify that appropriate do able measures have been suggested to mitigate the social and environmental impacts as per the PMSIP guidelines. Collect copies of necessary evidence documents.	Engg.	GM (Engg) GM (P&E)		
(iv)	Estimate the O&M/M&R costs for the proposed infrastructure project. Provide these costs to General Manager (Finance) who will assess TMAs affordability for O&M costs.	Engg. Finance	GM (Engg) GM (Finance)		
(v)	Discuss and agree the project implementation plan with the TMA.	Engg.	GM (Engg)		
(vi)	The General Manager (Engg) will compile the Project Appraisal Report and submit to the MD.	Engg.	GM (Engg)		

## 10. Memorandum of Understanding (MOU)

Based on the outcome of the Field Appraisal report, the MD will invite the TMA to sign a Memorandum of Understanding (MOU). The objective of signing the MOU is to establish a commitment between the TMA and the PMDFC to depute their resources for:

- ◆ implementation of the Performance Improvement Plan (PIP) as agreed during the field appraisal; and
- ◆ prepare detailed design of infrastructure sub projects.

Sr.	Tasks (Memorandum of Understanding)	Dept./ Entity	Person Responsible	Related Documents	Doc. Ref
(i)	At the end of the field appraisal the GM (ID), GM (F), GM (Engg) and GM (P&E) will submit their Field Appraisal Reports to the MD	ID Fin Engg	GM (ID) GM (Finance) GM (Engg) GM (P&E)		
(ii)	MD will hold a meeting with the GM (ID), GM (F), GM (Engg) and GM (P&E) to review the field appraisal reports.				
(iii)	In case the Field Appraisal Report does not recommend any funding for the TMA, the MD will inform the TMA accordingly.	MD Office	MD		
(iv)	In case the Field Appraisal Report recommends funding for the TMA, the MD will invite the Tehsil Nazim and TMO to sign a Memorandum of Understanding.	MD Office	MD	Template for Memorandum of Understanding	OPM-05
(v)	After signing of the MOU, GM (ID) will coordinate and plan for the implementation of PIP	ID	GM (ID)		
(vi)	GM (Engg) will coordinate and plan for assisting TMA for detailed design of the infrastructure project.	Engg.	GM (Engg)		

## 11. PIP Implementation at TMAs

Sr.	Tasks (PIP Implementation)	Entity	Person Responsible	Related Documents	Doc. Ref
(i)	Once the TMA has signed a formal MOU with PMDFC, the GM (ID), GM (Fin) and GM (Engg) will prepare detailed work plan jointly with the TMA for the implementation of PIP in their respective functional areas. The work plan will include a list of tasks and sub tasks with their target dates and costs of PMDFC interventions.	ID Finance Engg.	GM (ID) GM (Finance) GM (Engg)		
(ii)	GM (ID) will prepare a consolidated PIP and ensure that common tasks like training and workshops etc. are not duplicated. Similarly field trips of all teams will need to be planned to economize time and costs.	ID	GM (ID)		
(iii)	PIP implementation work plan will be agreed with the TMA and progress monitoring milestones will be defined and agreed in terms of time and deliverables.	ID Finance Engg.	GM (ID) GM (Finance) GM (Engg)		
(iv)	The PIP work plan will include a list of equipment to be provided to the TMA along with its costs. The work plan will also include the description of the consulting services for PIP implementation to be provided by PMDFC to the TMA.				
(v)	Each General Manager will submit cost estimates of PIP implementation related to his function to the MD for his approval.	ID Finance Engg.	GM (ID) GM (Finance) GM (Engg)		
(vi)	MD will approve the PIP work plan and costs.	MD office	MD		

Sr.	Tasks (PIP Implementation)	Entity	Person Responsible	Related Documents	Doc. Ref
(vii)	PMDFC will prepare standard specifications of the equipment required for the implementation of PIP. These specifications will be reviewed at the time of procurement to incorporate, where possible, the latest technologies available in the market.	ID Finance Engg.	GM (ID) GM (Finance) GM (Engg)		
(viii)	In order to maintain standardization across all TMAs, all engineering and surveying related equipment required for the implementation of PIP will be procured by the PMDFC and supplied to the TMAs.	Engg.	GM (Engg) GM (P&E)		
(ix)	Each TMA will submit a quarterly (or monthly, if required) progress report on the status of PIP implementation.	TMA	TMO	PIP implementation progress report	OPM-06
(x)	Progress on PIP implementation will be monitored against agreed milestones for each component of the PIP.	PMDFC	GM (ID) GM (Finance) GM (Engg.)	PIP implementation progress report.	OPM-06
(xi)	PMDFC will hold periodic review meetings with the TMA to monitor the progress of the PIP implementation. In case of project delays, PMDFC will take remedial measures like increasing the input of consultants etc.	PMDFC	GM (ID) GM (Finance) GM (Engg)	PIP implementation progress report	OPM-06
(xii)	PIP periodic assessment reports will form part of the appraisal documents for further collaboration with the TMA as per policy.				

## 12. Performance Evaluation

Each TMA will be given investment grant on the condition that it will implement various measures to improve its performance in all of its functional areas like municipal service delivery (water supply, sewerage, roads etc.), financial management, urban planning and others. Based on the successful implementation of the Performance Improvement Plan (PIP), the TMA will qualify for the next round of investment grants. Those TMAs which fail to meet the performance improvement targets during the year will be dropped out of the PMSIP and other TMAs will be selected using the selection criteria defined in PMSIP policies.

Sr.	Tasks (Performance Evaluation)	Entity	Person Responsible	Related Documents	Doc. Ref
(i)	As part of the MOU, the TMA will agree to implement a Performance Improvement Plan to improve its functioning in various areas of operation.	TMA			
(ii)	Implementation of each component of PIP will be monitored against various performance indicators agreed as part of the MOU with the TMA.	ID Finance Engg.	GM (ID) GM (Finance) GM (Engg)		
(iii)	PMDFC will define performance indicator(s) for each component of PIP.	ID Finance Engg.	GM (ID) GM (Finance) GM (Engg)		
(iv)	Each TMA will select additional indicators for setting up Performance Management System under PMSIP to monitor its performance in various areas.	TMA	TMO		
(v)	Baseline values of each indicator will be measured and target values to be accomplished at different stages of the project and will be agreed with the TMA.	PMDFC TMA	GM (ID) GM (Finance) GM (Engg) TMO		
(vi)	Periodic assessment of TMA's performance improvement will be conducted by PMDFC. A formal reporting mechanism will be designed whereby each TMA will send quarterly (or monthly, if required) reports to PMDFC.	PMDFC TMA	GM (ID) GM (Finance) GM (Engg) TMO	Periodic Assessment Report.	
(vii)	If a TMA is not meeting its intermediate targets of performance indicators and likely to slip the annual targets, then PMDFC will increase its monitoring activity. PMDFC will take necessary measures to				

Sr.	Tasks (Performance Evaluation)	Entity	Person Responsible	Related Documents	Doc. Ref
	speed up PIP implementation which may involve additional input from PMDFC staff / consultants				
(viii)	<p>If the TMA applies for PMSIP grant for the next year projects, PMDFC will conduct assessment of the effectiveness of PIP implementation in the previous year.</p> <p>In case the TMA performance is not up to the agreed benchmark of performance indicators, the TMA will be dropped out of PMSIP and will be replaced by new TMA which will be selected using the selection criteria defined under PMSIP policies.</p>	PMDFC	GM (ID) GM (Finance) GM (Engg)	Periodic Assessment Report	

### 13. Sub Project Preparation

Infrastructure development sub-projects shall be taken only from the prioritized list developed as a result of the urban planning process. PMDFC will assist the TMA in the technical design and tendering process and help in improving the quality of these documents as discussed below.

Sr.	Tasks (Project Design / Tendering)	Entity	Person Responsible	Related Documents	Doc. Ref
(i)	Once the TMA has signed a formal MOU with the PMDFC, the TMA will be responsible to include the proposed infrastructure projects in their annual budget and get the related administrative approval and technical sanction.	TMA			
(ii)	General Manager (Engg) will assess whether the detailed design of the proposed infrastructure projects should be done by the TMA staff or by the PMDFC consultants.	Engg	GM (Engg)		
(iii)	In case the detailed design is done by the TMA staff, TMA TO (I&S) will prepare technical drawings and work out BOQs other design parameters and compute the project detailed cost estimates. TMA will submit its technical design document to PMDFC for review by PMDFC staff / consultants.	TMA	TO (I&S)		
(iv)	PMDFC staff / consultants will review the technical drawings, BOQs and other design parameters. Based on the review, the PMDFC staff / consultant will visit the TMA and hold meetings with the TO (I&S) to improve and finalize the technical design.	Engg.	GM (Engg)		
(v)	In case the detailed design is to be done by PMDFC consultants, then General Manager (Engg) will prepare TORs for the consultants to assist TMA in project design phase. GM (Engg) will also coordinate with the consultants for timely completion of detailed design.	Engg.	GM (Engg)		

Sr.	Tasks (Project Design / Tendering)	Entity	Person Responsible	Related Documents	Doc. Ref
(vi)	TMA will prepare its PC-I and send it to PMDFC. PMDFC will review the PC-I and advise the TMA if there is any need in improving the quality of the PC-I.	Engg.	GM (Engg)		
(vii)	TMA will be responsible to get the PC-I approval, administrative approval and technical sanction from the competent forum.	TMA			

## 14. Sub Project Approval by PMDFC Board of Directors

Sr.	Tasks (Sub Projects Approval)	Entity	Person Responsible	Related Documents	Doc. Ref
(i)	TMA will submit the detailed design and detailed cost estimates of the infrastructure sub projects to PMDFC for approval.	TMA			
(ii)	GM (Engg) will prepare a Project Summary to be presented to the BOD for its approval.	Engg.	GM (Engg)	Project Summary for BOD Approval	OPM-07
(iii)	PMDFC Board of Directors will meet from time to time to review and approve individual infrastructure sub projects prepared by the TMA. If the Board members feel that they should not meet frequently, the Board of Directors may appoint a 'Development Committee' consisting of selected members of the Board to review and approve the infrastructure sub projects.	Board of Directors			
(iv)	The Board of Directors / Development Committee will assess the project proposals based on the following parameters: <ul style="list-style-type: none"> <li>▪ The proposed project is within the PMSIP framework.</li> <li>▪ Progress on previous PIP has been satisfactory.</li> <li>▪ Total investment is within the PMSIP policy guidelines.</li> </ul>	Board of Directors			
(v)	Based on the decisions of the Board of Directors, the MD will inform the TMA about the outcome. If the project is approved, then the MD will invite the TMA Nazim and TMO to sign a formal agreement with PMDFC.	MD Office	MD		

## 15. Funding Agreement with TMA

Each TMA getting funds from PMDFC for infrastructure sub projects will have to sign a formal funding agreement with PMDFC.

The formal template of the agreement will be drawn up by PMDFC's legal advisor(s) and will cover the following aspects:

- (i) Commitment by PMDFC to provide the financial assistance required for the municipal infrastructure sub projects.
- (ii) Commitment by the TMA to contribute its counterpart funds, maintain a separate project account in the bank and deposit its counterpart fund in that account before award of the civil works contract.
- (iii) Commitment by the TMA to follow procurement procedures as prescribed by PMDFC.
- (iv) Commitment by the TMA to provide periodic reports to PMDFC based on the performance improvement indicators agreed as part of the project proposal.
- (v) Commitment by the TMA to implement the project as per the time schedule agreed as part of the project proposal.
- (vi) Commitment by the TMA to submit periodic reports to PMDFC for physical completion of infrastructure projects.

## 16. Award of Procurement Contracts by TMA

Sr.	Task (Award of Procurement Contract)	Entity	Person Responsible	Related Documents	Doc Ref.
(i)	After signing of the formal funding agreement between the TMA and PMDFC, the TMA will prepare tender documents for the proposed infrastructure project.	TMA	TO (I&S)	Template for tender documents.	OPM-08
(ii)	PMDFC staff will review the tender documents and suggest any improvements if necessary to ensure that the agreed procurement procedures are being followed.	Proc.	GM (P&E)		
(iii)	In case the TMA does not have enough technical capacity to prepare tender documents, PMDFC will provide technical assistance through its staff or consultants to prepare the tender documents.	Proc.	GM (P&E)	Template for tender documents.	OPM-08
(iv)	TMA will advertise the tenders and Bid Evaluation Committee will prepare comparative statements of the bids received.	TMA	TO (I&S)		
(v)	TMA will send the comparative statement / Bid Evaluation Report to PMDFC for its review to ensure that the procurement guidelines as prescribed under the agreement are being followed.	Proc.	GM (P&E)		
(vi)	Based on the clearance of the comparative statement / Bid Evaluation Report by PMDFC, TMA will award the contract.	TMA			
(vii)	PMDFC will provide a standard template of the contract to be signed between the TMA and the contractor.	Proc.	GM (P&E) Legal Advisor	Template of contract for civil works and other procurements.	OPM-08

## 17. Funds Disbursement by PMDFC to TMA

- (i) After signing a formal agreement with PMDFC, the TMA will open a separate project bank account and deposit its counterpart funds in the above mentioned bank account before awarding the contract.
- (ii) Depending upon the TMA's financial capacity, the MD PMDFC may allow multiple installments of the TMA counterpart funds to be deposited in the project account.
- (iii) All contractors / suppliers will submit their bills to the TMA which will be verified by the concerned TO and PMDFC supervision engineer.
- (iv) Supervision engineers and PIP consultants will submit their bills directly to the PMDFC.
- (v) Tehsil Nazim will send a formal application to PMDFC for the release of funds along with the copies of the supplier's / contractor's bills, duly verified by the concerned TO and PMDFC supervision engineer.
- (vi) Initial payments will be made from the counterpart funds of the TMA and once those have been exhausted, then PMDFC will transfer funds to the project bank account based on the contractor's verified bills.
- (vii) PMDFC will transfer funds directly to the TMA's project account, mentioned in item (i) above and all payments will be made by the TMA to the contractor from this project account.
- (viii) PMDFC will release the payments within 10 days of receipt of the formal application from the Tehsil Nazim, provided the application is in order.
- (ix) In case the above application is not in order, all queries will be sent to the TMA by GM (Finance) within three days of receipt of application.
- (x) PMDFC will prepare a monthly statement of payments made against each TMA, covering both the transfer of funds to TMA's project account as well as payments made directly to consultants and suppliers for the purchase of equipment etc.
- (xi) PMDFC may get the TMA's project bank account audited through its external auditors.

## 18. Project Supervision by PMDFC

Sr.	Tasks (Project Supervision)	Dept./ Entity	Person Responsible	Related Documents	Doc. Ref
(i)	Execution and implementation of projects will be the responsibility of the TMA. TMA will ensure that all civil works and other procurement contracts are carried out as per the funding agreement with PMDFC.	TMA			
(ii)	PMDFC will hire the services of professional engineers to supervise the civil works and other procurements on behalf of PMDFC.	MD Office	MD		
(iii)	The supervision tasks and related reporting to TMA and PMDFC will be clearly defined in the contract signed between PMDFC and the supervision consultants.	Procurement.	Manager (Proc.)	Template of agreement with the supervision consultants.	OPM-09

## 19. Project Monitoring and Evaluation

Project Monitoring and Evaluation will consist of the following components:

- ◆ Monitoring of civil works project implementation and physical completion against milestones.
- ◆ Financial utilization.
- ◆ Monitoring of PIP implementation
- ◆ Monitoring of improvement in services.

Sr.	Tasks (Project Supervision)	Entity	Person Responsible	Related Documents	Doc. Ref
(i)	Each TMA will submit monthly progress of infrastructure projects, in terms of the following parameters: <ul style="list-style-type: none"> <li>▪ Original completion date</li> <li>▪ Percent work completed</li> <li>▪ Percent of time lapsed</li> <li>▪ Revised completion date.</li> </ul>	TMA	TO (I&S)	Monthly progress report on infrastructure projects.	OPM-10
(ii)	PMDFC will compile physical progress report of all the projects in all TMAs in the above format and send this to the World Bank on quarterly basis.	Engg.	GM (Engg)	PMDFC Quarterly Report of project status for all TMAs	OPM-11
(iii)	TMA will submit a monthly report on the status of PIP implementation	TMA	TMO	Monthly progress report on PIP implementation.	OPM-06
(iv)	PMDFC will compile a report on the status of PIP implementation and send this to the World Bank on quarterly basis.	ID Finance Engg. P&E	GM (ID) GM (Finance) GM (Engg). GM (P&E)	PMDFC Quarterly Report of PIP implementation status for all TMAs	OPM-12
(v)	TMA will send quarterly report on the performance indicators agreed as part of the project grant.	TMA	TMO	Periodic Assessment Report.	
(vi)	PMDFC will compile a quarterly report on performance indicators for all TMAs and send this to the World Bank.	ID	GM (ID)	PMDFC Quarterly Report of project status for all TMAs	OPM-13
(vii)	Based on the reports submitted by TMAs, PMDFC will hold periodic progress review meetings as and when required with the TMOs and TOs of each TMA to ensure timely completion of the project.	ID Finance Engg. P&E	GM (ID) GM (Finance) GM (Engineering) GM (P&E)		