

# Annual Report

2018-19

PMDFC continued on its path of “*help build healthy cities*” during this year as well by taking along its multiple stakeholders from the public as well as the civil society. Multiple projects were taken up by the company besides making strenuous efforts for preparation/prior actions of the World Bank funded project “Punjab Cities Program”.

2. PMDFC under its mandate defined by its Memorandum of Association is well poised to assist both the provincial government and local governments in carrying out their functions in line with PLGA 2019. Based on its past record, it can be safely stated that the company can strengthen the institutional capacity of local governments in the province.

### Company Overview

3. PMDFC is one of the premier companies working for strengthening the local government system of Punjab. Since its inception in 1998, it has passed through several phases of organizational realignment in the face of external challenges like change of government in 1999, promulgation of the Punjab Local Government Ordinance 2001, transition to provincially controlled local governments in 2009, enactment of the Punjab Local Government Act 2013 and 2019.

4. Throughout the 20 year history of PMDFC, the company has strived for excellence in its organizational performance in accordance with the policy guidelines of the provincial framework and in the light of its role defined by its Memorandum and Articles of Association. The Company has not only given valuable policy level inputs to the Punjab Local Government & Community Development, Department but has also assisted the local governments in ameliorating the delivery of municipal services in the province. In summary, PMDFC lived up to its primary objective of improving the quality of lives of people. Increase in access to the services in areas where sustainability of municipal infrastructure were carried out under the supervision of PMDFC has been another hallmark of organizational excellence.

### Corporate Governance

5. PMDFC is committed to running its operations in accordance with the highest standards of corporate governance and adheres to the principles of transparency and accountability for its entire functionality. Requirements laid down by the Companies ordinance 1984, Securities and Exchange Commission of Pakistan (SECP), and best practices of public sector companies are followed in letter and spirit. As a premier public sector company for local governments of Punjab, the role of civil society has always been

acknowledged by the Board. Functioning of the Board has been characterized by broad based and inclusive decision making.

### Program Oversight

6. In accordance with the company policy, projects to be taken up need approval of the Board of Directors. The Board exercises effective oversight of all the projects taken up by the Company. The Board is pleased to report that the oversight function is performed without micromanaging the projects and the Company executives are given managerial freedom to implement projects as per approved guidelines and objectives.

7. The Board was keen to review the projects (*Up-gradation of Municipal Asset Management Information System, Capacity Building for Sustainable Municipal Infrastructure Services, Program Monitoring Unit (PMU) - Monitoring the Cleanliness of 07 Cities under the Waste Management and Roll out CFMS in 229 LGs*). Successive meetings of the Board also called on the Company management to report on the state of Company affairs. It is noted that all the projects taken up by the Company were implemented successfully within the stipulated time.

### Human Resource Management

8. The significance of human resource cannot be overemphasized for any organization aspiring to live up to its vision and goals. The phenomenon becomes even more critical for an organization like PMDFC that has to leverage the delivery of much needed public services in an equitable manner. The challenge of devising means to realize the right of people to safe drinking water, sanitation services, street light, and parks warrants innovative solutions and robust public-private partnerships. Given the public sector landscape of the province and the history of local governments in Pakistan, it is no wonder that there is a dearth of local government experts in the province.

9. It is PMDFC that has developed a critical mass of local government experts over the past twelve years. Infrastructure development, service delivery improvement through better management, performance measurement, and building capacities of staff of local governments are a few significant areas of expertise developed by PMDFC.

10. Despite the potential financial challenges after successful completion of Punjab Municipal Services Improvement Project, the Board made it a priority policy action to ensure the retention of valuable and professional human resource of the Company. The Board

recognized the leadership role of the Managing Director (Muhammad Aamer Nazeer) in steering the Company skilfully. His contract was extended on the basis of his outstanding performance, professionalism and the need for continuity.

11. The diversification of expertise developed over the past years have added to the strength of organizational learning resulting in taking up of assignments such as supervision of Third Party Validations (TPVs), development of concept papers, and review of PC-1s besides undertaking top supervision of infrastructure development projects.

### **Major On-going Assignments**

- a) World Bank Funded Punjab Cities Program (PCP)
- b) Up-gradation of Municipal Asset Management Information System
- c) Capacity Building for Sustainable Municipal Infrastructure Services (Water Supply System)
- d) Program Monitoring Unit (PMU) Monitoring the Cleanliness of 07 Cities under the Waste Management Companies
- e) Roll out CFMS in 229 LGs

### **Future Outlook**

a) As stated in the previous Directors' Report, the Company is moving towards establishing itself as a consultancy outfit to ensure its financial sustainability. The relevance of experience and expertise make PMDFC the best suited organization to work closely with the local governments of Punjab for capacity building and service delivery improvement.

b) Financing Agreement between Syed Ghazanfar Abbas Jelani, Secretary, Economic Affairs Division, Government of Pakistan and Mr. Patchamuthu Illangoran, Country Director, International Development Association and Operation Agreement between Mr. Nadeem Irshad Kayani, Secretary LG&CD Department, Government of Punjab and Mr. Patchamuthu Illangoran, Country Director, International Development Association have been signed for the World Bank Funded Project with the title "Punjab Cities Program".

The Program has been declared effective by EAD on April 04, 2019 and 10 million USD has already been released on achieving the first set of Disbursement Linked Results (DLRs). Finance Department has already accorded approval for the opening of Bank Accounts for Performance Based Grants (PBGs) and MCs counterpart funds. The PC-I for Technical Assistance has been approved from PDWP on August 17, 2019 and submitted for CDWP clearance on September 02, 2019.

In the light of the foregoing developments, it is reassuring that the organization, with its expertise intact, is well poised to take up future responsibilities of project "Punjab Cities Program" and it can be safely said that PMDFC is on a stable path of sustainability; moving

forward with renewed commitment and dynamism. Good governance, accountability and self-executing mechanism of checks and balances with professional excellence would continue to be the future pathways of PMDFC.

**a) World Bank Funded Punjab Cities Program (PCP)**

Government of Punjab prepared “*Punjab Urban Reform Roadmap (PURR)*” with the assistance of the World Bank that analyses the economic activities in the main cities of Punjab, their per capita GDP and GDP growth rate and compares these parameters with competitive cities in the developing countries. For exploiting the economic growth potential of the cities some policy reforms have been proposed in the “**Punjab Urban Reforms Roadmap**” which are in line with “*Vision 2025*”, *Punjab Growth Strategy 2018* and *Punjab Urban Sector Development Plan 2018*”.

Consequently, it has been proposed that the ‘*Punjab Cities Program*’ may be launched as **Program for Results (P for R)** and **WB** has showed willingness to invest USD 200 million in this Program.

**Objectives** The Program Development Objective is to strengthen the performance of participating urban local governments in urban management and service delivery.

**Scope** World Bank shared a list of cities based on absolute increase in population, Economic potential of the districts and considered due share for North, South & Central Punjab.

The cities include; *Okara, Jaranwala, Gojra, Jhang, Kamalia, Muridke, Hafizabad, Kamoki, Daska, Wazirabad, Jhelum, Vehari, Burewala, Khanewal, Bahawalnagar&KotAddu.*

Selected Municipal Committees of Punjab except falling under the World Bank funded PCGIP and ADB funded PICIIP.

**Funding agency** World Bank/ Government of Punjab

**Duration** 05 Years

**Stakeholders**

- LG&CD Department
- Finance Department
- Punjab Local Government Board
- 16 Municipal Committees
- Punjab Municipal Development Fund Company

**Key Features/ PCP Components:**

The Program will use a hybrid of investment Project Financing (IPF) and Program for Results (P for R) instrument.

**a) Infrastructure Development (Window-I)** will provide Performance Based Grants (PBGs) based on results achieved by the MCs against the Disbursement-Linked Indicators (DLIs).

- **DLI-1** comprises of Minimum Access Condition (MACs). Compliance with MACs will be a pre-condition to access the PBGs, and failure to satisfy any MAC will disqualify an MC from accessing the PBG that year.
- **DLI-2** comprises of Performance Measures (PMs). These will build on the foundations laid by MACs, and will challenge the MCs to raise their performance to

achieve incremental targets. Together, the MACs and PMs will enable the 16 MCs to access the PBGs allocations.

- b) Institutional Strengthening (Window-2)** will support provincial government agencies (Finance Department, LG&CD Department, Local Government Board, and PMDFC and selected MCs with technical assistance and institutional strengthening.

**Eligible Investments:** Water Supply, Sewerage, Solid Waste Management, Waste Water Treatment Plants, Urban Roads & Drainage, Parks, Streetlights

**Proposed Cost**

Share	USD (Million)	PKR. (Million)
<b>Foreign:</b>	200.00	27,568.00
<b>Local:</b> GoPb /MCs co financing		4,962.24
<b>Total:</b>	<b>200.00</b>	<b>32,530.24</b>

(The exchange rate as on 3<sup>rd</sup> December 2018 was; 1 USD = PKR 137.84)

**Key Milestones**

Activity	Date
Concept clearance from PDWP	February 16, 2018
Concept submission for CDWP clearance	March 22, 2018
Summary for the Cabinet (request for World Bank Financing for Punjab Cities Program)	Approved on April 04, 2018
Technical discussion (World Bank, EAD, P&DD and LG&CDD)	April 23, 2018
Summary for the Cabinet ( request for approval of loan negotiation with World Bank for Punjab Cities Program)	Approved on April 26, 2018
Concept clearance from CDWP	May 02, 2018
Loan Signing	May 29, 2018
Umbrella PC-I Submission	August 03, 2018
Request to EDA for extension of Loan Effectiveness by P&D Department	August 08, 2018
PDWP Clearance (Umbrella PC-I)	January 01, 2019
Umbrella PC – I approval condition waived off	April 04, 2019

**Status to date:**

- Program declared effective by EAD (*April 04, 2019*)
- Evidence/documentation on the achievement of first set of DLRs shared with the World Bank, through LG&CDD (*May 27, 2019*)
- Funds amounting 10 million USD disbursed for MCs under P for R component (*June 14, 2019*)
- Separate accounts for PBGs opened for partner MCs (*Mid-August, 2019*)
- Identification of M&R Infrastructure Projects (Water Supply, Sewerage, SWM, Roads, St. Lights & Parks etc.) for Year – I (*In Progress*)
- *PDWP Clearance of PC-I (USD 20 million) for Technical Assistance Component under IPF Window (August 17, 2019)*

- Hand-holding of MCs staff to fulfill Minimum Access Conditions (MACs) & Performance Measures (PMs) of the 1st year (*In Progress*)
- Hiring of APA firm for Assessment of PMs & MACs (TORs drafted and shared with the World Bank for perusal)

**Next steps:**

- Approval of PC-I (USD 20 million) for Technical Assistance Component under IPF Window from CDWP
- Hiring of Firm for Annual Performance Assessment for next year DLIs
- Establishment of regional offices & hiring of staff to ensure smooth implementation

**b) Up-gradation of Municipal Asset Management Information System**

**Background**

Local Government and Community Development Department launched a project "**Asset Management of Municipal Immovable Properties**" (Mar 2015 - June 2016) to introduce transparency, efficiency and accountability through e governance and ICT/GIS based solutions. Accordingly, data pertaining municipal immovable assets of 145 LGs was collected and computerized. After promulgation of PLGA 2013, TMAs were transformed into Metropolitan Corporation (01), Municipal Committees (182), Municipal Corporations (11) & District Councils (35) and subsequently municipal assets were distributed amongst the LGs. Therefore, it was highly needed to update the record of municipal immovable assets and develop the web-based software under the above mentioned Project. Accordingly, LG&CD Department approved a project "**Up-gradation of Municipal Asset Management Information System**" under ADP (2017-18) with the allocation of Rs. 20 Million.

**Objectives**

- To introduce transparency, efficiency and accountability through e-governance and ICT/GIS based solutions.
- To achieve higher level of service delivery through timely decision making and improved lateral and vertical communication between various tiers of hierarchy.
- To ensure better service delivery for the citizens enabling them to view assets along with related facilities online and to reduce encroachments, litigation and malpractices; and increase revenue

**Scope**

- Data Collection & Field Verification of District Councils Properties
- Verification of already collected data for LGs (TMAs) through MC staff
- Designing of survey tool for geo-tagged data collection
- Development of Software by updating database design, adding

- District Councils Main Dashboard and DCs Local Dashboards
- Updation of data management module for incorporating DC properties and transfer of property among MCs and DCs

**Funding Agency** LG&CD Department (ADP 2017-18 at G.S No. 5059)  
**Implementation Period** 01 Year (FY 2017 – 18)  
**Extended date of Completion:** April 30, 2019 (Revised PC-I)

**Achievements**

Sr. #	Activity	Progress
<b>1.</b>	<b>Data Collection, Verification and Uploading</b>	
1.1	Survey proforma preparation for DCs and newly developed MCs assets data collection	Completed
1.2	Verification of already collected data of municipal assets through MCs Staff	Completed
1.3	Preliminary data collected from district councils and Newly MCs	Completed
1.4	Boundary maps preparation for New DCs and MCs	Completed
1.5	Android application development for field data collection	Completed
1.6	Field data collection for all DCs & 05 new MCs	Completed
1.7	Data Uploading	Completed
<b>2.</b>	<b>Software Development &amp; Deployment</b>	
2.1	Software Development	Completed
2.2	Software Testing , Debugging & Deployment	Completed
2.3	Training of MCs & DCs Staff	Completed

**c) Capacity Building for Sustainable Municipal Infrastructure Services (Water Supply System)**

**Introduction**

The poor service delivery level is affecting the residents of these cities/towns and they are constrained to develop alternate source of water for meeting their daily demand. Further the poor water quality has affected the health of the citizen because of water borne diseases which increase their expenditure in treatment of these diseases, waste their man days thus reducing their income and affecting the family and local economy.

Assessing these problems and their adverse consequences on human health and economy, Local Government & Community Development approved the project namely “*Capacity Building for Sustainable Municipal Infrastructure Services (water supply)*” in Annual Development Program of 2017-18 with an allocation of Rs. 21.00 million (GS 5253).

**Objectives** The project has basically been designed for building the institutional capacity of the ULGs in the sustainability of water supply systems and services by improving the operation & maintenance activities for:

- Efficient service delivery
- Improvement in the collection of user charges to provide better water supply facilities to the general public

**Scope**

- Collection of data from 10 cities included in the project
- Identification of gaps, shortcomings & bottlenecks hampering the good service delivery
- Updating of the water supply infrastructure maps
- Sensitizing the key offices and training of staff along with practical demonstration
- Addressing the gaps and shortcoming through the MC staff leading to better service delivery
- Introduction of Framework Contracting for cost effective repairs and replacements, reduction of delay in repairs and improved service credibility
- Reduction of gaps between the O&M expenditure and recovery
- Design of interventions for improvement of service delivery level

**Project Area** Punjab Municipal Development Fund Company will be responsible for execution of this project in 10 cities of the Punjab. The list of MCs region wise is given below:

A	Northern Punjab	1	Chakwal
		2	P.D. Khan
		3	Gujar Khan
B	Central Punjab	4	Kasur
		5	Mustafabad
		6	Bhalwal
		7	Sillanwali
C	Southern Punjab	8	Liaqatpur
		9	Vehari
		10	Mailsi

**Funding Agency** LG & CD Department, Government of Punjab

**Duration** 01 Year (FY 2017 – 18 - Completed)

**Cost (PKR)** Rs. 21.00 Million

**Extended date of Completion:** April 30, 2019 (Revised PC-I)

**Achievements:**

- Billing & recovery of user charges
- Updating water supply maps
- Data analysis for identification of gaps and shortcomings along with their reasons in water supply infrastructure
- Preparation & submission of guidelines for **“Improvement in billing and recovery system “** for instructions to MCs
- Preparation & submission of Guidelines for adopting the **“Framework Contracting and Establishment of Stores”**
- Preparation of SOPs & O&M manual
- Preparation & submission of suggestions for reduction in energy bills
- Workshop on sensitization of chairmen &COs for importance of good O&M
- Workshop on training of MO(I&S), Support staff and MO (F)

**d) Program Monitoring Unit (PMU) - Monitoring the Cleanliness of 07 Cities under the Waste Management Companies**

**Objectives**

- Reliable and fair monitoring through third party validation of cleanliness of cities under the Waste Management Companies (WMCs)
- Obtain citizens feedback for cleanliness of cities under (WMCs)
- Improvement of cleanliness of cities by making them waste free due to monitoring of cleanliness and reporting short comings to WMCs

**Scope**

PMU monitors the cleanliness of 07 cities in Punjab under WMCs (Lahore, Faisalabad, Rawalpindi, Sialkot, Gujranwala, Multan & Bahawalpur). It through its field staff:

- Rates assigned facilities/locations assigned through very poor to very good scale
- Identifies sore points/poor condition in each city where heaps of garbage are piled up and causing public nuisance for immediate attention of WMCs.
- Conducts citizen perception surveys regarding cleanliness of cities, identification of problem areas, collects suggestions, provide Public Awareness about WMCs and compliant registration mechanism etc.

**Funding agency** Government of Punjab

**Approved cost**

Sr. No.	Financial Year	Amount
1	2017-2018	Rs.71.813 million
2	2018-2019	Rs.66.243 million
3	2019-2020	Rs.72.749 million

**Duration**

The PMU was established for the period of three years (2017-18-to 2019-20).

**Implementation Arrangements**

PMU has been established at Punjab Municipal Development Fund Company (PMDFC) with an oversight role of parent department LG&CD Department. The PMU has hired a core team based in Lahore supported by 57 Monitoring & Evaluation Analysts (MEAs) and 4 Provincial Monitoring Officers (PMO) for seven project cities. Special Monitoring Unit (SMU), CM office provides input in design and improvement in program and Punjab Information Technology Board (PITB); provides technical input by developing and maintaining Android based data collection application and monitoring Dashboard.

**Progress to Date**

- PMU set-up at PMDFC with hiring and trainings of staff and procurement of equipment and furnishing etc.
- Facilities/locations data/information collected and Geographic Information Systems database developed
- Android based application developed by PITB in close coordination with PMU to assess the cleanliness level of each city through MEAs/PMOs
- User friendly dashboard developed by PITB on the format designed by PMU to monitor facility ratings, citizen surveys, management of field staff and generation of multiple reports for data evaluation and planning
- A module developed on dashboard for WMCs to analyze rating of their facilities, perception of community about their teamwork and submission of compliance report to PMU about poorly rated facilities / locations identified for immediate cleanliness
- Brainstorming sessions with WMCs, PITB, SMU and LG & CDD by PMU for periodic improvement of PMU design and results

**Outcomes:**

- Improved cities cleanliness and neglected areas of cities through 881,391 field surveys and ranking 208,049 locations (poor to good) and sharing information with WMCs
- Improved city cleanliness through identified 237,822 critical locations and improvement of those by WMCs
- Enhanced WMCs knowledge of citizen perception for cleanliness through 135,226 citizen perception
- Improved public awareness of cleanliness of cities and WMCs working through perception surveys

**Roll Out CFMS in 229 LGs**

Under the Institutional Development component, PMDFC developed Computerized Financial Management System (CFMS) for the maintenance of LG's accounts. In order to roll out the CFMS across the Punjab, LGs should be well versed with the system, its functions and its use. In this context, PMDFC conducted training sessions of concerned LGs officials (Accountant and Computer Operators) with the collaboration of GIZ.

**Objective :**

- To provide knowledge and skills to the concerned official responsible to operate the CFMS

**Achèvements**

- 56 Master Trainers trained by PMDFC
- In Phase –I PMDFC imparted training to 30 LGs with its own resources and in phase - 2 imparted trainings to 199 LGs with the collaboration of GIZ
- 796 officials of 229 LGs were provided training on;
  - General Cash Book
  - Classified Abstract
  - Account Head wise / DDO wise financial reports
  - Establishment Check Register
  - Contingency Check Register
  - Annual Budgets & Budget Control Register
  - AR Forms / Reports (24 Nos.)
  - Receipts & Expenditure (monthly, yearly, head wise, DDO wise etc.)
    - Water Demand and Collection Register

- Shop Demand and Collection Register