

Madhya Pradesh Poverty Monitoring and Policy Support Unit (PMPSU)

Planning Department, Government of Madhya Pradesh

Capacity Development Plan for PMPSU (2011-14)

**Infrastructure Professionals Enterprise (P) Ltd
(IPE Global)**

February 2011

Contents

1. Abbreviations

BPL	Below Poverty Line
DES	Directorate of Economics and Statistics
DFID	Department for International Development
DoPES	Department of Planning, Economics and Statistics
DUAP	Deendayal Antyodaya Upachar Yojana
GoMP	Government of Madhya Pradesh
ICDS	Integrated Child Development Scheme
M&E	Monitoring and Evaluation
MP	Madhya Pradesh
MTEF	Medium Term Expenditure Framework
NREGS	National Rural Employment Guarantee Scheme
NSSO	National Sample Survey Organisation
PMPSU	Poverty Monitoring and Policy Support Unit
SPC	State Planning Commission
SPMG	Strengthening Performance Management in Government
SWOT	Strengths, Weaknesses, Opportunities and Threats
ToR	Terms of Reference
VC	Vice Chairman

2. Capacity Development Plan for PMPSU

1. Introduction

This report presents a Capacity Development Plan for PMPSU for the next three years and is based on the detailed institutional assessment carried out and business plan prepared for PMPSU following discussions held with key officials within PMPSU and Planning Department. The Capacity Development Plan is divided into two sections:

- Institutional Capacity Development
- Organisational Capacity Development

2. Capacity Development Plan for PMPSU

The business plan developed for PMPSU puts forward, the following strategic imperatives for organisation:

- (i) Strengthening **district level governance** by implementation of a transparent and efficient decentralised planning system;
- (ii) Support **community empowerment** for better delivery of development programmes, especially those focussed on **women development and gender issues**;
- (iii) Strengthen **accountability mechanisms** within the state through independent M&E and impact assessments;
- (iv) Identify **sectoral priorities for the state** and undertake policy research and analysis for inter-governmental and public dissemination; and
- (v) Act as **repository of knowledge** at the state level, specifically in areas of poverty and service delivery performance and develop a network for policy dialogue and analysis and for provisioning of capacity building support to line departments.

The outcome expected to be achieved from the above objectives is *development (through PMPSU) of a formal process of informed policy making in the Government wherein the policies developed and recommended are adopted to promote growth and reduce poverty*. Further, with time PMPSU will get established as an institution with responsibility to undertake networking of the socioeconomic reform agenda and policy analysis of the Government for achieving poverty reduction and human development.

Given these objectives and desired results, it is well established that it will not be possible to achieve them with “**Business as Usual**” approach and significant and concentrative efforts will be required for strengthening both institutional and organizational capacity of PMPSU. The next two sections present in detail the basic requirements that will need to be fulfilled in order to achieve the desired results and outcomes.

3. Institutional Capacity Building

1. Amendments to Bye-Laws

The Bye-Laws of PMPSU would possibly need to undergo some amendments. While the current manual presents the overall objectives for the PMPSU, there is a need to conduct a small **Visioning Exercise** by involving all stakeholders and develop a vision and mission for the society. While the Business Plan has attempted in defining the PMPSU vision and mission, this will need to be validated by the Governing Body. This exercise needs to take into account the changing environment in the state and changing needs of the Planning and other line departments. At the same time, it needs to reflect clearly the direction PMPSU intends to take in the next few years. This is required for providing the overall structure to the organization and for close tracking of actions and results.

Following the drafting of the Vision and Mission of the Organisation, a re-look at its objectives will be required to bring them in line with the Vision and the Business Plan. Some of the areas for which new objectives may need to be introduced include:

- Role expected to be played by PMPSU in enhancing demand side accountability in Madhya Pradesh, through its efforts in areas like decentralised planning and strengthening of civil society.
- Role expected to be played by PMPSU in area of gender mainstreaming in development programmes in Madhya Pradesh

The other areas where amendments would be required in the bye-laws include:

- Readjusting the frequency of the meetings of the various bodies of PMPSU as discussed in the next section.
- Allowing PMPSU to raise funds from other sources as well as charge fees from other line departments of GoMP or other bodies as the case may be for conducting studies/research on their behalf.

- Re-looking at the membership of General and Governing Body of PMPSU. Under this the following will need to be done:
 - Opening the position of Chairperson of General and Governing Body to Minister, Planning along with the VC, State Planning Commission.
 - Expanding the membership of General Body and reducing the membership of Governing Body, to make the administrative structures more manageable.

2. Management Arrangements

It is also felt that there is a need to have a re-look at the management arrangements put in place for the management of PMPSU. Institutional assessment brought out clearly that irregularity of the General and Governing Body meetings was hampering the performance of PMPSU in one way or the other. Given this, a re-appropriation of roles and responsibilities and frequency of meetings is proposed. This would also require appropriate amendments in the Bye-laws.

The focus of the proposed change in the management arrangements for PMPSU is to increase the delegation of powers to the Executive Body and PMPSU staff, and reduce their dependence on Governing Body, while at the same time, making the advisory and monitoring role of Governing and General Body stronger.

General Body: While the roles and responsibilities of the General Body would broadly remain the same, it would be required to make it mandatory to hold its meeting at least once in a year, as per the provisions of the law. The only change proposed in their roles and responsibilities is that besides appointment of the auditors, the General Body will also review the audited statements of PMPSU in its meeting. Given that the composition of the General Body is quite similar to the Governing Body, both their meetings could be organized on the same day.

Governing Body: Governing Body of PMPSU is currently the most important committee for its management. However, currently the roles and responsibilities of Governing Body are not very clearly defined and greater emphasis is on administrative and financial control over PMPSU rather than technical control. While certain powers have already been delegated to the Executive Body, further delegation and re-focusing Governing Bodies role towards technical management can go a long way in improving the governance of PMPSU. This shift is also necessary given the interdepartmental nature of the Governing Body.

Given this it is proposed that the following roles and responsibilities may be officially added to the mandate of the Governing Body, although it has been fulfilling many of these roles already.

- Bi-annual review the annual action plan of PMPSU and progress

- Discussion on inter-departmental co-ordination issues
- Taking decision on strategic issues around policy advocacy, communications and dissemination
- Review of the Terms of Reference prepared for various studies/evaluations. Their role will be limited to overall guidance on the ToR structures and deciding on themes and broad guidelines on which ToRs are developed. The approval of ToRs will be given by the Executive Body.
- Review of the overall procurement processes for hiring of consultancy services
- Review of Auditors Report and Management Responses.
- Review of the findings of major studies and their dissemination

The frequency of meetings for the Governing Body should also be reduced from quarterly to bi-annually.

Executive Body: The Executive Body needs to be slightly more formalized and membership increased to include the Head/Team Leader of PMPSU. The roles and responsibilities of Executive Body are clearly defined and appropriate financial delegation has also been done by the Governing Body to the Executive Body, so no changes are required in this area as well. Some of the roles and responsibilities, however, can be delegated to the Head/Team Leader of PMPSU and these have been discussed below.

While, by nature of its role Executive Body does not need to have any particular frequency for its meetings, it is advisable to have at least one formal bi-monthly meeting, where major decisions of the period are documented and any major issues can be addressed.

An additional responsibility of the Executive Body will be to **develop mechanism for regular interactions with other line departments**. They will need to engage with the departments for whom PMPSU is conducting research/studies on a regular basis to keep them updated on the progress as well as take their concerns/issues into account. They will also be responsible to support the PMPSU staff in marketing their expertise with other line departments.

Dedicated Nodal Officer: The position of the Nodal Officer for PMPSU, who comes from the Planning Department, needs to be made full time with single charge of PMPSU. This is necessary to ensure elevation of PMPSU to the level as desired in the business plan.

Head/Team Leader of PMPSU: Given the nature of the contract of the Head/Team Leader, PMPSU, in the past it has not been possible to delegate any financial powers to the position. However, moving ahead it is proposed that PMPSU may be headed by a **dedicated Senior**

GoMP Official on full time basis. Given this certain powers may be delegated down from the Executive Body to the Team Leader, PMPSU. An indication on the limits for these is provided below:

Table 1: Devolution of Powers of PMPSU from Executive Body to Head/Team Leader

Sl. No.	Description of Power	Limits (INR)
1	Appointment of Consultants	Upto 15 Lakhs
2	Purchase of furniture and fixtures	Upto 2 Lakhs
3	Books/Periodicals/Newspaper, audio visuals, photocopy and computer works	Rs. 5,000/-
4	Petrol/Diesel, Oils, etc.	Rs. 10,000/-
5	Purchase of Stationary Items	Full Power
6	Payments of Telephone/Mobile	Full Power as per eligibility
7	Contingency expenses including report publication, recurring expenses	Full Power
8	Expense on meetings	Full Power
9	Approval of advance travel and travel expenses	Full Power
10	Expenses of taxi hire services	Full Power

The expenses made by the PMPSU Team Leader, could be monitored by the Executive Body on a bi-Monthly basis and subject to Internal Audit. The Internal Auditor could also report directly to the Executive Body. The Accounts Officer, State Planning Commission can be the joint signatory for this purpose.

3. Reporting and Oversight Systems

As mentioned above the following frequency for reporting and oversight could be adopted for the effective management of PMPSU functions.

- Governing Body to General Body - Once Annually
- Executive Body to General Body – Bi-Annually
- Team Leader, PMPSU to Executive Body – Bi-Monthly
- Within PMPSU – Fortnightly

4. Organisational Capacity

1. Structural Changes

1.1. Functional Restructuring

PMPSU, so far, has been having a very lean structure, however, the institutional assessment quite clearly brought out the capacity constraints within the organization to be able to effectively address its mandate. Further given the needs of the proposed business plan its structure will need to be sufficiently staffed to effectively take care of its various functions. Broadly speaking, PMPSU would need to fulfill the following functions

- Technical Advisory Services
- Capacity Building
- Monitoring and Evaluation
- Statistical
- Communication and Dissemination
- Administration including Procurement and Financial Management

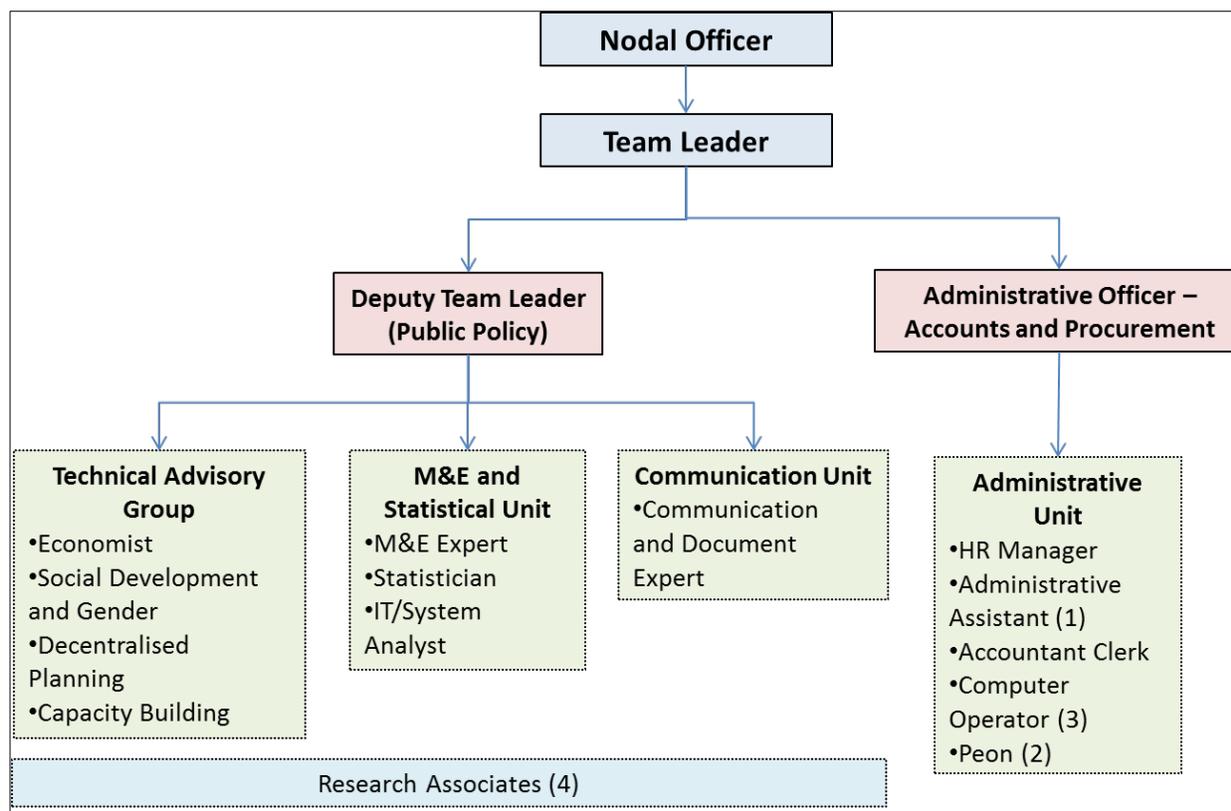
1.2. Proposed Organisation Structure

Given the above functions the following Organisation Structure is proposed for PMPSU. The figure below presents the proposed organisation structure for PMPSU. The proposed structure consists for four units: Technical Advisory, M&E and Statistics; Communications; and Administrative. The team would be headed by a Dedicated Nodal Officer. The Team Leader will report directly to the Nodal Officer and will be supported by a Deputy Team Leader with expertise in Public Policy and an Administrative Officer, with expertise in areas of Public Finance and Procurement.

The Technical Advisory Group consisting of a Social Development and Gender Expert, an Economist, Decentralised Planning Expert and Capacity Building Expert and will report to the Deputy Team Leader. The M&E and Statistical Unit consisting of an M&E Expert, Statistician and two IT/Systems Analysts will also report to the Deputy Team Leader. The four Research Associates will also work under the guidance of the Deputy Team Leader.

The Communication Team consisting of Communication and Documentation Expert who will report directly to the Team Leader. The Administrative Unit will consist of an HR Manager, Administrative Assistant, Accountant, Computer Operators and will report to the Administrative Officer.

Figure 1: Proposed Organisation Structure for PMPSU



2. Human Resource Management

Given the expanding structure of PMPSU, Human Resource Management will be critical for the effective functioning of the organization. To start with a Human Resource and Procedural Manual will need to be developed for the organization. The manual will broadly need to cover the following areas:

- **Human Resource Planning procedures:** An annual process for HR Planning and needs assessment will need to be established. Along with the annual action planning, a detailed HR planning for full time as well as short term consultant positions will need to be conducted and hiring calendar prepared.
- **Recruitment and Selection Process:** The positions in PMPSU will be open to all serving Government Officials (on deputation) and experts available from the open market; however selection will need to follow competitive processes. PMPSU will need to empanel HR consultancy firms to support it in hiring process. For lower level and short term positions, PMPSU could also develop an internal database and interview shortlisted firms out of that. With a position of full time HR Manager proposed for the PMPSU, hiring through website like www.devnetjobsindia.org could be done in-house as well.

- **Joining, Induction and Confirmation Process:** An employee handbook explaining them about the applicable rules and policies and helping in the joining, induction and confirmation process will also need to be developed as part of the HR Manual.
- **Leave policies and procedures:** This could broadly need to follow GoMP policies and procedures for leaves. However, since PMPSU is a registered society and most of its employees will be contractual, it is free to set its own policies as long as they comply with applicable laws.
- **Compensation Scales and Grades:** Compensation Scale and Grades will need to be defined clearly from the onset. Staff benefits entitlements such as travel TA/DA, mobile entitlements, etc. will also need to be based on these grades. There will be a provision of minimum 10% increment every year. Tentative grades for officials to be hired from the market for the various positions defined in the Organisation Structure are presented below:

Sl. No.	Position	Proposed Scale Range (INR)	Mobile	Additional Benefits (INR)		
				Data card	Vehicle (official use)	Medical Insurance
1	Team Leader	115,000 – 150,000	2,000	Dedicated	Dedicated	3 month equivalent
2	Deputy Team Leader	90,000 - 130,000	2,000	Dedicated	Shared	3 month equivalent
3	Technical Advisory Group, Administrative Officer & Comm. Expert	65,000 – 90,000	1,500	Shared	Shared	3 month equivalent
4	HR Manager, IT/Systems Analyst	35,000 – 50,000	1,000	Shared	-	3 month equivalent
5	Admin. Assistant, Accountant Clerk, Research Associates	25,000 – 35,000	800	-	-	3 month equivalent
6	Computer Operator	15,000 – 24,000	600	-	-	3 month equivalent
7	Peon	7,000 – 9,500	600	-	-	3 month equivalent

For the positions, which get filled by personnel on deputation from other GoMP departments their existing government salary scales will be maintained and in addition they will receive a special allowance as per the range provided below. The range provided below mentions the minimum and maximum allowance possible and these will need to be clearly defined in the HR guidelines and at time of initiation of hiring process. They will also be entitled for the additional benefits as defined above, if not already covered. While the Nodal Officer will be appointed by the Planning Department, being the Executive Officer of PMPSU, s/he would also be entitled to additional allowance and benefits equivalent to the Team Leader of PMPSU.

Sl. No.	Position	Proposed Allowance Range for Officials on Deputation (Min-Max) (INR)
1	Nodal Officer/Executive Officer	20,000 – 40,000
2	Team Leader	20,000 – 40,000
3	Deputy Team Leader	15,000 – 25,000
4	Technical Advisory Group, Administrative Officer & Comm. Expert	10,000 – 20,000
5	HR Manager, IT/Systems Analyst	5,000 – 10,000
6	Admin. Assistant, Accountant Clerk, Research Associates	3,000 – 5,000

For retired personnel wishing to join the PMPSU, the salary would be computed by taking their last drawn salary as base subtracting the last drawn pension plus the allowance as per the range provided above for officials on deputation.

- **Performance linked Appraisal System:** A performance linked appraisal system will need to be developed for the PMPSU. Annual salary increments will need to be based on the appraisals conducted. **The proposed budget for PMPSU takes into account an annual average increase of 10% from the base salary.** This will be critical to attract and retain quality staff. The annual increments should be built into the salary budgeting for PMPSU.
- **Staff Training and Capacity Building:** Staff training and capacity building will also need to be deliberated clearly. This is a critical function for any knowledge based organisations like PMPSU and would again be essential to attract and retail quality staff.
- **IT Security** – As the organisation grows strong IT systems are required. At the same time IT security policy would be required to ensure the infrastructure available is not misused.
- **Confidentiality Policy** – This is a key requirement while working with communities and marginalized groups on sensitive issues like health, livelihoods, etc. Each employee working in the field should understand the sensitivity of the information they receive from individuals in the community and should be kept confidential.
- **Anti-Corruption Policy:** Since PMPSU deals with public funds, it will be required to follow stringent of anti-corruption practices and policies will need to be put in place in this regard.

3. Budgeting & Financial Management

Like Human Resource management, Financial and Budget management will also need to be strengthened for PMPSU. Some of the key areas where interventions would be required include:

- **System for Budget Preparation, Financial Management and Analysis:** Currently PMPSU only has a overall budget for the society for the project duration and does not follow the process of annual budgeting. It thus becomes

difficult to analyse the expensed on a regular basis and take corrective actions wherever required. A system for annual budgeting will need to be devised and documented in a **Budget and Financial Management Manual**. The system will need to be monitored on a monthly basis budget utilisation monitoring will need to be closely tied-up with physical progress monitoring. This will also allow Finance Department, GoMP to disburse the funding requirements of PMPSU for a year in one go, rather than continuing with the current practice where each expense is paid for individually. This will also ensure certainty of funding for PMPSU.

- **Delegation of Financial Powers:** For efficient functioning of PMPSU and to avoid unnecessary delays, delegation of Financial Powers to PMPSU staff is required and a proposal for such delegation of powers to the Team Leader, PMPSU would need to be place by the Executive Body to the Governing Body for their approval. The limits prescribed in Table 1 above may be considered for this purpose.
- **Internal Audit:** Setting up of an Internal Audit system is critical for effective governance. Internal audit system for PMPSU needs to be put in place with the roles and responsibilities of the Internal Audit position defined clearly. The Internal Auditor could directly report to the Executive Body to ensure control, accountability and transparency in the system.
- **External Audit:** PMPSU till date does not have External Auditors, which is against the provision of MP Societies Registration Act. While, the process of hiring of Auditors for SPMG programme has been initiated, ideally the PMPSU being a society should hire their Auditors independently. However, even if the Auditors hired for SPMG project audit PMPSU, the same will need to be approved by the Governing Body of PMPSU, as per the bye-laws of the society.
- **Procurement Management:** While PMPSU has been following DFID prescribed polices for procurement of goods and services, a detailed **Procurement Manual** will need to be put in place as the programme expands.

4. Physical Infrastructure and Office Equipment

As the staffing strength of PMPSU increases, there would a need to upgrade the Physical Infrastructure and Office Equipments. So far PMPSU has been operating from the Planning Department, which has helped in internalization of the society into the department. As we move ahead, space requirements for PMPSU will increase. While it is most desirable to be housed within the Planning Department, in case of constraint of space PMPSU could explore the option of taking up an independent space for its office. The office infrastructure will also need to be upgraded to a particular level to attract best available talent from the open market.

A budget provision has been made in the PMPSU budget (part of the Business Plan) for procurement of necessary equipment like laptops, computers, printers, photocopiers, etc. In addition provision has also been made for refurbishment of the office space which PMPSU may hire outside the Planning Department. Budget provision has also been made for recurring expenses like upkeep of infrastructure, annual maintenance contracts, etc.

For office equipment, while new equipment will need to be procured, it will be important that the following steps are taken from now on:

- **Creation of Asset List:** It is important that PMPSU maintains an asset list for all items purchased and also each and every asset is appropriately marked for easy identification
- **Annual Maintenance Contract:** For all applicable assets, it will be important to take AMC from reputed vendors to avoid any hindrances in the functioning of PMPSU
- **Insurance:** Once PMPSU moves out of the Planning Department, then insurance of assets would be critical. Currently, as well for equipment which is frequently used while travelling (laptops, etc), PMPSU should take up appropriate insurance policy.

5. Conclusion

Coordinated and dedicated steps will be required to be taken to achieve the overall objectives of PMPSU and for fulfilling the capacity development requirement detailed out above. As the PMPSU prepares to initiate the work for the next phase, there is a possibility of extension of six months to the current support. This time should be well utilized to strengthen existing systems and prepare the platform for the next phase, so that no time is wasted at the beginning of the phase. Some of the key steps which must be taken up during the interim time and during the initial months of the project are listed below.

Sl. No.	Recommendation	Responsibility	Timeline
1	Presentation of Business Plan and Capacity Development Plan to Governing Body and its finalisation	Nodal Officer and PMPSU Staff	March 15, 2011
2	Changes in bye-laws of PMPSU as required	Executive Body	March 31, 2011
3	Preparation of Job Profiles for all positions and approval by Executive Body	Nodal Officer	March 31, 2011
4	Hiring Process for next phase	Executive Body	April – June 15, 2011
5	Development of HR and Procedure Manual	Nodal Officer	April 15, 2011
6	Development of Financial and Budget Manual	Nodal Officer	April 15, 2011
7	Development of Procurement Manual	Nodal Officer	April 15, 2011
8	Appointment of internal and external auditors for PMSPU	Nodal Officer	April 15, 2011
9	Finalisation of New Space to house PMPSU	Executive Body	April 30, 2011
10	Hiring of Contractors for Refurbishment of new office	Executive Body	May 15, 2011
11	Development of list of equipment to be purchased and initiation of Procurement	Executive Body	May, 2011
12	Initiation of Next Phase of PMPSU	Executive Body	July 1, 2011

