



## Governance and Policy Program for Khyber Pakhtunkhwa (KP) (P156410)

SOUTH ASIA | Pakistan | Governance Global Practice |  
 Recipient Executed Activities | Investment Project Financing | FY 2017 | Seq No: 3 | ARCHIVED on 24-Oct-2018 | ISR33936 |

Implementing Agencies: Economic Affairs Division, Planning and Development Department, Khyber Pakhtunkhwa

### Key Dates

#### Key Project Dates

Bank Approval Date: 20-Apr-2017

Effectiveness Date: 23-May-2017

Planned Mid Term Review Date: 28-Jan-2019

Actual Mid-Term Review Date: --

Original Closing Date: 30-Jun-2020

Revised Closing Date: 30-Jun-2020

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective (PDO) is to strengthen the capacity for Sales Tax on Services collection, and improve public investment management and accountability of public service delivery in the water sector in Khyber Pakhtunkhwa.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

### Components

Name

Increasing capacity for revenue mobilization and the public financial management:(Cost \$5.25 M)

Improving public investment management and accountability in public services:(Cost \$5.25 M)

Providing effective support for the coordination of governance reforms and operational management:(Cost \$2.50 M)

### Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	● Substantial	● Substantial

### Implementation Status and Key Decisions

Since its effectiveness on May 23rd, 2017, the project has made progress towards achieving its development objective. Project has consistently met projected disbursement targets and continued to do so during this reporting period. Implementation Progress and Progress towards achievement of PDO continue to be satisfactory as there has been progress in all components. The project continues to support KP Government capacity for revenue mobilization, accountability in public financial management and strengthening of public investment management and accountability. Progress in implementation is due to strong collaboration between the World Bank Task Team and the Operations Support Unit, including a full Implementation Support Mission (May 2018), Coordination Meeting (July 2018), and regular contact with KP government counterparts. The



Government continues to adhere to all Covenants. The last Steering Committee Meeting was held April 2018 and the Government has submitted the most recent Quarterly Progress Report in September 2018.

The Khyber Pakhtunkhwa Revenue Authority (KPRA) exceeded the target for revenue collection for the STS in FY17 -18. The targets for Disbursement-Linked Indicators for year 1 of project implementation have been achieved and verified by the Third-Party Monitoring Agent (TPMA) and disbursed against. Additionally, the project has initiated the Public Financial Management (PFM) and procurement training activities for relevant government officials. The Macro-Fiscal Management unit in the Finance Department (FD) has been established and recruitment of staff is underway. Recruitment is also underway for the establishment of the Debt Management Unit. A Public Investment Workshop was held on June 25, 2018 for relevant stakeholders and a draft PIM Action Plan developed and shared with the Bank team for comments.

## Risks

### Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Substantial	● Substantial	● Substantial
Macroeconomic	● Substantial	● Substantial	● Substantial
Sector Strategies and Policies	● Moderate	● Moderate	● Moderate
Technical Design of Project or Program	● Moderate	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● High	● High	● High
Fiduciary	● High	● High	● High
Environment and Social	● Substantial	● Low	● Low
Stakeholders	● Moderate	● Moderate	● Moderate
Other	● High	● High	● High
Overall	● Substantial	● Substantial	● Substantial

## Results

### PDO Indicators by Objectives / Outcomes

Strengthen capacity for Sales Tax on Services collection				
▶ Increased collection of the Sales Tax on Services (STS) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	7.30	40.00	10.80	9.86
Date	30-Jun-2016	15-Feb-2018	30-Jun-2018	30-Jun-2020
Comments:	KPRA has announced a revenue collection of PKR 10.8 billion for the STS in FY17-18, a 40% increase over the FY 15-16 baseline of PKR 7.3 billion. This amount has been verified by the Third Party Monitoring Agent (TPMA).			



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Improve Public Investment Management & accountability in public service delivery in water sector				
<b>▶Average size of per project appropriation in the water sector included in the ADP (Amount(USD), Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	79.00	84.80	56.00	200.00
Date	30-Jun-2016	01-Aug-2017	30-Jun-2018	30-Jun-2020
Comments:	FY2015/16 average for target sectors: PKR 84.8 million (PKR 98.6 million for hydropower, PKR 79 million for WSS). For the purposes of the project the Water sector (WSS) baseline FY15-16 is considered i.e. 79 million. FY 16-17 (i) Amount: PKR 4213 Million (ii) Number of projects: 91 (iii) average: PKR 46 Million FY 17-18 (i)Amount: PKR 5160 Million (ii) Number of projects: 91 (iii) average: PKR 56 Million			
<b>▶Number of districts where citizen feedback on WSS services is systematically collected and disseminated (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2.00	2.00	25.00
Date	16-Aug-2016	15-Feb-2018	30-Jun-2018	30-Jun-2020
Comments:	Citizen feedback on WSS services was collected in the districts of Mansehra and Mardan in the first months of project implementation. A total of 692 citizens (including 134 women) provided feedback on the availability and quality of drinking water as well as basic sanitation, as of June 2018. However, such feedback needs to be disseminated and systematically collected at least once a year. Citizen feedback is to be extended to further districts in the current fiscal year. There was a delay in this activity due to delay in approval of annual work plan. The AWP has now been approved by the SC and pace should pick up.			
<b>▶Percentage of women among feedback providers (Percentage, Custom Supplement)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	19.40	19.40	50.00
<b>▶Number of districts where citizens are engaged in monitoring WSS services (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2.00	2.00	25.00
Date	16-Aug-2016	15-Feb-2018	30-Jun-2018	30-Jun-2020
Comments:	Fifteen (15) citizens/young professionals provided the third-party monitoring (geo-tagging and collection of beneficiary feedback) in the districts of Mardan and Mansehra, including 5 women.			
<b>▶Percentage of women engaged in monitoring WSS services (Percentage, Custom Supplement)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	33.00	33.00	50.00
<b>▶Number of officials certified in FM, procurement, project management and M&amp;E (Number, Custom)</b>				



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	300.00
Date	30-Jun-2016	01-Aug-2017	30-Jun-2018	30-Jun-2021
Comments:	The ACCA has been contracted to develop the FM certification training modules, after which the training of relevant government officials for FM will take place. The procurement immersion plan has started with online trainings. The learning strategy for training and capacity building for other trainings such as M&E, project management, and leadership is being finalized after which the trainings will commence. Uptake of online basic procurement training has been slow.			
<b>▲Number of women certified in FM, procurement, project management and M&amp;E (Number, Custom Breakdown)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	35.00
Date	30-Jun-2016	01-Aug-2017	01-Aug-2017	30-Jun-2016

**Overall Comments**

Availability of data continues to be a problem for some indicators. For instance, despite several reminders, revenue forecast data have not been forthcoming. Secondly, difficulties persist in obtaining feedback from female users. Finally, the lack of incentives for undertaking basic online course as well as low ICT skills have undermined the uptake of online procurement training.

**Intermediate Results Indicators by Components**

Increasing capacity for revenue mobilization and the public financial management				
<b>▶Number of STS tax payers that filed tax returns - DLI1 (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	578.00	88.00	1,085.00	809.00
Date	30-Jun-2015	15-Feb-2018	30-Jun-2018	30-Jun-2020
Comments:	1085 of 2112 registered taxpayers filed returns in FY16-17. This represents a 88% increase over the FY15 baseline (578 out of 1,259 registered tax payers filed taxes) and has been verified by TPMA. 1947 out of 4030 registered taxpayers filed returns in FY17-18 which represents a 236% increase over the FY15 baseline and has to be verified by the TPMA. In light of the overachievement of the target, this indicator and targets may be reviewed and revised at the time of MTR.			
<b>▶Rate of filing compliance (Percentage, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	45.00	51.00	48.00	80.00



Date	30-Jun-2015	15-Feb-2018	30-Jun-2018	30-Jun-2020
Comments:	The 1947 of 4030 registered taxpayers that filed returns in FY17-18 represents a 48 percent filing compliance rate.			
<b>►Deviation between STS revenue forecasts and actual revenue collected (Percentage, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	30.00	30.00	30.00	10.00
Date	30-Jun-2014	15-Feb-2018	30-Jun-2018	30-Jun-2020
Comments:	This value for FY17-18 is not yet available			

<b>Improving public investment management and accountability in public services</b>				
<b>►Number of public investment assets in water sector that have been geo-mapped and published online - DLI2 (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	323.00	550.00	500.00
Date	30-Jun-2014	15-Feb-2018	30-Jun-2018	30-Jun-2020
<b>►Increased share of development projects in the water sector that are completed within original schedule (Percentage, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	20.00	20.00	20.00	60.00
Date	30-Jun-2016	15-Feb-2018	30-Jun-2018	30-Jun-2020
Comments:	Data to be collected annually and was to be first reported by June 2018, however data is not yet available.			
<b>►Reduction in WSS services provided to citizens beyond the stipulated timeframe (Percentage, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.00	28.50	28.50	5.00
Date	16-Aug-2016	15-Feb-2018	30-Jun-2018	30-Jun-2020
Comments:	The baseline refers to the one complaint received at the time of project preparation when WSS standards had recently been issued. Standards for Water and Sanitation Sector (WSS) services under KP RTPS Act have been issued for water connections, the supply of clean drinking water and the disposal of garbage. In 2017, 6% of water connections were provided beyond the stipulated timeframe (2 weeks) and 57% of the supply of clean drinking water was delayed. This corresponds to 28.5% of services provided beyond the stipulated standards (the target for year 1 of project implementation is 20%). Compliance with standards with regard to garbage disposal services will be captured and included in subsequent reports. (Garbage disposal is part of the Water and Sanitation Sector)			

Providing effective support for the coordination of governance reforms and operational management



►M&E Reports on KP Long-term Governance Action Plan (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Yes	--	No	Yes
Date	16-Aug-2016	15-Feb-2018	30-Jun-2018	30-Jun-2020
Comments:	The Government of KP priorities have been shifting with the current focus on taking stock of the implementation of the current Integrated Development Strategy (ending in 2018) and developing a new IDS (2018-2023) in light of the upcoming elections. An update on this activity/indicator will be provided once there is more clarity on the government's and P&DD plan.			

**Overall Comments**

Reports on KP Long-Term Governance Action Plan are not likely to be available as the KP Government dropped the Governance Action Plan and replaced it with the Sustainable Development Plan whose preparation is underway. This indicator will be revised during the Mid-Term Review to reflect existing arrangements.

**Data on Financial Performance**

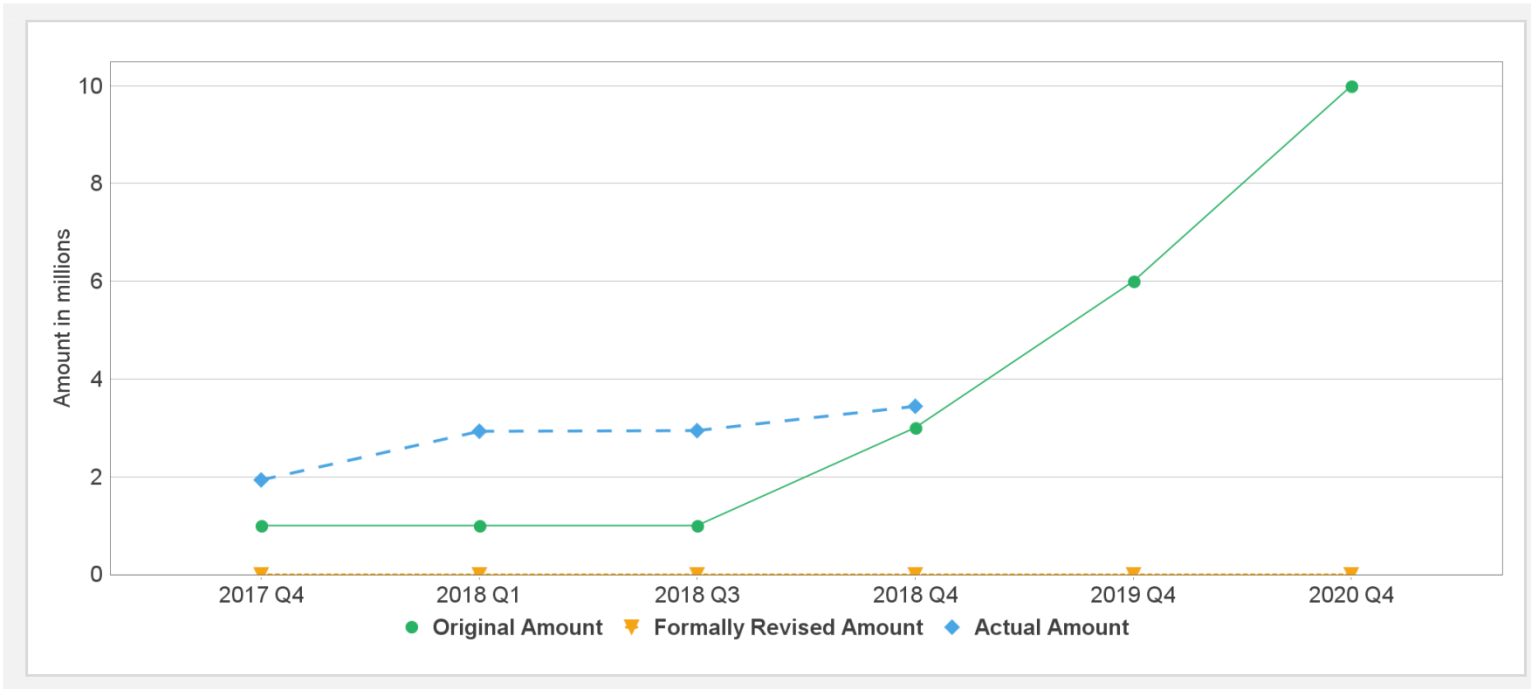
**Disbursements (by loan)**

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P156410	TF-A3361	Effective	USD	10.00	10.00	0.00	3.44	6.56	34%

**Key Dates (by loan)**

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P156410	TF-A3361	Effective	23-May-2017	23-May-2017	23-May-2017	30-Jun-2020	30-Jun-2020

**Cumulative Disbursements**



### Restructuring History

There has been no restructuring to date.

### Related Project(s)

There are no related projects.