



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: 6 | ARCHIVED on 20-Oct-2020 | ISR43301 |

Implementing Agencies: Islamic Republic of Pakistan, 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: 15-May-2019

Original Closing Date: 30-Jun-2020

Revised Closing Date: 30-Jun-2022

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?

Yes

Board Approved Revised Project Development Objective (If project is formally restructured)

To strengthen the capacity for Sales Tax on Services collection and improve public investment management and accountability for public service delivery in Khyber Pakhtunkhwa.

Components Table

Name

Increasing capacity for revenue mobilization and the public financial management:(Cost \$8.75 M)

Improving public investment management and accountability in public services:(Cost \$8.75 M)

Providing effective support for the coordination of governance reforms and operational management:(Cost \$3.50 M)

Overall Ratings

| Name | Previous Rating | Current Rating |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Progress towards achievement of PDO | <input type="checkbox"/> Satisfactory | <input type="checkbox"/> Satisfactory |
| Overall Implementation Progress (IP) | <input type="checkbox"/> Satisfactory | <input type="checkbox"/> Satisfactory |
| Overall Risk Rating | <input type="checkbox"/> Moderate | <input type="checkbox"/> Moderate |

Implementation Status and Key Decisions

Overall implementation progress continues to be satisfactory and the project is on track to achieve its development objective. As a result of consistent satisfactory performance the project was granted additional financing of US\$8million. The restructuring also included (i) revision of the Project Development Objective; (ii) revision of the Results Framework; (iii) scaling up and revision of project activities; (iv) change in disbursement



categories; (v) extension of the closing date to June 30, 2020. The Additional Financing is, however, not reflected in this ISR due to an error in the Withdrawal Schedule in the Grant Agreement. The next ISR will include the correct project amount.

Component 1: Increasing capacity for revenue mobilization and public financial management: Progress in this component continues to be satisfactory. The KP Revenue Authority (KPRA) has improved its revenue collection and continues to exceed annual project targets. In FY 2018/19 KPRA collected PKR 35 billion, representing a 42 percent increase over the baseline PRK 7.3 billion collected in the FY2015/16. The authority has reported collection of Rs.17.19 billion (provisional) in FY2019/20. KPRA has developed a human resource manual as well as a system for taxpayer registration and tracking of tax returns. The KPRA has further created a website for taxpayer facilitation and identified potential sectors for taxation and to broaden tax base. The project continues to support taxpayers awareness campaigns and work is underway to conduct risk-based tax audit. A total of 228 government officials participated in project financed training (of which 27 were women). The KP Procurement Authority in collaboration with the IM Sciences University launched a Diploma in Supply Chain and Public Procurement. To date, 30 government officials have been enrolled.

Component 2: Improving public investment management and accountability in public services. Implementation progress under this component is also satisfactory. The PIM action plan is now ready for approval by the PIM Core Committee. Once approved, the action plan will be implemented over the next 24 months. A Public Private Partnership (PPP) action plan for 2019-2024 has been approved and PPP Act 2019, PPP Rules 2019 and a PPP Policy Framework drafted. A total of 250 public assets in the water sector and 5,651 ADP locations (2020-2021) have been geo-tagged. Similarly, COVID quarantine centers have also been geotagged. The Performance Management Reform Unit continues to reach citizens through its Citizens' Portal which has resolved 67709 out of 81962 complaints in FY 2019/20. The Right to Public Services Commission has established an Integrated Grievance Redressal System (IGRS) to further strengthen the facilitation of resolution of complaints. To date, the IGRS has resolved 380 complaints. A Citizen Perception Survey is underway to collect feedback on selected notified services.

Risks

Systematic Operations Risk-rating Tool

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

Results

PDO Indicators by Objectives / Outcomes



| Increasing capacity for revenue mobilization and public financial management | | | | |
|---|--|---|--|---|
| ► Increased collection of the Sales Tax on Services (STS) (Text, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | KPRA collected Rs. 11 billion during FY 18/19 | KPRA collected Rs. 11 billion in FY18/19 | KPRA collected Rs. 17.19 billion in FY19/20 (revised estimates). | KPRA targets to collect, at least, Rs. 18.0 billion in FY 21/22. |
| Date | 28-Jun-2019 | 28-Jun-2019 | 31-Aug-2020 | 30-Jun-2022 |
| Comments: | In FY2018/19 the KPRA collected PKR 10.35 billion (actual figures from civil accounts). In FY2019/20, the authority has reported a collection of Rs. 17.19 billion (revised estimates), compared to PKR 7.3 billion in FY2015/16. This represents a 135 percent increase from the baseline. This indicator has been revised to align the unit of measurement in the baseline and target. | | | |
| ► Improved public financial management (Text, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | KP does not have a PFM Law as of 2020 | KP does not have a PFM Law and PFM strategy is outdated | PFM law has been drafted and is currently under review. A PFM expert will be recruited in October to support the finalization of the PFM law and strategy. | PFM Law approved by the Provincial Assembly. |
| Date | 29-May-2020 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |
| Improving public investment management and accountability in public services | | | | |
| ► Reduction in total throw-forward amount in the Annual Development Plan (Text, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | Total throw forward is Rs. 420 million in FY 19/20. | Total throw forward is Rs. 420 million in FY 19/20. | Total throw forward is Rs. 727 Million in FY 20-21 | At least a 15% (\$42 million) reduction in the total throwforward over FY 19/20 |
| Date | 29-May-2020 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |
| ► Citizens reporting satisfaction with selected notified services (Percentage, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 0.00 | 0.00 | 0.00 | 75.00 |
| Date | 29-May-2020 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |
| Comments: | A firm has recently been recruited to initiate the Citizens' Perception Survey. | | | |



Intermediate Results Indicators by Components

| Increasing capacity for revenue mobilization and the public financial management | | | | |
|---|---|--|--|---|
| ► Increase in number of STS tax payers that filed tax returns (Text, Custom, PBC) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 578 taxpayers out of 1259 registered taxpayers filed returns in 2015/2016. | 38 percent | 32 percent | The Project Implementing Entity has increased the number of STS taxpayers filing tax returns in the Fiscal Year by a cumulative percentage of 50% above Baseline. |
| Date | 30-Jun-2016 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |
| Comments: | In FY2018/19, average 86% filing is reported by KPRA, whereas in FY20, it is 78% (data for FY2019/20 is provisional). This shows an increase of 40% and 32% over the baseline, during FY2018/19 and FY2019/20 respectively. | | | |
| ► Increase in registered taxpayers (Number, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 7,588.00 | 7,588.00 | 11,815.00 | 9,106.00 |
| Date | 29-May-2020 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |
| ► Enhanced human resource capacity for tax administration (Text, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | HR/staffing and training plans are not available. KPRA's total working strength is 185 (including 22 on deputation and 45 outsourced staff), against 227 sanctioned positions | HR/staffing and training plans are not available. KPRA's total working strength is 185 (including 22 on deputation and 45 outsourced staff), against 227 sanctioned positions | Training needs assessment, review of job descriptions and preparation of staffing and training plans to be initiated after approval of workplan. | Staffing and training plans are approved for implementation. KPRA has trained at least 45% of the staff (including women). |
| Date | 29-May-2020 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |
| ► Share of taxpayers who paid any amount with returns (Percentage, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |



| | | | | |
|--|-------------|-------------------|------------------|-------------|
| Value | 18.00 | 18.00 | 12.00 | 22.00 |
| Date | 29-May-2020 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |
| ► Departments using Framework Agreements (Number, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 3.00 | 3.00 | 3.00 | 5.00 |
| Date | 29-May-2020 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |
| ► Procuring entities publishing procurement plans online (Number, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 27.00 | 27.00 | 29.00 | 37.00 |
| Date | 29-May-2020 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |

| | | | | |
|---|---|--|--|--|
| Improving public investment management and accountability in public services | | | | |
| ► Public investment schemes monitored, and results published in publicly disclosed progress reports (Percentage, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 25.00 | 25.00 | 25.00 | 35.00 |
| Date | 29-May-2020 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |
| Comments: | Results have not been published till date. Results are likely to be published in the annual report. | | | |
| ► Increase in Public Investment Assets that are geo-mapped and published online (Text, Custom, PBC) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | Public Investment Assets are not geomapped and not available online. | 250 public assets have been geomapped and published online | 250 public assets have been geomapped and published online | The Project Implementing Entity has cumulatively geomapped and published online 600 Public Investment Assets |
| Date | 30-Jun-2016 | 28-Jun-2019 | 31-Aug-2020 | 30-Jun-2022 |
| ► Public Investment schemes with unapproved PC 1 prior to inclusion in the budget (Percentage, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 29.00 | 29.00 | 27.00 | 20.00 |



| | | | | |
|--|--|--|------------------------------------|---|
| Date | 29-May-2020 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |
| ► Citizens reporting that WSS services was provided within the stipulated time frame (Percentage, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 0.00 | 0.00 | 0.00 | 50.00 |
| Date | 29-May-2020 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |
| Comments: | Findings from the Citizens' Perception Survey will inform the data for this indicator. | | | |
| ► Improved legal and institutional framework for anti-corruption (Text, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | Existing legal and institutional framework for Anti-Corruption is inadequate | Existing legal and institutional framework for Anti-Corruption is inadequate | Institutional assessment completed | Action plan for rationalization of provincial government entities dealing with mandate for anti-corruption finalized and submitted for cabinet approval Draft new Anti-Corruption legislation submitted to Provincial Assembly |
| Date | 29-May-2020 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |
| ► Complaints resolved through Pakistan Citizen Portal (Percentage, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 60.00 | 60.00 | 88.00 | 75.00 |
| Date | 30-Jun-2021 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |

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

► Public officials participating in project financed training (Number, Custom)

| | | | | |
|-----------|--|-------------------|------------------|-------------|
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 463.00 | 463.00 | 506.00 | 820.00 |
| Date | 29-May-2020 | 29-May-2020 | 31-Aug-2020 | 30-Jun-2022 |
| Comments: | Training has not yet picked up due to the COVID-19 pandemic. | | | |



Public officials participating in project financed training of which are female participants (Percentage, Custom Supplement)

| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|-------|----------|-------------------|------------------|------------|
| Value | 16.00 | 16.00 | 15.00 | 35.00 |

Performance-Based Conditions

Data on Financial Performance

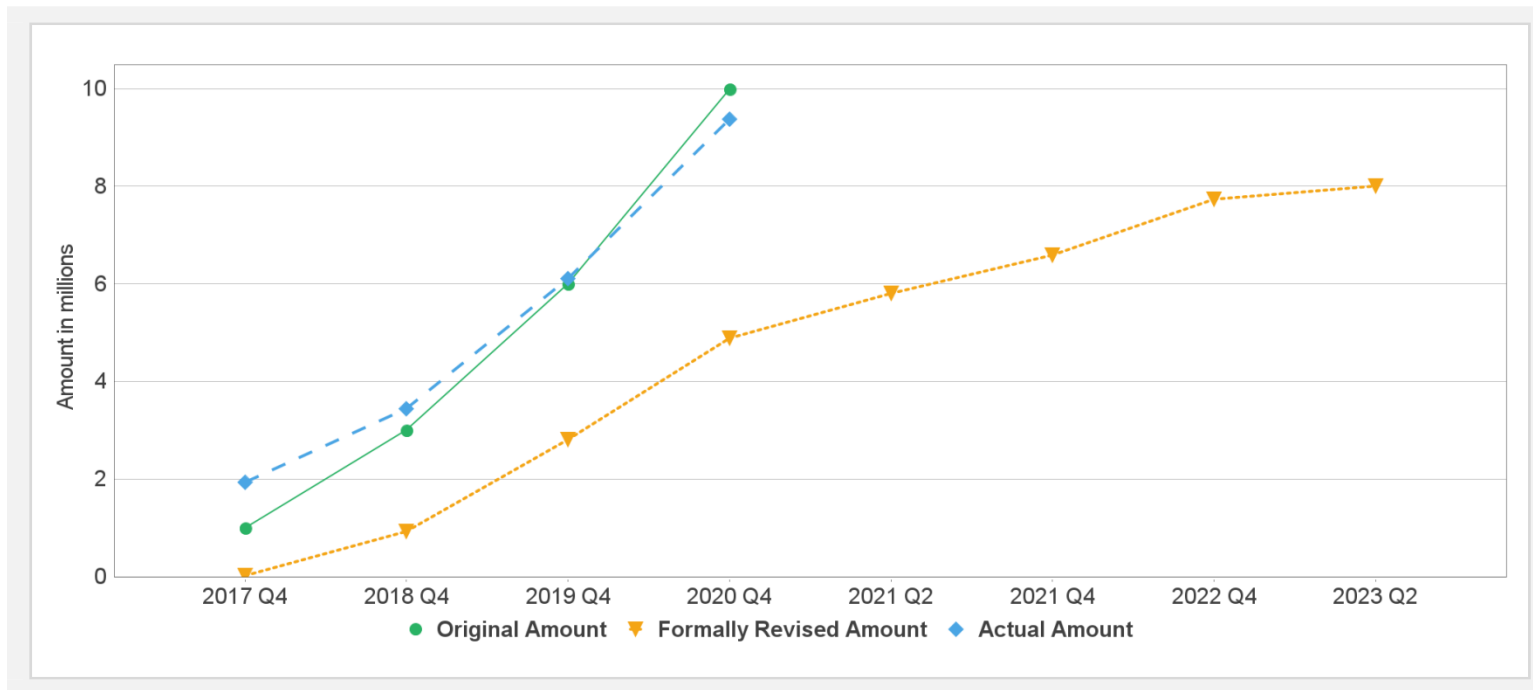
Disbursements (by loan)

| Project | Loan/Credit/TF | Status | Currency | Original | Revised | Cancelled | Disbursed | Undisbursed | % Disbursed |
|---------|----------------|-----------|----------|----------|---------|-----------|-----------|-------------|-------------|
| P156410 | TF-A3361 | Effective | USD | 10.00 | 10.00 | 0.00 | 9.37 | 0.63 | 94% |

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-2022 |

Cumulative Disbursements





PBC Disbursement

| PBC ID | PBC Type | Description | Coc | PBC Amount | Achievement Status | Disbursed amount in Coc | Disbursement % for PBC |
|--------|----------|-------------|-----|------------|--------------------|-------------------------|------------------------|
|--------|----------|-------------|-----|------------|--------------------|-------------------------|------------------------|

Restructuring History

There has been no restructuring to date.

Related Project(s)

P171659-Governance and Policy Project for Khyber Pakhtunkhwa
