



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: 8 | SUBMITTED | ISR48595 |

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-2022	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"/> Low	<input type="checkbox"/> Low

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 (approved in July 2020) and was restructured to process (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; and (v) extension of the closing date to June 30, 2022.



Component 1: Increasing capacity for revenue mobilization and public financial management: Progress on this component continues to be satisfactory. General Sales Tax on Services (GSTS) collection of KP increased from PKR 7.3 billion in FY 2015/16 to PKR.19 billion (revised estimates) in FY 20/21. Over the first quarter of the FY 21/22, the Khyber Pakhtunkhwa Revenue Authority (KPRA) has reported collection of PKR 5 billion. There has also been an increase in registered taxpayers from 14,3100 in April 2021 to 15,710 in September 2021. The project has been supporting the strengthening of KPRA’s appellate tribunal and has helped establish a court room at the collector’s office. KPRA has also completed the sector notes and audit guidelines for Oil and Gas and Mines and Minerals sectors, and will soon initiate related trainings. KPRA has also conducted a training for withholding tax agents and will conduct more trainings in remainder of FY22. The project continues to support taxpayers facilitation and awareness campaigns. A total of 515 government officials participated in project financed training (of which 15 percent were women) in the first few months of this FY. The Khyber Pakhtunkhwa Procurement Authority (KPPRA) has developed an E-procurement software and conducted a diagnostic study in five districts on transformation to digitized procurement system. KPPRA has also launched its website which displays information on tenders and contract awards while also offering a platform for grievance redressal. The PFM law has been drafted and submitted to the Cabinet for approval. A draft strategy has also been prepared.

Component 2: Improving public investment management (PIM) and accountability in public services. Implementation progress under this component is also satisfactory. A PIM Unit has been established to implement the PIM Action Plan. A Public Sector Development Programme Camp office has been set up in Islamabad to support federally funded projects to KP. The Planning and Development Department (P&DD) has issued a notification on project preparation on September 8, 2021 to departments, making it mandatory to prepare development schemes by the end of September to ensure their inclusion in the Annual Development Plan. Following the completion of a Training Needs Assessment (TNA), the P&DD has prepared a training manual on project cycle management. Additionally, the project has trained 93 officers on project cycle management out of which the P&DD has selected 15 champions on the subject. The Public Private Partnership (PPP) Rules 2018 were approved by the Cabinet in September 2021 and the unit is preparing to hire Specialists to advance its reforms. The Performance Management Reform Unit continues to reach citizens through its Citizens’ Portal which has resolved 95 percent of complaints—354,000 out of 370,000 complaints. The Anti-Corruption Establishment has revised the Anti-corruption legislation, which is awaiting endorsement by the Establishment Department and subsequent approval by the Cabinet. The Right to Public Services Commission in collaboration with IM Sciences has completed a Citizen Perception Survey.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	<input type="checkbox"/> Substantial	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Macroeconomic	<input type="checkbox"/> Substantial	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Sector Strategies and Policies	<input type="checkbox"/> Moderate	<input type="checkbox"/> Low	<input type="checkbox"/> Low
Technical Design of Project or Program	<input type="checkbox"/> Moderate	<input type="checkbox"/> Low	<input type="checkbox"/> Low
Institutional Capacity for Implementation and Sustainability	<input type="checkbox"/> High	<input type="checkbox"/> Low	<input type="checkbox"/> Low
Fiduciary	<input type="checkbox"/> High	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate
Environment and Social	<input type="checkbox"/> Substantial	<input type="checkbox"/> Low	<input type="checkbox"/> Low
Stakeholders	<input type="checkbox"/> Moderate	<input type="checkbox"/> Low	<input type="checkbox"/> Low
Other	<input type="checkbox"/> High	<input type="checkbox"/> Low	<input type="checkbox"/> Low
Overall	<input type="checkbox"/> Substantial	<input type="checkbox"/> Low	<input type="checkbox"/> Low

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 PKR14.5 billion during July 2020-March 2021.	KPRA collected PKR 5 billion during July 2021- September 2021.	KPRA targets to collect, at least, Rs. 18.0 billion in FY 21/22.
Date	28-Jun-2019	14-Apr-2021	28-Oct-2021	30-Jun-2022
Comments:	<p>KPRA collected PKR 10.35 billion in FY2018/19, which increased to PKR16.09 billion in FY2019/20 (actual figures from civil accounts) and PKR 19 billion in FY2020/21 (revised estimates from civil accounts). During the first quarter of this FY 2021/22, the KPRA has collected PKR.5 billion (source: KPRA database).</p> <p>This indicator has been revised to align the unit of measurement in the baseline and target.</p>			
► Improved public financial management (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	KP does not have a PFM Law as of 2020	PFM law has been drafted and is currently under review by a PFM expert. The PFM Strategy has been revised and submitted for approval.	PFM law and Strategy are currently under review by relevant stakeholders. The PFM law will be submitted for Cabinet approval in November, 2021.	PFM Law approved by the Provincial Assembly.
Date	29-May-2020	14-Apr-2021	05-Oct-2021	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. 727 million for FY 20-21	Total throw forward is Rs. 982 million for FY 20-21	At least a 15% (\$42 million) reduction in the total throwforward over FY 19/20
Date	29-May-2020	14-Apr-2021	05-Oct-2021	30-Jun-2022
Comments:	The actual data (Rs.727million) includes merged areas whereas the original calculation for the baseline did not.			
► Citizens reporting satisfaction with selected notified services (Percentage, Custom)				



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	65.00	50.00	75.00
Date	29-May-2020	14-Apr-2021	05-Oct-2021	30-Jun-2022
Comments:	The Citizens' Perception Survey is complete and a draft report is currently under review.			

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.	A total of 7,795 tax payers filed their returns during the year 2019/2020.	10,246 tax payers filed their returns during FY20/21.	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	14-Apr-2021	28-Oct-2021	30-Jun-2022
Comments:	The indicator was revised during restructuring to ensure consistency between the baseline and target (measuring cumulative increase in over the baseline).			
► Increase in registered taxpayers (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	7,588.00	14,310.00	15,710.00	9,106.00
Date	29-May-2020	16-Apr-2021	28-Oct-2021	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	Concept note of Training needs assessment is under preparation.	Limited progress on this indicator. While job descriptions and training manual were revised, the KPRA needs to develop a training and staffing plans.	Staffing and training plans are approved for implementation. KPRA has trained at least 45% of the staff (including women).



Date	29-May-2020	14-Apr-2021	05-Oct-2021	30-Jun-2022
► Share of taxpayers who paid any amount with returns (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	18.00	10.00	14.00	22.00
Date	29-May-2020	14-Apr-2021	28-Oct-2021	30-Jun-2022
► Departments using Framework Agreements (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3.00	7.00	7.00	5.00
Date	29-May-2020	14-Apr-2021	05-Oct-2021	30-Jun-2022
► Procuring entities publishing procurement plans online (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	27.00	13.00	31.00	37.00
Date	29-May-2020	14-Apr-2021	05-Oct-2021	30-Jun-2022
Comments:	Data for FY 21-22: 18 procuring entities publishing procurement plans online Cumulative: 31 procuring entities publishing procurement plans online			

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	23.00	10.00	35.00
Date	29-May-2020	14-Apr-2021	05-Oct-2021	30-Jun-2022
Comments:	Total number of schemes (FY 20-21): 2,467 out of which 666 schemes were monitored (27%) Total number of schemes (FY 21-22): 2,342 out of which 234 schemes were monitored (10%) in the first quarter of this FY This target is not cumulative because the number of schemes changes every year. Results have been published on the Planning and Development Department (P&DD) website: https://pndkp.gov.pk/monitoring-evaluation/			
► 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	550 public assets have been geo mapped. The Government has indicated that these assets cannot be published due to security risks.	The Project Implementing Entity has cumulatively geomapped and published online 600 Public Investment Assets
Date	30-Jun-2016	14-Apr-2021	05-Oct-2021	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	27.00	19.00	20.00
Date	29-May-2020	14-Apr-2021	05-Oct-2021	30-Jun-2022
Comments:	Exceeded target for this FY.			
► Citizens reporting that WSS services was provided within the stipulated time frame (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	57.00	45.00	50.00
Date	29-May-2020	14-Apr-2021	05-Oct-2021	30-Jun-2022
Comments:	Data for this indicator has been derived from the Citizens' Perception Survey. While 56 percent of citizens reported satisfaction from water supply services, only 34 percent reported satisfaction from garbage disposal services.			
► 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	Institutional assessment completed and new Anti-Corruption legislation drafted.	Institutional assessment completed and new Anti-Corruption Act drafted. The draft Act is under review by the Establishment Department and will be submitted for Cabinet approval by December 2021.	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	14-Apr-2021	05-Oct-2021	30-Jun-2022
► Complaints resolved through Pakistan Citizen Portal (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	60.00	84.00	60.00	75.00
Date	30-Jun-2021	14-Apr-2021	05-Oct-2021	30-Jun-2022
Comments:	Resolution of complaints is 60% for the first few months of the current fiscal year.			

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	730.00	1,245.00	820.00
Date	29-May-2020	14-Apr-2021	05-Oct-2021	30-Jun-2022

Comments: This data is cumulative, including for the sub indicator: *Public officials participating in project financed training of which are female participants*.
Data for the sub indicator is as below:
Last FY: 66 female public officials participated in project financed training
This FY: 80 female public officials participated in project financed training
Total number of participants: 1245 (male and female)
Total number of female participants: 146 (12 percent)

□ 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	20.00	12.00	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	10.00	0.00	100%
P156410	TF-B3385	Effective	USD	8.00	8.00	0.00	2.00	6.00	25%

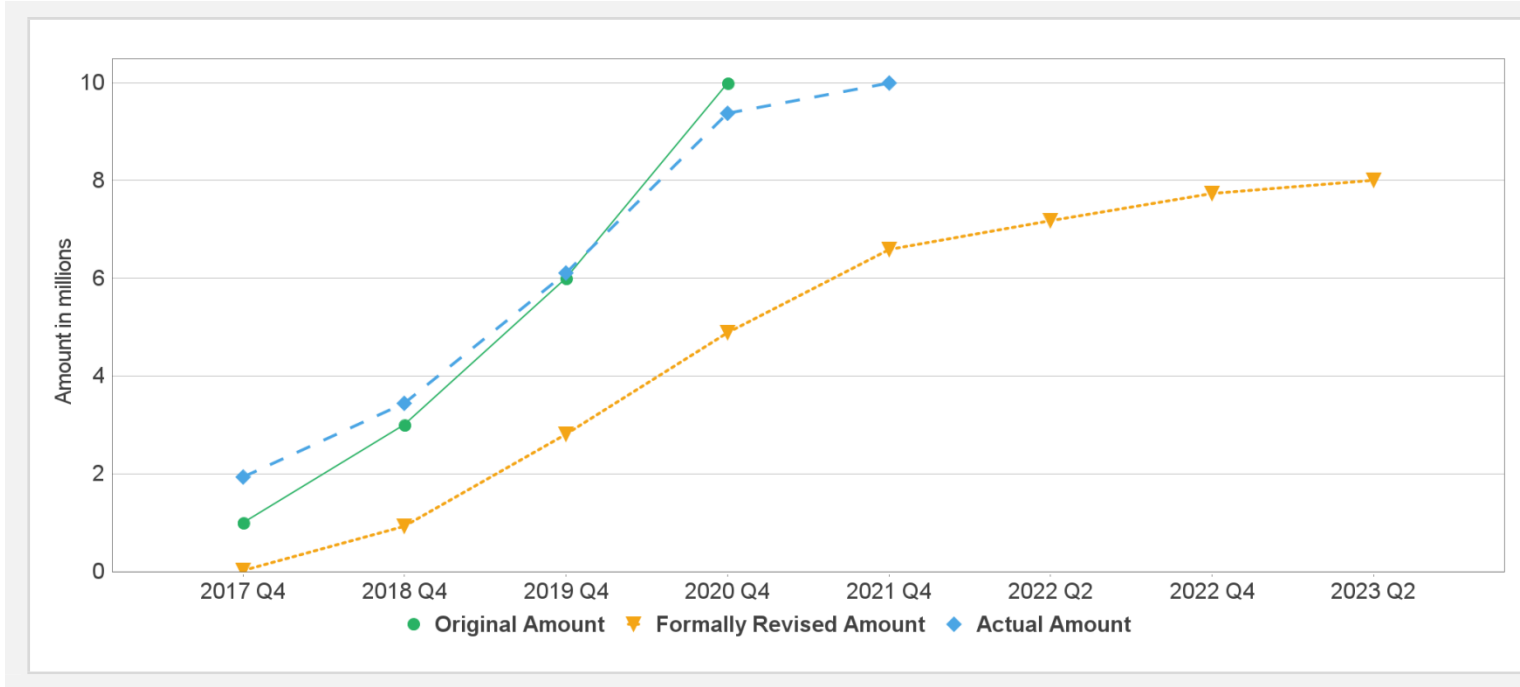
Key Dates (by loan)

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



P156410	TF-B3385	Effective	09-Jul-2020	15-Jul-2020	12-Oct-2020	30-Jun-2022	30-Jun-2022
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Cumulative Disbursements



PBC Disbursement

PBC ID	PBC Type	Description	Coc	PBC Amount	Achievement Status	Disbursed amount in Coc	Disbursement % for PBC
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Restructuring History

There has been no restructuring to date.

Related Project(s)

P171659-Governance and Policy Project for Khyber Pakhtunkhwa