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IMPLEMENTATION COMPLETION AND RESULTS REPORT

ON A

GRANT

IN THE AMOUNT OF US\$ 18 MILLION

TO THE

ISLAMIC REPUBLIC OF PAKISTAN

FOR A

GOVERNANCE AND POLICY PROGRAM FOR KHYBER PAKHTUNKHWA (P156410)

June 6, 2024

[This ICR replaces the version published in Board operations System on January 30, 2024. The Bank's performance rating has been updated in data sheet on page 2 to align with the main text of ICR.]

Governance Global Practice
South Asia Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective December 31, 2023)

Currency Unit = Pakistani Rupees (PKR)

PKR 278.20 = US\$1

FISCAL YEAR
July 1 - June 30

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ABBREVIATIONS AND ACRONYMS

ACCA	Association of Chartered Certified Accountants	PCFMS	Planning Commission Forms Management System
ACE	Anti-Corruption Establishment	PC-1	Planning Commission 1
ADP	Annual Development Plan / Programme	PCNA	Post Crisis Needs Assessment
AF	Additional Financing	PDO	Project Development Objective
BOR	Board of Revenue	P&DD	Planning & Development Department
CAS	Country Assistance Strategy	PEFA	Public Expenditure and Financial Accountability
CPCM	Certified Professional Contract Manager	PFM	Public Financial Management
CPPP	Certificate Program in Public Procurement	PHC	Peshawar High Court
CPS	Country Partnership Strategy	PIM	Public Investment Management
CSOs	Civil Society Organizations	PIOs	Public Information Officers
CIFs / DIFs	Citizen/District Integration Forums	PMRU	Performance Management and Reforms Unit
DLI	Disbursement Linked Indicators	PMU	Project Management Unit
ETNCD	Excise Taxation and Narcotics Control Department	PPP	Public-Private Partnership
FATA	Federally Administered Tribal Areas	PRR	Pakistan Raises Revenue
FBR	Federal Board of Revenue		
FD	Finance Department	RF	Results Framework
FM	Financial Management	RISE - DPC	Resilient Institutions for Sustainable Economy – Development Policy Credit
FY	Fiscal Year	RTSC	Right to Public Services Commission
GIS	Geographic Information System	RTIC	Right to Information Commission
GovKP	Government of Khyber Pakhtunkhwa	SDJ	Secretariat for District Judiciary
GPP KP	Governance and Policy Program for Khyber Pakhtunkhwa	SOE	State-owned Enterprise
GRM	Grievance Redressal Mechanism	SPEED	Spending Effectively for Enhanced Development
GSP	Governance Support Project	STS	Sales Tax on Services
GSTS	General Sales Tax on Services	TA	Technical Assistance
ICMS	Integrated Corruption Monitoring System	ToR	Terms of Reference
ICT	Information and Communication Technology	TFCs	Tax Facilitation Centers
ICR	Implementation Completion and Results Report	TPV	Third-Party Validation
IDS	Integrated Development Strategy	TSA	Treasury Single Account
IOC	Incremental Operating Cost	UIPT	Urban Immovable Property Tax
IPF	Investment Project Financing	WB	World Bank
ISR	Implementation Status & Results Reports	WSS	Water Supply and Sanitation
KP ITB	Khyber Pakhtunkhwa Information Technology Board		
KPRA	Khyber Pakhtunkhwa Revenue Authority		
KPRMP	Khyber Pakhtunkhwa Revenue Mobilization and Public Resource Management Program		
KPPRA	KP Procurement Regulatory Authority		
MAs	Merged Areas		
M&E	Monitoring and Evaluation		
MDGs	Millennium Development Goals		
MDTF	Multi Donor Trust Fund		
OSR	Own-Source Revenue		
OSU	Operational Support Unit		
PAD	Project Appraisal Document		
PBC	Performance Based Conditions		

TABLE OF CONTENTS

DATA SHEET	1
I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES	5
A. Context at Appraisal	5
B. Significant Changes During Implementation	9
II. OUTCOME	13
A. Relevance of PDOs.....	13
B. Achievement OF PDOs (EFFICACY)	14
C. Efficiency.....	20
D. Justification of Overall Outcome Rating.....	20
E. Other Outcomes and Impacts.....	21
III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME	23
A. Key Factors During Preparation.....	23
B. Key Factors During Implementation.....	24
IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME	25
A. Quality of Monitoring and Evaluation (M&E).....	25
B. Environmental, Social and Fiduciary Compliance.....	27
C. World Bank’s Performance	29
D. Risk to Development Outcomes.....	31
V. LESSONS AND RECOMMENDATIONS	31
ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS	34
ANNEX 2. BANK’S LENDING AND IMPLEMENTATION SUPPORT / SUPERVISION	50
ANNEX 3. PROJECT COST BY COMPONENT	52
ANNEX 4. EFFICIENCY ANALYSIS	53
ANNEX 5. BORROWER, CO-FINANCIER AND OTHER PARTNER / STAKEHOLDER COMMENTS	55



DATA SHEET

BASIC INFORMATION

Product Information

Project ID	Project Name
P156410	Governance and Policy Program for Khyber Pakhtunkhwa (KP)
Country	Financing Instrument
Pakistan	Investment Project Financing
Original EA Category	Revised EA Category
Not Required (C)	Not Required (C)

Organizations

Borrower	Implementing Agency
Islamic Republic of Pakistan	Planning and Development Department, Khyber Pakhtunkhwa

Project Development Objective (PDO)

Original PDO

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.

Revised PDO

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



FINANCING

	Original Amount (US\$)	Revised Amount (US\$)	Actual Disbursed (US\$)
World Bank Financing			
TF-A3361	10,000,000	10,000,000	10,000,000
TF-B3385	8,000,000	7,989,426	7,989,426
Total	18,000,000	17,989,426	17,989,426
Non-World Bank Financing			
Total	0	0	0
Total Project Cost	18,000,000	17,989,426	17,989,426

KEY DATES

Approval	Effectiveness	MTR Review	Original Closing	Actual Closing
20-Apr-2017	23-May-2017	15-May-2019	30-Jun-2022	30-Jun-2023

RESTRUCTURING AND/OR ADDITIONAL FINANCING

Date(s)	Amount Disbursed (US\$M)	Key Revisions
15-Jul-2020	9.37	Additional Financing Change in Project Development Objectives Change in Results Framework Change in Loan Closing Date(s)
28-Jun-2022	14.70	Change in Results Framework Change in Loan Closing Date(s) Change in Implementation Schedule

KEY RATINGS

Outcome	Bank Performance	M&E Quality
Moderately Satisfactory	Moderately Satisfactory	Substantial



RATINGS OF PROJECT PERFORMANCE IN ISRs

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US\$M)
01	18-Aug-2017	Satisfactory	Satisfactory	2.94
02	02-Mar-2018	Satisfactory	Satisfactory	2.94
03	24-Oct-2018	Satisfactory	Satisfactory	3.44
04	07-Jun-2019	Satisfactory	Satisfactory	4.41
05	13-Jan-2020	Satisfactory	Satisfactory	7.28
06	20-Oct-2020	Satisfactory	Satisfactory	9.37
07	28-Apr-2021	Satisfactory	Satisfactory	9.62
08	09-Nov-2021	Satisfactory	Satisfactory	12.00
09	29-Jun-2022	Satisfactory	Satisfactory	14.70
10	16-Feb-2023	Satisfactory	Satisfactory	16.80
11	10-Aug-2023	Moderately Satisfactory	Satisfactory	17.94

SECTORS AND THEMES

Sectors

Major Sector/Sector (%)

Public Administration 100

Central Government (Central Agencies) 100

Themes

Major Theme/ Theme (Level 2)/ Theme (Level 3) (%)

Economic Policy 63

Fiscal Policy 63

Tax policy 63



Public Sector Management	63
Public Finance Management	63
Public Expenditure Management	63
Public Administration	63
Transparency, Accountability and Good Governance	63
Public Assets and Investment Management	63
Environment and Natural Resource Management	63
Water Resource Management	63

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Note: Due to the system glitch, the financing table in data sheet is showing original total amount of US\$ 18 million instead of US\$ 10 million. The total amount was increased in 2020 after additional financing of US\$ 8 million. The column with revised amount is showing actual disbursement, which is same as third/last column.



I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES

A. Context at Appraisal

Context

- Pakistan, the world's sixth most populous country, faced a unique blend of economic challenges and opportunities in 2015.** The country was classified as a lower-middle-income nation with a per-capita national income of US\$1,282 in 2015 (GDP per capita current US\$). It experienced substantial pro-poor growth in the preceding period, indicating an increase in shared prosperity. However, the GDP growth rate (5.5 percent in 2016) was lower than needed to provide jobs for youth. In particular, weak private sector environment and public sector management and implementation capacity, hampered service delivery performance. This resulted in lagging human development indicators for Pakistan (particularly relating to health and education)¹.
- Khyber Pakhtunkhwa (KP), Pakistan's third-largest province by population, went through substantial transformations.** Despite its progress in diminishing poverty, many areas within the province continued to confront instability with its human development outcomes falling behind the national curve. The adult literacy rate was low. Currently, it is at 49 percent, with 30 percent among females². Nearly half of the population older than ten had never had the opportunity to attend school. Health indicators, although improved modestly over time, remain considerably below the desired standards.
- As highlighted in the Post-Crisis Needs Assessment (PCNA), KP significantly suffered from the fallout of the conflict in neighboring Afghanistan.** Its unique geographical position (bordering with Afghanistan and formerly Federally Administered Tribal Areas) deeply affected its security landscape, ushering in socio-political instability, insurgencies, and economic disruptions that destroyed personal property, vital public infrastructure, and the economic livelihood of its people³. With deteriorating basic public services, the citizens' trust in state institutions and formal governance was seriously undermined.
- However, despite the complex geographic and socio-economic landscape, the Government of KP (GovKP) continued to push forward strategic reforms, indicating its commitment to overcoming development challenges.** After the 18th Amendment to the Constitution of Pakistan, GovKP embarked on an ambitious journey of governance reforms, aiming at a citizen-centric governance model. The province introduced several legislative reforms between 2013 and 2014, supporting right to information, right to public services, anticorruption, and decentralization of service delivery functions to the local government⁴. In a province where women comprise half the population, development barriers for women and girls were

¹ The value of Pakistan's human development index was 0.538, and it ranked 147 out of 188 countries in 2015. United Nations Development Programme (Human Development Report 2015)

<<https://hdr.undp.org/system/files/documents/hdr15standaloneoverviewpdf.pdf>> accessed on 10 January 2024

² Ministry of Finance, (Pakistan Economic Survey 2022-23, ch. 10)

<https://www.finance.gov.pk/survey/chapters_23/10_Education.pdf> accessed 10 January 2024

³ Refer to *Post-Crisis Needs Assessment of KP and FATA*, 2010, for details on impact of conflict in Afghanistan on KP, and political, economic and social drivers of the crisis. <<https://lgkp.gov.pk/wp-content/uploads/2014/01/Post-Crisis-Needs-Assessment-PCNA-2010.pdf>> accessed 18 January 2024

⁴ Right to Information (RTI) Act, 2013, Right to Public Services (RTS) Act, 2014, which are being implemented through RTI and RTS commissions; establishment of independent anticorruption establishment; and Local Government Act 2013. Some of these reforms were supported by Governance Support Project.



particularly profound. GovKP's policy on women's empowerment in 2017 was a step in the right direction⁵, albeit constrained by fiscal resources. The shift toward output-based budgeting hinted at a more efficient allocation of resources towards women's development initiatives.

5. **Building on initial reform initiatives, the GovKP approved the KP Integrated Development Strategy (IDS; 2014-2018), KP Growth Strategy (2015-2016), and a Long-term Governance Action Plan (2015-2025) to inform future reform initiatives.** The **IDS** recognized that substandard provision or denial of basic social services would lead to social inequality and would potentially contribute to undermining citizens' trust in State institutions and formal governance systems. It therefore prioritized increased coverage and quality of basic services (education, health, and water supply and sanitation), and the development of the energy, agriculture, and mining sectors as the main drivers of growth and job creation. It highlighted the need for narrowing gender gaps and promoting citizen engagement. The goal of the strategy was to expand fiscal space for financing public infrastructure and services. The IDS embedded governance reforms across all government priorities, driving sectoral strategies for economic and social development. The document provided problem diagnostics as well as planned actions, together with key performance indicators for each sector. The **KP Growth Strategy** envisaged a provincial GDP growth rate of 7.5 percent in the medium term, by also focusing on the priority sectors of industry, agriculture, mining, tourism, and energy. It also focused on reducing the cost of doing business, by improving governance, rule of law, and e-government. The **Governance Action Plan** outlined reform actions in citizen-centric governance, transparency, accountability and citizen facilitation (including e-procurement and taxpayer facilitation), local government capacity building, anticorruption, and service delivery monitoring in key sectors⁶. Importantly, improved water resource management for enhanced income from agricultural land and basic services of water supply and sanitation was highlighted as needing attention.
6. **KP's reform plans and initiatives gained robust support from international development partners.** In addition to their bilateral support programs for the GovKP⁷, donors also contributed to a Multi Donor Trust Fund (MDTF) that financed the World Bank-financed Governance Support Project (GSP), which was followed by Governance and Policy Program for Khyber Pakhtunkhwa (GPP KP). The first phase of MDTF supported implementation of the recommendations of the PCNA, while in second phase (2015-2020), it adopted a results-driven, programmatic approach for selected outcomes under three pillars: (a) growth and job creation, (b) policy reforms and governance, and (c) service delivery. The MDTF played pivotal role in reinforcing the province's governance framework. GPP KP was one of three governance projects approved as a package of support from the MDTF for improving governance in areas affected by security and military interventions in Balochistan and KP. The other two were GPP for Balochistan and GPP for FATA. Together, the three projects were intended to strengthen government institutions and formal governance as well as rebuilding the social contract in these areas.
7. **The World Bank's GPP KP responded to the Government's request for continued support for selected areas of its governance reform agenda.** GovKP requested support to (a) increase tax collection through better administration of the sales tax on services (STS); (b) strengthen the analytical and policy capacity of

⁵ Zakat Ushr, Social Welfare, Special Education and Women Empowerment Department, (Women Empowerment Policy, 2017) <<https://swkpk.gov.pk/wp-content/uploads/2018/01/Women-Empowerment-Policy-2017.pdf>> accessed 10 January 2024

⁶ Later, the long-term governance action plan was not pursued by the GovKP because FATA's merger with KP required new strategy and action plan.

⁷ For example: the German Agency for International Cooperation's Support to Good Governance Program; the U.K. Department for International Development's Subnational Governance Project; the U.S. Agency for International Development's Small Grants and Ambassador's Fund Program; KP Governance Project; the European Union's District Governance and Community Development Program; and the Australian Agency for International Development's Citizens' Empowerment for Social Services Delivery Project.



the Finance Department (FD); (c) strengthen Public Investment Management (PIM) and capacity for preparing and managing Public-Private Partnership (PPP); and (d) improve accountability for and the accessibility and quality of selected services through citizen engagement and performance management. The project also supported the Government in coordinating and monitoring progress on its governance reforms. In response to the government's request, GPP KP built on several initiatives taken under MDTF-financed GSP (2010-2016)⁸, and offered support to enable GovKP to implement reforms in the above areas and as outlined in its strategies.

8. **The interventions under the project were also informed by analytical work conducted by the World Bank.** For example, the provincial public financial management (PFM) system was assessed as weak across most dimensions by the 2007 Public Expenditure and Financial Accountability (PEFA) Assessment. The PEFA found that the PFM system was strained by the increase of funds from the 7th National Finance Commission Award⁹. As a consequence, GovKP asked the Bank to conduct a revised assessment of its PFM system to identify priority areas for reform to mitigate the potential fiduciary risks emerging from increased public revenues and expenditure. The project further supported strengthening of PFM systems by developing the PFM strategy, leading up to the design of PFM law for the province, conducted actuarial analysis for pension liabilities, and supported the internal audit function of finance department.

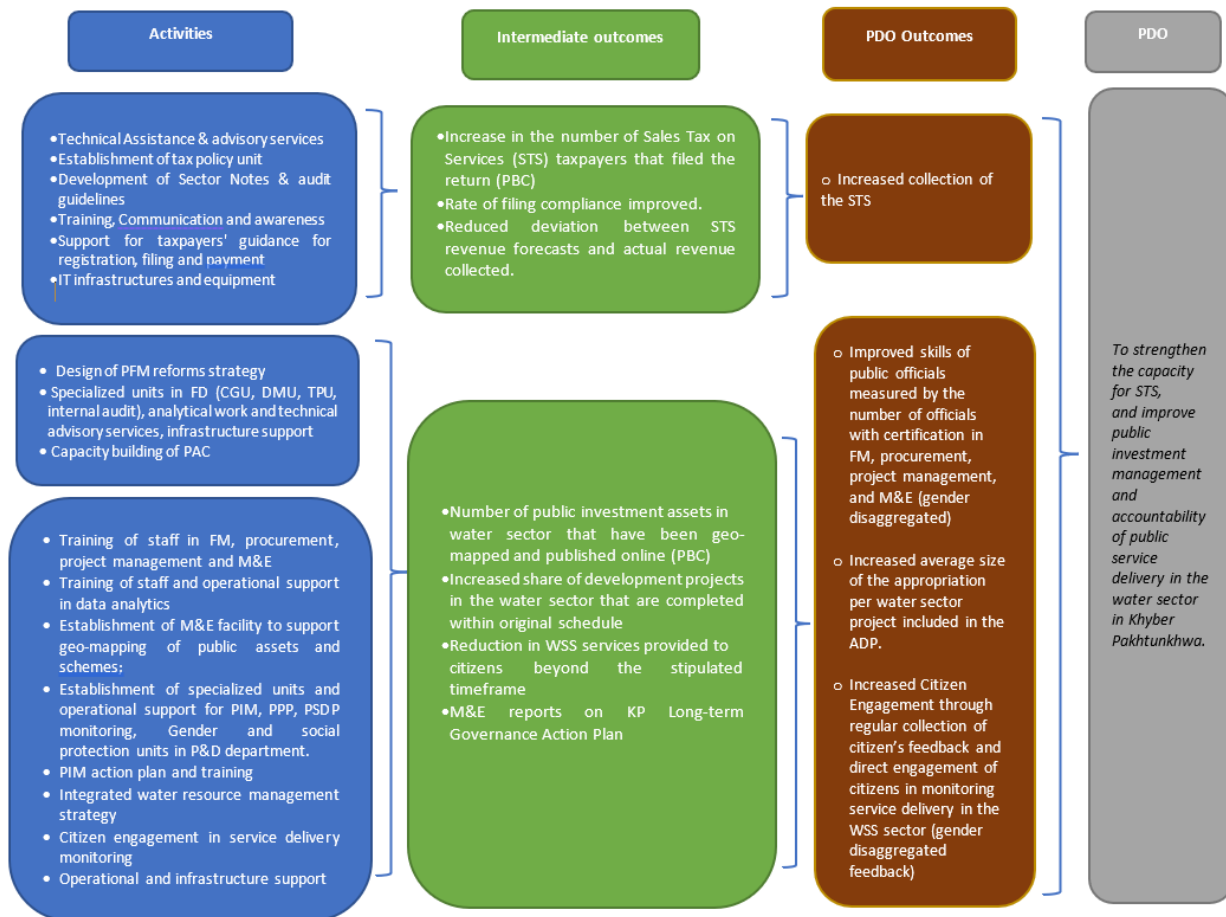
Theory of Change (Results Chain)

9. **As a diagram of theory of change was not required at the time of project approval a retroactively designed theory of change is presented in Figure 1.** It shows that GPP KP was based on the understanding that improved collection of sales tax on services (STS), paired with strengthened PIM and accountability for public services in water sector, can support better service delivery in water sector in Khyber Pakhtunkhwa. These improvements were expected to bolster public trust in state institutions. GPP KP supported investments in technical assistance, training, and infrastructure support to selected departments of GovKP to deliver these improvements.

Figure 1: Theory of Change

⁸ For GSP interventions, please refer to: *Pakistan - Governance Support Project for Khyber Pakhtunkhwa and Federally Administered Tribal Areas (KP and FATA) Multi-Donor Trust Fund (MDTF)* <<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/575881468083330045/pakistan-governance-support-project-for-khyber-pakhtunkhwa-and-federally-administered-tribal-areas-kp-and-fata-multi-donor-trust-fund-mdtf>> accessed December 15, 2023.

⁹ This is based on federal government's revenue sharing arrangement with the provinces.



Key assumptions: 1). Commitment to implement critical reforms to improve service delivery and revenue collection. 2). Sufficient policy/authorizing environment to improve PIM and accountability in service delivery. 3). Adequate systems and capacity are built to strengthen public investment.

Project Development Objectives (PDOs) and Components

10. **The original Project Development Objective was to strengthen the capacity for Sales Tax on Services (STS) and improve public investment management and accountability of public service delivery in the water sector in Khyber Pakhtunkhwa.**

11. The original PDO indicators were as follows:

- a. Increased collection of STS,
- b. Increased average size of the appropriation per water sector project included in the ADP,
- c. Increased citizen engagement through regular collection of citizen feedback and direct engagement of citizens in monitoring service delivery in the Water Supply and Sanitation (WSS) sector (number of districts where citizens' feedback on WSS services is systematically collected and disseminated and where citizens are engaged in monitoring WSS services; percentage of women among feedback providers and monitors).
- d. Improved skills of public officials measured by the number of officials with certification in FM, procurement, project management, and Monitoring and Evaluation (M&E; gender-disaggregated).

12. **The project comprised following three components, which remained the same during the life of the**



project. However, related indicators/targets and allocations were revised after project restructuring (see Table 1 and Annex 3):

- a. **Component 1: Increasing capacity for revenue mobilization and public financial management** (total allocation: US\$3.75 million). The component comprised two subcomponents: (1.1) increasing capacity for STS collection; and (1.2) strengthening accountability in PFM.
- b. **Component 2: Improving public investment management and accountability in public services** (total allocation: US\$3.55 million). This component aimed to help the Government improve the effectiveness of public spending on infrastructure and strengthen accountability in public services through two subcomponents: (2.1) strengthening public investment management; and (2.2) improving accountability in public services.
- c. **Component 3: Providing effective support for the coordination of governance reforms and operational management** (total allocation: US\$2.50 million). The objectives of this component were to strengthen Government's capacity to track reform implementation, coordinate external support, provide training to government officials, and prepare and implement development projects.

Project beneficiaries

13. **The project aimed to strengthen upstream (planning and financing) and downstream (service delivery) government systems.** The direct beneficiaries of the upstream support were the core GovKP departments, including the Finance Department (FD) and the Planning and Development Department (P&DD), as well as the KP Revenue Authority (KPRA) and grievance redress institutions (Right to Public Service Commission, Right to Information Commission, KP Ombudsman's office, Chief Minister Complaint Cell, Peshawar High Court, etc.). The project targeted skills development for the senior management (secretary and above), middle management (additional/deputy secretary), and operational management (section officer) tiers of the administration. Skill development in project management, financial management (FM), procurement, and M&E were expected to benefit other line departments (for example, health, education, local government etc.), thereby contributing to better services. Improved coordination of governance reforms was also expected to directly benefit the FD and P&DD. Improvements in revenue collection, public investment, monitoring of services, GRMs, and community engagement—with a focus on women's participation—were expected to benefit the people of KP.

B. Significant Changes During Implementation

14. **GPP KP underwent the following two major changes during its project life:**
 - i. **The first project restructuring was approved on July 15, 2020, which provided Additional Financing (AF) of US\$8 million** (increasing financing from US\$10 million to US\$18 million) and included revisions to the Project Development Objective and the Results Framework (RF) in line with government's emerging priorities. Project activities were revised, disbursement categories were changed, and the closing date was extended to June 30, 2022. However, the two Disbursement Linked Indicators (DLIs; STS collection and Geotagging of public assets), implementation arrangements (P&DD and FD as main implementing agencies) and the overall 'moderate' risk rating of the project (to reflect the improved implementation environment) remained the same. Their targets were revised and are summarized in Table 1 below (also see Annex 1.a, b, and c).
 - ii. **In second restructuring (approved on June 28, 2022), the project's closing date was further**



extended from June 30, 2022, to June 30, 2023, to allow for the completion of activities interrupted by the COVID-19 pandemic. The risk rating was lowered corresponding to successful project implementation and deployment of adequate mitigation measures for risks associated with fiduciary, environment, and social aspects.

Table 1: Revisions in Results Framework

Original indicators and changes	Revised indicators
PDO: to strengthen the capacity for STS collection and improve public investment management and accountability for public service delivery in the water sector in Khyber Pakhtunkhwa (revised)	PDO: to strengthen the capacity for STS collection and improve public investment management and accountability for public service delivery in Khyber Pakhtunkhwa.
PDO indicators	
Increased collection of the Sales Tax on Services (%; revised)	Increased collection of the Sales Tax on Services (Text/Number)
Increased average size of the appropriation per water sector project included in the ADP (dropped)	Improved public financial management
Number of districts where citizen feedback on WSS services is systematically collected and disseminated (dropped)	Reduction in total throw-forward amount in the Annual Development Plan
Percentage of women among feedback providers (dropped)	Citizens reporting satisfaction with selected notified services
Number of districts where citizens are engaged in monitoring WSS services (dropped)	
Percentage of women engaged in monitoring WSS services (dropped)	
Number of officials (and females) certified in FM, procurement, project management, and M&E (dropped)	-
Intermediate indicators	
Number of STS-registered taxpayers that have filed tax returns (%; DLI 1; targets revised)	Increase in number of STS taxpayers that filed tax returns (%; PBC)
Rate of filing compliance (dropped)	Increase in registered taxpayers
Deviation between STS revenue forecasts and actual revenue collected (dropped)	Enhanced human resource capacity for tax administration.
-	Share of taxpayers who paid any amount with returns
-	Departments using Framework Agreements
-	Procuring entities publishing procurement plans online
Increased share of development projects in the water sector that have been completed within original schedule (dropped)	Public investment schemes monitored, and results published in publicly disclosed progress reports
Increased average size of the appropriation per water sector project included in the ADP (dropped)	Increase in public investment assets that are geo-mapped and published online (PBC)
-	Public investment schemes with unapproved PC-1 prior to inclusion in the budget.
-	Improved legal and institutional framework for anti-corruption
M&E reports on KP Long-Term Governance Action Plan (dropped)	Complaints resolved through Pakistan Citizen's Portal Public officials participating in project financed training
Reduction in WSS services provided to citizens beyond the stipulated time (revised)	Citizens reporting that WSS services was provided within the stipulated time frame
Number of officials in FM, procurement, project management, and M&E (revised)	Public officials (and females) participating in project financed training



Rationale for Changes and Their Implication on the Original Theory of Change

15. **The project was restructured in 2020 to address governance challenges resulting from the merger with FATA and focus on broader areas of governance that were affecting service delivery.** The request to restructure the project came after the merger of Federally Administered Tribal Areas (FATA) with the province of KP, in recognition of the additional support, capacity building and financing that was required to support the merger. The parallel FATA GPP was reduced in size and these resources were made available for KP GPP to accommodate the increase in size of government administration. While the PDO continued to focus on improving collection of STS and PIM, the scope of accountability for public service delivery changed from focusing on water sector. It was at this point that it was acknowledged that project interventions could also respond to challenges beyond the water sector and could accommodate the revenue mobilization and services delivery challenges arising from the merger of FATA with the province of KP. In addition, the long-term governance action plan was replaced by new strategies as per the emerging requirements after the merger of FATA with KP (see section on PDO relevance), and the legal requirement of the project to maintain Governance Reforms Support Unit (GRSU) during project implementation to monitor implementation of governance reform action plan was dropped. Therefore, a renewed focus was needed on PFM, procurement, investment management, accountability, and citizen engagement to substitute for the oversight that would have otherwise come from the GRSU. This was aligned with the province's Good Governance Strategy 2019¹⁰, and PFM reforms strategy (2017-2020)¹¹, especially its pillars on Resource Mobilization, Accountability for Results, and Policy-Driven Planning and Budgeting. To support the enhanced scope of the project, additional financing of US\$ 8 million was also approved (which was reallocated from FATA GPP to GPP KP on account of reduced scope of FATA GPP).
16. **The project restructuring improved the ability to capture ongoing and new project activities in the results framework, and indicators were mapped against the expected project outcomes to effectively monitor and present achievement of the PDO.** The previous results framework did not properly capture various activities described in the Project Appraisal Document (PAD), and those activities were not clearly linked with expected outcomes. The PDO indicators were difficult to measure because they either were beyond the control of the project (e.g., *increased size of the appropriation per water sector project included in the Annual Development Plan*) or were inadequate to reflect the outcomes of project intervention (e.g., *number of districts where citizen feedback on water supply and sanitation services systematically collected and disseminated*). Some intermediate indicators had ambitious targets – like STS filing compliance of 80 percent for a low-capacity region with widespread informality. As a result, the project had not achieved the majority of its targets by 2020 (see Annex 1, d), despite having disbursed 94% of funds at the time of restructuring. The revised PDO had a wider scope to capture results beyond the water sector and those to which the project directly contributed. Several activities were performing well and had the potential to produce more results with additional financing and a widened scope. Six indicators were dropped to consolidate the project efforts on higher efficiency of the results, and to align it with the government's emerging priorities (see Table 1). In summary, the restructuring helped refine the indicators to establish linkages between the key activities and the PDO. The changes also demonstrated the project's flexibility and responsiveness to external factors, which is a key aspect of the project design.

¹⁰ KP Good Governance Strategy <<https://pmru.kp.gov.pk/good-governance-strategy.php>> accessed on January 15, 2024.

¹¹ Finance Department, (Khyber Pakhtunkhwa Public Financial Management Reform Strategy 2017-2020) <www.finance.gkp.pk/attachments/8268f8e0b42911e9a98bffa231408825/download#:~:text=The%20PFM%20reform%20strategy%20aims,mobilisation%20and%20enhancing%20provincial%20own%2D> accessed 10 December 2023



17. **After the above revisions and the AF, the project was able to extend support to include new project beneficiaries.** These included Right to Information Commission (RTIC) and Anti-Corruption Establishment (ACE). Continuing beneficiaries included KP Procurement Regulatory Authority (KPPRA), KPRA, Right to Public Service Commission (RTSC), PMRU, Secretariat for District Judiciary (SDJ), P&DD, and FD. Additional financing supported new activities for these beneficiary organizations, focusing on institutional strengthening, accountability, GRM, gender mainstreaming, and M&E.
18. **The closing date of the project was extended to ensure that ongoing and new activities, supported under AF, were completed with positive impact on achievement of PDO.** This extension was also aligned with the extension of MDTF to June 30, 2022.

Box 1: New Areas/Activities Supported through AF for Institutional Strengthening.

Component 1:

- a. **KPPRA:** (i) improving procurement processes; (ii) providing capacity building to procuring entities by establishing a diploma course in procurement; and (iii) introducing ICT-based innovations to improve the procurement processes.
- b. **KPRA:** (i) institutional development; (ii) enhancing operational efficiency; (iii) increasing taxpayer awareness; and (iv) providing ICT equipment to support the processes.
- c. **FD:** (i) strengthening the internal audit function; (ii) preparing a legal framework for PFM; (iii) strengthening the provincial Public Accounts Committee; (iv) implementing reforms on selected Public Expenditure and Financial Accountability (PEFA) findings; and (v) strengthening institutional capacity for debt management and corporate governance of public sector corporations owned by the KP province.

Component 2:

- d. **RTSC** (to support GRM): (i) strengthening the functioning of the RTSC in selected districts, and (ii) carrying out the Citizen Perception Survey.
- e. **PMRU, RTIC, ACE and PHC** (to strengthen accountability for service delivery): technical advisory support to RTIC and ACE; training of PIOs and ACE staff on research techniques, and forensic audit; public awareness campaigns on RTI Act and ACE; software and record digitization for ACE and ICT equipment for geotagging of public assets; office equipment, furniture and staffing for district offices of ACE and divisional offices of RTIC; and personal, IT equipment and technical assistance in data analysis wing of PHC.
- f. **P&DD, Women Ombudsman** (gender mainstreaming): supporting implementation of KP Women Empowerment Policy 2017, by building capacity of provincial and administrative departments of GovKP; and providing technical assistance and awareness activities for Women Ombudsman.
- g. **P&DD (M&E capacity):** training M&E staff; developing assessment tools for M&E and providing equipment and technical assistance.

Component 3:

- h. **P&DD** (management of development assistance): development of an aid management policy; development of an aid management platform, and secretariat and technical support, for the Foreign Aid Section.

19. **The rationale for no-cost extension of the project by another year (until June 30, 2023) was to address delays in completion of activities caused by the COVID-19 pandemic.** This extension was aligned with the extension in end disbursement date of the MDTF (from December 31, 2022, to December 23, 2023). At the time of this restructuring, the project had disbursed 82% of the total allocation, and had the potential to further improve the implementation of project objectives by completing delayed activities.
20. **Despite restructuring, a split rating was not applied to this ICR as the changes during implementation expanded, rather than changed, the scope of the Project.** The restructuring during implementation served to broaden the scope of the project beyond the original sector (public service delivery in water sector), expand the capacity building activities, include a broader set of indicators on public investment management and accountability for public service delivery in KP and expand the project to cover the newly merged areas.



Additional indicators served to better capture project results and link project expenditures to outcomes. The ambition of the project was not diminished. Furthermore, the project ISR recorded Satisfactory performance before and after the restructuring.

II. OUTCOME

A. Relevance of PDOs

Assessment of Relevance of PDOs and Rating

21. **The PDO maintained “High” relevance to the objectives of World Bank’s Country Partnership Strategy (CPS), the MDTF strategy and the development priorities of the GovKP throughout project implementation.**
- a. **The PDO was aligned with the Outcome 4.1 on “revenue mobilization” of the World Bank’s Country Partnership Strategy (CPS, FY15-19).¹² for Pakistan:** The project’s support for revenue mobilization helped generate fiscal space for spending on public services and infrastructure in KP.
 - b. **During implementation, the PDO was also aligned with Outcome 4.4 of the CPS FY15–FY19 “Adoption of Performance and Transparency Mechanisms in Selected Institutions and Improved Public Resources Management.”** The project helped improve the quality of and access to public services through better PIM and stronger performance monitoring of service delivery.
 - c. **A cross-cutting theme of the CPS FY15–FY19 was deepening engagement at the province level.** This CPS sought to support the further implementation of the 18th Amendment in the 1973 Constitution which shifted the focus of development from the federal government to the provincial governments. The GPP supported the implementation of this CPS in KP and was designed to respond to the specific challenges to the province related to the 18th Amendment and the governance reforms that were required.
 - d. **The Project was restructured in line with the Bank’s corporate-level COVID-19 strategic guidance and Pillars.** Through the restructuring process, the Project was also aligned with the WBG COVID-19 Crisis Response Approach Paper, Pillar 4 on *Strengthening Policies, Institutions and Investments for Rebuilding Better*.
 - e. **At Project closing, the PDO was aligned with the World Bank Group Report *Pakistan @ 100: Shaping the Future (2047)*, published in 2019.** The report had eight reform focus areas, out of which the PDO contributes to three reform focus areas: reform focus 5 (tax revenues), reform focus 7 (transparency), and reform focus 8 (accountability).
22. **The project objectives were aligned with MDTF’s objectives.** The project contributed to the governance outcomes targeted by the Results Framework of the MDTF: (a) improved transparency and accountability of government services through citizen engagement in the delivery of selected services; and (b) capacity building of the public administration through improved management, training, and strengthening of systems used by government institutions. The project also supported one of the outcomes of the Growth and Jobs Pillar:

¹² World Bank Group, (Country Partnership Strategy for the Islamic Republic of Pakistan, for the period FY2015-19, 4 April 2014) <<https://documents1.worldbank.org/curated/en/886791468083329310/pdf/846450CASOP146090Box385177B000UO090.pdf>> accessed on 10 December 2023



improved environment for PPPs and private sector growth, including policy formulation and regulatory mechanisms.

23. **The PDO was particularly relevant for its support to the government’s overall objective of building public trust in state institutions and promoting peace and stability in the province, particularly after the merger with FATA.** As mentioned, in the context section of this report, the project was aligned with KP’s IDS (2014-18), KP growth strategy (2015-16), and long-term governance action plan (2015-2025).
- a. The IDS stated that better governance and public services are essential to provide citizens’ rights and strengthen their confidence in public institutions. The strategy stressed on better education and economic opportunities to discourage young people from engaging in militant and criminal activities. The GPP KP contributed to these objectives by supporting Grievance Redressal Mechanism (GRM) and community engagement in monitoring selected public services – with special attention to female participation¹³. The project’s support for PIM and service delivery monitoring also contributed to better facilities and services, thereby helping to strengthen public trust. The project also worked on the low-capacity issues highlighted in IDS by providing training in selected areas for government officials -include female officials. Finally, the project’s support for tax collection assisted the Government to instill a sense of citizenship based on a social contract, whereby citizens have rights to public services and the obligation to pay taxes.
 - b. The project’s support was also aligned with the province’s growth strategy, which prioritized improving governance and providing e-government solutions for ease of doing business.
 - c. Several initiatives of the project also supported governance action plan – including citizen facilitation (e-procurement and taxpayer facilitation), local government capacity building (by focusing on water and sanitation services), and service delivery monitoring in key sectors.
 - d. In addition, as explained above, at the time of project’s restructuring, it was aligned with PFM reforms strategy (2017-2020), and Good Governance Strategy 2019 – which has five elements supported by the project: i) Open Government and Transparency, (ii) Public Service Delivery, (iii) Citizen Participation, (iv) Performance and Accountability, and (v) Ideas, Innovation and Technology.

B. Achievement OF PDOs (EFFICACY)

Assessment of Achievement of Each Objective/Outcome

24. **The assessment of achievement of PDO is organized around the three components of the project.** While the PDO statement included three explicit objectives, “*to strengthen the capacity for Sales Tax on Services and improve public investment management and accountability of public service delivery in Khyber Pakhtunkhwa*”, the project document covered these objectives through two outcomes or components, and an additional component supporting training: (i) increasing capacity for revenue mobilization and PFM; (ii) improving PIM and accountability in public services; and (iii) providing effective support for the coordination of governance reforms and operational management. Assessment of these three key components and associated PDO outcome and intermediate indicators was considered to provide a comprehensive picture of the efficacy of the project, while also sufficiently covering the PDO objectives.

¹³ The project supported service delivery in water and sanitation, which is noted among the key public services in IDS, and to avoid overlaps with other projects.



(i) Increasing capacity for revenue mobilization and PFM: Satisfactory

25. **The results of KP’s revenue mobilization efforts are satisfactory, having achieved more than the targeted results for the first PDO indicator** (Increased Collection of STS). Overall collection of STS, which accounts for approximately 60% of total own-source tax revenue of KP, has substantially increased from the original baseline of PKR 7.30 billion in FY16 and revised baseline of PKR 11 billion in FY19 to PKR 27.08 billion in FY23, against the target of PKR 18 billion. Overall revenue increase against the revised baseline is 145 percent and 50 percent higher than the final target. This result is underpinned by KPRA’s achievements in expansion of the tax base and filing compliance (intermediate results), where registered taxpayers with KPRA have increased by 167% (from the baseline of 7,588 taxpayers in FY20 to 20,264 taxpayers in FY23). The STS filers, as percent of registered taxpayers, increased from a baseline of 46% in FY16 (578 filers out of 1259 registered taxpayers) to 61% in FY23 (12,475 average filers out of 20,264 registered taxpayers).¹⁴ Over time, registered taxpayers increased more than the filers, requiring increased attention towards supporting taxpayers in filing returns, as well as reviewing and cleaning taxpayers’ data (e.g., removing taxpayers whose businesses have closed). The above results were supported by GPP KP through staffing provision for taxpayers’ facilitation (registration, filing and payment), ICT infrastructure, and communication and awareness activities.

Table 2: STS Collection, Registration and Filing Compliance

	Baseline	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Annual collection, PKR billion	7.3	10.2	10.8	10.35	16.09	19.36	26.5	27.08
Number of registered taxpayers (cumulative)	1,259	2,112	4,030	7,588	11,815	15,710	18,157	20,264
Filing compliance (annual average number of filers)	578	1,085	1,947	6,525	9,215	10,246	11,886	12,475

Source: KPRA; Implementation Status Results Reports of GPP KP

26. **However, the taxpayers who paid any amount with returns (intermediate indicator) reduced overtime from 18% in 2020 to 10% in 2023 against the target of 22%.** The review of relevant data suggests that the tax payment with returns is concentrated on few taxpayers, while others are filing nil returns. This also highlighted the need for strengthening audit capacity of KPRA, for which GPP KP supported the development of audit notes for selected sectors (oil and gas, and mines and minerals). It also supported institutional and training needs assessment of KPRA and provided trainings. In FY23, more than 45% of KPRA’s staff had received training on KP Sales Tax on Services Act 2022, international public sector accounting standards, revenue forecasting and tax gap analysis, audit, restaurant invoice management system, enterprise resource planning, and project management for public sector.

27. **To further increase GovKP’s capacity for revenue mobilization, the project provided technical assistance and IT infrastructure support to the other two tax collecting agencies of KP -Board of Revenue and Excise and Taxation Department - that collect approximately 40% of total own-source tax revenue of the province**.¹⁵ Notably, the project’s support for the design, launch and rollout of electronic stamp duty system (e-stamp).¹⁶ to 34 districts of the province, has resulted in revenue collection of more than PKR 600 million during FY23. The e-stamp system has been helpful in enforcing official valuation tables and rates, preventing

¹⁴ Registered taxpayers are required to file monthly STS returns using automated filing system. FY23 related filing (and returns corrections) is still ongoing.

¹⁵ These agencies collect agriculture income tax, land revenue, capital value tax, stamp duty, urban immovable property tax, motor vehicle tax, professions tax and excise duty.

¹⁶ The e-stamp system allows issuance of higher denomination stamp papers (>Rs. 1000, judicial and nonjudicial). Government of Khyber Pakhtunkhwa (e-Stamping Citizen Portal) <<https://estamp.kp.gov.pk/eStampCitizenPortal/ChallanFormView/HomePage>>



any revenue leakage, facilitating taxpayers, assisting in online verification of stamp papers and collection reconciliation through digital and centralized database. The IT infrastructure support for Excise and Taxation Department complemented the ongoing digitization of property tax records in the province under KP revenue mobilization and public resource management program (KPRMP).

28. **The second PDO or outcome indicator about improving the public financial management in KP also recorded satisfactory results.** KP is the first province in Pakistan to adopt a PFM law in 2022.¹⁷—an important step towards the implementation of the province’s PFM strategy. The law covers the entire planning, budgeting, and accounting cycle. The Finance Department has notified a committee to design its implementation roadmap.
29. **The project went a step ahead to support implementation of PFM reforms, by establishing specialized units in KP Finance Department (FD).** These included internal audit, debt management and corporate governance of SOEs units. The project commissioned an actuarial study to determine pension liabilities, which became the basis for further pension reforms and an example for other provinces to follow. A PFM professional accreditation program was designed with the Association of Chartered Certified Accountants (ACCA) and piloted in KP and Balochistan to strengthen the capacity of government officials in core PFM functions.
30. **With the support of the project, the operational efficiency, transparency, and accountability in public procurement has improved.** In FY23, 38 procurement plans were published online by different government departments and other procuring entities (like WSS companies, hospitals etc.), against the target of 37, and compared with the baseline of 27 in FY20. In addition, 22 departments of the GovKP are using the framework agreements, against the target of 5 (intermediate indicators). E-procurement software has been designed to improve the procurement processes, and a website has been launched to share information about tenders and contract awards, and to provide a platform for grievance redressal. A Center of Excellence was established at KPPRA and a Public Procurement and Supply Chain Diploma Program has been designed and instituted at Institute of Management Sciences, Peshawar, to build procurement capacity of public officials¹⁸.
31. **The above results confirm that institutional strengthening, ICT based innovations, transparency, coupled with taxpayers’ facilitation, awareness and communication related investments are supporting the efforts of the GovKP to improve citizen trust in state institutions,** and strengthen its social contract with citizens.

(ii) Improving PIM and accountability in public services: Moderately Satisfactory

32. **The GPP KP has provided support to improve aspects of public investment management for proper utilization of government’s scarce resources.** A PIM action plan, project manual, and automation of the government’s ADP system, linked with the database of public investments schemes, have been designed. Also, specialized units have been established in P&DD¹⁹. In addition, the project supported innovative use of technology to transform the management and monitoring of public investment assets by automating and geotagging their record. By FY23, 20,313 public investment assets were geotagged, against the target of 600 (intermediate indicator). Although the data was not published online, with improved data analysis capacity, the databases for public investment schemes and assets can potentially help optimize resource allocation and align

¹⁷ Provincial Assembly of Khyber Pakhtunkhwa (The KP Finance Act 2022) <https://www.pakp.gov.pk/acts/the-khyber-pakhtunkhwa-finance-act2022/> accessed on 10 December 2023

¹⁸ Total 11 trainings were conducted for field officials in districts in FY20. Total 300 officials were enrolled in procurement diploma program, and 30 officials completed CPPP and CPCM.

¹⁹ These included: PIM unit, social protection and gender mainstreaming section, and ADP monitoring unit to coordinate with the Planning Commission on approval of PC1s and PPP unit.



public assets more closely with community needs. The database was also used to assess flood related damages in 2022. GPP KP supported these results by strengthening M&E directorate, its field offices, and GIS hub at P&DD.

33. **However, it is not clear if the quality of the selection of public investment projects has improved overtime.** The data from the ISR show uneven performance on reducing the number of unapproved PC1 included in the budget (intermediate indicator). The total number of unapproved projects as a percentage of new projects has increased from the baseline of 29% in FY20 to 77% in FY23, which is far from the target of 20%. Such practices affect timely implementation of the projects and increases ADP throw-forward²⁰.

Table 3: Unapproved projects included in the budget

	Baseline	Actual			End-target, FY23
		FY21	FY22	FY23	
Total new projects included in budget		2467	2342	579	
Unapproved projects included in budget		469	445	443	
Unapproved projects as percent of total new projects	29%	19%	19%	77%	20%

Source: P&DD, GovKP; GPP KP ISRs

34. **The implementation of public investment schemes or projects in KP has been slow and needs attention.** This is reflected in increasing throw-forward. Based on available data, during FY20 and FY23, KP’s total ADP throw-forward escalated significantly from PKR 420 million (baseline) to PKR 1,345 million (against the target of 15% reduction in throw-forward over FY20; PDO indicator 3). It is important to note that the throw-forward figures are associated with the development of combined ADP for the province of KP and the newly merged areas (formerly FATA region), which was not the case in baseline data for this indicator²¹.
35. **Overall, increasing throw-forward has a negative impact on budgetary discipline resulting from insufficient budget allocations and slow execution of projects** (as shown in table 4)²². Every year, new needs are identified, and any unfunded needs are carried over into the following fiscal year, together with any projects that are not completed during the year. This leads to exponential increase in the throw-forward. Inclusion of unapproved PC1 in budget, slow release of funds by the Finance Department and procurement and project implementation-related challenges also affects pace of implementation of public investment projects. The effect of increasing sectoral demands on the budget each year, coupled with low execution from the previous year, resulted in an ever increasing budgetary need that is not met. These challenges necessitated strategic interventions for enhanced planning and effective resource utilization.

²⁰ The **ADP** aims to meet the province’s development needs through government’s annual financial commitment for infrastructure and human capital development. It is submitted along with the budget statement, which includes details of capital and revenue expenditure proposed for various development schemes for a financial year. **Throw-forward** are the expenses, which cannot be made in the current year and are budgeted to be met in later years based on average allocations. ADP throw-forward is calculated as: Total aggregate amount of PC1 for a sector - (total allocated budget for sector for the year + amount utilized against PC1 during the year). See Table 4.

²¹ Note: district wise throw-forward number is not available. Hence, calculation of throw-forward by deducting ADP for FATA region is difficult.

²² The GovKP’s ADP policy for FY23 aims to maintain budgetary discipline and states that “the departments with a throw-forward of greater than five years will need to justify why they should be allowed to maintain a large portfolio they cannot fund or prioritize”. (Guidelines, Government of KP, <<https://pndkp.gov.pk/guidelines/>>)

**Table 4: ADP throw-forward for selected sectors, in PKR million**

Sectors	FY22				FY23			
	PC-1s of Sector	Amount utilized against PC1s	Budget for sector	Throw Fwd	PC-1s of Sector	Amount utilized against PC1s	Budget for sector	Throw Fwd
	a	b	c	a-(b+c)	a	B	c	a-(b+c)
Agriculture	74,779	14,918	8,348	51,513	86,609	17,794	10,665	58,150
Auqaf	8,789	102	1,000	7,687	11,751	2,009	1,134	8,608
Board of Revenue	37,389	3,877	1,266	32,246	45,175	4,338	1,383	39,454
District ADP	17,400	-	17,400	-	41,000	-	41,000	-
Drinking water and sanitation	68,349	17,519	8,933	41,897	99,378	24,378	11,619	63,381
Total	206,706	36,416	36,947	133,343	283,913	48,519	65,801	169,593

Source: ADP FY22 and FY23, P&DD, GovKP.

Note: a is aggregate amount of PC1s of the sector; b is PC1 amount utilized during the year; and c is total development budget for the sector for the year.

36. **In order to improve implementation of public investment schemes, the GPP KP supported regular monitoring and transparency – however, results were weak.** The monitoring of schemes improved from the baseline of 25% in FY20 to 29% in FY23 (662 out of 2,288 schemes). However, the final target of 35% was missed (intermediate indicator), and this information was not published on the website of P&DD. The intervention of combining the monitoring of schemes with the publication of their progress, has the potential to enable timely completion of investment schemes –which may also help reduce throw-forward.
37. **Although substantial support has been provided to build capacity for improved public investment management, the envisaged results have not been fully achieved.** It is also important to note that the reduction in overall throw-forward was beyond the control of the project, especially after FATA’s merger with KP when its annual development program was combined with KP, and the worsening macro-fiscal situation of the province towards the end of the project.
38. **The citizens engagement initiatives under the same component have positively impacted service delivery and accountability, as noted by increased satisfaction of citizens from selected public services, indicating improved citizens’ trust in state institutions.** As per the survey conducted in 2021, about 50% of surveyed citizens of KP reported satisfaction from selected services (notified under Right to Public Services Act), including water supply, garbage removal, domicile, birth and death certificates, vehicle registration and renewal, vehicle transfer, obtaining *Fard* (revenue documents or property ownership documents) and First Information Report. The second round of citizens’ perception survey, conducted in FY23, reported 84% citizen satisfaction from the above public services, against the target of 75% (**PDO Indicator 4**). In particular, the survey reported 72% citizen satisfaction from water supply and 83% satisfaction from garbage disposal services (intermediate indicator).
39. **One of the major contributions of GPP KP was strengthening the Performance Management and Reforms Unit (PMRU)²³ which continues to help address citizen complaints/feedback on public services or institutions through the Citizen’s Portal²⁴.** In FY23, about 98.5 percent complaints from KP, received through Citizen’s Portal, were resolved (88,029 out of 89,294 complaints)–exceeding the complaints resolution

²³ Performance Management and Reforms Unit, Government of Khyber Pakhtunkhwa <<https://pmru.kp.gov.pk/>>

²⁴ Performance Management and Reforms Unity (KP Citizen’s Portal) <<https://pmru.kp.gov.pk/kp-citizen-portal.php>>



target of 75% (intermediate indicator). The portal has made citizens' access to state institutions easier, and they feel safe and confident in reporting complaints. The portal also supports government officers in effective monitoring and resolution of grievances and reduces administrative burden by proactively sharing public services related information. Recognizing its important role in public information dissemination and accountability, the KP Citizen's Portal was extended to the whole country in 2018 and is now available under "Pakistan Citizen's Portal", managed by the Prime Minister's Performance Delivery Unit.

40. **Accountability institutions established under the project played an important role in improving public services and citizens' feedback.** The GPP KP supported implementation of the KP Right to Public Services Act 2013 and the KP Right to Information Act 2013. Enhanced citizen engagement, evident through district-level Citizen Integration Forums and the Citizen's Portal, along with institutional support measures like training programs and development of inquiry and complaint management systems, have markedly improved public service. Expanding the scope of services and information offered, along with reinforcing feedback mechanisms, would ensure that these initiatives more effectively meet the diverse needs of the community and adapt to changing requirements.
41. **Furthermore, GPP KP supported strengthening of anti-corruption measures and judicial reforms to improve accountability.** The project supported the establishment of a well-equipped Secretariat for District Judiciary (SDJ) at the Peshawar High Court, connected with district courts, to enhance efficiency in decision making. The Anti-Corruption Establishment drafted a revised Anti-Corruption law and action plan, based on institutional assessment of anti-corruption institutions, suggesting institutional strengthening measures, including rationalization/consolidation of provincial government entities dealing with the mandate of anticorruption. The draft law is pending government approval (the province currently has an interim government setup; elected government is not yet in office).

(iii) Providing effective support for the coordination of governance reforms and operational management: Satisfactory

42. **The project successfully delivered training to 2,055 public officials (including 224 women), against the target of 820 public officials, highlighting a strong commitment to capacity building** (intermediate indicator). The trainings covered a range of critical areas such as project cycle management; procurement; GIS software and system; IT systems (Microsoft office); SAP-based project management systems; APMG public-private partnership certification; gender mainstreaming; RTI Act; PFM; integration of PCFMS with National Financial Management Information System; results-based management; and effective communication. As mentioned earlier, a PFM Accreditation Program, and a procurement and supply chain management diploma program were also designed and instituted at local academia for continuous capacity building, post-closure of the project. However, female participation was at 11%—much below the target of 35%, despite some efforts to encourage their participation. Overall number of female officials was less than male in the Government of KP.²⁵ Socio-cultural and mobility-related barriers restricted their participation in trainings.
43. **The project's operations support unit (OSU) provided effective operational management support.** The day-to-day management and coordination for the project was supported through an Operational Support Unit (OSU), headed by a Project Coordinator who reported to the Director General PCNA. The project unit had staff for key positions—including communication specialist, procurement specialist, FM analyst, governance specialist, ICT specialist, and M&E specialist. Turnover at OSU was very low which contributed to effective

²⁵ Staffing data is not readily available. As per an earlier report of 2018, females in GovKP are 7.9% of 1,246 female employees working in the main secretariats of all provinces; and 7.33% of total 30,035 female employees are working in attached departments and subordinate offices in KP (<https://www.dawn.com/news/1434457>).



management of the project. During periods when there was no FM Specialist, the OSU received support from the FM specialist of the Shared Services Unit under KPRMP.

Rating Overall Efficacy and Justification

44. **Overall efficacy is rated “Substantial”.** The project achieved, in substance, its outcomes and met or exceeded the targets of most of its result indicators and disbursed 99.9% of funds.²⁶ These indicators included substantial increase in sales tax collection and expansion of tax base (increase in registered taxpayers); approval of the PFM law; improvement in public procurement capacity (including utilization of framework agreements and online publication of procurement plans); geo-mapping of public investment assets and institutionalization of this function; improved citizen satisfaction from selected public services; resolution of almost all complaints received through Citizen’s Portal; and capacity building and training of public officials. However, a PDO indicator on reducing ADP throw-forward and reducing public investment schemes with unapproved PC-1s prior to inclusion in the budget were not achieved—highlighting the need for further attention to PIM. It is also important to note that several areas linked with these indicators were not in the control of project (see the discussion on the results of component 2 above). In addition, a Performance Based Condition (PBC) indicator on increasing taxpayers’ filing compliance was also not achieved. Further indicator-by-indicator information is provided in Annex 1 and can also be found in the Implementation Status & Results Reports.

C. Efficiency

Assessment of Efficiency and Rating

45. **The efficiency analysis rating is Modest.** The project efficiently utilized resources, focusing on delivering results and successfully achieving the intended outcomes. Out of the total allocated amount of US\$18 million, a total amount of US\$ 17.99 million (99%) was utilized by the project. Of the total utilized amount, about 18% represents the cost of managing the project (OSU cost), and 12% represents cost of staff provided to different departments for monitoring and managing project activities under PDO indicators. This efficiency results from a comprehensive pre-project assessment and a well-designed project plan that effectively addressed both the immediate needs and long-term goals of the KP. Actual benefits have accrued from all project components (see Efficacy Assessment)—in particular, the increase in incremental tax revenues, as a first development outcome (increase in STS collection by 50% from its target of PKR 18 billion for FY23; see Table 2). However, the efficiency gains expected from improvement in PIM have not been adequately achieved as originally envisaged. Although, public procurement regime was strengthened (which will help bring cost saving from economies of scale in procurement and reduce cost overruns), the throw-forward has substantially increased overtime and the inclusion of unapproved PC-1s in budget, pose a threat to the long-term sustainability and effectiveness of the project.

D. Justification of Overall Outcome Rating

46. **Considering the ratings for Relevance of Objectives (High), Efficacy (Substantial), and Efficiency (Modest) the overall outcome rating for the project is assessed as “Moderately Satisfactory”.** The project was relevant to the needs of the GovKP for strengthening the capacity for STS collection and improving PIM and accountability for public service delivery in KP. The project’s objectives and indicators were in line with the GoKP strategy documents of the time as well as the World Bank’s strategy and guidance documents. Sufficient evidence-based information was obtained from the Government’s project implementing agencies

²⁶ 0.1% of total funds (or US\$ 10,574) were cancelled for not being disbursed.



and a Third-Party Validation (TPV) firm, and through the project-end evaluation report, indicating progress towards its development outcomes. The project was efficient in achieving, and in some cases exceeded the targets of most of its indicators and the results of the project can be deemed significant. The efficiency for the project was modest. Combined, these rating suggest a ‘Moderately Satisfactory’ rating for the project.

E. Other Outcomes and Impacts

Gender

47. **The GPP KP design and implementation reflected an understanding of the importance of gender disaggregation and the importance of dedicated approaches to achieve results and impacts that benefit women.** Of note is the intermediate indicator on staff training, where out of 2,055 government officials trained, 224 were females (11% of the total). Additionally, the GPP KP's focus on public service delivery, such as support for the implementation of KP Right to Public Services Act 2013 and KP Right to Information Act 2013, provides an avenue to ensure equitable access to services for women. The project also provided infrastructure support and technical assistance to the Ombudsperson for Protection Against Harassment of Women, that prioritizes women's right to work and access to public offices. Moreover, the establishment of a gender mainstreaming section in P&DD points towards an institutional intent to prioritize gender. The project monitored resolution of citizens' complaints that were registered through Pakistan Citizen's Portal. However, it could be further leveraged to monitor gender-specific grievances. Overall, there is potential to significantly bolster female participation, specifically by integrating gender-specific outcomes in the strategic planning.

Institutional Strengthening

48. **KP's institutional capacity has experienced profound strengthening under the GPP KP.** Central to this has been the firm commitment to bolstering accountability and transparency mechanisms. The reform action plan for the KPPRA, informed by a diagnostic study, represents an institutional shift towards a more digitized, transparent, and accountable procurement system. The adoption of procurement framework agreements, diploma program on public procurement, and 38 government departments and other procuring entities making their procurement plans available online, shows that there is a structured move toward an open and accountable governance system. The KP RTSC and KP RTIC, supported under GPP KP, have been pivotal in institutionalizing the province's commitment to uphold transparency and protect citizen rights.
49. **PFM and accountability as an institutional pillar: The GPP's impact can be markedly seen in the PFM reforms.** Institutional changes, such as the recent approval of the PFM law and the actuarial study that helped determine future pension liabilities, and provided a strong basis for pension reforms, underscore the province's dedication to improving governance. The establishment of specialized units, including the Debt Management Unit and Corporate Governance Unit, within the Finance Department is a testament to the government's vision of institutionalizing sustainable financial management and governance practices. Similarly, specialized units (including GIS hub, M&E directorate, and field offices) in P&DD helped achieve strong results around public assets management and monitoring of public investment schemes.
50. **Institutional strengthening and innovations: The efforts to strengthen the institutional capacity have benefited from ICT/technological innovations under the GPP KP.** As highlighted above, KPPRA embarked on a systemic shift in procurement processes, using digital technology to support standardization, efficiency, and transparency. The record of public assets and monitoring of public investment schemes are now benefiting from GIS technology, where geotagged data of public assets is being used for policy making. For instance, the decision on the construction of a school in a village can benefit from this data by analyzing the availability of other infrastructure (e.g., roads), and distance from the village, etc. This data was recently



used by the GovKP for post-floods damage assessment in 2022. In addition, the use of ICT technology transformed citizen engagement through Citizen's Portal for the accountability of public services.

Mobilizing Private Sector Financing

51. **GPP KP has played a crucial role in laying the foundations for mobilizing private sector financing in the province.** By supporting the establishment and implementation of a robust Public-Private Partnership (PPP) framework, GPP KP has effectively sown the seeds for future financial collaboration between the public and private sectors. This support has included the design and approval of a policy framework and comprehensive PPP action plan for 2019-2024, based on PPP Act 2019 and related rules, technical assistance, and staff training, creating a solid base for future PPP initiatives.
52. **The efforts of GPP KP to create a favorable environment for PPPs represent a strategic move towards attracting private sector investment and expertise.** This transition could be pivotal in enabling sustainable infrastructure development and economic growth in the province through bridging the gap between public needs and private capabilities. Through these initiatives, GPP KP can claim credit of supporting the conditions necessary to mobilize private sector financing in the province.

Poverty Reduction and Shared Prosperity

53. **GPP KP did not specifically target or measure poverty reduction and shared prosperity, however, it has supported initiatives that inherently contribute to the above.** Since the project did not directly target improved service delivery, the impact on poverty could not be directly measured. However, improving revenue mobilization and public financial management are likely to have positive impact on effective and efficient resource allocation, paving the way for greater investments in sectors directly impacting the vulnerable populations, such as universal health insurance through the Sehat Card Plus program (a micro-health insurance program) that supports more than 7.2 million families in KP. Moreover, by strengthening accountability in public services, GPP KP has set the stage for more inclusive development. Ensuring that public funds are used transparently and efficiently, and that the benefits of development reach all segments of society, it plays a pivotal role in alleviating poverty and fostering a sense of shared growth and prosperity.

Other Unintended Outcomes and Impacts

54. **The results or activities under GPP KP also supported reforms under other lending operations—**including KP Revenue Mobilization and Public Resource Management Program (KPRMP), KP Spending Effectively for Enhanced Development (SPEED), Pakistan Raises Revenue (PRR), and the Resilient Institutions for a Sustainable Economy Development Policy Operation (RISE DPO). For example, HR support for KPRA's taxpayer facilitation helped improve sales tax registration and filing compliance, monitored under KPRMP. Infrastructure support for Excise Taxation and Narcotics Control Department (ETNCD) complemented UIPT digitization under KPRMP. The E-stamping project helped streamline valuation tables, ensuring that revised valuation tables for selected areas as per agreement with the Federal Board of Revenue (under PRR and RISE-DPO) are implemented. The support for PIM, approval of PFM law and actuarial study to determine pension liabilities further supported relevant reforms under KP SPEED. Therefore, with other projects becoming effective, the GPP KP continued to provide complementary support to new projects as well as areas not covered under those projects, freeing up the TA resources of other projects for areas not covered under GPP KP.
55. **In addition, GPP KP contributed to strengthening resilience in the context of floods.** As mentioned above, the automated and geo-tagged record of public assets was also used to assess flood related damages in 2022.



III. KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME

A. Key Factors During Preparation

56. **Project’s objectives/outcomes:** The project was conceived to support the GovKP on specific areas of its broader governance reform strategy. Responding to the need for continuous support following on from the GSP and reflecting the low- capacity environment, the project design applied selectivity for identifying cross cutting governance areas its initial design. The approach of starting small and being selective was also useful in the context of an uncertain security situation and expected administrative change in the province (FATA’s merger with KP). Therefore, the Project’s development objective focused on three areas for governance improvement—strengthen capacity for sales tax on services collection, and improving PIM and accountability in public service delivery, which were linked to the achievement of four development outcomes or PDO indicators, grouped under relevant components. However, the narrow focus on the water sector of the original project design restricted the flexibility of the project to adapt to changing operation circumstances.
57. **Results framework & PBCs:** Overall, the results framework was simplistic with some shortcomings that affected the project implementation before restructuring. The indicators were relevant, but the linkage of some indicators with objectives was inadequate/weak (for example, linkage of activities with improvement in PIM). Some indicators were out of project’s control or difficult to measure – including PDO indicator ‘*increased average size of the appropriation per water sector project included in the ADP*’, and two indicators on tax filing compliance, with unclear assessment methodology and very high target for a low-capacity environment with large informality (80% filing compliance). In addition, the verification protocols of DLIs were not adequate. Importantly, the project interventions were not able to directly attribute with water sector related outcomes. As a result, the performance on several indicators was weak (see Annex 1.d).
58. **Stakeholder engagement:** The selection of stakeholders was appropriate. Key departments targeted under this project included P&DD, FD, KPPRA, and KPRA, which focused on internal government processes and fiscal support to government services, while the RTSC, RTIC, PMRU (Citizen’s Portal), water and sanitation services under local government department, and PHC-SDJ constituted most of state-citizen interaction and were chosen to make service delivery improvements more visible.
59. **Risks and Mitigation Measures:** Overall risk was adequately assessed as “substantial” during preparation related to the uncertain security situation in KP, as well as capacity, sustainability, fiduciary, political and macroeconomic risks. The continuing **security risks** in the region had the risk of impacting economic activities and also possibly displacement of citizens. The project offered a flexible schedule allowing for on-ground activities or suspension of the project if the situation deteriorated. The **macroeconomic risks** were identified, reflecting the vulnerable fiscal condition, security-related expansionary spending, and the high-risk of natural disasters. Related mitigation measures were part of overall continuous dialogues by the World Bank with all levels of the government to encourage priority reforms at macroeconomic levels. **Political economy** risks were identified with respect to the resistance to reforms in areas of STS collection, from prospective taxpayers, and of PIM, from contractors who could lose out from a consolidation of investments. The project addressed related risks through communication and awareness activities to help government highlight link between increased revenue and financing for better facilities and services, and benefits of taxpayer facilitation to reduce compliance cost. The risks from the low **institutional capacity (including fiduciary management capacity)** reflected the limited pool of qualified staff, high turnover at senior positions, lack of reliability of internal fiduciary controls and unclear procurement regulatory regime, which could risk implementation and sustainability of results. To address these risks, the project enhanced implementation support as well as received



additional support from the Shared Services Unit for fiduciary functions. In addition, Designated Accounts for flow of funds, proactive disclosure of procurements, consistent audit trail, procurement certification program and establishment of internal audit function in FD, helped strengthen fiduciary controls. While mitigation measures were appropriate, the project would have benefited from a dedicated FM Specialist position, upstream discussions on limiting the number of hires under Incremental Operating Cost (IOC) and clear responsibilities and authority of the Project Coordinator²⁷.

60. **Readiness for implementation.** The Government of KP approved the KP Integrated Development Strategy (IDS; 2014-2018), KP Growth Strategy (2015-16), and long-term governance action plan (2015-2025); enacted Right to Information (RTI) Act 2013, Right to Public Services (RTPS) Act 2014, and Local Government Act 2013; and, established independent anticorruption agency. These rules and regulations contributed to project readiness as they established the policy environment for improving revenue mobilization, public financial management, public investment management and accountability in public services through citizen engagement.

B. Key Factors During Implementation

61. **Political ownership and sustainability of interventions.** Project implementation benefited from political ownership of reforms. Leadership and reform commitment in the implementing agencies and participating departments was in place and was encouraged by performance orientation of top political leadership (e.g., by directly seeking citizens' feedback through the portal). The Finance Department institutionalized the specialized units, while P&DD ensured continuity of the M&E Directorate and geo-mapping of public investment assets. The citizens' portal was adopted by the Prime Minister's office, and it continued to redress grievances from KP. The departments continue to benefit from procurement framework agreements and procurement training. However, towards the end of the project, due to government turnover and serious fiscal challenges confronted by KP, the attention towards institutionalization of few interventions had reduced (for example, inadequate or no budget allocation for specialized PFM and procurement training program, communication and awareness activities and enhanced staffing for KPRA's taxpayer facilitation, RTIC, RTSC, Ombudsman, and specialized units in P&DD).
62. **External factors:** The COVID-19 pandemic posed significant challenges to the project's implementation, especially during FY2020-21. As a result, the procurements and field work under the project slowed down, and delayed implementation. However, the extension to the end date of the project provided additional time to complete the activities to achieve results. In addition, the project financed activities to digitize stamp duty and back-end processes of selected government services, provide IT infrastructure for selected government departments, and establish the Integrated Corruption Monitoring System (ICMS) to support remote work, if needed.
63. **Co-ordination and Engagement.** The project's key implementing agencies (FD and P&DD) worked along with other departments (KPRA, KPPRA, RTSC, PMRU, RTIC, ACE, SDJ-PHC, Ombudsperson office) to implement the project in their respective result areas as per their mandate and agreed timelines. The OSU of GPP KP played a crucial role, serving as a secretariat to the Steering Committee regarding project implementation, supporting day-to-day implementation of activities, and facilitating coordination across different government departments. Overall coordination and engagement of stakeholders remained strong throughout the project.

²⁷ Lack of clarity in the reporting arrangement for the Project Coordinator and the authorization process for expenditures led to delays and increased IOC based staff hiring.



64. **Monitoring & Evaluation.** Overall, the revised results framework and relevant M&E or verification protocols made it easy to collect information to provide evidence supporting the achievement of outcomes. Since in original results framework, the project interventions were not able to directly attribute with water sector outcomes, the project excluded narrow focus on water sector from its objectives. Except for the PDO indicator on throw-forward which was beyond the control of the project and had unrealistic targets, and a PBC indicator on filing compliance, all other indicators had relatively clear methodology for assessment. OSU had overall responsibility for coordinating, monitoring, and reporting on the project's result indicators. Focal persons in each of the implementing entities were responsible for monitoring relevant indicator, while a TPV firm was responsible for assessing the results for PBC indicators.
65. **Fiduciary** mechanisms were overall effective, albeit not always perfect. Especially during the early stages of implementation, supervision missions identified issues related to understaffing and capacity constraints. These issues were effectively addressed over time by hiring more staff and seeking support from the staff of Shared Services Unit. The project funds flow has not been a problem, although towards the end of project the payment releases by the Finance Department took longer than usual.
66. **Environmental and social.** The project complied with environmental and social regulations. The project activities were environmentally benign and did not have any negative environmental effects. The project had a risk of disruption of economic and social activities that could stem from natural disasters or deterioration in security. However, the project had the same mitigation measures as for the security risks.

IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME

A. Quality of Monitoring and Evaluation (M&E)

M&E Design

67. **As mentioned above, the initial design of the project was sound, but had some shortcomings.** The indicators were relevant and set appropriate baselines. However, the link between some of the indicators and the development objectives was not sufficiently clear. For instance, it wasn't clear if the project financed activities supported improvement in public investment project design and selection to support PIM, although two indicators were included about increased allocation for water projects and their timely completion.
68. **The results framework had indicators that were out of project's control or difficult to measure** – including PDO indicator *'increased average size of the appropriation per water sector project included in the ADP'*, and two indicators on tax filing compliance, with unclear assessment methodology, confusing unit of measure²⁸, and a high target for a low-capacity environment with large informality (80% filing compliance). Further, the project included two DLIs to incentivize the government to improve its systems to achieve results. These were assessed by a third party. However, the verification protocols for these DLIs were not adequate. As a result, the performance on several indicators was weak, although the Implementation Status Results Reports provided overly optimistic rating of "Satisfactory" (see Annex 1.d). The disbursement rate was also high before restructuring (around 73%)—suggesting that investments or activities were perhaps not adequately linked with the results framework²⁹.

²⁸ The indicator was "number of STS taxpayer that filed returns", and the targets was in percentage.

²⁹ Of the total allocation of US\$ 10m, US\$ 2 million was allocated to DLIs and US\$8m to IPF component. Before restructuring, the project had disbursed US\$ 7.28 million in January 2020 in DLIs, TA and infrastructure procurement (establishing specialized units for FD, SDJ setup, field offices of RTI, RTS, WSS, and design of PFM PAP).



69. **Some of the key development outcomes (or PDO objectives) needed to be revisited as the operating context changed.** The key development outcome (or PDO objective), “reduction in total throw-forward amount in the Annual Development Plan (ADP),” had limitations in terms of the clarity/linkage of its baseline/targets with the post-merger situation of FATA regions and KP. The PDO objectives and components of the intermediate results were not aligned, as the latter included a third component on “providing effective support for the coordination of governance reforms and operational management”. The coordination for governance reforms was relevant before project restructuring, when KP’s long-term governance action plan was being supported through the operation—as noted in original PAD. After restructuring, the support for governance action plan was excluded from the project.
70. **The project restructuring helped improve its results framework, making it more effective for tracking progress on results made by the implementing agencies.** As per the request of the government and their new priorities, the overall scope of this governance project increased from sectoral support (water sector) to broader institutional support in cross-cutting governance areas. It presented a clear set of PDO outcome and intermediate level indicators, which were linked with the revised PDO. The project continued to use the same PBC indicators as before restructuring, however, with improved descriptions and revised targets for the indicator on sales tax filing compliance. The definition of PBC indicators and their assessment methodology was generally clear. However, there were moderate weaknesses in some areas—for example the definition and methodology of indicators on sales tax filing compliance and the reduction in throw-forward. The targets related to the throw-forward required revision to accommodate the province’s financial position after the merger of FATA with KP (as explained in Efficacy assessment section); and intermediate indicators inadequately supported improvement in PIM (only two indicators: monitoring of public investment schemes, and inclusion of reduced number of unapproved PC1 in budget).
71. **The institutional arrangements were adequately defined for M&E.** The project’s steering committee, headed by the Additional Chief Secretary of GovKP, oversaw implementation and provided strategic guidance. The OSU, headed by a Project Coordinator who reported to the Director General PCNA, served as secretariat for the steering committee, and was designated responsible for overall management and coordination, including monitoring results and generating performance and financial reports on implementation. The M&E function was assigned to an M&E specialist in the OSU. The implementing agencies assigned focal persons for monitoring relevant PDO and intermediate indicators. The design of the project also included the hiring of a TPV firm to assess progress on PBC indicators and results.

M&E Implementation and Utilization

72. **The progress against project’s targets was reported on a timely basis and was based on information provided by the implementing agencies, and in the case of PBC indicators, by TPV reports.** According to information provided by the implementing agencies, with the exception of PIM related indicators (reduction in throw-forward, inclusion of approved PC1 in budget, and monitoring of public investment schemes), and indicator on sales tax filing compliance, most of end-of project targets were achieved (or exceeded) by June 2023, and the funds were fully utilized, leading to approximately 100% disbursement (for further financial details, refer to fiduciary compliance section). The Project was closed as per the revised timeline of June 30, 2023.
73. **A firm was hired for TPV services of assessing progress against the project’s two PBC indicators.** The project’s TPV firm, M/S Associates in Development Pvt. Ltd., submitted bi-annual reports, which were consistently used as the basis for authorizing Bank’s disbursements upon successful achievement of PBC



targets. Verification reports were also found to be consistent with information provided by implementation agencies.

74. **M&E was diligently used for monitoring utilization of funds, however, requests from additional departments were also included in the work plan.** The Annual Work Plans (AWP) were approved by the project Steering Committee and the World Bank’s task team leader. The activities in these work plans were mostly aligned with the project’s results, as well as complementing interventions under other projects (see para 56). As mentioned in above section on factors that affected project implementation, after restructuring of the project, potential overlap in activities with FATA GPP was avoided by regular monitoring of the project funds through the AWP’s and continuous coordination between the OSUs of KP and FATA GPPs.³⁰ The Bank team reviewed and approved concept notes (and TORs as required) for the activities defined in the workplan, which also explained their linkage with the project results, key outputs/outcomes, timeline, and cost. However, with the availability of additional financing after restructuring in 2020, the project included requests for activities from additional departments, which were not included in the project document or restructuring paper (for example, support for Board of Revenue, ETNCD³¹, and Mines and Minerals Department, hiring of many staff on IOC basis). As a result, the project was able to finance several activities to support 13 departments of the GovKP.³²
75. **In addition to their collection, M&E insights were used to steer policy decisions.** For instance, the actuarial study estimated pension liabilities of PKR 3 trillion, and underpinned the policy reform of pensions in KP.

Justification of Overall Rating of Quality of M&E

76. **Based on above assessment, the overall quality of M&E is rated as “Substantial”.** As mentioned above, post-restructuring the project’s design, implementation, and utilization of M&E system substantially improved, although some moderate weaknesses still existed. The progress against project’s targets was reported on a timely basis by implementing agencies and assessed by the TPV firm. The institutional arrangements were adequate, and M&E framework was also used for monitoring utilization of funds. In addition, the project interventions and results were used to inform policy decisions.

B. Environmental, Social and Fiduciary Compliance

Fiduciary compliance:

77. **The Project fiduciary performance throughout implementation was satisfactory.** The Financial Management (FM) arrangements remained adequate. The project supported KP government expenditures through its recurrent budgeting and involved disbursement through Revolving Fund Assignment Account established at implementing entities. The disbursements were made upon the achievement of the PBCs, which were verified by the TPV firm. The project disbursed all funds (except for an unspent amount of US\$ 10,574 which was cancelled³³). Additionally, on the request of the GovKP, an amount of US\$250,000 was reallocated

³⁰ For example, citizens’ feedback on public services, geo-mapping of public assets and staff training was targeted for merged areas under FATA GPP.

³¹ This was partly to provide complementary support to other projects.

³² These include FD, P&DD, KPRA, BOR, ETNCD, Mines and Minerals Department, KPRA, PMRU, ACE, RTIC, RTSC, Ombudsperson’s office and SDJ-PHC.

³³ The main reasons are frequent exchange rate fluctuations resulting in savings, non-execution of PFM accreditation program during project life, and a PIM training that was planned but could not be materialized due to time constraints.



from PBC component to the TA component of the project because these funds were unutilized due to non-achievement of the target of PBC 1 and to cover shortfall of funds in TA component against activities approved in the annual work plan. As per the Bank’s procedures for IPF issued in August 2020,³⁴, this reallocation did not require restructuring.

78. **Other areas of FM compliance were also adequately addressed during the project life.** The project prepared regular financial reports with the support provided by the Bank’s team. The Bank received the project’s audited Annual Financial Statements within six months of each financial year, and no major concerns were raised in the audit reports prepared by the Director General Audit KP. The Internal Audit report (prepared by an external firm hired from the market) did not raise any material concerns and reported satisfactory performance of the overall FM function. The FM capacity of the project was supported by staff at Shared Services Unit.

Table 5: Disbursement and utilization of funds (in US\$)

	Allocated	Disbursed	Over/under spent	Comments
TF-A3361				
PBCs	2,000,000	1,750,000	-250,000	Total US\$250k reallocated from PBC to cover shortfall in TA component
TA component	8,000,000	8,250,000	+250,000	
TF-B3385				
TA Component	8,000,000	7,989,426	10,574	Unspent amount cancelled
Total	18,000,000	17,989,426	10,574	

79. **Due to critical mass of lessons learnt from the previous MDTF-Governance Support Project, the GPP KP had fewer start-up issues related to procurement.** Procurement was mostly carried out in accordance with agreed procedures. However, selection of individual consultants was marked with distortion as the Project intermixed staff hiring processes with procurement procedures. Furthermore, there were delays in payments to consultants / contractors. Mitigation actions included streamlining OSU payment processes, incorporation of payment processes in the Operations Manual, and delegation of authority to the Project Coordinator.

80. **However, the Incremental Operating Costs budget line was not used efficiently.** The IOC budget line in GPP KP was used to hire many staff (on daily wages) which was more than the Project’s requirement. This could have been curtailed by providing training to project staff³⁵ about Bank’s fiduciary rules and guidelines for the projects, setting the rules earlier on for project implementation and usage of IOC, for example in the Operations Manual, including the IOC plan in annual work plan of activities so that it would be subject to review and approval.

Environment & Social:

81. **At the appraisal stage, the project was categorized as a category C project, as no Safeguards Policy was triggered, and no major civil works were envisaged.** However, social risks were rated as ‘significant’ in the Project Information Document on account of the possible risk for social disruption emanating from the security situation and the region’s vulnerability to natural disasters. These risks were considered contextual and beyond

³⁴ As per the Bank’s procedure for IPF issued in August 2020, this reallocation/reappropriation did not require restructuring because reallocated amount remained within the limit of 15% of the overall allocation for this category (calculation: \$25K/\$20 million= 12.5%).

³⁵ World Bank Pakistan office offers regular training program - the Project Directors’ Academy- which includes training on Bank rules for FM, procurement, social and environment safeguards.



the control of the project.

82. **The project did not have any major Environmental and Social risks during implementation, and category C was maintained during its implementation (including project restructuring).** Project activities did not entail any construction and/or include large physical works, and therefore it did not present any risk related to land acquisition and involuntary resettlement. Rather, project activities were limited to technical and institutional support aimed at improving the performance of the GovKP.
83. **In terms of gender and social inclusion, the project made efforts to increase female participation in project-financed training programs.** Although the number of female participants increased overtime, the overall proportion of women in GPP-financed trainings was only 11 percent (224) of the total 2,055 government officials—falling below the target by 24 percentage points. To encourage engagement and participation of women and other vulnerable groups across all training programs (including technical and leadership training), the GovKP should continue to refine strategies and create an enabling environment by addressing potential barriers, and tailoring training approaches to suit diverse needs.
84. **The creation of Citizen Integration Forums at the province and district levels was another notable initiative supported by the GPP.** These forums facilitated inclusion of diverse stakeholders, including members of the trans community, women, and religious experts, to address people's concerns. In addition, the GPP provided support to the strengthening of Performance Management Reform Unit, which increased engagement with citizens through the Pakistan Citizen's Portal. Additionally, the project supported KP Ombudsperson's Office in establishing a facilitation center and a toll-free number. It also supported a provincial conference to raise awareness on the Protection against Harassment of Women at the Workplace Act and Code of Conduct.

C. World Bank's Performance

Quality at Entry

85. **The World Bank task team was successful in working with the client to ensure the design of GPP KP was strategically relevant and tailored to the governance needs of the province.** The project's result indicators and activities were identified to support implementation of government's reform plans. Its technical, financial, and economic aspects were properly reviewed at the stage of project design. The team ensured the Government played a central role in the design of the project, which was important for its ownership during implementation.
86. **The lessons of previous World Bank financed operations in the Governance sector in KP were well captured in the GPP KP design.** The project interventions built on the previous MDTF-financed Governance Support Project³⁶. The Bank was well placed to provide support to the Government's governance reforms agenda because of (i) its strong basis for engagement in KP under MDTF-financed GSP which supported initial set of reforms and required investment in next-level reform efforts; (ii) analytical basis created through Public Expenditure and Financial Accountability Assessment 2007; and (iii) its global experience in the areas of governance reforms and ICT innovation for accountability.
87. **However, the initial design of results framework was weak.** As mentioned above (in Quality of M&E at

³⁶ Pakistan Multi-trust Donor Fund, (Governance Support Project) <<https://www.pakistanmdtf.org/governance-support-project/>> accessed 10 December 2023.



design stage), the results framework included some indicators which were out of project's control or were difficult to measure or achieve due to unclear assessment methodology and unrealistic target. As a result, the targets of several indicators were not achieved (see Annex 1.d). The project restructuring helped improve the results framework.

88. **Given above considerations, the Bank rating for Quality at Entry is assessed as "Moderately Satisfactory".**

Quality of Supervision

89. **The Bank's quality of supervision is rated as Satisfactory.** The Bank team conducted regular implementation support missions and provided ongoing advice to implementing agencies, using professionals with relevant expertise and with a country-based presence of some team members, allowing for frequent interactions with the project implementing agencies. The task team continued its regular engagement with implementing agencies during COVID-19 through virtual medium. The team shared its evaluation of progress and guidance for improvement through aide-memoires or management letters after each implementation support mission, in line with Bank procedures. The team also reviewed the proposals for activities to be supported under TA component. The Bank team encouraged and supported inter project coordination and peer learning for improved performance (between GPP KP, GPP FATA and GPP Balochistan)—e.g., by organizing joint learning sessions. The Bank's task team also played a proactive role in coordinating, suggesting, and promoting solutions to implementation challenges. For example, improvement in results framework, the expansion of scope of project to support accountability in service delivery beyond water sector, implementation of accountability and revenue mobilization components and e-Stamp system, and measures for sustainability of project interventions. By improving the design of results framework, developing the system of AWP, and encouraging coordination among OSUs, the team ensured avoiding of overlaps in activities between FATA and KP GPPs. The team also effectively leveraged other forums to support project performance, including regular meetings with MDTF Secretariat, the project steering committee, meetings with the Economic Affairs Division of Pakistan, and Bank's country management (portfolio review meetings) to highlight areas for attention and support.
90. **The task team also leveraged innovative means to support project implementation through the Shared Services Unit in KP.** The Shared Services Unit (SSU) was an innovation within the GovKP developed with the support of the World Bank and financed outside the GPP KP. The SSU consisted of a consolidated pool of experts in project implementation that could be deployed across several projects. The services of the SSU were effectively brought in to support GPP KP when the FM Specialist position was vacant, allowing for project continuity.
91. **The Bank's supervision had moderate shortcomings, however, these had minimum impact on the overall quality of supervision.** For example, the team provided overly optimistic assessment of project performance in periodic Implementation Status and Results Report, where it was mostly rated as satisfactory despite weak performance on most of the indicator before restructuring. The team could have restructured to reflect the FATA merger in 2018 project much earlier. The first restructuring in June 2020 could also have reflected changes brought by COVI-19. However, these missed opportunities did not impede the project from fully disbursing and also had minimal bearing on the targets that were not achieved.

Justification of Overall Rating of Bank Performance

92. **Based on the assessment of quality at entry and supervision, the overall Bank Performance for GPP KP**



is rated as "**Moderately Satisfactory**". There were moderate shortcomings in quality at entry (e.g., the need for improving definitions and assigning realistic targets for a few indicators) and some missed opportunities in the restructurings. However, the Bank's consistent efforts to create strong synergies between three GPP projects, to leverage the complementarities with other projects in KP, to bring innovation to project implementation and maintain oversight, underscores the important role in the project's success, despite four changes in TTLs.

D. Risk to Development Outcomes

93. **The risk to development outcome is assessed as Moderate.** The GovKP has designed a sustainability plan and has taken some measures to ensure sustainability of interventions. For example, staff positions in specialized units of FD have been transferred to government's own budget; KPPRA has ensured continuous implementation of procurement strategy and e-procurement system through own budget as well as support from KP SPEED; the public assets geotagging and monitoring of public investment schemes is continuing under Pⅅ KPITB is developing plan to strengthen its datacenter to ensure continuity of e-stamp system; the Citizen's Portal has become an integral part of the government's accountability; and the taxpayers' facilitation for registration and filing is being supported by KPRA's field staff, who have submitted request to FD for additional staffing support while the interim support is being provided by KPRMP. However, there is a risk that some of the interventions may not be sustained beyond GPP KP duration, given recent change in political government, and increasing fiscal challenges, which may affect the availability of required resources. For example, the role of accountability institutions, like Ombudsperson office, RTIC, RTSC has been central to citizen engagement and building citizen-state trust. These institutions face shortage of funds for their core activities, like satisfaction survey, communication and awareness campaigns, and field staff provision (including in merged areas). Similarly, continuous staffing support and training will be required for improved processing of PC-1 approvals and ADP execution. The continuity of other trainings financed under GPP will also need sustained financial commitment.

V. LESSONS AND RECOMMENDATIONS

94. **Ownership is important for continuous momentum of governance reforms and the successful implementation of the project.** A key contributor to the success of the project was that it was deeply rooted in the GovKP's own strategy and responded to the GovKP governance challenges as they evolved throughout the lifetime of the project. In addition, the implementing agencies took a lead in the design of implementation plan and supervised completion of activities supported by GPP KP—which ensured their ownership.
95. **The choice of instrument - IPF with PBCs and a TA component - provided financial and non-financial incentives to deliver intended results.** The choice of instrument provided the right balance between incentives for policy reform and financing for inputs. Overall, the revised results framework mostly had realistic targets, and PBCs were carefully selected, thus providing right incentives, contributing to the achievement of development outcomes, in a context characterized by implementation challenges and capacity constraints. The TA component provided financing for technical inputs required to achieve project results.
96. **Flexibility during implementation is important in fragile and low-capacity environment.** The initial design of project was focused on service delivery in water sector. However, the scope of project was broadened after the strategic administrative change in the province (merger of FATA with KP) and as per the government's demand. The flexibility was also helpful in the form of project's time extension to make-up for implementation delays caused due to COVID-19. The risk of uncertain security situation in the province also



required flexibility in its implementation (e.g. by temporarily stopping on-ground activities, or conducting trainings in different locations).

97. **For a project that has multiple implementation agencies and beneficiary organizations, a clear results framework, supportive implementation arrangements and regular progress monitoring are crucial.** Post-restructuring, the GPP's improved results framework showed better results than original results framework. As mentioned in M&E performance section, The project's concept notes process (which involved implementing /beneficiary agencies leading to their better ownership), reporting cycles, and monitoring mechanisms have significantly contributed to the effective execution of the project. The structured methodology employed in these aspects was highly appreciated by key stakeholders at the highest levels, prompting recommendations to replicate this systematic approach within the existing public management sector. Efforts were made to avoid overlaps in providing TA with FATA GPP through coordination and review and approval of Annual Work Plan by the Steering Committee of both projects. In all this process, the OSU staff played central role of coordinating across departments and projects, and provided assistance as needed. The Bank team provided technical advice to implementing agencies, regularly monitored project implementation progress, and unscored the result orientation. In particular, the continuity and institutional knowledge of some Bank team members from start to finish of implementation are likely to have positively contributed to smooth Project implementation and balanced four changes in TTLs.
98. **IOC spending should be clarified upfront, included in the Operations Manual and subject to review and approval.** Since IOC spending does not pass through Bank's procurement review process, it can provide room for ineligible expenditure—for example hiring of too many staff without due process, excessive spending on repair and maintenance of assets, and inclusion of expenditure which are otherwise procurable in nature. This can be addressed through upstream training on IOC rules and regulation from the World Bank's FM team and also subjecting the IOC expenditures to greater scrutiny.
99. **Dedicated efforts and strategies are needed to ensure inclusion of and impact on women and the Government requires more support to develop these.** The GPP KP supported implementation of KP Women Empowerment Policy 2017, by supporting capacity building activities for employees of provincial and administrative departments of GovKP, including females. However, female participation ratio was low (only 11% of total trainees). One of the reasons was mobility issues, which could have been addressed by offering virtual participation or providing training closer to their place of duty/residence or by improving transportation. Most importantly, there is a need to incentivize hiring department (or managers) to ensure female employees' participation in trainings. Another policy consideration could be reviewing certain jobs and promotion requirements, and making relevant trainings as mandatory (like PFM, procurement, project cycle management, PPP). In summary, more efforts are required to develop gender-sensitive approaches to capacity building which recognize the barriers that women face.
100. **The ICT-based solutions can support improvements in public service delivery.** The Project used innovative technology for better performance in service delivery, e.g., Citizen's portal collecting feedback, and efficiently monitoring and sharing response/action; public investment assets and schemes are being geotagged for efficient monitoring through dashboards and policy decisions; the move toward an e-procurement system for transparent and efficient public procurements; virtual hearing of cases in Secretariat for District Judiciary; and e-stamp system for taxpayers facilitation, plugging leakages and ensuring efficient collection, reconciliation etc. However, these interventions depend on strong political leadership and the ability to attract and retain high-quality ICT professionals in the public sector.
101. **For the sustainability of project interventions, institutionalization of interventions supported by adequate budget allocation is important.** As mentioned in risks to development outcomes section, the GovKP took some measures for sustainability of project interventions and developed the sustainability plan. However,



worsening macro-fiscal situation was beyond the control of the project—that affected continuity of some interventions post-closure of GPP KP. This particularly included support for accountability institutions and taxpayer facilitation for STS. In particular, the continuity of staffing support to some departments was affected post-closure of the project. In this regard, essential support from other ongoing and relevant projects is helpful in short term. However, based on improved staffing plan, the departments should hire their regular staff under own budget for continuity. A good example is FD internalizing the positions of specialized units in January 2023, which were previously financed by GPP. In addition, the implementation of an improved policy for creating and using a talent pool of qualified young graduates could be considered for short-term positions. It is also important to reduce reliance on project funds for regular administrative needs that should be financed through the recurrent government budget (e.g., staff for regular government functions hired under Incremental Operating Cost from GPP KP).



Annex 1. Results Framework and Key Outputs

A. RESULTS INDICATORS

A.1 PDO Indicators

Objective/Outcome: Increasing capacity for revenue mobilization and public financial management

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Increased collection of the Sales Tax on Services (STS)	Text	PKR 7.30 billion 30-Jun-2016	PKR. 30.00 billion 30-Jun-2020	PRA targets to collect, at least, Rs. 18.0 billion in FY 22/23 30-Jun-2023	KPRA collected PKR 27.08 billion during FY 2022/23 30-Jun-2023

Comments (achievements against targets):

This indicator was revised in 2020 and 2022 to align the unit of measurement in the baseline and target. The original baseline was PKR 7.3 billion in FY16. In project restructuring the baseline was revised to PKR 11billion. KPRA collected PKR 10.35 billion in FY2018/19, which increased to PKR16.09 billion in FY2019/20, PKR 19.36 billion in FY2020/21 (actual numbers, civil accounts), PKR 26.5 billion in FY 2021/22, and PKR 27.08 billion in FY 2022/23. KPRA has overachieved the target assigned under the project.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Improved public financial	Text	KP does not have a	PFM Law approved by	PFM Law approved by	KP's PFM Act has been



management		PFM Law as of 2020	the Provincial Assembly.	the Provincial Assembly.	approved in June 2022.
		29-May-2020	30-Jun-2022	30-Jun-2023	30-Jun-2023

Comments (achievements against targets):

This indicator was added after project restructuring. The end-target has been achieved. KP's Public Financial Management (PFM) law has been approved as part of KP Finance Act 2022. <https://www.pakp.gov.pk/acts/the-khyber-pakhtunkhwa-finance-act2022>

Objective/Outcome: Improving public investment management and accountability in public services

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Reduction in total throw-forward amount in the Annual Development Plan	Text	Total throw forward is Rs. 420 million in FY 2019/20.	At least a 15% (\$42 million) reduction in the total throw forward over FY 19/20		Total throw forward is Rs. 1345 million (>200% over baseline)for FY2022/23
		29-May-2020	30-Jun-2023		30-Jun-2023



Comments (achievements against targets):

This indicator was added after project restructuring. Throw-forward has increased from Rs. 982 million in FY22, to PKR. 1,345 million (including merged areas) in FY23. This is over 200% increase over baseline of FY20. The target is not achieved. Important to note that region-wise data of ADP schemes is not available. The baseline data did not include allocations for merged areas, which is now included in throw-forward after merger of FATA region into KP.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Citizens reporting satisfaction with selected notified services	Percentage	0.00	40.00	75.00	84.00
		29-May-2020	30-Jun-2022	30-Jun-2023	30-Jun-2023

Comments (achievements against targets):

This indicator was added after project restructuring. As per the survey conducted in 2021, about 50% citizens reported satisfaction with selected notified public services. The second round of citizens' perception survey, conducted in FY 2022/23, reports 84% satisfaction of the citizens from following nine selected and notified services: 1) water supply, 2) garbage removal, 3) domicile, 4) birth and death certificates, 5) vehicle registration, 6) vehicle registration renewal, 7) vehicle transfer, 8) obtaining revenue documents or property ownership document (Fard, in Urdu), and 9) First Information Report. The target is overachieved

A.2 Intermediate Results Indicators

Component: Increasing capacity for revenue mobilization and the public financial management

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
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Increase in number of STS tax payers that filed tax returns	Text	578 taxpayers out of 1259 registered taxpayers filed returns in 2015/2016.	867 STS filers	The Project Implementing Entity has increased the number of STS taxpayers filing tax returns in the Fiscal Year by a cumulative percentage of 40% above Baseline.	The FY23 target was not achieved, as cumulative increase over baseline was 19% (65% - 46% = 19%).
		30-Jun-2016	30-Jun-2022	30-Jun-2023	30-Jun-2023

Comments (achievements against targets):

The indicator was revised during restructuring.

The percentage of registered taxpayers who filed returns increased from 46% in FY16 (average 578 filers out of total 1259 registered taxpayers) to 65% in FY23 (average filers: 12,475; average registered taxpayers: 19,367). However, the performance in FY23 shows only 19% increase over baseline (60% - 46%=19%), instead of 40% increase. If the actual performance was more than 86% of filers in FY23, then the cumulative target would have achieved. Overtime, the registered taxpayers increased more than the filers, resulting in reducing percentage of taxpayers who filed returns.

The assessment methodology of this indicator was not clear, and the team used guidance from the original PAD for the same (see page 23 of PAD).

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Increase in registered taxpayers	Number	7,588.00 29-May-2020	9,106.00 30-Jun-2023		20,264.00 30-Jun-2023



Comments (achievements against targets):

This indicator was added after project restructuring. KPRA’s registered taxpayers were 14,923 in FY21, 18,157 in FY22 and 20,264 in June 2023 – recording an increase of 167% over the baseline. The target is overachieved

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Enhanced human resource capacity for tax administration	Text	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	Staffing and training plans are approved for implementation. KPRA has trained at least 45% of the staff (including women).		The target is partially achieved. KPRA maintains a list of sanctioned and filled staff positions (as staffing plan), which needs to be updated. An institutional assessment and training needs assessment have been completed. But there is no formal training plan. In FY23, KPRA has provided trainings to more than 45% of its staff.
		29-May-2020	30-Jun-2023		30-Jun-2023

Comments (achievements against targets):



This indicator was added after project restructuring. The end-target is partially achieved. An institutional assessment and a training needs assessment were completed for KPRA. KPRA also maintains a list of sanctioned and filled staff positions (as staffing plan), which needs to be updated to include field positions that were previously supported under GPP KP. Further, the job descriptions also need to be reviewed/updated. There is no formal training plan for KPRA staff. However, in FY23, KPRA has provided training to more than 45% of its staff on KP Sales Tax on Services Act 2022; international public sector accounting standards, revenue forecasting and VAT gap analysis, sector notes on oil & gas and mines & minerals for audit, restaurant invoice management system, enterprise resource planning, and project management for public sector.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Share of taxpayers who paid any amount with returns	Percentage	18.00	22.00		10.00
		29-May-2020	30-Jun-2023		31-May-2023

Comments (achievements against targets):

This indicator was added after project restructuring. The project end target is not achieved. During FY23 (July 2022-June 2023), about 10 percent of taxpayers paid any amount with returns. It is important to note that majority of taxpayers file nil or null returns, which means that taxpayers data needs to be reviewed.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Departments using Framework Agreements	Number	3.00	6.00	5.00	22.00
		29-May-2020	30-Jun-2020	30-Jun-2023	30-Jun-2023

Comments (achievements against targets):



This indicator was added after project restructuring. In FY23, 22 departments have been reported to have used framework agreements. The target is overachieved

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Procuring entities publishing procurement plans online	Number	27.00	42.00	37.00	38.00
		29-May-2020	30-Jun-2022	30-Jun-2023	30-Jun-2023

Comments (achievements against targets):

This indicator was added after project restructuring. The target is overachieved. As reported by KP Procurement Regulatory Authority, in FY22, 44 procurement plans were published by different government entities on its website, whereas in FY23, 38 procurement plans have been published online. The information is monitored and updated during the year. <http://www.kppra.gov.pk/kppra/procurement>

Component: Improving public investment management and accountability in public services

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Public investment schemes monitored, and results published in publicly disclosed progress reports	Percentage	25.00	40.00	35.00	29.00
		29-May-2020	30-Jun-2022	30-Jun-2023	30-Jun-2023

Comments (achievements against targets):



The indicator was added after project restructuring. The final target is not achieved.

In FY21, out of total 2,467 schemes, 666 schemes were monitored (27%). In FY22, out of total 2,342 schemes, 832 schemes were monitored (36%). In FY23, 662 schemes, out of total 2288 schemes, were monitored (29%). Until 2020, results were published on the Planning and Development Department website (<https://pndkp.gov.pk/monitoring-evaluation/>). But afterwards, the reports are no longer published online.

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Increase in Public Investment Assets that are geo-mapped and published online	Text	Public Investment Assets are not geomapped and not available online 30-Jun-2016	1000 public investment assets in water sector that are geo-maped and published online 30-Jun-2022	The Project Implementing Entity has cumulatively geomapped and published online 500 Public Investment Assets 30-Jun-2023	The Project Implementing Entity has cumulatively geo-mapped 20,313 Public Investment Assets. This information was not published. 30-Jun-2023

Comments (achievements against targets):

The scope of the indicator was revised from original indicator that was focused on geo-mapping of water sector investment assets. By FY23, 20,313 schemes have been geo tagged in KP (excluding merged areas). The information is not published by Govt of KP. The final targets are different in results matrix (600 assets geomapped) and in PBC matrix (500 assets geomapped). The target is partially achieved. The GIS lab geotags public assets and ADP schemes, which was provided infrastructure and HR support under GPP KP

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
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Public Investment schemes with unapproved PC 1 prior to inclusion in the budget	Percentage	29.00 29-May-2020	20.00 30-Jun-2023		77.00 30-Jun-2023
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Comments (achievements against targets):

This indicator was included after restructuring of the project. The target is not achieved. In FY22, 445 projects were unapproved out of total 2342 new projects (19%). In FY23, 443 projects were unapproved out of total 579 new projects in ADP (77%).

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Citizens reporting that WSS services was provided within the stipulated time frame	Percentage	0.00 29-May-2020	15.00 30-Jun-2022	50.00 30-Jun-2023	77.50 28-Apr-2023

Comments (achievements against targets):

The indicator was revised post restructuring of the project. Data for this indicator is based on the Citizens' Perception Survey. The first round of the survey reported overall 45% of citizens satisfaction with Water and Sanitation Services (WSS) in FY22. About 50% citizens reported satisfaction from water supply, but only 34% reported satisfaction from garbage disposal services. The second round of survey was conducted in FY23, which reported increase in overall satisfaction rate of citizens to 77.50%. About 72% citizens reported satisfaction from water supply, and 83% reported satisfaction from garbage disposal services. The target is overachieved

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Improved legal and	Text	Existing legal and	Anti-corruption	Action plan for	Institutional



institutional framework for anti-corruption		institutional framework for Anti-Corruption is inadequate	legislation approved by the provincial Cabinet	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.	assessment completed, and action plan and new Anti-Corruption Act drafted. The draft Act is not yet submitted to the Provincial Assembly for approval. The action plan of anticorruption establishment is also pending approval of the Cabinet.
		29-May-2020	30-Jun-2022	30-Jun-2023	30-Jun-2023

Comments (achievements against targets):

This indicator was added after restructuring of the project. The final target is partially achieved. The institutional assessment of all entities with anti-corruption mandate has been completed, and action plan and new Anti-Corruption Act have been drafted. The draft Act is still pending clearance of the Establishment Department of GovKP, after which it will be submitted to the Cabinet for approval and then placed before the provincial parliament. The action plan for Anti-Corruption Establishment is also pending the approval of provincial Cabinet

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Complaints resolved through Pakistan Citizen Portal	Percentage	60.00 30-Jun-2021	80.00 30-Jun-2022	75.00 30-Jun-2023	98.50 30-Jun-2023



Comments (achievements against targets):

The indicator was added post restructuring of the project. In FY23, 98.5% complaints received from KP were reported as resolved. During this period, total 89,294 complaints were received, of which 88,029 were resolved. The target is over achieved.

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

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Public officials participating in project financed training	Number	463.00	300.00	820.00	2,055.00
		29-May-2020	30-Jun-2022	30-Jun-2023	30-Jun-2023
Public officials participating in project financed training of which are female participants	Percentage	16.00	35.00	35.00	11.00

Comments (achievements against targets):

The indicator was revised after restructuring of the project – the baseline and targets were revised, and indicator for female participation was added. Overall target is overachieved (2055 against the target of 820 officials trained), but female participation is less than the target (11% against 35% target). Year-wise number of staff who participated in trainings, is as follows:

FY2020/21: total 443 staff, including 72 female staff;

FY2021/22: total 1440 staff, including 130 female staff

FY2022/23: total 172 staff, including 22 female staff.



Trainings were provided in following areas: project cycle management; procurement; GIS software and system; IT systems (MS office); SAP-based project management systems; APMG public-private partnership certification; gender mainstreaming; training of Public Information Officers on Right to Information Act; public financial management; integration of PCFMS with National Financial Management Information System; training on results-based management for Planning and Development Department; public accountability for anti-corruption establishment staff; and effective communication



B. Key Outputs by Component (post restructuring)

Objective/Outcome 1: Increasing capacity for revenue mobilization and public financial management	
Outcome Indicators	<ul style="list-style-type: none"> ○ Increased collection of the Sales Tax on Services (STS) ○ Improved public financial management.
Intermediate Results Indicators	<ul style="list-style-type: none"> ● Increase in the number of STS taxpayers. ● Increase in registered taxpayer. ● Enhanced human resource capacity for tax administration. ● Share of taxpayers who paid any amount with returns. ● Departments using Framework Agreements ● Procuring entities publishing procurement plans online
Key Outputs by Component (linked to the achievement of the Objective/Outcome 1)	<ul style="list-style-type: none"> ○ Improved STS filing compliance, and increase in registered taxpayers ○ Technical assistance for KPRA ○ Institutional assessment and training needs assessment for KPRA ○ Sectoral notes and audit guidelines for KPRA ○ KP PFM law ○ Specialized units established in FD and P&D department ○ Revamping of procurement framework, procurement digitization strategy and development of sector specific procurement procedures ○ Procurement website with procurement plans and grievance redressal facility ○ Procurement and contract management diploma program, and PFM accreditation program
Objective/Outcome 2: Improving public investment management and accountability in public services	
Outcome Indicators	<ul style="list-style-type: none"> ○ Reduction in total throw-forward amount in the Annual Development Plan ○ Citizens reporting satisfaction with selected notified services.
Intermediate Results Indicators	<ul style="list-style-type: none"> ● Public investment schemes monitored, and results published in publicly disclosed progress reports. ● Increase in public investment assets that are geo-mapped and published online (PBC)

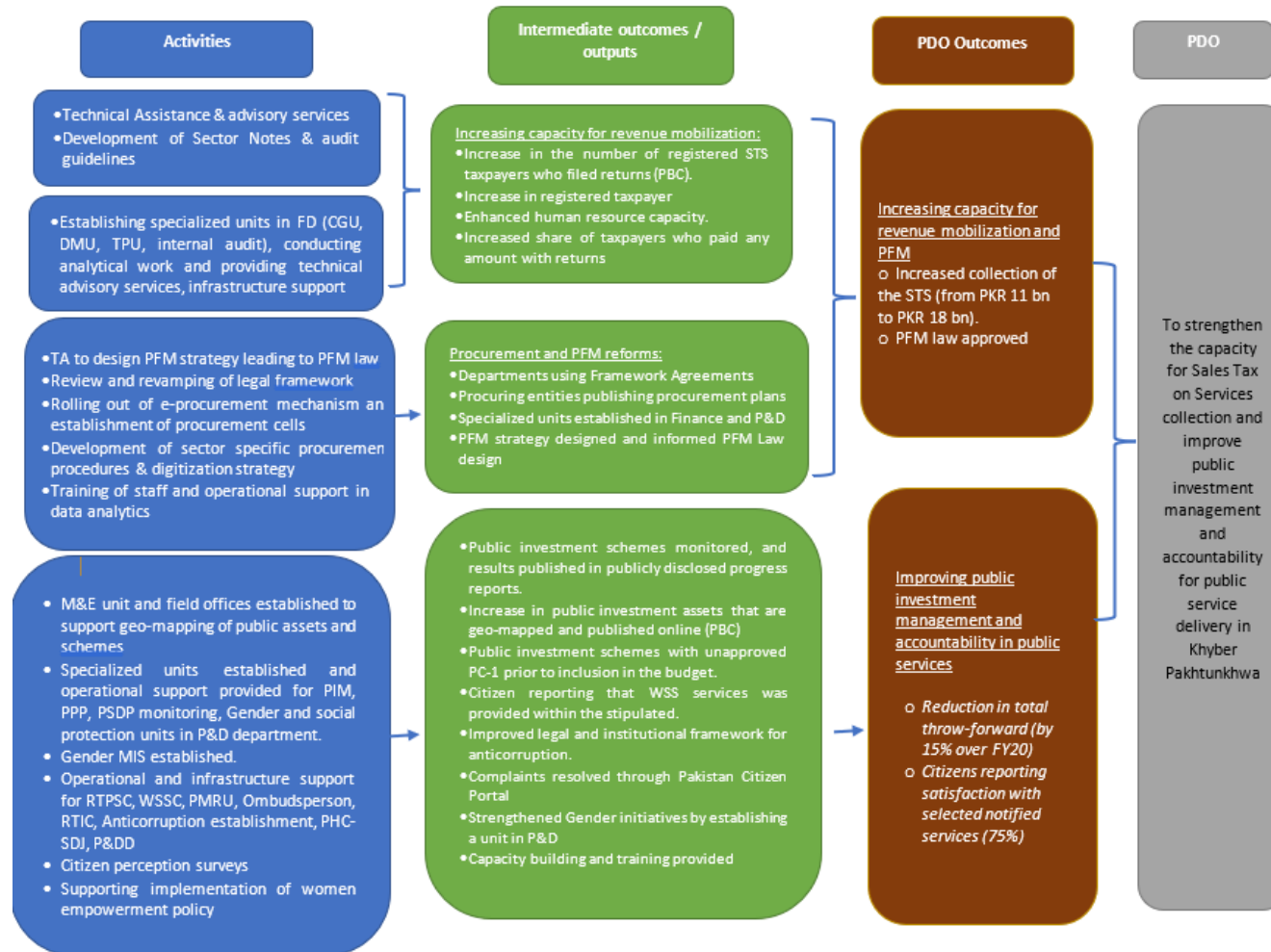


	<ul style="list-style-type: none">• Public investment schemes with unapproved PC-1 prior to inclusion in the budget.• Citizen reporting that WSS services was provided within the stipulated time frame.• Improved legal and institutional framework for anti-corruption• Complaints resolved through Pakistan Citizen Portal• Public officials participating in project financed training
Key Outputs by Component (linked to the achievement of the Objective/Outcome 2)	<ul style="list-style-type: none">• Database and dashboard for geo-mapped public investment assets• Policy framework and PPP action plan for 2019-2024• PIM action plan• Public investment schemes monitoring mechanism• Survey of citizens about satisfaction with selected public services• Citizen Integration Forums; training and communication and awareness activities for RTS• Anticorruption institutional assessment, action plan, and draft of new Anti-corruption law• Pakistan Citizens portal• Training of government officials



C. Theory of Change (post restructuring)

Problem statement: Inadequate systems and institutional capacity to generate revenue and manage public finances to deliver services



Key assumptions: 1). Commitment to implement critical reforms to improve service delivery and revenue collection. 2). Sufficient policy/authorizing environment to improve PIM and accountability in service delivery. 3). Adequate systems and capacity are built to strengthen public investment.

**d. Original Results Framework and Key Outputs (before restructuring)**

Indicator	Baseline	Project-end targets	Actual achievements, as reported in Dec 2019 ISR
PDO indicators			
1. Increased collection of the sales tax on services (STS; %)	7.30 billion	35%	43%
2. Average size of per project appropriation in the water sector included in the ADP (Amount USD)	79.80	200.00	56.00
3. Number of districts where citizen feedback on WSS services is systematically collected and disseminated (Number)	0.00	25.00	2.00
4. Percentage of women among feedback providers (%)	0.00	50.00	19.40
5. Number of districts where citizens are engaged in monitoring WSS services	0.00	25.00	2.00
6. Percentage of women engaged in monitoring WSS services (%)	0.00	50.00	33.00
7. Number of officials certified in FM, procurement, project management and M&E	0.00	300.00	215.00
8. Number of women certified in FM, procurement, project management and M&E	0.00	35.00	28.00
Intermediate indicators			
1. Number of STS tax payers that filed tax returns - DLI1 (%)	587.00	40%	30%
2. Rate of filing compliance (%)	45.00	80.00	75.00
3. Deviation between STS revenue forecasts and actual revenue collected (%)	30.00	10.00	29.00
4. Number of public investment assets in water sector that have been geo-mapped and published online - DLI2	0.00	500.00	500.00
5. Increased share of development projects in the water sector that are completed within original schedule (%)	20.00	60.00	20.00
6. Reduction in WSS services provided to citizens beyond the stipulated timeframe (%)	1.00	5.00	28.50
7. M&E Reports on KP Long-term Governance Action Plan (Yes/No)	Y	Y	No

Green: on track to achieve final targets. Yellow: off track against final targets.



Annex 2. Bank's Lending and Implementation Support / Supervision

A. Task Team Members

Name	Role
Preparation	
Sher Shah Khan, Clelia Kalliopi Helena Rontoyanni, Marieta Fall	Task Team Leader(s)
Rehan Hyder	Procurement Specialist(s)
Syed Waseem Abbas Kazmi	Financial Management Specialist
Chau-Ching Shen	Team Member
Masroor Ahmad	Team Member
Danielle Malek Roosa	Counsel
Mirza Imran Baig	Team Member
Faly Diallo	Team Member
Supervision/ICR	
Lucy Pan, Tobias Akhtar Haque	Task Team Leader (2022-2023)
Irum Touqeer	Team Member
Rehan Hyder	Procurement Specialist(s)
Noaman Ali	Financial Management Specialist
Sarah Khokhar	Social Specialist
Nida Asif	Environmental Specialist
Junko Funahashi	Counsel
Adnan Ashraf Ghumman	Team Member
Aroub Farooq	Team Member
So Seyama	Team Member
Pragya Shrestha	Team Member
Sayed Murtaza Muzaffari	Team Member
Daisy Lopez Zita	Team Member
Shabana Aamir	Team Member



B. STAFF TIME AND COST

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US\$ (including travel and consultant costs)
Preparation		
FY16	7.225	39,395.12
FY17	26.961	111,126.29
FY18	0	0.00
FY20	0	121.17
Total	34.19	150,642.58
Supervision/ICR		
FY17	8.531	71,558.97
FY18	43.788	188,918.12
FY19	22.655	188,058.78
FY20	20.000	124,837.92
FY21	27.250	146,354.51
FY22	35.335	202,704.54
FY23	23.792	97,591.79
FY24	5.175	22,873.72
Total	186.53	1,042,898.35



Annex 3. Project Cost by Component

Components	Amount at Approval (US\$M)	Revised allocation (US\$M)	Actual at Project Closing (US\$M)	Actual as percent of revised allocation (US\$M)
1. Increasing capacity for revenue mobilization and the public financial management	3.75	7.25	7.03	97.0
2. Improving public investment management and accountability in public services	3.75	7.25	7.70	106.2
3. Providing effective support for the coordination of governance reforms and operational management	2.5	3.50	3.26	93.1
Total	10.00	18.00	17.99	99.9



Annex 4. Efficiency Analysis

Rating: Modest

1. A financial or economic rate of return is not calculated for this IPF project due to data constraints. Efficiency gains compared to this operation's costs are therefore indirectly assessed by articulating medium to long-term benefits that can potentially be derived from the activities carried out, as discussed below.
2. Out of the total allocation of \$18 million, a total amount of \$17.9 was utilized by the project's current closing date of June 30, 2023, i.e., 99 percent of the approved grant amount. Of this, about 18 percent represents the cost of managing project operation (OSU cost), whereas 12 percent was provided to the department for monitoring and managing activities under PDO level indicators.
3. The project efficiently utilized resources, focusing on delivering results and successfully achieving most of the results (see Annex 1 and Efficacy Assessment section of the report). This efficiency results from a comprehensive pre-project analytical work, reforms under previous project, and a well-designed project implementation arrangement, that effectively supported /contributed to immediate and long-term goals of KP. In particular, the structured methodology employed (in designing concept notes for activities and monitoring completion of activities) was highly appreciated by key stakeholders.
4. Importantly, well-structured project documentation, coordination, and implementation processes contributed significantly to target achievements. Establishing specialized operational support units in project management, financial management, procurement, and other relevant areas ensured strategic and policy-level support, enhancing operational effectiveness. The synergy among these support units significantly contributed to the project's success.
5. During the project life, two restructurings were approved. First restructuring was done in 2020, which provided an additional financing of US\$8 million and expanded the scope of activities (covering broader and cross cutting governance issues for service delivery and including newly merged areas for support), while another restructuring extending the project's end date to June 2023.
6. Overall performance of the project was moderately satisfactory. Most of the PDO and intermediate indicators have been achieved and there have been instances where it has been overachieved (see efficacy section of main report). However, the PDO was partially achieved mainly due to the off-tracking of the Public Investment Management (PIM) related PDO indicator: reduction in throw-forward and inclusion of investment schemes with unapproved PC1s³⁷ in the budget, the slow release of funds by the Finance Department, and implementation related challenges.
7. The GPP KP project was based on the understanding that a reinforced own-source revenue (OSR) mechanism, paired with efficient public resource management, can improve service delivery, and

³⁷ PC-1 is a project document that covers almost all aspects of the project. It is known as a planning tool for the development and execution of any projects in the Government Departments. It is mandatory to prepare PC-II of mega projects, which is a feasibility report that must be annexed with PC-I.



enhance development in Khyber Pakhtunkhwa. By investing in capacity-building activities, technical assistance and infrastructure provision, the project aspired to optimize revenue collection, systemizing the Public Financial Management (PFM) structure and improve citizen engagement. This in turn, was projected to lead to improved service delivery and bolster public trust in State institutions. The following have the potential to generate medium to long-term gains directly from work done in this project:

- a. **The GPP-KP project has positively impacted revenue generation and taxpayer compliance.** The consistent revenue growth in Sales Tax on Services (STS) collection signifies a positive trajectory, facilitated by ongoing strategies such as taxpayer awareness programs, taxpayer facilitation activities, support for tax audit etc. These activities, coupled with enhanced efficiency from digitization, supports revenue growth. GPP also supported digitization of stamp duty collection by rolling out e-stamping system in the province. It will contribute to a more transparent tax system, reducing revenue leakages, ultimately fostering public trust and encouraging voluntary taxpayer compliance.
- b. **Implementing geotagging for public assets, supports decision-making and fosters efficiency in public asset management.** The geotagging of public assets also helps continual refinement in asset monitoring, effective evaluation of development schemes, and precise allocation of public funds by the GIS Hub and district-based cells. The web portal for ADP scheme assessments supports optimized resource allocation, while sustainability strategies and comprehensive training guarantee long-term system relevance and departmental support. These efforts support the government's operational efficiency.
- c. **The multifaceted long-term effects of the Public Investment Management (PIM) initiatives can yield substantial gains when accompanied by a strategic commitment to achieving overarching goals.** They encompass a strengthened approach to managing public resources, established through the comprehensive PIM Action Plan and its implementation by the dedicated PIM Unit. This commitment to efficient resource management is complemented by extensive capacity building, seen through specialized training modules, a Planning Manual, and targeted training on project cycle management for government officers. Furthermore, collaborative efforts with the ACCA to develop a curriculum for PFM and the Cabinet's approval of a PFM law showcase a strategic focus on establishing robust financial management frameworks, indicating a long-term commitment to accountability and efficiency within the public sector.
- d. **The long-term objectives of the Public-Private Partnerships (PPP) initiatives are to establish a comprehensive framework enabling effective collaboration between the public and private sectors that result in effective governance and development.** This encompassed the approval of a strategic PPP action plan, rules, and policy framework, setting the stage for structured PPP implementation over several years. The completion of specialized training programs for PPP specialists ensured a skilled workforce capable of managing future partnerships adeptly. Additionally, the engagement of legal and financial expertise for drafting the PPP Act, providing transaction advisory services, and supporting flagship projects emphasizes a commitment to fostering successful partnerships and development.
- e. **The enduring impact of initiatives in Citizen Engagement, Right to Information, Anti-Corruption Measures, and support for establishing secretariat for district judiciary in Khyber Pakhtunkhwa will play a pivotal role in enhancing accountability within public service delivery.**
- f. **The initiatives for Capacity Development and Trainings aimed to enhance the technical skills and expertise of government officials and to improve the institutional capacity.**
- g. **Apart from long-term gains, risks such as inadequate advancement of HR/staffing and training plans for KPRA, increase in throw-forward and unapproved PC-1s inclusion in budget—despite some progress in PFM area—poses a threat to the effectiveness of project interventions.**



Annex 5. Borrower, Co-Financier and Other Partner / Stakeholder Comments

Feedback of the Government of Khyber Pakhtunkhwa on “Implementation Completion and Results Report” of the Governance & Policy Program, Khyber Pakhtunkhwa

1. Preamble

The World Bank has prepared “Implementation Completion and Results Report (ICR)” of the Governance & Policy Program, Khyber Pakhtunkhwa (GPP-KP) and shared with stakeholders for information and perusal. Since GPP has been closed on grant side (MDTF) on 30-06-2023, the preparation of the ICR and its findings will help the stakeholders to understand the investment in comparison of the results achieved at the output and outcome levels and learn lessons for designing future reform agenda in a better manner.

2. Brief Overview of GPP-KP

Governance and Policy Project (GPP-KP) under Multi Donor Trust Fund, administered by World Bank and executed by P&D Department with a total budget of \$ 18.00 Million during 2017-23. The Project on grant side has been closed on 30-6-2023 while its financial and operational closure is underway till December 2023 through ADP funding. The Program Development Objective (PDO) of the GPP is *to strengthen the capacity for sales tax on services collection and improve public investment management and accountability for public services delivery in KP.*

GPP was designed to provide support to strengthen selected upstream (planning and financing) and downstream (service delivery) functions of the government to address the following key challenges:

- Limited access to public service delivery, mainly due to quality issues which dampened the impact of increased spending.
- Weak financial management system and a lack of effective public investment management led to the inefficient and ineffective use of public resources. Lack of capacity in debt and risk management.
- Ineffectiveness in development spending, evident by weak project planning and implementation:
- Limited own-source revenue created gaps in service delivery and resources.

Implementing Partners of the Project included P&D Department (overall execution) while Finance Department was a co execution agency responsible for Component-II (PFM & Revenue Mobilization) of the Project. The associated implementing partners under Component-I included, KP Revenue Authority, KP Procurement Regulatory Authority, Board of Revenue, IT Board and Excise & Taxation Department. The associated implementing partners under Component-II (Public Investment Management & Accountability) included M&E Directorate, PPP Unit, IDS, GIS Cell, RD Section, Anti-Corruption Establishment, Right to Information Commission, Right to Public Services Commission, Chief Minister Office, Peshawar High Court, WSSCs and PMRU.

3. Implementation Completion and Results Report (ICR)- Summary Findings

Financial:

Project Cost: \$ 18.000 Million, Disbursement:\$ 17.989 Million

Physical Performance (Results Achieved)- Key Ratings:

- Outcome Level=Moderately Satisfactory, Bank Performance=Satisfactory, M&E Quality=Substantial



- **Relevance of Program Development Objective (PDO):**

- The PDO maintained High relevance to the development priorities of the GovKP throughout project implementation. It was closely aligned with the province's 2019 Good Governance Strategy
- The PDO was particularly relevant for its support to the government's overall objective to build public trust in state institutions and promote peace and stability in the province
- The PDO also aligned with the World Bank's Country Partnership Strategy (CPS, FY15-19) for Pakistan

Achievement of PDO (Efficacy):

- i. Increasing capacity for revenue mobilization and PFM- Satisfactory Result**
 - a. Assessment of key components and associated PDO/outcome and intermediate indicators of the Project was considered to provide a comprehensive picture of the efficacy of the project, while also sufficiently covering the PDO objectives (Section 27 of ICR)
 - b. The results of KP's revenue mobilization efforts are satisfactory and indicate over-achievement of first PDO indicator (increased collection of STS-Section 28 of ICR)
 - c. The second PDO or outcome indicator about improving the public financial management in KP also recorded satisfactory results (Section 31).
 - d. The project went a step ahead to support implementation of PFM reforms, by establishing specialized units in KP Finance Department (Section 32)
 - e. With the support of the project, the operational efficiency, transparency and accountability in public procurement has improved (Section 33)

- ii. Improving Public Investment Management (PIM) and accountability in Public services (Moderately Satisfactory Result)**
 - a. The support helped improve some areas of public investment management, which gives a positive indication of government's efforts for proper utilization of its scarce resources. A PIM action plan has been designed, and specialized units have been established in P&D Department (Section 35)
 - b. However, the monitoring of public investment schemes performed less than the target. In FY23, 29% schemes were monitored (662 out of 2,288 schemes) against the target of 35% (intermediate indicator), while the information is not published on the website of P&D department (Section 36)
 - c. adequate government actions were not taken to improve budget planning and execution. The Annual Development Plan (ADP) throw-forward escalated significantly, from a baseline of PKR. 420 million in FY20 to PKR. 1,345 million in FY23 (against the target of 15% [\$42 million] reduction in throw-forward over FY20 (Section 37)
 - d. the citizens' engagement initiatives have positively impacted service delivery and accountability. As per the survey conducted in 2021, about 50% of surveyed citizens of KP reported satisfaction from selected services (notified under RTS act). The second round of citizens' perception survey, conducted in FY23, reported 84% satisfaction of the citizens from above public services, against the target of 75% (PDO Indicator 4).
 - e. One of the major contributions of GPP KP was strengthening the Performance Management and Reforms Unit (PMRU) which continues to help address citizens' complaints/feedback on public services or institutions through the Citizens Portal (Section 39)
 - f. GPP KP supported strengthening of anti-corruption measures and judicial reforms to improve accountability. The project supported establishment of a well-equipped Secretariat for District Judiciary (SDJ) at the Peshawar High Court.
 - g. The Anti-Corruption Establishment drafted a revised Anti-Corruption law and action plan, based on institutional assessment of anti-corruption institutions, suggesting institutional strengthening measures, including rationalization /consolidation of provincial government entities dealing with the mandate of anticorruption.



iii. Providing effective support for the coordination of governance reforms and operational management. Satisfactory Result

The project successfully delivered training to 2,055 public officials (including 224 women), against the target of 820 public officials, highlighting a strong commitment to capacity building (intermediate indicator). However, female participation was at 11% - much below the target of 35%, despite some efforts to encourage their participation. The training covered a range of critical areas such as project cycle management; procurement; GIS software and system; IT systems (MS office); SAP-based project management systems; APMG public-private partnership certification; gender mainstreaming; RTI Act; PFM; integration of PCFMS with National Financial Management Information System; results-based management; and effective communication.

iv. Assessment of Efficiency and Rating

- a. The efficiency analysis rating is Substantial. The project efficiently utilized resources, focusing on delivering results and successfully achieving the intended outcomes
- b. Considering the ratings for Relevance of Objectives (High) and Efficacy (Substantial), with few shortcomings, the overall outcome rating for the project is assessed as “Moderately Satisfactory”.

v. Other Outcomes and Impacts (Results)

Gender

- a. The GPP KP has shown cognizance of gender dimensions within its scope. Of note is the intermediate indicator on staff training, where out of 2,055 government officials trained, 224 were female (11% of the total).
- b. Focus on public service delivery, such as the support for the implementation of KP Right to Public Services Act 2013 and KP Right to Information Act 2013.
- c. Assistance to the Ombudsperson for Protection Against Harassment of Women, that prioritizes women’s right to work and access to public offices.
- d. Establishment of a gender mainstreaming section in P&D department points towards an institutional intent to prioritize gender.
- e. The project monitored resolution of citizens’ complaints that were registered through Pakistan Citizens’ Portal.

Institutional Strengthening

- a. The reformation plan for the KPPRA, informed by a diagnostic study, represents an institutional shift towards a more digitized, transparent, and accountable procurement system. The adoption of procurement framework agreements, diploma program on public procurement, and over 30 government departments making their procurement plans available online shows that there is a structured move toward an open and accountable governance system.
- b. The KP RTPSC and KP RTIC, supported under GPP KP, have been pivotal in institutionalizing the province’s commitment to uphold transparency and protect citizens’ rights.
- c. The GPP’s impact can be markedly seen in the PFM reforms. Institutional changes, such as the recent approval of the PFM law and the actuarial study that helped determine future pension liabilities and provided strong basis for pension reforms, underscore the province’s dedication to improving governance. The establishment of specialized units, including the Debt Management Unit and Corporate Governance Unit, within the Finance Department is a testament to the government’s vision of institutionalizing sustainable financial management and governance practices.
- d. The strengthening of the specialized units of P&DD (GIS hub, M&E, field offices, SP&GM) helped



achieved strong results around public assets management and monitoring of public investment schemes.

- e. The record of public assets and monitoring of public investment schemes are now benefiting from GIS technology, where geo-tagged data of public assets is being used for policy making. For instance, the decision on the construction of school in a village can benefit from this data by analyzing the availability of other infrastructure (e.g. roads), and distance from the village, etc. This data was recently used by the GovKP for post-floods damage assessment in 2022. In addition, the use of ICT technology transformed citizens engagement through citizens portal for the accountability of public services.

Mobilizing Private Sector Financing

- a. Supporting the establishment and implementation of a robust Public-Private Partnership (PPP) framework, GPP KP has effectively sown the seeds for future financial collaboration between the public and private sectors. This support has included the design and approval of a policy framework and comprehensive PPP action plan for 2019-2024, based on PPP Act 2019 and related rules, and technical assistance and staff training, creating a solid base for future PPP initiatives.
- b. The efforts of GPP KP to create a favorable environment for PPPs represent a strategic move towards attracting private sector investment and expertise. This transition could be pivotal in enabling sustainable infrastructure development and economic growth in the province through bridging the gap between public needs and private capabilities. Through these initiatives, GPP KP can claim credit of supporting the conditions necessary to mobilize private sector financing in the province.

4. Implementation Completion and Results Report (ICR)- Lessons Learned and Recommendations

The report under Section V at page 26 provided recommendations, based on the lessons learned, touching the following areas;

- a. Political ownership for continuous momentum of governance reforms and the successful implementation of the project;
- b. Good track of the success focused on service delivery;
- c. The choice of operation (IPF with PBCs and TA or RETF) provided financial and non-financial incentives to deliver intended results;
- d. In a low-capacity environment, investment in capacity building activities is important for improved service delivery;
- e. For better results, there is a need for enhanced support of the Government and incentives for gender inclusion in capacity building activities;
- f. For the sustainability of project interventions, institutionalization of interventions supported by adequate budget allocation is important;
- g. For effective project management, strategic guidance, coordination and appropriate project staffing with clear roles and responsibility are crucial;
- h. The ICT-based solutions can be catalyst for improved public service delivery

5. Feedback Of P&D Department:

- a. It is highly appreciated that the Implementation Completion and Result Report (ICR) of the Governance and Policy Program, Khyber Pakhtunkhwa has been prepared in a right way and well in time after a detailed evaluation study conducted by the World Bank.
- b. The Government of Khyber Pakhtunkhwa highly appreciates the support of the World Bank and



the development partners who were part of the GPP-KP throughout its implementation which brought significant changes in the systems pertaining to public financial management, revenue mobilization, public investment management, public accountability along with cross cutting areas such as gender mainstreaming and capacity building.

- c. It is helpful that the study has assessed the outcomes of the Project and served as a learning document for future interventions (projects and program). The Government of KP will appreciate if the World Bank and development partners to consider the recommendations of the study and incorporate the lessons learned in their future projects and program under similar intervention areas.
- d. Similarly, the Government of KP while accepting the report and acknowledging the lessons learned and recommendations assures the World Bank and development partners that such findings will be considered positively while framing future reform roadmap during conceptual and designing phases of the projects and program, particularly under thematic areas of public financial management, revenue mobilization, public investment management, private sector promotion including PPP, good governance including e-governance, public accountability, grievance redressal, rule of law, citizen access to services, etc.
- e. It is encouraging that all the intended outcomes have been achieved and rated as Substantial and Satisfactory. However, some are moderately satisfactory due to several challenges faced during course of the project implementation. These are Covid 19, Flood 2022, political transition and restructuring process of the GPP.
- f. Keeping in view the vast national and international experience of the World Bank and managing the trust fund in efficient manner and success stories of the GPP, spread over a period of seven years, the Government of KP would appreciate the continuation/up scaling of such program using the platform of the P&D Department (PCNA Unit).