Report Number: ICRR0023977

1. Project Data

Project ID	Project Name
P156412	FATA Governance and Policy
Country	**Practice Area(Lead)**
Pakistan	Governance

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
TF-A3301	30-Jun-2020	4,949,862.94
Bank Approval Date	**Closing Date (Actual)**	
02-Dec-2016	30-Jun-2023	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	14,000,000.00	14,000,000.00
Revised Commitment	5,000,000.00	5,000,000.00
Actual	4,949,862.94	4,949,862.94

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

According to the Khyber Pakhtunkhwa (KP)/ Federally Administered Tribal Areas (FATA)/ Balochistan Multi-Donor Trust Fund (MDTF) Grant Agreement (GA) dated January 18, 2017 (p. 5), the Project Development Objective (PDO) was:

"To increase transparency and effectiveness in public resource management and strengthen accountability of public service delivery in the agriculture sector of the Federally Administered Tribal Areas." The PDO was the same in the GA stated the same objective in (GA p.5, Schedule 1).

On June 27, 2019, the PDO was revised as follows under a first restructuring with cost reduction (RES 36311 on 1st restructuring, p. 7):

"**To strengthen the capacity of staff in the Merged Areas (MA) to manage public resources, and improved accountability in the delivery of public services."**

On June 23, 2020 (RES 41845 on 2nd restructuring, p. 4) and June 29, 2022 (RES 51325 on 3rd restructuring, p. 5), the closing date was extended under two additional restructurings with no cost extension.

For the purposes of this review, the PDO has been reformulated as follows:

1. To strengthen staff capacity in the MA to manage public resources.
2. To improve accountability in the delivery of public services.

The revised PDO had a narrower scope to align the project with the adjusted needs resulting from the merger of the districts of the FATA with the province of KP. The activities and size of the project were adjusted during the first restructuring to support this administrative transition. The ambition of the project was not diminished but rather resized to focus on a smaller sub-set of activities in FATA while allowing for the reallocation of most of the project funds to the KP Governance and Policy Project (GPP KP). In addition, the portion of the PDO that was dropped was not related with the achievement of any significant activities prior to restructuring. Therefore, this ICRR will not undertake a split PDO evaluation. It will assess the project based on the revised PDO and indicators/ targets.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

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c. Will a split evaluation be undertaken?

No

d. Components

Original project

Originally the project had three components. The estimated total cost of the project was US$14 million at approval. At the time of the first restructuring, the financing was reduced from US$14 million to US$5 million. The actual cost was US$4.92 million (ICR, Annex 3). The original components/subcomponents (GA, p. 5; Combined Project Information Document/ Integrated Safeguards (PID/ISD), p. 5) were:

Component 1. Increasing transparency and accountability in the use of public resources (Cost at approval: US$5.5 million). This component aimed to support priority PFM reforms based on the findings of the recent PEFA accountability assessment, and to improve budget transparency and public procurement. There were two subcomponents:

1. Budget credibility, transparency, and accountability.
2. Strengthening public procurement.

Component 2. Improving public investment management and service delivery (Cost at approval: US$5.7 million). This component aimed to strengthen and institutionalize mechanisms for systematic performance monitoring, citizen facilitation and engagement in improving public services, private sector participation in service delivery, and effective grievance redress with a focus on agricultural services. There were two subcomponents:

1. Strengthening public investment management (PIM).
2. Improving service delivery through citizen engagement and performance management.

Component 3: Ensuring effective support for the coordination of governance reforms and the operational management of the Project. This component aimed to support the government's capacity to coordinate governance reforms and implement GPP financed activities. There were two subcomponents:

1. Coordination support for governance reforms.
2. Implementation support for the Project.

Revised project

Following a restructuring in 2019, names of Components 1 and 2 were revised. However, there are inconsistencies in the first restructuring document and between that document and the ICR. The first restructuring document notes the project "retained its three components" with revised activities, but shows revised C1 and C2 (RES 36311, para 10 vs. p. 11). The ICR says only C1 was revised, but also presents a revised name for C2 (Table 1, Annex 3).

Likewise, there are inconsistencies in the amount of project costs. The first restructuring document (RES 36311, p. 11) notes that total cost at approval was US$16.5 million (instead of US$14.0 million) and costs per C1, C2 and C3 were US$6.5 million (instead of US$5.5 million); US$7.0 million (instead of US$5.7 million); and US$3.0 million (instead of US$2.8 million), respectively. The amounts differ from the amounts listed in the GA (p. 12) and the ICR (Annex 3).

The first restructuring included revisions of the PDO, C1 and C2 (out of 3 original components), and the Results Framework (RF). This ICRR will consider C2 unchanged as the ICR did, as the components' scope and concept did not change. Activities were revised, some indicators were dropped to be aligned with the adjusted activities, other indicators were added, and cost allocations were revised. A split evaluation is not undertaken as there were no new components.

Component 1: Strengthening capacity for management of public resources (Cost at approval: US$5.5 million. Revised cost after restructuring: US$2.05 million. Actual cost: US$1.96 million). This component aimed to strengthen capacity of government officials in managing public resources in the MA of FATA and KP (ICR, p. 15). No subcomponents are mentioned in the ICR or the restructuring document.

Component 2: Improving accountability for public investment management and service delivery (Cost at approval: US$5.7 million. Revised cost after restructuring: US$1.91 million. Actual cost: US$1.58 million). This component aimed to strengthen PIM and accountability for service delivery by supporting geo-tagging of public assets in merged areas of FATA and KP, extension of RTSC's services to MA, and implementation of grievance redressal systems (ICR, p. 15). No subcomponents are mentioned in the ICR or the restructuring document.

Component 3: Ensuring effective support for the coordination of governance reforms and the operational management of the project (Cost at approval: US$2.8 million. Revised cost after restructuring: US$1.04 million. Actual cost: US$0.91 million). This component aimed to ensure coordination for governance reforms in MA of FATA and KP and ensure smooth delivery and operational management of the project's components. No subcomponents are mentioned in the ICR or the restructuring document.

There were unallocated project funds of US$0.47 million.

Significant changes during implementation

Restructuring No. 1: A first restructuring was approved on June 27, 2019, to address governance and administrative challenges resulting from the merger of Federally Administered Tribal Areas (FATA) with Khyber Pakhtunkhwa (KP), broadening the project's scope to cover all sectors of service delivery, instead of agriculture only, and focusing project activities in MA (ICR, para. 14-16).

It reduced project funds by US$9 million to a net fund commitment of US$5 million. It included revisions of the PDO, Component 1 and the Results Framework (RF). Project activities were revised along with corresponding indicators and targets. Funds were reallocated between disbursement categories, and there were changes in implementation arrangements. There were no changes to the procurement, Financial Management, safeguards arrangements and risks. The cancelled funds were transferred to KP GPP.

The following changes were made to the Results Framework (RF) during the restructuring in 2019 (ICR, Table 1):

	Original indicators	**Revised indicators**
	Original PDO: to increase transparency and effectiveness in public resource management and strengthen accountability of public service delivery in the agriculture sector of FATA.	**Revised PDO:** to strengthen the capacity of staff in the MA to manage public resources and improve accountability in the delivery of public service.
	PDO indicators	**Revised PDO indicators**
1	Improved reporting of transactions through the extension of the Financial Management Information System (FMIS) at the level of agencies and frontier regions. (***Removed***; former FATA administrative setup).	Staff of MA Secretariat reporting improvements in on-job performance after participating in training (***new indicator***).
2	Timely disclosure of key budget documentation and dissemination through public hearings.	Public assets in the MA that are geotagged (***new indicator***).

	(***Removed***; former FATA administrative setup)	
3	Increased share of procurements conducted through competitive selection and published notices. (***Removed***; FATA procurement merged with KP government procurement)	Complaints from citizens of MA not resolved within stipulated timelines for services under the RTS Act (***new indicator***).
4	Increased citizen engagement in monitoring service delivery and regular collection of citizen feedback in the agriculture sector–including feedback from women. (***Removed***; scope of project broadened than focusing on only agriculture sector)	
5	Increased number of cases resolved by the FATA Tribunal. (***Removed***; FATA tribunal no longer exists)	
	Intermediate indicators	**Revised intermediate indicators**
	Component 1: Increasing transparency and accountability in the use of public resources (*Revised*).	**Component 1: Strengthening capacity for management of public resources.**
1	Reduction in the number of in-year re-appropriations of budget allocations. (***Removed***)	Provincial Government employees in MA who completed Procurement training –including women (***new indicator***).
2	Establishment of internal audit function. (***Retained*** and shifted to KP FD)	Number of internal audits conducted.
3		Provincial Government employees in MA who completed, at least, the certificate level of the PFM accreditation program –including women (***new indicator***).
4		Districts in MA submitting monthly Budget Execution Reports to FD, within 45 days of end of quarter (***new indicator***).
	Component 2: Improving public investment management and service delivery (*Retained*).	**Component 2: Improving capacity for public investment management and accountability for service delivery.**
1	Increase in the share of development budget allocations to agencies and FRs that are based on improved, publicly disclosed formula methodology. (***Removed***)	Citizens reporting satisfaction with notified services under the RTS Act (***new indicator***).

2	Agencies/frontier regions where infrastructure assets for agriculture, irrigation, and livestock have been geotagged. (***Revised*** to cover all public investment projects in MA)	Districts in MA where integration of geotagged data into GIS Decision Support System completed (***new indicator***).
3		Provincial Government employees in MA who completed Monitoring and Evaluation training – including women (***new indicator***).
4		Provincial Government employees in MA who completed sectoral planning training (***new indicator***).
5		Provincial Government employees in MA who completed Project Management training (***new indicator***).
6		Provincial Government employees from MA who have participated in gender awareness sessions (***new indicator***).
7		Citizens registered in IGRS to give feedback on government services (***new indicator***).
	Component 3: Ensuring effective support for the coordination of governance reforms and the operational management of the GPP (*retained*).	**Component 3: Ensuring effective support for the coordination of governance reforms and the operational management of the GPP.**
1	Number of officials (including women) with certification in procurement, project preparation, project management, M&E, management & leadership. (***Revised*** and moved under Component 2)	Progress Report no later than 45 days after end of reporting period (***new indicator***).

Restructuring No. 2: A second restructuring on June 23, 2020, extended the project's closing date from June 30, 2020, to June 30, 2022, to allow for the completion of activities delayed by administrative and capacity challenges associated with the merger of the former FATA and KP provinces and by the onset of the COVID 19 pandemic. The new date would also allow to align the project's end date with a proposed extension of the Trust Fund (RES41845, 2nd restructuring, p. 3-4). The ICR dates the second restructuring on June 3 instead of June 23 (ICR, para 14a; RES41845, 3rd restructuring, para 4) and does not mention the reason for the extension of the closing date (ICR, para 14a).

Restructuring No. 3: A third restructuring on June 29, 2022, further extended the closing date from June 30, 2022, to June 30, 2023, to allow for the completion of activities interrupted by the pandemic and to align the closing date with the extended disbursement end date of the Multi-Donor Trust Fund (MDTF) (RES 51325, third restructuring, para 5; ICR, para 19).

The project restructuring was a strategic response to the evolving administrative and political landscape following the merger of FATA with KP province in 2018. Key administrative changes included expansion of public services and government laws to MA; the merging of the FATA secretariat and departments with those of GovKP; the renaming of the frontier regions and agencies to ‘merged districts’; and the approval of the development budget of the MA as part of the KP budget. Therefore, in a changing environment, the restructuring and project period extension was in alignment with the broader changing mandate of the GoKP as well as the goal to maintain a sustained focus on the development of the newly merged districts.

In response to the government’s request, the changes to the project were aimed at maximizing fund utilization within a refined scope of activities and by avoiding overlaps with GPP KP. The capacity challenges in MA across all sectors were larger than the rest of the province – especially in FM, sectoral planning, procurement, and M&E. In the restructured project, the focus shifted from agriculture sector to *strengthening capacity of the government staff in merged areas to manage public resources and improve accountability in the delivery of public services* (revised PDO). Since implementing entities also changed, it required changes in whole results framework and revise linked activities, while keeping support for priority interventions intact. Key to this restructuring was the integration of the project's objectives with the region’s development priorities outlined in Tribal Decade Strategy (2020-2030) of GovKP.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: The project cost at appraisal was US$14 million. The revised cost after fund cancellation and restructuring was US$5 million. The actual cost was US$4.92 million.

Financing: The project was financed by an IBRD/IDA grant of US$14 million acting as administrator of the KP/ FATA/ Balochistan Trust Fund. The total amount disbursed was US$4.92 million.

Borrower Contribution: The Islamic Republic of Pakistan did not provide any counterpart funding.

Dates: The Bank approved the project on January 18, 2017, and the project became effective on February 23, 2017, with an original closing date of June 30, 2020. The project was restructured three times.

3. Relevance of Objectives

Rationale

Country Context. Pakistan, a lower-middle-income country had made considerable progress in reducing poverty and improving shared prosperity in the two decades prior to the project’s approval. However, due to weak recovery from the 2008–09 financial crisis, nearly three-quarters of the population were still either poor or vulnerable and performance on human development and Millennium Development Goals (MDG) targets was one of the weakest in South Asia. Service delivery in Pakistan was affected by a frail private sector environment and weak public sector management and implementation capacity (PAD, p. 2).

FATA is one of the most underdeveloped, isolated, and conflict-affected regions in Pakistan with income generation limited to subsistence agriculture and informal cross-border trade with Afghanistan. Human development outcomes were poor. The region hosted many internally displaced persons and refugees from Afghanistan. Extremist violence and natural disasters created security challenges (ICR, para 2).

In addition, federal laws did not apply to FATA because of its legal status as a tribal area. State institutions played a diminished role in development. The budget relied on federal grants and the region had no legal authority to raise own source revenues. This had severe implications for the delivery of public services and investments and reduced society's trust in state institutions.

On 24 May 2018, the National Assembly of Pakistan passed a bill to merge FATA with the KP province under 25th Amendment to the Constitution of Pakistan.

The weak institutional capacity and the challenges in service delivery arising from the new institutional and administrative changes support PDO 1 on the need to strengthen the capacity of staff in the MA to manage public resources. These challenges along with society's mistrust of public institutions further support PDO 2 to address weaknesses in accountability in the delivery of public services.

Bank strategy. The project's PDO was well-aligned with the World Bank Group's (WBG) Country Partnership Strategy (CPS) for FY15-19. Results area 4 of the CPS prioritized service delivery, specifically, outcomes 4.1 and 4.4 on Improved Public Resources Management (para 59) and Adoption of Performance and Transparency Mechanisms in Selected Institutions (para 62). The CPS noted that governance and constitutional reforms were crucial for development in FATA (CPS, para. 32) and included other priority governance themes such as gender, fragility, and conflict, and more and better jobs (CPS, para 35). A cross-cutting theme of the CPS was deepening engagement at the province level, and it also emphasized support for crisis-affected regions. The PDO prioritized the region affected by the conflict.

Through the restructuring process, the Project was aligned with the WBG COVID-19 Crisis Response Approach Paper, Pillar 4 on Strengthening Policies, Institutions and Investments for Rebuilding Better (ICR, para 21c).

The PDO was also aligned with the MDTF objectives and governance outcomes targeted by the Results Framework of the MDTF Round II. Specifically, these outcomes supported: (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 (CPS, para 22).

The project's PDOs 1 and 2 were clearly aligned with the World Bank's strategy for improving resource management, transparency, and accountability for strengthening service delivery in the MA through greater citizen engagement and capacity building in the public administration. The additional priority themes in the CPS were aligned with the project's need to systematically identify ways to enhance accountability and transparency.

At Project closing, the PDO was aligned with WBG's Report Pakistan @ 100: Shaping the Future, (published in 2019) and contributed to two reform focus areas: reform focus 7 (transparency), and reform focus 8 (accountability) (ICR, para 21d).

Government strategy. The PDO was aligned with the government's economic agenda which included ambitious goals on the human development side including increasing resources for basic services such as education and health (CPS, para 25).

The PDO was also aligned with the government's five-year development vision. Pillar VII on Institutional and Governance Reforms focused on strengthening democratic governance through institutional reforms; ensuring community participation and transparency; and improving management and accountability in State Owned Enterprises (SOEs) (CPS, Annex VI).

At the provincial level, the project's PDO responded to FATA's Return and Rehabilitation Strategy 2015 and FATA's long-term Governance Action Plan (2015-2021) The Rehabilitation Strategy included strengthening internal audit and institutional capacity for public expenditure and investment management through citizen engagement. The Governance Action Plan focused on strengthening accountability and grievance redress institutions under the institutional reforms pillar. After the merger of FATA with KP, the necessitated revision of the PDO resonated with the new administrative realities and aligned with the government's Tribal Decade Strategy 2020-2030 that aimed to mainstream development for tribal communities. The project supported the strategy's priority areas of building responsible and accountable institutions for service delivery in MA and focus on gender. In addition, at the time of project's restructuring, KP's other strategies also became relevant for MA, including KP's integrated development strategy (2014-2018), KP's PFM reforms strategy (2017-2020), and Good Governance Strategy 2019 – which had 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.

The PDO was in line with the request of the FATA Secretariat for continued Bank support with governance reforms. Key expected outcomes were: (i) strengthen public financial management based on the findings of the PEFA assessment; and (ii) increase accountability in public services through citizen engagement. The project supported the government's objective of building public trust in state institutions. By backing initiatives like the expansion of services of Right to Public Services Commission (RTSC) and Right to Information Commission RTIC to MA, the Grievance Redressal Mechanism (GRM), and community/citizen involvement in monitoring public services, the project contributed to better public services. This alignment was crucial in a region undergoing significant political and administrative transformation.

The government's strategy to strengthen institutional capacity for public expenditure and investment management was aligned with PDO 1 on strengthening the capacity of staff to manage public resources. Likewise, the government's economic agenda to increase resources for the provision of education and health and its plans to increase citizen engagement and improve accountability were aligned with PDO 2 on strengthening accountability in the delivery of public services.

Level of ambition of the project. The overall level of ambition of the project was appropriate. The original and revised PDOs were clear and highly relevant to the government and WB strategies for Pakistan.

The revised PDO aligned the project with the needs resulting from the merger of FATA and KP. The ambition of the project was resized to focus on a smaller group of activities in the MA, broaden the focus from the agricultural sector to all public services and allow for the reallocation of funds to GPP KP. Adjusted activities and indicators/ targets were responsive to changing needs of FATA while keeping objectives fully relevant. The overall relevance of the PDO is rated as High.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Strengthen the capacity of staff in the MA to manage public resources.

Rationale

Theory of Change (ToC). The project activities aimed to develop capacity for management of public resources with a focus on the MA. The causal links between project activities (inputs), outputs and outcomes were logical.

The outputs of activities such as training of KP FD on internal audit (IA) and operationalizing IA unit; district staff procurement training; preparation of PFM accreditation program, and training; extension of Integrated Financial Management Information System (IFMIS) to merged areas; office equipment and IT infrastructure for FD and district office were likely to help develop capacity for management of public resources (ICR, p. 45 ToC post-restructuring).

The intended outcomes were monitorable. However, the indicators could have been designed to better capture the project results. One of the outcome indicators required provincial government employees in Merged Areas to complete, at least, the certificate level of the PFM accreditation program. The project did not achieve the target because the governments of KP and Balochistan allowed for flexibility in course delivery and training started in June 2023, when the project ended. The project was unable to capture the substantial efforts made to deliver this outcome, such as 60 government officials selected for the course, course modules ready, and a short course on PFM for senior officials delivered and finished, but without a PFM certificate level, before project end (ICR, p. 36).

Another outcome required districts in Merged Areas to submit monthly Budget Execution Reports to FD, within 45 days of end of quarter. To achieve the target, the project supported the extension of the Integrated Financial Management Information System (IFMIS) to Merged Areas which included the Information Technology (IT) equipment, provisions for the establishment/renovations (non-civil work) of offices, training on the use of IFMIS, institutional capacity assessment, and a gap analysis to roll-out IFMIS in phase-II. All these activities required substantial efforts that could have been captured by including additional Intermediate Results Indicators (IRIs).

As the ICR does not offer an objectives-focused discussion of Efficacy, IEG has assigned some of the indicators listed in Annex 1 to PDOs 1 – 3 to evaluate Efficacy.

Outputs (ICR, p. 43; p. 45)

- Provincial internal audit cell established in the Finance Department of GovKP, and internal audits conducted in 15 departments.
- IFMIS rolled out to all seven districts of merged areas and the Finance & Planning Offices from those districts regularly submitted monthly budget execution reports to FD.
- Training provided to government officials in the following areas:
    - Procurement and contract management (total 229 government officials; women 23)
    - PFM training certificate level. The course is ongoing.
    - Executive course on PFM (30 officials; women 4).
    - Additional trainings provided to (1) Drawing & Disbursement Officers (total 500, female 101) in financial rules, treasury regulations, accounting models, and other finance functions; (2) District Accounts Offices' staff (total 256, female 12) on IFMIS functionalities and government accounting system; and (3) internal audit (total 186, female 27).

Outcomes

The outputs listed above were expected to contribute to the desired outcome of staff of MA Secretariat reporting improvement in on-job performance after participating in training. Achievement of PDO 1 is going to be assessed by the following indicators (ICR, Annex 1):

- **Staff of MA Secretariat reporting improvements in on-job performance after participating in training**. **Baseline**: 0% in 2016. **Target**: 75%. **Actual**: 100% of the participants in 2023 responded that training met their expectations; training material/contents were relevant to their needs; and that learning had a clear relevance in terms of its applicability. The project exceeded the target.

While useful, the main PDO-1 outcome indicator could have also measured the impact of the training instead of relying on the trainee's opinion. Given the underlying conditions in FATA, one would expect that any training offered to government officials would be welcomed and appreciated.

There were also **Intermediate Outcome Indicators (IOI)** that informed the achievement of PDO-1 (ICR, Annex 1, also in p. 43):

- **IOI-1**: **Internal audits conducted**. Baseline: 0 in 2016. Target: 10. Actual: 15 in 2023. The project exceeded the target.
- **IOI-2**: **Provincial Government employees in MA who completed Procurement training**. Baseline: 0 in 2016. Target: 60. Actual: 229 in 2023. The project exceeded the target.
    - ***Of which women***: Baseline: 0 in 2016. Target: 30. Actual: 23 in 2023. *The project did not achieve the target for female participation.*

- **IOI-3**: **Provincial Government employees in MA who completed, at least, the certificate level of the PFM accreditation program**. Baseline: 0 in 2016. Target: 60. Actual: 0 in 2023. The project did not achieve the target.

  - ***Of which women***: Baseline: 0 in 2016. Target: 30. Actual: 0 in 2023. *The project did not achieve the target for female participation.*
- **IOI-4**: **Districts in MA submitting monthly Budget Execution Reports to FD**, within 45 days of end of quarter. Baseline: 0 in 2016. Target: 5. Actual: 7 in 2023. The project exceeded the target.

The project did not achieve the target on the PFM accreditation program because the course started in June 2023, when the project ended, but more than 60 government officials from KP province (including merged areas) had been selected and started the course. In addition, the indicator does not capture 30 senior officials, including 4 females, that attended a short course on PFM, but without a certificate level program. The Finance Department also worked with Pakistan Audit & Accounts Academy to design another short course for junior government officers.

Overall, the project exceeded the target for the main Outcome-level indicator, and three of the four intermediate outcome indicators. *The project did not achieve the target for female participation.*

Rating
Substantial

OBJECTIVE 2

Objective
Improve accountability in the delivery of public services.

Rationale
ToC. The project activities aimed to improve accountability in the delivery of public services with a focus on the MA. The causal links between project activities (inputs), outputs and outcomes were logical.

The outputs of activities such as increasing citizen awareness including engagement of local media networks; the provision of IT equipment & consultants; the engagement with Khpal wazir-e-ala complaint cell; and training on sectoral planning, project management, and gender awareness were likely to help improve accountability in the delivery of public services (ICR, p. 45 ToC post-restructuring) (Some of the PIM related indicators: “Support to RTPS commission for the extension of services to MA by establishing office in merged districts”; “Establishment of GIS hub in P&D department” etc. were excluded).

The intended outcomes were monitorable.

Outputs (ICR, p. 44; p. 45)

- Line departments and district administration in the MA received 463,802 service requests during 2019-2023, of which only 6.6% experienced a delay (as per timeline in RTS Act) due to the complexity of the cases. Communication and awareness activities conducted for RTS.
- About 81% of citizens reported satisfaction with notified services under the RTS Act, against the target of 75%.
- Registered citizens in IGRS increased from 437 in June 2022 to 737 in June 2023 who give feedback on government services.

- Communication and outreach activities conducted for the RTIC and functionalized three divisional offices of RTI with human resource and infrastructure support.
- Trainings provided to officials serving in MA in following areas:
    - M&E (total 75; women 16), sectorial planning (total 50; women 7), project management (total 90; women 22), and gender awareness sessions (total 100; women 38).
- Training provided in other areas included:
    - RTS training (total 440; women 12); and leadership training (total 52; women 20).

Outcomes

The outputs listed above were expected to contribute to the desired outcome of complaints from citizens of Merged Areas not resolved within stipulated timelines for services under the RTS Act. Achievement of PDO 2 is assessed by the following indicators (ICR, Annex 1).

- **Complaints from citizens of MA not resolved within stipulated timelines for services under the RTS Act**. Baseline: 0% in 2016. Target: 20%. Actual: 4.6% complaints experienced a delay in resolving in stipulated timelines as per Right to Public Services (RTPS) Act. The project exceeded the target.

The PDO indicator as written is misleading as it assumes all complaints were resolved instead of being reformulated in two: “Percentage of complaints resolved with delay according to stipulated timelines” and “Percentage of complaints not resolved.” This would have better measured improvement in accountability in the delivery of public services. There could also have been an indicator that measured how many new households or individuals obtained access to new basic services. Just measuring the quality-of-service delivery to existing users assumes that all eligible users have access, and the issues are related with the quality.

The number of complaints that were resolved with a delay have decreased. Total 55,912 service requests were received during FY23 from Merged Areas, out of which, only 2,596 (4.64%) experienced a delay in resolving within stipulated timelines as per the Right to Public Services (RTPS) Act. The performance has improved overtime: about 45.5% of complaints were resolved with delay in FY19, 13% in FY20, 4.4% in FY21, and 6.9% in FY22, as reported by the KP RTPS.

There were also **IOIs** that informed the achievement of PDO 2 (ICR, Annex 1, also in p. 44):

- **IOI-5: Provincial Government employees in MA who completed Monitoring and Evaluation training.** Baseline: 0% in 2016. Target: 75%. Actual: 75%. The project achieved the target.
    - Of which are women. Baseline: 0% in 2016. Target: 30%. Actual: 16%. *The project did not achieve the target for women.*
- **IOI-6: Citizens reporting satisfaction with notified services under the KP Right to Public Services (RTPS) Act**. Baseline: 0% in 2016. Target: 75% in 2016. Actual: 81% of respondents confirmed satisfaction with the selected public services. The project exceeded the target.
- **IOI-7: Provincial Government employees in MA who completed sectoral planning training**. Baseline: 0 in 2016. Target: 50. Actual: 50 (43 males and 7 females) employees completed the training. The project achieved the target.

- **IOI-8: Provincial Government employees in MA who completed Project Management training**. Baseline: 0 in 2016. Target: 75. Actual: 90 (68 males and 22 females) employees completed the training. The project exceeded the target.
- **IOI-9: Provincial Government employees from MA who have participated in gender awareness sessions**. Baseline: 0 in 2016. Target: 100. Actual: 100 (62 males and 38 females) employees completed the training. The project achieved the target.
- **IOI-10: Citizens registered in IGRS to give feedback on government services**. Baseline: 0 in 2016. Target: 1000. Actual: 737. The project did not achieve the target.

The main outcome indicator and five of the 6 IOIs achieved or exceeded their targets. *The project did not achieve the target for women.*

Rating
Substantial

OVERALL EFFICACY

Rationale
Overall efficacy is rated as Substantial, given that the main and IOIs were achieved or exceeded in most cases.

In accordance with OPCS-IEG guidance this ICR Review focuses only on the efficacy of two PDOs. It selectively uses the outcome and IOIs in the RM to assess the efficacy of the two PDOs in Section 4 above. However, IEG acknowledges that the project made contributions to several other areas related to governance, and PIM. Of note is the achievements related to geotagging of public assets in 7 districts of MA.

The ICR reports that post-restructuring, the project made a solid contribution in strengthening staff capacity in merged areas in public resource management, with substantial strides in improving accountability for delivery of public services. Overall, the establishment and reinforcement of the Right to Public Services Commission and Right to Information Commission acts in the merged areas were foundational, marking a shift towards greater transparency and state-citizen trust. These measures, along with the Integrated Grievance Redressal System (IGRS) and expansion of IFMIS system to merged areas, highlight the contribution of accountable, and responsive systems that were introduced for the first time.

There is room for improvement in obtaining feedback from more citizens, and in evaluating accountability in service delivery by evaluating whether citizens who were previously excluded received access to services. Providing certificate level PFM accreditation training to the government officials, and capacity building of female officials in merged areas are two important areas that need to be improved. Overall, the project interventions made a valuable contribution while effectively navigating the complexities of the KP-FATA merger.

The ICR (para 27) based the assessment of the achievement of objectives around the project's components: (i) strengthening capacity for management of public resources; (ii) improving PIM and service delivery; and (iii) ensuring effective support for the coordination of governance reforms and the operational management of the GPP. It also applied the scale for rating "overall outcome" to rating "efficacy/achievement of objectives".

Overall Efficacy Rating

Substantial

5. Efficiency

Economic Efficiency: There was no economic cost-benefit analysis prepared either at the time of appraisal or in the context of the project's restructuring. The ICR attempted to assess efficiency gains with respect to operational costs (Annex 4) by linking project activities to medium and long-term gains in development. For example, improved public trust coming from improvement in expenditure reporting through the rollout of IFMIS to merged areas and capacity building; and from improved accountability in the use of public resources through strengthened internal audit capacity; improved governance and citizen-state trust coming from initiatives implemented to enhance access to public services and information through efforts to roll out the Right to Public Services Commission and Right to Information Commission in the merged areas; and improved public service delivery and resource management coming from specialized training programs and improved leadership skills and gender awareness.

The ICR does not provide sufficient information to allow for an assessment of cost-benefit analysis. Assessments of project benefits were largely qualitative. The majority of the project's interventions involved activities geared at strengthening capacity and improving accountability as well as the extension of administrative systems to the merged areas. However, training plans on PFM not achieved within the project's timeframe were some of the risks to the effectiveness of project interventions.

Operational Efficiency: The duration of the project was from 2016 (2017) to 2023 and its overall financing was reduced from US$14 million to US$5 million. It was restructured three times. By the closing date, 99% of the approved allocation was utilized with 8.4 percent for operational management.

There was good value for money invested, given the merger of FATA and KP provinces, the implementation delays due to the pandemic, and the political, economic, and social country context.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)

Appraisal	0	0 ☐ Not Applicable
ICR Estimate	0	0 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The PDO was Highly relevant to the Government strategy and the Bank strategy for Pakistan and the FATA region before and after the merger. Overall Efficacy is rated as Substantial, given that outcomes for both PDO1 and PDO2 had only moderate shortcomings and the operation almost fully achieved its objectives or is likely to do so (as is the case of the PFM accreditation training program for a large number of government officials (60) that started when the project ended). Overall Efficiency is rated as Substantial, given that the project demonstrated expected economic and operational efficiency for the sector and had good value for money despite the fragile country context, the impact of the pandemic, and the merger of FATA and KP. The overall outcome of the project is rated as Satisfactory.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

The risk to the sustainability of the development outcome is assessed as Moderate. The project secured strong progress, but it needed to be sustained, consolidated, and built upon. Development outcomes could be constrained by the following factors (ICR, para 74).

Technical risk

- While some of the activities have already been institutionalized, technical challenges could affect sustainability. There is a risk to the continuity of several activities such as: staff training in different technical areas; support for RTSC and RTIC (communication and awareness activities, citizens satisfaction surveys) which has been instrumental in building state-citizen trust; and continuous use of CIFs and IGRS.

Financial risk

- The deterioration in the fiscal situation after the COVID-19 pandemic could undermine sustainability or the continuation of activities such as annual trainings and functioning of accountability institutions.

Social risk

- The deterioration of state-citizen trust due to shortage of funds for accountability institutions such as RTIC and RTSC would prevent the continuation of communication and awareness activities and citizens satisfaction surveys central to citizen engagement.
- The shortage of funds for staffing and trainings financed under the project pose a social risk.

Political risk

- Risks associated with the change in government and geo-political conflict could lead to political and social instability and economic disruptions leading to a deterioration in public service delivery and citizens trust in public institutions.
- Other risks the ICR failed to mention are risks associated with natural disasters (earthquakes and floods) to which FATA is vulnerable and for which it would need emergency funding. This eventuality could further reduce the fiscal space for financing project activities.

- The ICR failed to mention risks related to the sustainability of the decentralization reforms beyond the electoral momentum. Additional administrative and political challenges could arise if the merger of FATA and KP is not sustained.

8. Assessment of Bank Performance

a. Quality-at-Entry

The project design was relevant to the government's strategy and responded to the specific governance and service delivery needs of the FATA region before and after the merger with KP. The design benefited from previous World Bank technical and analytical work, including the MDTF- financed Governance Support Projects (GSP) which supported an initial set of reforms; a previous Public Expenditure and Financial Accountability (PEFA) framework; the analysis on Strengthening Anticorruption Institutions in Pakistan: FATA and KP-2014; the PCNA Implementation Monitoring second report: Mapping PCNA Investments in FATA (2013-14); and, the Bank's global experience in governance and use of ICT innovations for accountability in Fragility and Conflict-affected Situation (FCS) regions.

Government ownership and coordination was very strong due to the incorporation of lessons; building on achievements from these previous Bank operations; a consultative process approach with government authorities and stakeholders; and the project's strategic alignment with the Gov KP's broader initiatives (ICR, para 58).

Nonetheless, there were shortcomings in the quality at entry. The original project design was ambitious for a low capacity and conflict affected context. The project included indicators which were either beyond the control of the project or difficult to implement. The project's risk assessment (political and governance) failed to include FATA's possible merger with KP or its administrative uncertainty. In addition, a high turnover for the position of Project Coordinator increased the risk of achievement of project objectives (ICR, p. 28-29).

Mitigation measures were generally appropriate and implemented in a timely restructuring after FATA's merger with KP. The ICR also mentions that high turnover of the Project Coordinators (four in three years) seriously affected proper design of annual work plan and project implementation in the initial period. Eight out of 10 indicators were lagging their targets and only 8% of resources had been disbursed. The project was rated unsatisfactory and was on the verge of being cancelled.

While the design of the post-restructuring outcome indicators was appropriate for the low capacity and conflict affected context, the design could have added at least one indicator that measured the impact of the trainings offered to build staff capacity or improve accountability of service delivery. A three-to-four-year lifespan of the project allowed sufficient time for the project-financed trainings' effects to be evaluated. For example, an indicator that measured how many new households or individuals obtained access to basic services would have been a good complement to the project outcome indicator assessing the quality-of-service delivery to existing users. The latter outcome indicator assumes that all eligible users have access, and the issues are related to quality for which the surveys are a good measure of accountability.

Quality-at-Entry Rating
Moderately Satisfactory

b. Quality of supervision
The Bank's team conducted implementation support missions, provided regular technical advice to implementing agencies, encouraged inter-project coordination (FATA, KP and Balochistan) and peer learning, and regularly sought management support for areas the required attention (ICR, para 72). Implementation support for the project was provided by two units: an Operations Support Unit (OSU) and a Governance Reforms Support Unit (GRSU).

The supervision of the project was satisfactory due to: (i) consistent engagement with the client and regular supervision missions; (ii) adequate documentation of supervision missions according to Bank procedures; (iii) timely reporting of progress against project targets based on information provided by the implementing agencies; (iv) periodic rating of the project's performance and highlighting areas of attention through Implementation Status and Results Reports, aide-memoires and management letters; (v) timely coordination and suggestions for solutions to new challenges such as the expansion of the project's scope and revision of the results framework after FATA's merger with KP; (v) support for project coordination and peer learning for improved performance between GPP KP, GPP FATA and GPP Balochistan; and (vi) responsiveness to new challenges such as FATA's merger which led to the expansion of the project's scope, and the pandemic which led to the extension of the project's closing date to allow for the completion of some activities.

The ICR does not note any post-restructuring shortcomings. There were, however, four changes in TTLs during the lifetime of the project after restructuring, which may have contributed to reducing the effectiveness in supervision. The ICR noted (para 73) that despite these changes, the project turned around the quality of the Bank's supervision from unsatisfactory to satisfactory post-restructuring.

The project disbursed fully and achieved targets with minimal impact.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
The original results framework had a few shortcomings mentioned in the quality-at-entry section related to the original indicators that were either out of the project's control (for example, reducing the number of in-year re-appropriations of budget allocations to < 100 from a baseline of >200) or difficult to implement (for example, increasing public procurements conducted through competitive selection from a baseline of 25% to 75%). The original project design was also ambitious for a low capacity and conflict affected context. At the time of project restructuring, however, most of these shortcomings were resolved, and the project's scope was adjusted to respond to the new challenges of the post-merger situation of FATA and KP.

The theory of change post-restructuring (p. 45) is clear in articulating the causal links between project activities, outputs, and outcomes. However, there was no consistency with the real development objectives, except for PDO1 which was the same as the first project component.

In addition, while the PDO statement ("to strengthen the capacity of staff in the merged areas to manage public resources, and improved accountability in the delivery of public services") included two explicit objectives, the ICR (p. 15) incorrectly based its evaluation on the three post-restructuring project components (ICR, Table 1). Assessment of the outcome and intermediate indicators for these three PDOs was incorrectly considered by the ICR to provide a comprehensive picture of the efficacy of the project resulting in disconnected objectives from the PDO statement. However, since Component 1 was almost identical to the first PDO, assessment of Component 1 was useful for measuring the efficacy of the project.

The PAD did not provide a theory of change (ToC) as it was not required at the time of project approval. A retroactively designed theory of change is presented in Figure 1 of the ICR (p. 9).

b. M&E Implementation
Project M&E institutional arrangements (PIDISD, p. 10) were adequate and the M&E framework was also used for monitoring utilization of funds. M&E data helped to inform project decision-making, such as the three restructurings and the mitigation of delays related to the COVID-19 pandemic, which extended the project's closing date to complete the implementation of ongoing project activities.

Daily management and coordination of the project, including monitoring results and generating performance and financial reports on implementation, was adequately supported through an Operations Support Unit (OSU) and a Governance Reforms Support Unit (GRSU). The OSU was headed by a Project Coordinator who reported to the Director-General for Projects in the Department of Planning and

Development (P&DD). GRSU was headed by three advisors who also reported to the Director-General for Projects in the Department of P&DD.

The OSU had a position of M&E specialist to regularly monitor progress against project targets (ICR, para 61).

c. M&E Utilization

The M&E data on performance and progress against the project's targets were satisfactorily used to inform strategic project direction, resource reallocation, monitoring utilization of funds, project management, and decision-making. Correct utilization of project data enhanced project effectiveness and ensured adaptability. After the restructuring of the project, potential overlap in activities with KP GPP was avoided by regular monitoring of the project funds and coordination between the OSUs of KP and FATA GPPs.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

Environmental and Social Safeguards: The project was classified under Category C (partial assessment project) at appraisal as it did not include any activities that involved environmental or social risks, primarily because no construction or civil works were envisaged.

Although at appraisal, the Project Information Document/Integrated Systematic Development Strategy rated the environmental and social risks as "significant" as the region's security situation and vulnerability to natural disasters could have resulted in social or economic disruptions, Category C was maintained during implementation.

b. Fiduciary Compliance

Financial management. Throughout implementation, the project's fiduciary risk remained high due to residual risk (frequent transfer of officers). The project effectively complied with the FA covenants and although initially implementation of FM arrangements was not adequate, during implementation these issues were addressed by the project. The project submitted regular Financial Reports and audited Annual Financial Statements. These reports were unqualified without any major issue.

The ICR notes that the performance of the overall FM function was moderately satisfactory (ICR, para 65).

Procurement. Procurement was carried out in accordance with Bank's procedures, but some weaknesses were identified. After the resignation of the procurement specialist at the time of FATA's merger, there were delays in implementation of the online procurement system and Bank's guidelines were not followed in the selection of individual consultants, among other procurement activities (ICR, p. 67).

c. Unintended impacts (Positive or Negative)

There were unintended positive impacts that contributed to the overall PDOs (p. 21-22). The project activities supported gender inclusivity and awareness through capacity building and training, although targets for female participation were not achieved. Activities also helped strengthening institutional structures within the newly merged areas, including capacity building, technical assistance, and infrastructure support. Last, the initiatives inherently contributed to poverty reduction and shared prosperity through improvement in public resource management and accountability in service delivery.

d. Other

The ICR raised no other issues.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Moderately Satisfactory	Overall ICR rating is inconsistent with individual ratings for Quality at entry (MS) and Quality of supervision (S). The ICR Rating should be MS, thus there is no downgrade in Bank Performance
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Modest	

12. Lessons

The following lessons are some of the most relevant and informed by the project's ICR (p. 30).

To properly implement governance reforms and related projects, political ownership is important. In Pakistan's FATA Governance and Policy project, the government's request to restructure the project's design and results framework to support the newly merged areas of FATA and KP was fundamental to the project's ownership. In addition, the project's strategy gave implementing agencies key decision-making competences in the project's design and implementation of activities to achieve the project's objectives. The fact that the Additional Chief

Secretary of GovKP was chair of the project's Steering Committee also contributed to strong political ownership of the project.

For efficient service delivery and transparency, technological interventions should be made a part of the proposed solutions. Pakistan's FATA Governance and Policy project the use of innovative technology was supported by the project. Examples include regular reporting of budget execution by using IFMIS or geotagging public assets in merged areas through GIS and MIS technology. In addition, technology also supported continuous capacity building through virtual trainings and helped increase the project's cost-effectiveness. However, the project's experience shows that the success of technological interventions also depends on their institutionalization. Strong political leadership and the government's ability to hire and retain quality ICT professionals was fundamental to the efficient delivery of technological solutions.

Improved government policies for gender inclusion and high-level monitoring of their implementation are needed for low-capacity and fragile country/provincial project settings such as FATA. Female participation was low in capacity building activities supported by the project in the merged areas (13% of total trainees). There were several reasons for this outcome that could have been addressed by improved government policies. Mobility issues could have been solved by offering virtual participation or providing training closer to the place of duty/residence or by improving transportation. Introducing incentives in hiring departments (or hiring managers) to ensure higher female employee participation in trainings or making relevant training such as PFM, procurement, sectoral planning, and project management and M&E, mandatory for promotion in certain job descriptions are other policies that can foster gender inclusion.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR presented a clear and coherent narrative to the background of the project, including the administrative and governance challenges arising from FATA's merger with KP which led to the first restructuring with a substantial reduction in the project's budget and an adjustment of the project's scope to focus on the merged areas.

However, contrary to its claim, the ICR did not follow the ICR guidelines that require the discussion to be focused on the objectives of the project. Instead, the discussion in the ICR, especially the Efficacy and Efficiency sections that are central to the overall Outcome rating, is focused on the components of the project (ICR, para 27): (i) strengthening capacity for management of public resources; (ii) improving PIM and service delivery; and (iii) ensuring effective support for the coordination of governance reforms and the operational management of the GPP. The first component overlapped with the first PDO, so the discussion was pertinent to PDO1, but the second and third components had nothing in common with PDO2. As a result, IEG reformulated the PDO into two objectives or PDOs and selected pertinent indicators listed in Annex 1 to evaluate the project's performance and outcome.

There are minor shortcomings in the ICR related to clarity and consistency. The ICR is not clear on the purpose of each of the first two restructurings (para 14). The document summarizes the revisions made to the project's design in both restructurings without noting that all changes, except the change in the project's closing date, were made in the first restructuring.

There are inconsistencies on the revised components between the first restructuring document and the ICR. The first restructuring document notes the project "retained its three components" with revised activities (RES 36311, p. 7 para 10), but shows revised Components 1 and 2 (RES 3631, p. 11). The ICR says only Component 1 was revised, but also presents a revised name for Component 2 (Table 1 and Annex 3).

The ICR is not consistent about the title/name of Component 2 after restructuring, mixing the original and revised names for this component:

- paragraph 27: "Improving PIM and service delivery";
- paragraph 33: "Improving capacity for PIM and accountability for service delivery";
- Annex 3: "Improving accountability for PIM and service delivery".

According to the GA (p. 6) and PID/ ISDS (p. 7), the original Component 2 was: "Improving PIM and service delivery." According to the restructuring document (RES 36311, p. 11), the revised version of Component 2 was: "Improving accountability for PIM and service delivery."

The ICR notes the date of the project's second restructuring as June 3 instead of June 23 (ICR, para 14a; RES41845, third restructuring, para 4). The ICR does not mention the reason for the first extension of the closing date (ICR, para 14a).

The ICR applied the scale for rating the project's overall outcome to the rating of the achievement of objectives (efficacy section) where the scale used should have been high, substantial, modest, and negligible.

The ICR rates overall Bank Performance as Satisfactory despite rating Quality at Entry as Moderately Satisfactory and Quality of Supervision as Satisfactory. This would be inconsistent as the average of a high and low rating cannot be equal to the higher rating.

Lessons. The lessons learned were clear, comprehensive, and on target, but missed potentially important lessons in the political economy context. They logically flow from the data and analysis provided in the ICR.

a. Quality of ICR Rating

Modest