



Governance and Policy Program for Balochistan (P156411)

SOUTH ASIA | Pakistan | Governance Global Practice |
Recipient Executed Activities | Investment Project Financing | FY 2017 | Seq No: 4 | ARCHIVED on 19-Feb-2019 | ISR35794 |

Implementing Agencies: Economic Affairs Division, Government of Balochistan

Key Dates

Key Project Dates

Bank Approval Date: 28-Dec-2016

Effectiveness Date: 06-May-2017

Planned Mid Term Review Date: 30-May-2019

Actual Mid-Term Review Date: --

Original Closing Date: 30-Jun-2020

Revised Closing Date: 30-Jun-2020

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective (PDO) is to strengthen the capacity for Sales Tax on Services collection, and improve accountability in public financial management and public service delivery in the education and irrigation sectors in Balochistan.

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

No

Components

Name

Increasing effectiveness of sales tax collection:(Cost \$4.50 M)

Strengthening accountability in public financial management:(Cost \$4.00 M)

Improving public investment management and accountability in public services:(Cost \$5.00 M)

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

Overall Ratings

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

Implementation Status and Key Decisions

Progress towards achievement of Development Objectives (DO) is rated "Moderately Satisfactory" as is the Overall Implementation Progress. The ratings have been retained because of the continued progress in implementation and the advanced progress in getting the rest of the activities underway as shown below:

Component 1: Increasing effectiveness of sales tax collection.



This component is rated "Moderately Satisfactory". The Balochistan Investment Authority (BRA) has made significant progress in increasing collection of sales tax. From a baseline of PKR 2.2 billion in 2016 the BRA collected PKR 7.16 billion in 2018, thereby exceeding the 15 percent target for the PDO indicator. The BRA also significantly increased the number of registered tax filers from 158 in 2016 to 1519 in 2018. The BRA has also embarked on several activities intended to improve revenue mobilization, mainly: i) the development of ICT capacity for tax collection; ii) tax payer education; iii) development of HR strategy, and iv) tax administration and capacity building.

Component 2: Strengthening accountability in public financial management:

This component is rated "Moderately Satisfactory": There has been good progress in implementation of activities under this component. BRA has been established; pre-budget consultations were conducted in six divisions for the year 2018/2019 and additional consultations are planned for the financial year 2019/2020. There is notable progress in finalization of various contracts and filling of consultant positions that should collectively support the advancement of several activities under this component. These include a contract with an actuarial firm to assess the fiscal liabilities and monitor the financial performance of state-owned enterprises; a contract with a Debt Management expert; and another one with Internal Auditors to support the strengthening of audit capacity in the Finance Department. There is also progress in work to develop modules for a training program in financial management. However, there is a reversal in the initial progress made in support for the Public Accounts Committee during the last parliamentary period. This component will continue to provide support after the establishment of a new PAC in the current parliamentary cycle.

Component 3: Improving public investment management and accountability in public services

This component is rated "Moderately Satisfactory": There has been satisfactory progress in core activities associated with this component. The Private Partnership (PPP) Act supported by this component became effective on 18 April 2018. The law will provide the legal and regulatory framework for PPPs. There has been progress in grievance redress mechanisms and expanding outreach to citizens. To date the Ombudsman has resolved 333 cases, exceeding its 2015 baseline of 277. Of the cases completed by the Ombudsman, 117 are related to grievances from the education sector. Open courts have been held in seven different districts across the province to facilitate on the spot resolution of cases. A total of 27 Officials from various departments have been trained in Procurement Management; 32 officials have been trained in Monitoring and Evaluation and 39 in Project Management. Procurement is underway for the hiring of a firm to support the development of technical assistance and training for implementing the Public Investment Management Action Plan is underway; this process needs to be accelerated to ensure timely implementation.

Component 4: Ensuring effective support for the coordination of governance reforms and the operational management of the GPP:

Project Management is rated "Satisfactory". The Operations Support Unit (OSU) which is responsible for day to day management of project implementation is fully staffed with key professional staff. The OSU continues to steer project activities professionally and has an excellent working relationship with beneficiary entities. The OSU has completed progress reports and financial reports in a timely manner as required by the Project Agreement. All the project assets are tagged with barcodes. The Steering Committee has met regularly and provided guidance to project team. The project team also routinely provides implementation support to various project beneficiaries.

Risks

Systematic Operations Risk-rating Tool

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



Stakeholders	● Moderate	● Moderate	● Moderate
Other	● High	● High	● High
Overall	● Substantial	● Substantial	● Substantial

Results

PDO Indicators by Objectives / Outcomes

Increased effectiveness of sales tax collection				
▶ Increased collection of the Sales Tax on Services (STS) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	220.00	115.00	225.00	40.00
Date	30-Jun-2016	30-Mar-2018	31-Jan-2019	30-Jun-2020
Comments:	<p>This indicator measures the increase in the collection of the Sales Tax on Services (cumulative). Baseline of 2.2 billion PKR in STS transferred by the Federal Bureau of Revenue to Balochistan in FY2015/16 with an end target (Year 4) of a 40% increase. The province now has the mandate to collect its own STS and collection for 2016-17 increased by 2.4 billion rupees, representing a 111% increase from the baseline, (verified by the third-party verification firm Deloitte Yousuf Adil). The collection for 2017-18 (as of December 2018) is PKR 7.16 billion, an increased of 225% over the baseline and thus exceeding the 2018 target (15 %).</p> <p>The values for baseline is incorrectly entered as PKR 220 million instead of PKR2.20 billion and targets are not expressed in the same unit. Following restructuring, the next ISR will reflect the changes</p>			

Strengthening accountability in public financial management				
▶ Number of officials with certification in FM, procurement, project preparation, project management, M&E, management & leadership (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	200.00
Date	30-Jun-2015	31-Mar-2018	31-Jan-2019	30-Jun-2020
Comments:	<p>A learning strategy for the various trainings of government officials has been developed and is pending finalization by the relevant GPP authorities. The Learning strategy has set the following targets for the number of government officials to be trained (after nomination): Financial Management (77), Internal Audit (13), Procurement (30), Project Management (33), Monitoring and Evaluation (31). The Strategy also has provisions for ensuring the participation of women officials with quotas allocated. Spearheaded by GPP Balochistan, a contract was finalized with the Association of Chartered Certified Accountants (ACCA) to design and help deliver an FM certification program for the GPPs of Balochistan, KP and FATA. The target is an aggregate figure and does not reflect the actual achievement. It is not sufficiently specific and cannot therefore be a measure of achievements in this indicator. Baseline figures are retained for this ISR cycle. This indicator will be revised during upcoming MTR and restructuring.</p>			
<p>▲ Number of women certified in procurement, project preparation, project management, M&E, management & leadership (Number, Custom Breakdown)</p>				



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	20.00
Date	30-Jun-2015	31-Mar-2018	31-Jan-2019	30-Jun-2020

Improving public investment management and accountability in public services

►Number of public investment projects/ assets in education and irrigation that have been geo-mapped and published online (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	5.00	0.00	25.00	50.00
Date	30-Jun-2015	31-Mar-2018	31-Jan-2019	30-Jun-2020

Comments:

The baseline of 773 corresponds to the total number of public assets mapped in FY14/15 by P&DD on a pilot basis and since discontinued. An ICT monitoring system is being developed for the Public Sector Development Program (PSDP), that will among other functions (including automating stages of the preparation and execution of the PSDP), allow for the geo-mapping of public investment projects including for the education and irrigation sector and the geo-tagging of existing assets in the irrigation sector. Its implementation will include the training of relevant officials in P&DD and line departments in the system for sustainability. The Balochistan education department has started its own geo-tagging of education assets with ways to strengthen that geo-mapping being explored with GPP. The indicator is not sufficiently specific to be measured. It will be revised and updated during MTR and restructuring.

►Increased average appropriation per project included in the PSDP in education and irrigation sectors (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	PKR 21.58 million	31 percent (28.28 million PKR)	15 percent (24.68 million PKR)	50.00 percent
Date	30-Jun-2017	31-Mar-2018	31-Jan-2019	30-Jun-2020

Comments:

Increased average appropriation per project included in the provincial Public Sector Development Programme (PSDP) in education and irrigation sectors, in Pakistani Rupees (million PKR). Baseline updated for FY2016/17 (to PKR 21.58 million from PKR 34.40 million in FY2015/16). The formulation of this indicator differs from that of the PAD. Furthermore, the indicator is not sufficiently formulated to derive an accurate measure of achievement. It will be revised and updated during MTR and restructuring.

►Increase in the resolved cases of education sector filed with the Office of Balochistan Ombudsman (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	277.00	0.00	38.14	40.00
Date	31-Dec-2016	31-Mar-2018	31-Jan-2019	30-Jun-2020

Comments:

Percentage increase in the resolved cases of education sector filed with the Office of Balochistan Ombudsman (cumulative). Baseline of 277 resolved cases in 2014 and 219 cases resolved out of 452 education related cases in 2016 (a 48% resolution rate). The project seeks a 10% increase in resolution starting in year 2 of project implementation (2018). The formulation of this indicator differs from that of the PAD. It also does not accurately measure the achievement of the Office of the Balochistan Ombudsman in the resolution of cases. The indicator will be revised during the MTR and subsequent restructuring.



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Intermediate Results Indicators by Components

Increasing effectiveness of sales tax collection				
▶Number of STS taxpayers that filed tax returns (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	158.00	548.00	861.00	30.00
Date	30-Jun-2016	30-Jun-2017	31-Jan-2019	30-Jun-2020
Comments:	<p>Measures the percentage increase in number of registered STS tax payers that filed tax returns. Baseline is of 158 filers in FY15/16. 1390 registered taxpayers were reported for FY16/17 with 1025 reported as having filed taxes, representing more than a 500% increase over the baseline. During July 2018 to December 2018 , 1,667 tax payer filed tax returns.</p> <p>The indicator will be revised because the unit of measurement of the baseline differs from that of the target. Values for this ISR cycles represents percent increase. This indicator will be revised and updated after restructuring so that baseline and target values are in the same unit.</p>			

Strengthening accountability in public financial management				
▶Number of internal audits conducted (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1.00	1.00	50.00
Date	30-Jun-2016	31-Mar-2018	31-Jan-2019	30-Jun-2020
Comments:	<p>The internal audit function in FD (with initial staffing of an internal audit unit) is being established through the hiring of a number of experts and TA from the PFM firm.</p>			

Improving public investment management and accountability in public services				
▶Number of districts where schools and irrigation facilities are monitored with regular beneficiary feedback (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	5.00	--	0.00	25.00
Date	30-Jun-2015	31-Mar-2018	31-Jan-2019	30-Jun-2020
Comments:	<p>The baseline corresponds to the number of districts where citizen feedback was collected on a pilot basis under the previous Governance Support Project. This activity will be embedded and implemented more systematically through a citizen feedback module of the ICT monitoring system for the PSDP being developed for the Planning and Monitoring Department and delivered in partnership with the M&E directorate, the concerned line departments and the Centre of Excellence to be established.</p>			



The target is an aggregate figure and does not reflect the actual achievement. This indicator will be re-formulated to specifically measure beneficiary feedback in schools and irrigation facilities separately.				
▲Percentage of women among feedback providers (Percentage, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	42.00	--	42.00	50.00
▶Number of schools and irrigation facilities for which follow up actions are taken (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3.00	--	0.00	200.00
Date	30-Jun-2015	31-Mar-2018	31-Mar-2018	30-Jun-2020
Comments:	Data collection for this indicator has not started. This indicator will be re-formulated to specifically measure targets in schools and irrigation facilities separately.			

Data on Financial Performance

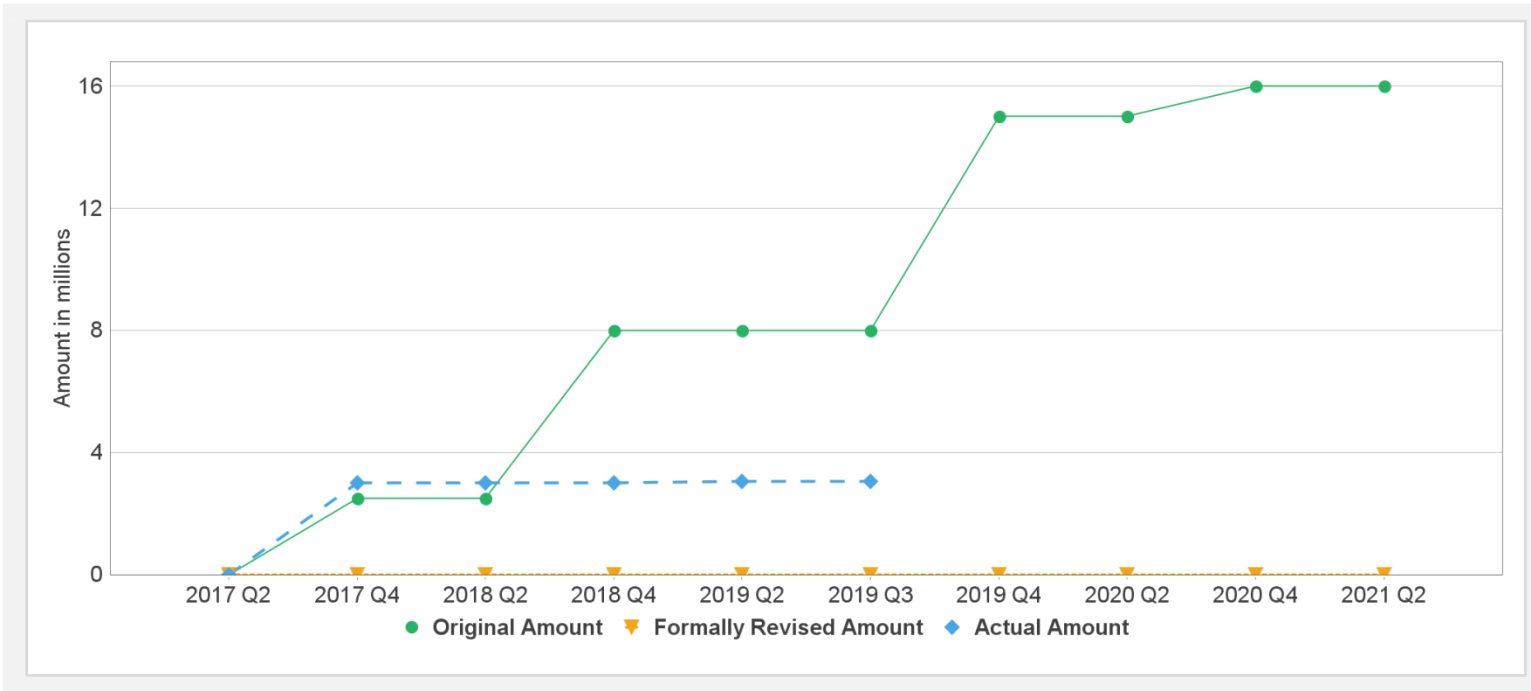
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P156411	TF-A3352	Effective	USD	16.00	16.00	0.00	3.04	12.96	19%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P156411	TF-A3352	Effective	18-Jan-2017	18-Jan-2017	06-May-2017	30-Jun-2020	30-Jun-2020

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.