



## Governance and Policy Program for Khyber Pakhtunkhwa (KP) (P156410)

SOUTH ASIA | Pakistan | Governance Global Practice |  
Recipient Executed Activities | Investment Project Financing | FY 2017 | Seq No: 5 | SUBMITTED | ISR39495 |

Implementing Agencies: Islamic Republic of Pakistan, Planning and Development Department, Khyber Pakhtunkhwa

### Key Dates

#### Key Project Dates

Bank Approval Date: 20-Apr-2017

Effectiveness Date: 23-May-2017

Planned Mid Term Review Date: 28-Jan-2019

Actual Mid-Term Review Date: 15-May-2019

Original Closing Date: 30-Jun-2020

Revised Closing Date: 30-Jun-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 public investment management and accountability of public service delivery in the water sector in Khyber Pakhtunkhwa.

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

No

### Components

Name

Increasing capacity for revenue mobilization and the public financial management:(Cost \$5.25 M)

Improving public investment management and accountability in public services:(Cost \$5.25 M)

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

### Overall Ratings

| Name                                 | Previous Rating | Current Rating |
|--------------------------------------|-----------------|----------------|
| Progress towards achievement of PDO  | ● Satisfactory  | ● Satisfactory |
| Overall Implementation Progress (IP) | ● Satisfactory  | ● Satisfactory |
| Overall Risk Rating                  | ● Moderate      | ● Moderate     |

### Implementation Status and Key Decisions

**Component 1: Increasing capacity for revenue mobilization and public financial management:** Progress in this component continues to be satisfactory. The KP Revenue Authority (KPRA) has improved its revenue collection and continues to exceed annual project targets. In FY 2018/19 KPRA collected PKR 10.4 billion, representing a 43 percent increase over the baseline PKR 7.3 billion collected in the FY2015/2016. The KPRA is therefore on track to exceed the project target of a 35 percent increase in collection by June 30, 2020.

**Component 2: Improving public investment management and accountability in public services.** Implementation progress under this component is also satisfactory. An action plan for improving public investment management has been prepared and now awaits Cabinet approval. An institutional assessment of the Anti-Corruption Establishment has also been completed. The project has supported capacity building



of 215 staff in project management, procurement and monitoring and evaluation. About 24 public sector employees have completed online training in basic procurement. Moreover, through a knowledge exchange program 23 officials benefited from training on best practices in public private partnership. There is satisfactory progress in citizen engagement through the Citizen Engagement Forums organized by the Right to Services Commissions (RTS). The RTS held two provincial integration forums and two district level forums during the period under review. These forums focused on improving service delivery, bringing together citizens, legislators, civil society and government officials. The Geographic Information System Lab in the Planning and Development Department continues to geo-tag all provincial government assets. Around 550 assets have been geo-tagged. Revenue increased from PKR 3.72 billion in the first half of FY18/19 to PKR 5.50 billion during the same period in FY19/20. Third party verification of the data is still underway and the confirmed figures and final results will be reported in the next Implementation Status and Results (ISR) report. Additionally, KPRA increased its outreach services through various taxpayer awareness campaigns on Sales Tax on Services. Altogether, KPRA has reached 141,000 taxpayers as of September 2019. To ensure tax compliance, KPRA has, in addition to establishing an enforcement unit, developed a mobile application to collect tax records of businesses. Similarly, the KP Public Procurement Authority (KPPRA) is also making satisfactory progress. As part of its capacity building program, KPPRA has trained 272 staff—of which 25 were women—from procurement entities in six districts in KP. The KPRA also launched a procurement certification program in collaboration with IM Sciences, Peshawar. The first phase of the program has admitted 30 participants drawn from various government entities. Finally, the Public Financial Management Professional Accreditation Program (PFM-PAP) has made progress since the pilot launch in August 2019. To date, a total of 30 participants have completed two modules in the first phase of the training.

## 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             | ● Moderate      | ● Moderate     |
| Fiduciary  | ● High             | ● Moderate      | ● Moderate     |
| Environment and Social                                       | ● Substantial      | ● Low           | ● Low          |
| Stakeholders   | ● Moderate         | ● Moderate      | ● Moderate     |
| Other  | ● High             | ● High          | ● High         |
| Overall  | ● Substantial      | ● Moderate      | ● Moderate     |

## Results

### PDO Indicators by Objectives / Outcomes

|  |                   |                  |            |
|--|-------------------|------------------|------------|
| Strengthen capacity for Sales Tax on Services collection                       |                   |                  |            |
| ▶ Increased collection of the Sales Tax on Services (STS) (Percentage, Custom) |                   |                  |            |
| Baseline   | Actual (Previous) | Actual (Current) | End Target |



|           |   |             |             |             |
|-----------|---|-------------|-------------|-------------|
| Value     | 18.00   | 10.80       | 43.00       | 35.00       |
| Date      | 30-Jun-2016   | 24-May-2019 | 02-Dec-2019 | 30-Jun-2020 |
| Comments: | In FY 18/19 the KPRA collected PKR 10.41 billion compared to PKR 7.3 billion in 2015/2016. This represents a 43 percent increase.<br>This indicator will be revised during the forthcoming restructuring to align the unit of measurement in the baseline and target. |             |             |             |

|  |             |                   |                  |             |
|--|-------------|-------------------|------------------|-------------|
| <b>Improve Public Investment Management &amp; accountability in public service delivery in water sector</b>  |             |                   |                  |             |
| <b>▶Average size of per project appropriation in the water sector included in the ADP (Amount(USD), Custom)</b>  |             |                   |                  |             |
|  | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 79.00       | 56.00             | 56.00            | 200.00      |
| Date   | 30-Jun-2016 | 24-May-2019       | 02-Dec-2019      | 30-Jun-2020 |
| <b>▶Number of districts where citizen feedback on WSS services is systematically collected and disseminated (Number, Custom)</b>   |             |                   |                  |             |
|  | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 0.00        | 2.00              | 2.00             | 25.00       |
| Date   | 16-Aug-2016 | 23-May-2019       | 02-Dec-2019      | 30-Jun-2020 |
| Comments:  |             |                   |                  |             |
| <b>▲Percentage of women among feedback providers (Percentage, Custom Supplement)</b>   |             |                   |                  |             |
|  | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 0.00        | 19.40             | 19.40            | 50.00       |
| <b>▶Number of districts where citizens are engaged in monitoring WSS services (Number, Custom)</b>   |             |                   |                  |             |
|  | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 0.00        | 2.00              | 2.00             | 25.00       |
| Date   | 16-Aug-2016 | 23-May-2019       | 02-Dec-2019      | 30-Jun-2020 |
| Comments: Fifteen (15) citizens/young professionals provided the third-party monitoring (geo-tagging and collection of beneficiary feedback) in the districts of Mardan and Mansehra, including 5 women.<br>The project no longer measures this indicator. |             |                   |                  |             |
| <b>▲Percentage of women engaged in monitoring WSS services (Percentage, Custom Supplement)</b>   |             |                   |                  |             |
|  | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 0.00        | 33.00             | 33.00            | 50.00       |
| <b>▶Number of officials certified in FM, procurement, project management and M&amp;E (Number, Custom)</b>  |             |                   |                  |             |



|   | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
|---|---|-------------------|------------------|-------------|
| Value   | 0.00  | 78.00             | 215.00           | 300.00      |
| Date  | 30-Jun-2016   | 31-May-2019       | 02-Dec-2019      | 30-Jun-2021 |
| Comments:   | The procurement immersion plan has started with online trainings. About 24 officials have completed training. About 28 have completed training in Project Management, 32 in Monitoring and Evaluation and 121 in Procurement. |                   |                  |             |
| <b>▲Number of women certified in FM, procurement, project management and M&amp;E (Number, Custom Breakdown)</b> |   |                   |                  |             |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 0.00  | 28.00             | 28.00            | 35.00       |
| Date  | 30-Jun-2016   | 24-May-2019       | 02-Dec-2019      | 30-Jun-2016 |

**Intermediate Results Indicators by Components**

| Increasing capacity for revenue mobilization and the public financial management                  |   |                   |                  |             |
|---|---|-------------------|------------------|-------------|
| <b>▶STS tax payers that filed tax returns - DLI1 (Percentage, Custom)</b>                         |   |                   |                  |             |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 578.00  | 30.00             | 30.00            | 40.00       |
| Date  | 30-Jun-2016   | 23-May-2019       | 02-Dec-2019      | 30-Jun-2020 |
| Comments:   | Data for FY 18/19 is still under verification. Indicator will be formally revised to align units of measurement for the baseline and target . |                   |                  |             |
| <b>▶Rate of filing compliance (Percentage, Custom)</b>  |   |                   |                  |             |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 45.00   | 76.00             | 75.00            | 80.00       |
| Date  | 30-Jun-2015   | 23-May-2019       | 02-Dec-2019      | 30-Jun-2020 |
| Comments:   | There were 3911 registered taxpayers in 2018/19 of these, 2919 filed tax returns.   |                   |                  |             |
| <b>▶Deviation between STS revenue forecasts and actual revenue collected (Percentage, Custom)</b> |   |                   |                  |             |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 30.00   | 30.00             | 29.00            | 10.00       |
| Date  | 30-Jun-2014   | 23-May-2019       | 02-Dec-2019      | 30-Jun-2020 |



| Improving public investment management and accountability in public services   |  |                   |                  |             |
|--|--|-------------------|------------------|-------------|
| <b>►Number of public investment assets in water sector that have been geo-mapped and published online - DLI2 (Number, Custom)</b>    |  |                   |                  |             |
|  | Baseline   | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 0.00   | 550.00            | 500.00           | 500.00      |
| Date   | 30-Jun-2014  | 23-May-2019       | 02-Dec-2019      | 30-Jun-2020 |
| <b>►Increased share of development projects in the water sector that are completed within original schedule (Percentage, Custom)</b> |  |                   |                  |             |
|  | Baseline   | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 20.00  | 20.00             | 20.00            | 60.00       |
| Date   | 30-Jun-2016  | 23-May-2019       | 02-Dec-2019      | 30-Jun-2020 |
| Comments:  | Data to be collected annually and was to be first reported by June 2018, however data is not yet available.  |                   |                  |             |
| <b>►Reduction in WSS services provided to citizens beyond the stipulated timeframe (Percentage, Custom)</b>                          |  |                   |                  |             |
|  | Baseline   | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 1.00   | 28.50             | 28.50            | 5.00        |
| Date   | 16-Aug-2016  | 23-May-2019       | 02-Dec-2019      | 30-Jun-2020 |
| Comments:  | The baseline refers to the one complaint received at the time of project preparation when the Water and Sanitation Sector (WSS) standards had recently been issued. Standards for WSS services under KP RTPS Act have been issued for water connections, the supply of clean drinking water and the disposal of garbage. In 2017, 6% of water connections were provided beyond the stipulated timeframe (2 weeks) and 57% of the supply of clean drinking water was delayed. This corresponds to 28.5% of services provided beyond the stipulated standards (the target for year 1 of project implementation is 20%). Compliance with standards with regard to garbage disposal services will be captured and included in subsequent reports. (Garbage disposal is part of the Water and Sanitation Sector). |                   |                  |             |

| Providing effective support for the coordination of governance reforms and operational management |   |                   |                  |             |
|---|---|-------------------|------------------|-------------|
| <b>►M&amp;E Reports on KP Long-term Governance Action Plan (Yes/No, Custom)</b>                   |   |                   |                  |             |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value   | Yes   | No                | No               | Yes         |
| Date  | 16-Aug-2016   | 23-May-2019       | 02-Dec-2019      | 30-Jun-2020 |
| Comments:   | The Government of KP priorities have been shifting with the current focus on taking stock of the implementation of the current Integrated Development Strategy (ending in 2018) and developing a new IDS (2018-2023) in light of the upcoming elections. This indicator is no longer necessary because GoKP dropped plans for the Governance Action Plan. A new indicator will be formulated during the upcoming restructuring. |                   |                  |             |

## Data on Financial Performance

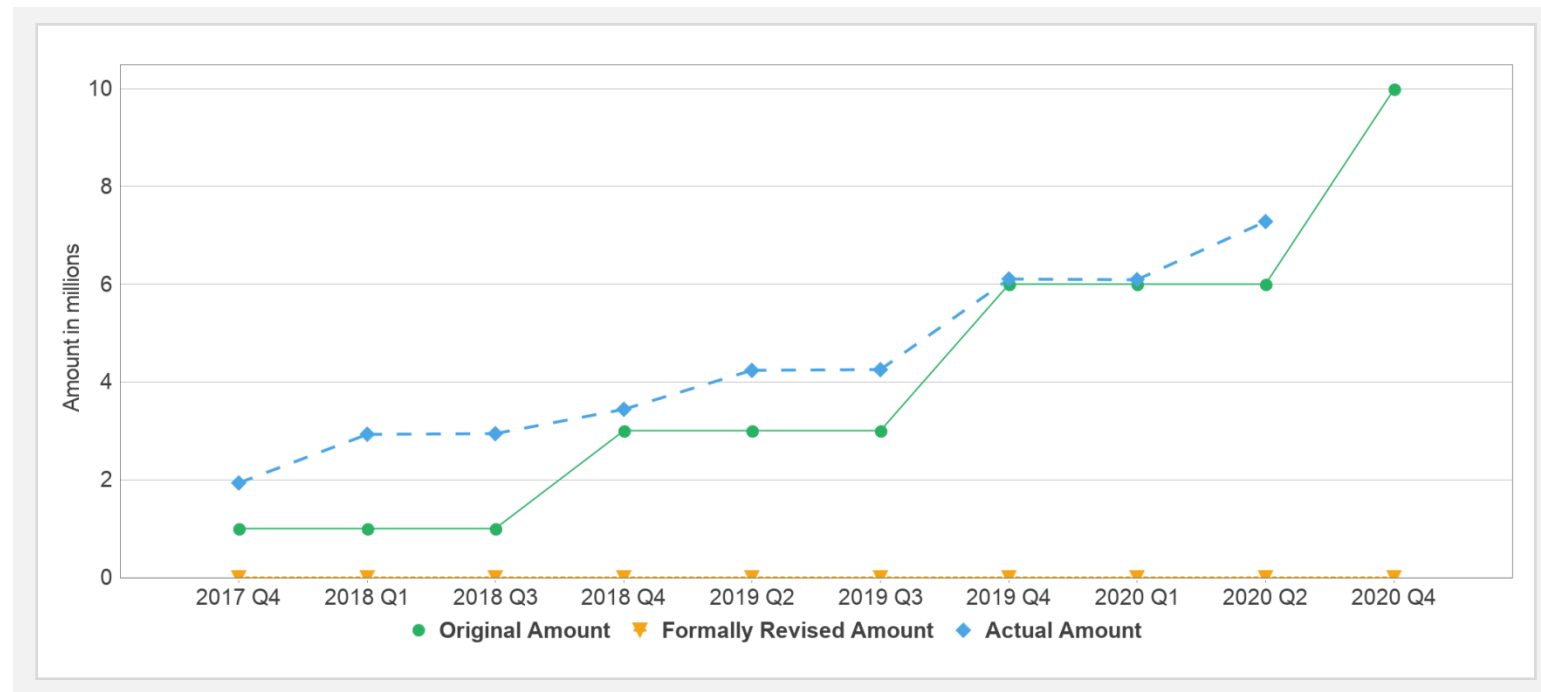
### Disbursements (by loan)

| Project | Loan/Credit/TF | Status    | Currency | Original | Revised | Cancelled | Disbursed | Undisbursed | % Disbursed |
|---------|----------------|-----------|----------|----------|---------|-----------|-----------|-------------|-------------|
| P156410 | TF-A3361       | Effective | USD      | 10.00    | 10.00   | 0.00      | 7.28      | 2.72        | 73%         |

### Key Dates (by loan)

| Project | Loan/Credit/TF | Status    | Approval Date | Signing Date | Effectiveness Date | Orig. Closing Date | Rev. Closing Date |
|---------|----------------|-----------|---------------|--------------|--------------------|--------------------|-------------------|
| P156410 | TF-A3361       | Effective | 23-May-2017   | 23-May-2017  | 23-May-2017        | 30-Jun-2020        | 30-Jun-2020       |

### Cumulative Disbursements



## Restructuring History

There has been no restructuring to date.

## Related Project(s)

P171659-Governance and Policy Project for Khyber Pakhtunkhwa

