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Report No: PAD4305

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROGRAM APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 278 MILLION

(US$400 MILLION EQUIVALENT)

TO THE

ISLAMIC REPUBLIC OF PAKISTAN

FOR THE

KHYBER PAKHTUNKWA (KP) SPENDING EFFECTIVELY FOR ENHANCED DEVELOPMENT (SPEED) PROGRAM- FOR- RESULTS

April 1, 2021

Governance Global Practice

South Asia Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective February 28, 2021)

Currency Unit =	Pakistani Rupee (PKR)
PKR 157.80 =	US$1
US$1 =	SDR 0.695

FISCAL YEAR

July 1 - June 30

Regional Vice President:	Hartwig Schafer
Regional Director:	Zoubida Kherous Allaoua
Country Director:	Najy Benhassine
Practice Manager:	Hisham Ahmed Waly
Task Team Leader:	Raymond Muhula

ABBREVIATIONS AND ACRONYMS

AGP	Auditor General of Pakistan
CGA	Controller General of Accounts
DESE	Department of Elementary and Secondary Education
DLI	Disbursement Linked Indicator
DLR	Disbursement Linked Result
DOH	Department of Health
EF	Expenditure Framework
EMA	Education Management Authority
ESSA	Environment and Social Systems Assessment
FCDO	Foreign, Commonwealth & Development Office
FD	Finance Department
IFMIS	Integrated Financial Management Information Systems
GDP	Gross Domestic Product
GoKP	Government of Khyber Pakhtunkhwa
GoP	Government of Pakistan
GRS	Grievance Redress Service
ICT	Information and Communication Technology
IDA	International Development Association
IFC	International Finance Corporation
IMU	Independent Monitoring Units
IPF	Investment Project Financing
KP	Khyber Pakhtunkhwa
KPITB	Khyber Pakhtunkhwa Information Technology Board
KPPRA	Khyber Pakhtunkhwa Public Procurement Authority
M&E	Monitoring and Evaluation
MCC	Medical Coordination Cell
MIGA	Multilateral Investment Guarantee Agency
MSME	Micro, Small, and Medium-Sized Enterprises
MTEP	Medium-Term Expenditure Plan
MTFF	Medium-Term Fiscal Framework
NMD	Newly Merged Districts
NPV	Net Present Value
P&DD	Planning and Development Department
PDO	Program Development Objective
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PforR	Program for Results
PHC	Primary Health Care
PPP	Public Private Partnership
PREP	Pandemic Response Effectiveness in Pakistan
RF	Results Framework
SSU	Shared Services Unit
STEP	Systematic Tracking of Exchanges in Procurement
TPVA	Third-Party Verification Agent
UNICEF	United Nations Children's Fund
WBG	World Bank Group

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name
Pakistan	KP- Spending Effectively for Enhanced Development

Project ID	Financing Instrument	Does this operation have an IPF component?	Environmental and Social Risk Classification (IPF Component)
P175727	Program-for-Results Financing	Yes	Moderate

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[ ] Fragile State(s)
[ ] Contingent Emergency Response Component (CERC)	[✓] Fragile within a non-fragile Country
[ ] Small State(s)	[ ] Conflict
[ ] Alternate Procurement Arrangements (APA)	[ ] Responding to Natural or Man-made Disaster
[ ] Hands-on Enhanced Implementation Support (HEIS)	

Expected Project Approval Date	Expected Closing Date
22-Apr-2021	30-Jun-2026

Bank/IFC Collaboration

No

Proposed Program Development Objective(s)

To improve the availability and management of public resources for delivery of primary, middle and high school education and primary health care services.

Organizations

Borrower :	Islamic Republic of Pakistan
Implementing Agency :	Finance Department, Government of Khyber Pakhtunkhwa
Contact:	Safeer Ahmad

Title:	Additional Secretary, Finance
Telephone No:	0919213453
Email:	safeer.ahmad@finance.gkp.pk

COST & FINANCING

SUMMARY

Government program Cost	2,000.00
Total Operation Cost	719.00
Total Program Cost	704.00
IPF Component	15.00
Total Financing	719.00
Financing Gap	0.00

Financing (USD Millions)

Counterpart Funding	**319.00**
Borrower/Recipient	319.00
International Development Association (IDA)	**400.00**
IDA Credit	400.00

IDA Resources (in US$, Millions)

	Credit Amount	Grant Amount	Total Amount
Pakistan	400.00	0.00	400.00
National PBA	400.00	0.00	400.00
Total	**400.00**	**0.00**	**400.00**

Expected Disbursements (USD Millions)

Fiscal Year	2021	2022	2023	2024	2025	2026
Absol	0.00	120.00	85.00	85.00	80.00	30.00

ute						
Cumulative	0.00	120.00	205.00	290.00	370.00	400.00

INSTITUTIONAL DATA

Practice Area (Lead)

Governance

Contributing Practice Areas

Education, Health, Nutrition & Population, Macroeconomics, Trade and Investment, Social Protection & Jobs

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	Moderate
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Moderate
6. Fiduciary	Substantial
7. Environment and Social	Moderate
8. Stakeholders	Moderate
9. Other	
10. Overall	Moderate

COMPLIANCE

Policy

Does the program depart from the CPF in content or in other significant respects?

[ ] Yes [✔] No

Does the program require any waivers of Bank policies?

[ ] Yes [✔] No

Legal Operational Policies

	Triggered
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description

The Recipient shall cause the Implementing Entity to carry out the Program Action Plan in accordance with the schedule set out in the said Program Action Plan in a manner satisfactory to the Association (Schedule 2, Section I.C.1 of the Financing Agreement)..

Sections and Description
For purpose of verifying the achievement of the DLRs, the Recipient shall cause the Implementing Entity to engage, not later than six (6) months after the Effective Date, an independent third-party entity or entities (the "Verification Agent"), with qualifications, experience and terms of reference satisfactory to the Association, to undertake the verification process (Schedule 2, Section III.2 of the Financing Agreement).

Sections and Description
The Implementing Entity shall, within three (3) months after the Effective Date, adopt the Program Implementation Manual as shall have been approved by the Association and thereafter, implement the Program in accordance with the Program Implementation Manual (Section I.B.1.(b) of the Operation Agreement).

Sections and Description
By not later than three (3) months after the Effective Date, the Implementing Entity shall appoint a director of the Shared Services Unit, with qualifications and experience and under terms of reference satisfactory to the Association (Section I.D.2 of the Operation Agreement).

Sections and Description
The Recipient shall cause the Implementing Entity to establish, by not later than six (6) months after the Effective Date, and thereafter maintain, throughout the period of implementation of the Operation, a Program Steering Committee comprised of officials of various government entities, in adequate numbers and under terms of reference satisfactory to the Association, vested with the responsibility of overseeing the implementation of the Operation in their respective agencies (Schedule 2, Section I.B of the Financing Agreement).

Conditions

I. STRATEGIC CONTEXT

A. Country Context

1. **Pakistan is at a crossroads as it deals with the coronavirus (COVID-19) pandemic**. Over the last two decades, economic growth has averaged 4.4 percent a year, below the South Asian annual average of 6.3 percent. The country was making good progress in stabilizing its economy and implementing much needed structural reforms. However, real gross domestic product (GDP) growth (at factor cost) is estimated to have declined from 1.9 percent in FY19 to -1.5 percent in FY20, reflecting monetary and fiscal tightening prior to the outbreak and the effects of COVID-19 containment measures that followed.

2. **In response to COVID-19, the Government announced a fiscal stimulus package of US$7.5 billion**, **equivalent to 2.6 percent of gross domestic product (GDP)**. This aimed to: (i) support the health sector in combatting and mitigating the virus; (ii) implement social assistance measures for those adversely affected; and (iii) provide stimulus to businesses and industries to protect productive assets. The financing comprises approximately US$2.5 billion of additional resources and a re-appropriation from the existing budget. Pakistan has availed of the Debt Service Suspension Initiative and expects US$1.6 billion to US$2.4 billion in temporary fiscal space due to the debt service standstill.

3. **Pakistan is facing severe health and economic consequences from the COVID-19 pandemic**. The crisis is expected to lead to a sizeable increase in poverty, reversing the sustained reduction observed over the past 20 years. Deterioration of health indicators is expected due to demand-side issues induced by the crisis, such as lower utilization of non-COVID-19 healthcare due to fear of contagion and income constraints. The pandemic has also resulted in an increase in the number of out-of-school children.

4. **Khyber Pakhtunkhwa (KP) has made important strides in closing the gender gap in provision of education, but challenges remain**. Female Labor Force Participation rate is 11.3 percent, among the lowest in Pakistan and only better than Baluchistan province.[1] Primary school completion rate for girls in KP is 51 percent compared to 65 percent for boys.[2] About 54 percent of school-aged girls in KP and the Newly Merged Districts (NMDs) are out-of-school (compared to only 24 percent of boys in the same age group). The NMDs account for about 22 percent of out-of-school girls in both regions, despite its 15 percent share in the combined school-aged population.[3] Girls in KP are also 11 percent less likely than boys to be able to read a sentence in English, and 22 percent less likely to be able to perform basic subtraction.[4] Female labor force participation rate is 11.3 percent.[5]

5. **KP is highly vulnerable to climate change and it has been facing extreme precipitation events in the Indus catchment areas**. Rains and flash floods continue to wreak havoc every year in KP province, contributing to

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[1] Government of Pakistan (2018), *Labor Force Survey, 2017-18*. Islamabad. Pakistan Bureau of Statistics, p.23.
[2] GoKP. 2020. *Education Sector Plan, 2020–2025*. Dept. of Education, Peshawar, p. 71.
[3] GoP. 2018. *Pakistan Education Statistics 2016–17*. Ministry of Federal Education and Professional Training, Islamabad, p. 41.
[4] ASER Pakistan. 2019. *Annual Status of Education Report (ASER) Pakistan.* Idara-e-Taleem-o-Agahi, Islamabad, pp. 125–131. http://aserpakistan.org/document/aser/2019/reports/national/ASER_National_2019.pdf.
[5] GoP. 2018. *Labor Force Survey, 2017–18*. Pakistan Bureau of Statistics, Islamabad, p. 23.

loss of lives and livelihoods.[6] These climatic shocks impact service delivery of health and education, which undermines human development outcomes. Despite developing the Climate Change Financing Framework, the Government of Khyber Pakhtunkhwa (GoKP) has not made progress in mainstreaming climate into its budgetary framework.

B. Multi-Sectoral and Institutional Context

6. **The GoKP faces several challenges in public financial management (PFM) despite several improvements in practices**. Challenges include inadequate adherence to a policy-driven planning and budgeting system; lack of credibility and transparency in the budget process; weak predictability and control in budget execution; inadequate resource mobilization; weak asset and liability management; and poor accountability for results. Civil service pension expenditures increased from about 3.2 percent of provincial fiscal revenues in FY09–10 to 20.6 percent in FY17–18. The GoKP is already taking steps to address issues related to mobilizing and managing public resources better through legislation and policy, as well as through additional investment to address inefficiency in government spending.

7. **KP's annual budget is not guided by a strong fiscal management function**. This is exacerbated by the fragmentation of the budget preparation and execution processes. Moreover, the Budget Strategy Paper gives only a broad overview of the priority sectors but does not provide priorities. The GoKP has prepared a medium-term fiscal framework (MTFF) for FY20-FY23 and the post COVID Economic Recovery Plan (2020-2023).[7] However, there is no structured mechanism for budgeting for fiscal risks, resulting in unpredictability of budgetary allocation. Financing for non-salary primary health care and primary, middle, and high school education is through a one-line budget transfer to districts. Sector budget allocations are decided centrally at the district level and facility managers, especially in primary, middle, and high schools or primary health care centers, have little to no input in the process.

8. **Social sector outcomes in both education and health have not matched increased investment**. Allocations are generally skewed towards compensation, with less fiscal space for operational costs. KP allocates less than its counterparts in per student education expenditure and more than any other province in teacher compensation.[8] The result is clear: despite an average increase of around 8 percent per year in primary and secondary education expenditures during FY12–19, gross enrollment rates in primary school declined by an average of 1.5 percent per year. Health expenditure also increased by almost 11 percent per year on average, but some basic health sector indicators worsened. Girls have borne the brunt: girls' schools comprise about 30 percent of schools in KP (including NMD) leaving fewer opportunities for increased enrolment of girls.[9] The onset of COVID -19 exacerbated existing challenges in achieving higher outcomes in both health and education.

9. **Increased investment has not translated into improvements in availability of infrastructure for service delivery and corresponding outcomes**. Nearly one-third of schools in KP (including in NMD) do not have boundary walls; two-thirds do not have drinking water; two-thirds lack electricity supply; and one third do not have toilet

[6] *FloodList News.* "Pakistan – 30 Dead After More Flash Floods in Khyber Pakhtunkhwa Province," September 3, 2020. http://floodlist.com/asia/pakistan-flash-floods-khyber-pakhtunkhwa-september-2020.
[7] https://www.pakp.gov.pk/wp-content/uploads/output-based-budget-document.pdf
[8] Academy of Education Planning and Management. 2017. *Pakistan Education Statistics*. Social Sector statistics (PBS); Controller General of Accounts and World Bank staff estimates.
[9] GoKP. 2018. *Annual Statistical Report.* Department of Elementary and Secondary Education, Peshawar, p.2.

facilities.[10] The lack of facilities contributes to increased school dropout, especially among girls. A recent survey reported that all rural health centers assessed were missing at least one of the four basic requirements for 24/7 functionality including: human resources (93 percent), back-up electricity (19 percent), equipment (93 percent), and maintenance of infrastructure (89 percent).[11] Availability of medicine remains inadequate.

10. **Allocations to capital expenditure has been declining as a share of total expenditure**. Inadequate allocation of funds for repair and maintenance of capital expenditures results in spending larger amounts to rebuild infrastructure than it would have cost to maintain it. Within sector spending shows considerable room for realigning allocations in order to improve efficiency. Underlying these challenges is a lack of defined and costed sector plans linked to medium term resource availability at the district and provincial levels, as well as weak mechanisms for budgeting for schools and health facilities by districts. The frequent approval of supplementary budgets throughout the year causes considerable variation from the original budget. The lack of predictability in budget execution is a symptom of ad hoc planning and, together with frequent in-year budget adjustments, leads to uncertainty in planning.

11. **Financial control remains centralized and lacks automation at the district level**. The centralization of the budget allocation process at the district level causes delays in availability of funds to primary, middle, and high schools and primary health care centers. Payment processes are manual, and releases are at the discretion of District Accounts Officers and District Health Officers. This results in delays in vendor payments, accumulation of arrears for electricity and utility payments, and non-payment of allowances accrued to teachers and health care workers. Procurement is fragmented, manual, and not linked to budget allocation. Inventory management is weak and there are multiple management information systems for different health programs.[12] Low capacity for planning and financial management undermine efficient use of allocated resources because of weak accountability and internal controls.[13]

12. **The absence of staffing norms in health care facilities and primary, middle, and high schools causes variations in allocations of staff**. Some schools and health centers have more staff than are needed, while others remain understaffed.[14] Some facilities serving women and girls require female providers be present, but do not meet this standard. There are more male teachers (approximately 100,000) than female teachers (approximately 57,000) at all levels of the education system.[15] This is likely the result of cultural factors that inhibit female labor force participation and weak demand-side accountability at the local level.

C. Relationship to the CPS and Rationale for Use of Instrument

13. **The proposed Khyber Pakhtunkhwa Spending Effectively for Enhanced Development (SPEED) Program is fully aligned with the World Bank's Pakistan Country Partnership Strategy (CPS) for FY2015–FY2019.**[16] The CPS was extended to FY20 by the Performance and Learning Review (Report No. 113574), and later extended and adjusted to FY21 to respond to the Government's COVID-19 response (Annex 1). The Program strongly supports

[10] GoKP. 2020. *Education Sector Plan, 2020–2025*. Department of Education, Peshawar, p. 71.
[11] GoKP. 2018. Health Roadmap Stock Take.
[12] GoKP. 2017. *KP Public Health Forecasting and Supply Chain Strategy*. Department of Health, Peshawar, pp. 3–4.
[13] Asian Development Bank. 2019. *Khyber Pakhtunkhwa Health Care Review*. Manila, p.15.
[14] Focus Group Discussions with frontline staff of education and health sectors (various dates in December 2020).
[15] GoP. 2017. *Pakistan Education Statistics*, 2016–2017, p.182.
[16] World Bank Group. 2014. *Islamic Republic of Pakistan: Country Partnership Strategy, 2015–2019*. (Report No. 84645-PK), discussed by the Executive Directors on May 1, 2014, and extended by the Performance and Learning Review (Report No. 113574), distributed to the Executive Directors on an absence-of-objection basis with a closing date of June 15, 2017.

Results Area 4 of the CPS, which aims to help the GoKP to improve public expenditure to create fiscal space for spending on public services. The Program is also aligned with the key International Development Association (IDA) 19 theme on Governance; Sustainable Development Goal 16; and the Bank's Twin Goals. The Program also directly contributes to one of the key priorities of the flagship report *Pakistan@100,* namely*,* better governance, transparency, and accountability to provide enabling environment for growth and reforms through PFM, service delivery, use of information communication and technology (ICT) skills and human resource management in the public sector, and devolution to local governments.[17]

14. The Bank's support is based on a whole-of-country approach to strengthen PFM systems and improve revenue mobilization at the federal and provincial levels (Annex 7). This approach is driven by the Bank's CPS (Result Area 4) and the respective governments' strategic visions in these areas. A combination of instruments anchor the Bank's engagement. The Resilient Institutions for Sustainable Economy (RISE; P171850) development policy operation supports high-level policy reforms to improve federal and provincial coordination in the management of fiscal risks and federal-provincial harmonization of tax laws, to unify the country's tax space and to improve the business environment. Results-based operations, namely, the Public Financial Management for Accountability and Service Delivery Program (PFMASD; P157507) and the Pakistan Raises Revenue Project (PRR; P165982) support improvements in the federal PFM and tax administration systems, respectively. At the provincial level, the Punjab Resource Improvement and Digital Effectiveness (PRIDE; P171417) and the KP Revenue Mobilization and Public Resource Management (KP-RMRM; P162302) Programs aim to strengthen the capacity of provincial governments to collect own source revenue. These operations continue to retain broad ownership as evidenced by, on average, satisfactory implementation progress despite the complexity of the issues covered.

15. The proposed SPEED Program and the ongoing KP Revenue Mobilization and Public Resource Management (KP-RMRM) Program are complementary. The Programs, respectively, support the two pillars of GoKP's PFM strategy, namely revenue mobilization (KP-RMRM), and budget execution and expenditure management (KP-SPEED). The KP-RMRM Program supports system wide activities to improve the collection of own source revenue, and streamlining policies and practices for cash management. The KP-SPEED Program focuses on improving allocative and technical efficiency by addressing systemic bottlenecks that undermine budget predictability and the effective utilization of allocated resources in priority sectors of education and health. The operations complement each other, respectively strengthening the institutional arrangements for revenue mobilization and the effective execution of allocated budget to improve service delivery. Moreover, through SPEED, the Bank will leverage existing operations in health and education service delivery, such as the KP Human Capital Project (P166309) and the Action to Strengthen Performance for Inclusive and Responsive Education (ASPIRE;P173399), currently under implementation. The SPEED Program's Disbursement Linked Indicators (DLIs) focus on incentivizing sector level reforms through targeted public expenditure management and, therefore, do not overlap with the DLIs in the KP-RMRM Program.

16. There is satisfactory progress in the implementation of the KP-RMRM Program and towards achievement of the PDO. Five out of the six DLIs have been achieved for Year 1 and are on track for achievement during Year 2, despite a moderate impact on implementation as a result of the COVID-19 pandemic during the first year of implementation. Collection of the province's taxes has improved significantly from a baseline of Rs.14.30 billion in FY2018/2019 to Rs. 25.14 billion in FY2019/2020, exceeding the project target for Year 1. Overall, the government is making satisfactory efforts to assess the volume of cash deposits in commercial banks, as a first step to reduce the amount of cash deposits held by government in commercial banks. The Cash

[17] World Bank. 2019. *Pakistan@100: Shaping the Future.* Washington, DC: World Bank.

Management Policy has been approved by the Finance Department (FD), and templates for consolidation of cash balances outside the Treasury Single Account (TSA) and cash forecasts have been circulated with departments. A policy to decentralize the financial management information system has also been approved.

17. The proposed Program will utilize the Program for Results (PforR) instrument with a Technical Assistance component. The proposed instrument takes account of KP's experience in implementing results-based operations. Lessons learnt from the KP Revenue Mobilization and Public Resource Management Program (P162302) show that a PforR is the most suitable instrument to reinforce the strong government ownership and sustain implementation momentum. The instrument also reinforces the results orientation of the GoKP's program. The use of this instrument will facilitate sustained dialog and coordination of support by development partners active in PFM, such as the United States Agency for International Development, Foreign, Commonwealth and Development Office (FCDO), and Deutsche Gesellschaft für Internationale Zusammenarbeit.

II. PROGRAM DESCRIPTION

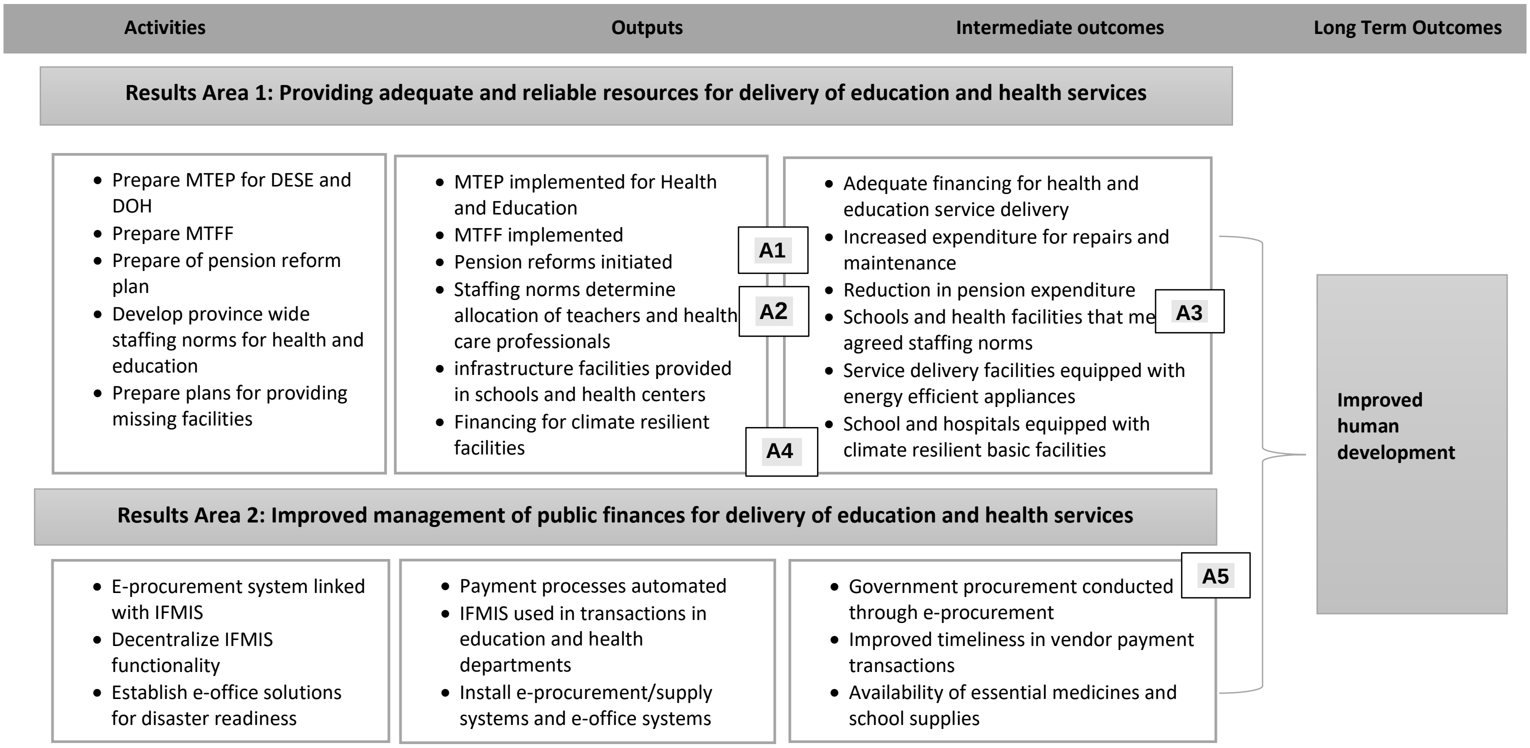
A. Government Program

18. The government program comprises strategic objectives derived from key GoKP plans: (i) PFM Strategy (2021–2023); (ii) Health Policy (2018–2025); and (iii) Education Sectoral Plan (2020–2025). These form the basis for the Government's program ("p") equal (Table 1), from which the Program for Results ("P") is derived.

B. Theory of Change

19. Problem: KP's annual budget for education and health continues to increase. Nevertheless, sector performance has not been commensurate with the increased allocation due to bottlenecks in the PFM system, which must be tackled to facilitate allocation and execution of resources in the education and health service delivery chains. The Program focuses on availability of allocated resources as well as institutionalization of adequate allocation to ensure efficiency and predictability of resources (Fig.1).

Figure 1: Theory of Change



Critical assumptions:

1. GoKP retains support for PFM reforms and investment in education and primary health care
2. Federal transfers to provincial government are timely and predictable
3. Potential legal challenges to pension reforms are quickly resolved
4. Adequate budget provided to maintain staffing norms
5. Consensus on national level e-procurement interoperability framework

C. PforR Program Scope

<u>Part 1: Program for Results (US$704 million)</u>

<u>Results Area 1: Providing adequate and reliable resources for delivery of education and health services</u>

20. The Program will support: (a) introducing medium-term perspective to fiscal planning and budgeting to create fiscal space for education and health service delivery through: (i) formulation of a plan and implementation of parametric pension reforms; (ii) development of costed medium-term expenditure plans (MTEP) to deliver education and health, consistent with basic service delivery standards; (iii) restructuring and alignment of sector budget allocations to MTEP; and (iv) introducing an MTFF; (b) providing adequate and predictable funding for education and health services delivery through: (i) preparation of notification of a minimum threshold for non-wage recurrent financing for health and education service delivery; (ii) monitoring climate change related expenditures; and (iii) delivering budget releases in line with stipulated allocations; (c) providing adequate staffing for health and education service delivery through: (i) development of gender disaggregated staffing norms for schools and health care facilities, specifying a minimum number of staff (including female service providers) in each facility; and (ii) implementation of minimum staffing norms for schools and health care facilities; and (d) provision of adequate facilities for health and education service delivery through: (i) development of climate resilience plans for providing missing infrastructure to primary, middle, and high schools, and primary health care centers; and (ii) financing climate resilient missing infrastructure to primary, middle, and high schools, and primary health care centers.

Results Area 2: Improved management of public finances for delivery of education and health services

21. The Program will support: (a) delegating greater financial management authorities to line departments and facility levels through: (i) decentralization of government accounting processes; (ii) empowering the line departments (including within districts) in preparation and approval of budget ; and (iii) developing measures to provide budget execution autonomy to service delivery units; (b) integrated financial management information systems (IFMIS) rollout and related reforms through: (i) expanding IFMIS functionality for budget execution/payment and reporting across departments and districts; and (ii) developing and testing of e-office solutions inter-operable with IFMIS; and (c) modernization of procurement processes through: (i) implementation of an integrated e-procurement system linked with the IFMIS; (ii) notification on the requirement for an approved procurement plan for budget releases; and (iii) modifying the budget call circular to include a procurement plan for all procuring entities.

Part 2: The Project (US$15 million)

22. The Project consists of the following:

Component 1: Strengthening capacity for transparent management of public finances (US$5 million)

23. Technical assistance to support: (i) development and mainstreaming of an integrated MTFF; (ii) preparation and mainstreaming of budget ceilings consistent with the MTFF, including considerations of climate resilience; (iii) development of rules for public investment management of education and health assets; (iv) upgrade of existing e-systems for inventory, human resource management, and tracking funds flows; (v) development of a single e-platform integrated with the Financial Accounting and Budgeting System for inventory and asset management system at all levels of government; (vi) extension of FMIS to Village Councils and Neighborhood Councils; (vii) improving cash management; (viii) implementation of e-procurement and supply chain management information systems and associated capacity building; (ix) training of parent teacher councils, primary health care management committees, and district level managers in financial management and (x) maintenance of IT security and integrity.

Component 2: Improving PFM for delivery of education and health services (US$5 million)

24. Technical assistance to support: (i) development of a costed MTEF and investment plan for health and education sectors; (ii) quarterly reviews and reporting of primary, middle, and high school education and primary health expenditure; (iii) developing e-solutions for primary, middle, and high schools and primary health center facility level budgets; (iv) developing efficient e-payment and expense tracking mechanisms for routine operational health and education expenditures; (v) providing backup systems for data recovery; (vi) developing integration plan for parallel run vertical programs in health sector for bringing efficiencies in health budget; (vii) developing policy, regulatory, and legislative reforms for public private partnerships (PPP) in education and health sectors; (viii) development of a framework for mainstreaming gender in the budget; and (ix) development of a mechanism for facility level budget

Component 3: Program implementation and accountability for performance and delivery of services (US$5 million)

25. Technical assistance to support : (i) development and implementation of service delivery standards for health centers; (ii) development and implementation of key performance indicators for schools; (iii) establishment of citizen feedback system using digital surveys; (iv) implementation of public participation in budget preparation; (v) support for the Education Monitoring Authority, Independent Monitoring Unit, Finance Management Information Unit, Education Sector Reform Unit, and Health Sector Reform Unit; (vi) technical support to departments of health and education for analyzing implementation of gender commitments in health and education service delivery; (vii) reporting on availability and status of basic infrastructure facilities that are appropriate and safe for women in primary, middle, and high schools and primary health centers; (viii) annual reporting on flood readiness assessment of health and education facilities in flood prone areas; (ix) district performance assessment in education and health; and (x) Program management.

Program Expenditure Framework

26. The GoKP program: The government program is implemented by six entities: Finance Department (FD), Planning and Development Department (P&DD), KP Information Technology Board (KPITB), KP Procurement Regulatory Authority (KPPRA), Department of Elementary and Secondary Education (DESE), and Department of Health (DOH).

27. PforR expenditure boundary: The implementation of the Program requires compensation of staff, operating expenses of the entities, repair and maintenance costs, and capital expenditure of development schemes included in the Annual Development Program. The estimated Program expenditure is US$704 million (Table 1), of which the IDA financing for the Program is US$385 million (55 percent) and the GoKP contribution is US$319 million (45 percent) (Table 2). The entities cover the full scope of core functions and activities needed to deliver on the outcomes of this operation (Annex 7).

Table 1: Expenditure Framework Analysis—Economic Classification (PKR, millions)

Expenditure	Code	Five-year budget	Budgeted Cost	Unbudgeted Cost	Program Years				
					2021–22	**2022–23**	**2023–24**	**2024–25**	**2025–26**
Recurrent Budget									
Employee expenses	A01	11,929	11,929		1,829	2,012	2,443	2,688	2,956
Operating expenses	A03	68,215	68,215		10,928	12,021	13,676	15,043	16,548
Grant, subsidies, transfers	A05	1,115	1,115		74	81	290	319	351
Repairs and Maintenance	A13	8022	22	8,000	2,004	2,004	2,004	1,005	1,005
Development Budget	various	23,306	23,306		3,418	3,799	4,219	5,681	6,189
Total PKR		112,587	104,587	8,000	18,253	19,917	22,632	24,736	27,049
Total US$, millions		704	654	50					
			93%	7%					

Table 2: PforR Program Financing

Source	Amount (US$, millions)	% of Government Program
Government Financing	319	45
International Development Association (IDA)	385	55
Total Program Financing	**704**	**100**

D. Program Development Objective (PDO) and PDO Level Results Indicators

28. **The PDO is to improve the availability and management of public resources for delivery of primary, middle, and high school education and primary health care services**. The proposed Program will address systemic barriers to availability and management of resources for service delivery. The following indicators will measure PDO achievement:

i. Increased facility level responsibility for budgeting and spending in primary and middle schools and primary health care facilities (text)
ii. Primary, middle, and high schools with filled teaching staff positions according to approved staffing norms (%)
   - of which, for girls' schools (%)
iii. Primary health care facilities having all the essential medicines and commodities (%)
   - of which, for Maternal and Neonatal Clinics (%)
iv. Districts that meet agreed key performance indicators (KPIs) for education and health service delivery (number)
   - of which, Newly Merged Districts (Number)
v. Primary health care facilities with filled medical staff positions according to approved staffing norms (%)
vi. Primary, middle, and high schools and primary health care centers that have functioning basic infrastructure (number)

E. Disbursement Linked Indicators and Verification Protocols

29. **The Program comprises eight DLIs, four of which are PDO indicators that represent critical milestones in achieving the PDO (Table 3). A Third-Party Verification Agent (TPVA) will verify the achievement of DLIs.**

Table 3: Disbursement Linked Indicators and justification

Results Area (RA)	DLI	Contribution to Program outcomes
RA1: Providing adequate and reliable resources for delivery of education and health services	**DLI 1**: A costed medium term expenditure plan for primary, middle, and high school education and primary health care.	Incentivizes the GoKP to provide sufficient financing based on a costed sector plans including for climate resilient and women friendly facilities, and protect the funds for providing primary education and health service delivery
	DLI 2: Reduction in pension expenditure	Implement actions to reduce and stabilize growing pension costs, thereby contributing to sustainable fiscal space for spending on education and health service delivery
	DLI 5: Primary, middle, and high schools with filled teaching staff positions according to approved staffing norms	Incentivizes the provision of teaching professionals in adequate numbers with specific allocation for female teachers to enhance delivery of primary education services and address the gender gap in teachers
	DLI 6: Primary health care facilities filled with medical staff positions according to approved staffing norms	Incentivizes the provision of medical professionals in adequate numbers to enhance delivery of primary health services
	DLI 7: Primary, middle, and high schools and primary health care centers have functioning basic infrastructure	Incentivizes the provision of climate resilient basic infrastructure in primary schools and health centers
RA2: Improved management of public finances for delivery of education and health services	**DLI 3**: Increased recurrent expenditure for repairs and maintenance of public investment assets.	Incentivizes the GoKP to allocate budget resources for repairs and maintenance. At present, most capital investment deteriorates due to lack of maintenance and repairs and, in some cases, the result of climate related shocks such as flooding
	DLI 4: Availability of essential supplies in schools and hospitals, and increased transparency.	Incentivizes automation to improve supply chain management for supply of essential medicine; improve transparency in payment for services; and ensure business continuity in case of disaster
	DLI 8: Increased facility level responsibility for budgeting and spending in primary and middle schools and primary healthcare facilities.	Incentivizes further decentralization of responsibility for budget preparation and spending to the facilities, i.e. schools and health

IV. PROGRAM IMPLEMENTATION

A. Institutional and Implementation Arrangements

30. **The FD will oversee overall Program implementation under the leadership of the Finance Secretary**. The Additional Chief Secretary will preside over the Program Steering Committee overseeing Program implementation. The PSC will comprise secretaries of the DOH, DESE, FD, the Managing Directors of the KPPRA and the KPITB, as well as any other relevant agencies to be co-opted. The FD will be responsible for day-to-day management of the Program implementation undertaken by the Shared Services Unit. Participating departments will notify department level working groups to coordinate implementation of department specific reform activities and periodically report progress to the PSC.

B. Results Monitoring and Evaluation

31. **The Results Framework (RF) defines the indicators and the institutional arrangements for data collection**. The Monitoring and Evaluation (M&E) arrangements are designed to reflect the shared responsibility for implementation of the three strategies that support this Program. The FD will be staffed with relevant M&E technical resources to manage the monitoring of Program implementation. The M&E plan (see Annex 2) details the responsibility for data collection for each indicator. The Independent Monitoring Units (IMU) in both the DESE and DOH will be responsible for monitoring and collecting data on staffing norms, facilities, and KPIs and will report to the PSC on a quarterly basis.

C. Disbursement Arrangements

32. **The Program will disburse funds upon verification of Disbursement Linked Results (DLR) and approval by the WB.** Achievement of DLIs will be verified by the TPVA according to the agreed verification protocol. Withdrawals on account of advance payment up to 25 percent of the undisbursed amount can be made against agreed DLRs that represent key milestones toward achieving the DLIs. If the DLRs are not achieved by the end of the Program, advanced funds will be reimbursed to the WB. At the end of the Program, the total disbursed amount must be less than or equal to the overall government program costs.

D. Capacity Building

33. **The Program is designed to sustainably develop institutional capacity to mobilize and manage public resources in line with best practice**. The TA component will support implementing entities with challenging interventions that require specialized technical expertise. The TA resources will also finance e-procurement, supply chain management, fiscal planning, monitoring, and management of fiscal risks. The TA will also support capacity building for in climate adaptation and mitigation as well as support for collection and monitoring of gender and sex-disaggregated data on service delivery units; staffing norms and availability of infrastructure; budgeting to address financing, and staffing and infrastructure disparities in male and female spending for education.

V. ASSESSMENT SUMMARY

A. Technical (including program economic evaluation)

34. **Strategic Relevance**: As KP’s fiscal pressures increase amidst low sector level outcomes, the GoKP will need to ensure sustained intervention to increase its fiscal space to be able to finance investments in education

and health and to improve accountability for service delivery. The Program supports measures to reduce pension costs to enhance fiscal savings AND focuses on employing the resultant fiscal space to improve service delivery to citizens by incentivizing measures to improve accountability for service delivery. The inputs to health are necessary but not sufficient to ensure the outcomes of increased service access, utilization, and human capital. Reforms of health financing mechanisms, health service management, horizontal and vertical service integration will be required. This Program is expected to support the GOKP's efforts and accelerate their implementation.

35. **Technical Soundness:** The Program is technically sound and boasts strong ownership by the GoKP. The implementation arrangements of the Program are sufficiently decentralized to ensure accountability with supervision of the ACS. The Program is anchored by a large body of analytical work by the WB, the GoKP, and other development partners.

36. **Expenditure Framework**: The overall EF is estimated at US$704 million, of which US$385 million is IDA financing over a five-year period. Recurrent spending and selected development schemes include employee related expenditure, operating expenses of the entities, grants, and transfers to selected implementing entities. The EF also includes the cost of physical assets such as e-office configuration, installation of the e-payment system, development and use of mobile applications for budget monitoring by citizens, developing and implementing IT solutions for on-line bill submission, developing and implementing IT solutions for personnel record management, repairs and maintenance, and capital cost for establishing basic facilities in schools and primary health centers. The EF analysis identified the lack of autonomy and transparency for the operational expenses at the facility level, which is a key binding constraint for efficient service delivery. The Program addresses this gap through PDO indicator (i).

37. **Results Framework and M&E capacity**: The Program's RF is designed to reflect existing indicators and the low capacity for M&E. Past experience suggests the need for additional investment in capacity augmentation during implementation. The proposed Program includes a detailed RF with time-bound DLIs to be measured during implementation and TA activities to support M&E.

38. **Economic Justification**: The Program is estimated to have a positive net present value (NPV) of US$417 million (Annex 7). Reduction in fiscal risks associated with pensions will create additional fiscal space for public sector spending. Fiscal gains projected from reduced pension costs and improved fiscal management are estimated to be approximately PKR 497 billion. The Program also encourages the use of the fiscal space towards financing education and health expenditures, especially in non-wage recurrent expenditures to aid service delivery. Increase in education expenditure by 1 percent of GDP is expected to have an impact of 0.2 to 0.3 percent on growth. It is estimated that if the majority of the fiscal savings are used for education and health expenditures, the impact on national GDP growth is estimated to be 0.02 percent per annum from FY22 to FY26. The efficiency gains from the Program will serve to improve the investment case for health and education, and the likelihood of larger, sustained allocations.

B. Fiduciary

39. **Fiduciary**: An integrated fiduciary systems assessment (Procurement and Financial Management) concluded that the Program systems will provide adequate support for implementation. The residual fiduciary risk is rated Substantial. The assessment covered the FD, P&DD, KPPRA, Health and Education, and KPITB. The FD, P&DD, and KPITB agencies have sufficient staff and technical capacity to manage Program funds. However, fiduciary capacity in DOH and DESE needs to be strengthened. The operation's annual financial statements will be prepared in accordance with the Cash Basis International Public Sector Accounting Standards and audited by the

Auditor General of Pakistan (AGP). The audited financial statements of the Program and the TA component for each fiscal year will be submitted to the WB within nine months of the close of the financial year.

40. **Procurement Arrangements for TA Component**: Procurement for the IPF (TA) component of the Program will be carried out in accordance with the WB's Procurement Regulations for Borrowers for Goods, Works, Non-Consulting and Consulting Services dated July 1, 2016, and revised November 2017 & August 2018 and November 2020 (Procurement Regulations). The Program will be subject to the WB's Anticorruption Guidelines, dated October 15, 2006, and revised in January 2011 and July 2016. With the support of the WB, the FD has prepared a simplified Program Procurement Strategy for Development that will inform the overall procurement and contract management approach for the TA. The WB's Systematic Tracking of Exchanges in Procurement (STEP) will be used accordingly.

C. Climate Co-Benefits

41. **The Program recognizes risks posed by climate change in KP and will support measures to increase resilience to climate vulnerability**. The Program proposes (i) inclusion of climate change agenda into the budget process to reflect the need for climate resilient infrastructure in health and education facilities; (ii) incorporates climate resilience elements in the Results Areas and in the TA component to respond to the key gaps identified in the analysis; and (iii) supports the development a framework for climate resilient facilities to deal with high temperatures and flooding.

D. Environment and Social

42. **The environmental risk rating is Moderate.** Activities under this Program may result in generation of hazardous waste associated with the disposal and recycling of obsolete IT equipment replaced by IT equipment purchased under the Program, as well as at the end of use life of the equipment procured. Construction of boundary walls and toilets as well as laying of water supply pipelines and electrification of schools and health facilities envisioned could have environmental and occupational as well as community health and safety impacts. Sewage from the toilets is a potential health risk for school children, patients, staff, and the community, especially if not disposed of properly. Furthermore, these implementing agencies have no experience of implementing projects under ESF.

43. **The social risk rating is Moderate.** There is a downstream probability of social exclusion of individuals and businesses with low IT literacy. Persons with disabilities could be marginalized if the automation and computerization processes are not sensitive to their requirements. Moderate risk of inequitable access to program benefits also exists for indigenous peoples and vulnerable groups.

E. Gender

44. **Women's poor outcomes in education and the labor market can be improved through efficient, targeted public spending on attracting and retaining female teachers, and reducing gender and regional disparities in public spending on education.** To address these disparities, the Program will support the development of an MTEP (DLI1) outlining supply-side reforms and budgetary allocations for primary, middle, and high school. This would safeguard resources for providing teachers to girls' schools. It would also provide financing for infrastructure facilities, namely toilets, water, electricity, and boundary walls, as well as essential items such as books, stationery, and chalkboards in schools, including in girls' schools. Under DLI 5 and PDO Indicator (ii), the Program addresses deficits in female teachers with measures to increase filled posts for female teachers in girls' schools. Under PDO

(iii) the Program will track the proportion of maternal and neonatal clinics with adequate essential medicines during the year. Finally, PDO indicator (iv) will track Key Performance Indicators, such as patients attending maternal and neo-natal clinics.

F. Citizen Engagement

45. The Program incorporates various elements to support citizen engagement. The Program will support citizen consultation throughout the budget cycle through enhanced public participation using both digital and face to face platforms. The Program will also support beneficiary surveys to gauge user satisfaction with service delivery in education and health sectors. An Intermediate Indicator measures extent of citizen engagement

46. Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank Inspection Panel, please visit http://www.inspectionpanel.org.

VI. RISK

47. The overall risk rating for the proposed operation is Moderate. Macro-economic risks are "*Substantial*" because GoKP remains vulnerable to shocks due to exposure to fiscal risks and due to COVID-19 pandemic. To mitigate the fiscal risk, the Program will support FD to strengthen budget credibility, and reform pension payments. Fiduciary risk is "*Substantial*", due to vertical span of the Program activities from provincial level to the service delivery level causing complexities in budgeting, funds flow, reporting, procurement, and accountability. To mitigate this risk, TA will finance the Shared Services Unit to provide FM and procurement support during implementation.

ANNEX 1. ADJUSTING THE PAKISTAN COUNTRY PROGRAM IN RESPONSE TO COVID 19

1. **As of February 10, 2021, Pakistan reported 557,591 total confirmed COVID-19 cases and 12,128 deaths**. The number of new daily COVID-19 cases dropped to below 500 at the end of August but increased to 3,262 on December 4, 2020. While the cumulative positivity rate is 7.1 percent, the positivity rate on February 10, 2021, stood at 4 percent.

2. **The COVID-19 pandemic has had significant negative impacts on the economy and the country's growth prospects, already constrained by periodic macroeconomic crises and a low human capital basis**. Real GDP growth (at factor cost) is estimated to have declined from 1.9 percent in FY2019 to -1.5 percent in FY2020, the first contraction in decades, reflecting the effects of monetary and fiscal tightening prior to outbreak and subsequent containment measures during COVID-19 response. Due to significant uncertainty over the evolution of the pandemic, demand compression measures to curb imbalances, along with unfavorable external conditions, Pakistan's near-term economic prospects are subdued. Economic growth is projected to remain below potential, averaging 1.3 percent for FY2021–22.

The Country's Response to the COVID-19 Pandemic

3. **The Government at both Federal and Provincial levels responded early to the outbreak of COVID-19 and put in place containment measures when the number of confirmed cases reached 1,000**. National lockdown measures put in place in March 23, 2020[18] have been replaced by localized measures and adaptive decision making in response to the dynamics of the pandemic. Provincial authorities are also implementing local containment measures to further control the spread of the disease within each province.

The World Bank Group Crisis Response Support

4. **The World Bank Group's engagement in Pakistan is guided by the Country Partnership Strategy FY2015–19 (CPS)**.[19] The CPS, extended through FY2021, comprises four results areas: (i) energy, (ii) private sector, (iii) inclusion, and (iv) service delivery. The Systematic Country Diagnostic has been finalized and will inform the next Country Partnership Framework, for which consultations began in December 2020 and Board approval sought in Q4-FY2021. The current IFC Strategy (FY2021–24) focuses on increasing engagement in critical sectors and opening up new markets through reforms in the following areas: housing; inclusion (digital/micro, small, and medium-sized enterprises [MSMEs]); urban; and energy.

5. **In response to the COVID-19 pandemic, resources were shifted to align with government priorities for crisis response and recovery, in line with the WBG Crisis Response Approach Paper**.[20] Under Pillar 1, *Saving Lives* US$200 million was made available through the PREP project and reallocation of US$40 million from eight active projects. Pillar 2, *Protecting the Poor and Vulnerable*, was supported from cash transfers under PREP as well as SHIFT DPO (US$500 million) approved in May 2020. Two human capital projects,

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[18] National lockdown measures included closing all education institutions and non-essential businesses, limited operation of essential services and businesses, closure of airspace and borders, limitations on public gatherings, restrictions on intercity travel, and restrictions on domestic and international travel.

[19] World Bank. 2014. Islamic Republic of Pakistan: Country Partnership Strategy, 2015-2019 (Report No. 84645-PK); and The Performance and Learning Review (Report No. 113574) approved by the Board on June 15, 2017.

[20] WBG. June 2020. *https://www.worldbank.org/en/news/infographic/2020/11/17/world-bank-group-covid-19-crisis-response*.

approved in June 2020, provided US$236 million to support the response in some of the poorest districts.[21] Lastly, under Pillar 4, Strengthening Policies, Institutions and Investments for Rebuilding Better, a PforR was approved in July to address disruptions to the education sector, in addition to an emergency operation to respond to the locust outbreak and food security.[22] On December 8, 2020, two operations were approved that (i) support to Karachi to address vulnerabilities exacerbated by flooding and compounded by COVID-19,[23] and (ii) additional financing to the Sindh Resilience Project to reduce vulnerabilities to disasters and public health emergencies in Sindh.

6. **The remaining FY2021 pipeline portfolio supports recovery needs as identified by the Framework across its four pillars** using the following criteria: (i) alignment with the pillars of the COVID-19 Approach Paper; (ii) high likelihood to disburse funds within 12 to 24 months; (iii) simplified implementation arrangements; and/or (iv) linked to increased resilience to exogenous shocks. Three operations, including this one, and include (i) improved efficiency of government spending for services in the province of Khyber Pakhtunkhwa, (ii) support the recovery of the Education sector in Sindh province, and (iii) support improvements in rural water supply in Punjab.[24] In addition, three Development Policy Operations are underway that will support critical reforms necessary for building back better.[25]

7. **The IFC has also engaged the banking sector to provide banks non-financial services to support their MSME portfolios**. This support includes risk assessments and stress testing. Going forward, IFC is looking to support MSMEs in key sectors impacted by COVID-19, such as textiles, auto, pharmaceuticals and agro-processing through risk sharing facilities and credit enhancement with local banks. IFC is also in discussion with businesses in the manufacturing and infrastructure sectors to support their investment needs in the post-COVID-19 recovery phase. Additionally, IFC launched four upstream projects to support Public Private Partnerships (PPPs) in healthcare, water, and access to finance for women entrepreneurs, which will provide the necessary impetus for medium-term economic recovery. IFC, under its Global COVID-19 facility, has approved an increase of US$30 million under existing short-term trade facilities with five banks to support SMEs impacted by the pandemic.

8. **The Multilateral Investment Guarantee Agency (MIGA) continues to support cross-border investors and lenders throughout the crisis to address challenges in key sectors**. There are four current projects in the manufacturing, finance, and energy sectors that account for US$318 million gross outstanding exposure in Pakistan. MIGA continues to monitor developments in financial markets, particularly in the energy sector, in which MIGA currently supports two hydropower projects. In April 2020, the US$6.5 billion fast-track facility was launched to help investors and lenders manage market fluctuations from COVID-19 is also available to Pakistan, but not yet leveraged by the GoP.

Selectivity, Complementarity, Partnerships

[21] Khyber Pakhtunkhwa Human Capital Project (P188309 US$200 million); and Balochistan (US$36 million P166308) approved June 23, 2020.

[22] Actions to Strengthen Performance for Inclusive and Responsive Education Program (P173399); Locust Emergency and Food Security Project (P174314).

[23] Karachi Solid Waste Emergency and Efficiency Project (P173021).

[24] Crisis Resilient Social Protection (P174484), KP Spending Efficiently for Enhanced Development (P175727) Sindh Early Learning Enhancement through Classroom Transformation (P172834), Punjab Rural Water Supply and Sanitation Project (P169071).

[25] Pakistan Program for Affordable and Clean Energy (P174553), Securing Human Investments to Foster Transformation – II (P172628), Resilient Institutions for Sustainable Economy – II (P172648).

9. **Coordination is maintained with multilateral and bilateral institutions through forums such as the bi-weekly Development Partner COVID-19 Meetings hosted by the World Bank**. An online portal, the Partners Platform managed by UNICEF, coordinates additional financing requirements of the GoP, as articulated in the Pakistan Preparedness and Response Plan (PPRP) that estimated US$595 million additional external financing for the medical health response.

10. **The program is consistent with the CPS (FY2015–19)[26] Results Area 4 on Service Delivery**. The Program is also aligned with the Pillar 2 of the WBG Crisis Response Approach Paper,[27] Protecting the Poor and Vulnerable.

[26] World Bank. 2014. Islamic Republic of Pakistan: Country Partnership Strategy, 2015–2019 (Report No. 84645-PK). The CPS was extended through FY2021 The Systematic Country Diagnostic has been finalized and will inform the next Country Partnership Framework, for which consultations began in December 2020 and Board approval is sought in Q4-FY2021.

[27] WBG. June 2020. *https://www.worldbank.org/en/news/infographic/2020/11/17/world-bank-group-covid-19-crisis-response*.

ANNEX 2. RESULTS FRAMEWORK MATRIX

Results Framework
COUNTRY: Pakistan
KP- Spending Effectively for Enhanced Development

Program Development Objective(s)

To improve the availability and management of public resources for delivery of primary, middle and high school education and primary health care services.

Program Development Objective Indicators by Objectives/Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Improved availability of public finances for delivery of education and health services							
Increased facility level responsibility for budgeting and spending in primary and middle schools and primary healthcare facilities (Text)	DLI 8	Limited facility level budget responsibility for primary health care centers and primary and middle schools (non-salary expenditure up to PKR 3 million by Primary Teacher Councils).	Finance Department has developed a policy with stakeholder consultation for facility level responsibility for budgeting and expenditure management in primary and middle schools and primary health centers.	(a) At least 25% of primary health care facilities have prepared own budget as per the approved policy in DLR8.1; and (b) At least 25% of primary and middle schools have prepared own budget as per the approved policy in DLR 8.1.	(a) At least 25% of primary health care facilities manage own non-wage budget as per the approved policy in DLR 8.1 and maintain up to date books of accounts; and (b) At least 25% of primary and middle schools manage own non-wage budget as per the approved policy in DLR 8.1 and maintain up to date books of accounts.	(a) At least 50% of primary health care facilities manage own non-wage budget as per the approved policy in DLR 8.1 and maintain up to date books of accounts; and (b) At least 50% of primary and middle schools manage own non-wage budget as per the approved policy in DLR 8.1 and maintain up to date books of accounts.	(a) At least 75% of primary health care facilities manage own non-wage budget as per the approved policy in DLR 8.1 and maintain up to date books of accounts; and (b) At least 75% of primary and middle schools manage own non-wage budget as per the approved policy in DLR 8.1 and maintain up to date books of accounts.

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Improved management of resources for delivery of education and health services							
Primary, middle, and high schools with filled teaching staff positions according to approved staffing norms (Percentage)	DLI 5	0.00	5.00	15.00	25.00	35.00	45.00
of which girls' schools (Percentage)		0.00	50.00	55.00	60.00	65.00	70.00
of which, in NMDs (Percentage)		0.00	35.00	40.00	45.00	50.00	55.00
PHC facilities having all the essential medicines and commodities (Percentage)		60.00	65.00	70.00	75.00	80.00	85.00
of which, Maternal and Neonatal Clinics (Percentage)		50.00	60.00	65.00	70.00	75.00	80.00
Districts that meet agreed KPIs for education and health service delivery (Text)		Education and health service delivery District Key Performance Indicators not notified.	DESE and DOH notify agreed District KPI education and health services delivery and prepares an electronic KPI dashboard.	At least 10 districts meet agreed KPI for delivery of education and health services.	Additional 10 districts meet agreed KPI for delivery of education and health services.	Additional 10 districts meet agreed KPI for delivery of education and health services.	Additional 5 districts meeting agreed KPI for delivery of education and health services.
of which, NMDs (Number)		0.00	2.00	3.00	4.00	5.00	6.00
PHC facilities with filled medical staff positions according to approved staffing norms (Percentage)	DLI 6	10.00	20.00	30.00	40.00	50.00	60.00

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Primary, Middle and High schools and PHC facilities have functioning basic infrastructure (Text)	DLI 7	Several service delivery centers missing basic facilties.	(a) At least 5% of primary, middle, and high schools are fully equipped with climate resilient basic infrastructure; and (b) At least 5% of primary health care facilities are equipped with climate resilient basic infrastructure	(a) Additional 10% of primary, middle, and high schools are fully equipped with climate resilient basic infrastructure; and (b) Additional 10% of primary health care facilities are equipped with climate resilient basic infrastructure	(a) Additional 10% of primary, middle, and high schools are fully equipped with climate resilient basic infrastructure; and (b) Additional 10% of primary health care facilities are equipped with climate resilient basic infrastructure	(a) Additional 10% of primary, middle, and high schools are fully equipped with climate resilient basic infrastructure; and (b) Additional 10% of primary health care facilities are equipped with climate resilient basic infrastructure	(a) Additional 10% of primary, middle, and high schools are fully equipped with climate resilient basic infrastructure; and (b) Additional 10% of primary health care facilities are equipped with climate resilient basic infrastructure

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Intermediate Results Indicator by Results Areas

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
RA1: Providing adequate and reliable resources for delivery of education and health services							
Multi-year budgeting implemented integrating development and current expenditure (Text)		Development and recurrent budgets not integrated and not multi year	Three-year indicative budgeting ceiling announced with the Integrated Budget Call Circular issued no later than March of the current year	Three-year indicative budgeting ceiling announced with the Integrated Budget Call Circular issued no later than March of the current year	Three-year indicative budgeting ceiling announced with the Integrated Budget Call Circular issued no later than March of the current year	Three-year indicative budgeting ceiling announced with the Integrated Budget Call Circular issued no later than March of the current year	Three-year indicative budgeting ceiling announced with the Integrated Budget Call Circular issued no later than March of the current year
Composition of expenditure outturn compared to original approved budget (excluding Foreign Project Assistance) (Text)		over 15%	<13%	<10%	<8%	<5%	<3%
Repairs and maintenance expenditure (% of development expenditure) (Percentage)		7.50	8.00	9.00	10.00	11.00	12.00
Proportion of approved development budget for continuing projects in elementary and secondary education released within 90 days after budget approval (Percentage)		25.00	40.00	50.00	55.00	60.00	65.00
of which for education (Text)		<3	>3	At least 5%	At least 7%	At least 9%	At least 10%
of which, for health (Text)		<3	at least 3%	At least 5%	At least 7%	At least 9%	At least 11%

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
A costed medium term expenditure plan for primary, middle, and high school education and primary health care (Text)	DLI 1	KP does not have a costed MTEP for primary education and PHC.	FD sets, through notification, a minimum threshold for non-wage recurrent financing for health and education sectors, specifying non salary recurrent funds for primary, middle, and high schools and health centers.	Budget allocations to key wage, non-wage recurrent at least, as high as in the agreed MTEP set under DLR 1.1	Budget releases for non-salary recurrent budget lines, at least 20% of the approved budget for FY 24, per quarter, based on the minimum threshold set under DLR 1.1.	Budget releases for non-salary recurrent budget lines, at least 20% of the approved budget for FY 25, per quarter, based on the minimum threshold set under DLR 1.1	Budget releases for non-salary recurrent budget lines, at least 20% of the approved budget for FY 26, per quarter, based on the minimum threshold set under DLR 1.1
Reduction in pension expenditure (Text)	DLI 2	Pension costs rising as a proportion of total revenue	(a) FD has completed revision of pension rules; and (b) FD has prepared a pension reform plan	FD has implemented reforms to reduce the projected cost of pension benefits as a percentage of provincial own source fiscal revenues from a baseline estimate by at least 5% of projected own source fiscal revenues.	FD has implemented parametric reforms to reduce the projected cost of pension benefits as a percentage of provincial own source fiscal revenues from a baseline estimate by additional 10% of projected own source fiscal revenues.	FD has implemented parametric reforms to reduce the projected cost of pension benefits as a percentage of provincial own source fiscal revenues from a baseline estimate by additional 5% of projected own source fiscal revenues.	FD has implemented parametric reforms to reduce the projected cost of pension benefits as a percentage of provincial own source fiscal revenues from a baseline estimate by additional 5% of projected own source fiscal revenues.
Increased recurrent expenditure for repairs and maintenance of public investment assets (Text)	DLI 3	Repairs and maintenance budget low and climate considerations not incorporated in physical assets	(a) FD has increased repairs and maintenance recurrent expenditure by, at least, 1 percentage point over the baseline; and (b) the GoKP has notified a requirement for all departments to establish a searchable register of physical assets.	(a) FD has increased repairs and maintenance recurrent expenditure by additional 1 percentage point; and (b) at least 50% of GoKP departments have established a functional register of physical assets.	(a) FD has increased repairs and maintenance recurrent expenditure by additional 1 percentage point; and (b) the P&DD has established a unified asset register comprising at least 50% of assets registered by departments.	(a) FD has increased its repairs and maintenance recurrent expenditure by additional 1 percentage point; and (b) P&DD has published 50% of completed PC IV reports on the department's website.	(a) FD has increased its repairs and maintenance recurrent expenditure by additional 1 percentage point; and (b) P&DD has published 50% of completed PC IV reports on the department's website.

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Availability of essential supplies in schools and hospitals and increased transparency (Text)	DLI 4	Delays in availability of essential medicine and school supplies.	(a) The DESE and DoH have developed and piloted an integrated supply chain management information system; and (b) GoKP has notified rules requiring use of an integrated supply.	(a) On average at least 60% of primary health care facilities have all the essential medicines for one year; and (b) At least 50% of primary, middle, and high school have all the essential supplies.	(a) On average at least 70% of primary health care facilities have all the essential medicines for one year; and (b) At least 55% of primary, middle, and high school have all the essential supplies.	(a) On average at least 75% of primary health care facilities have all the essential medicines for one year; and (b) At least 60% of primary, middle, and high school have all the essential supplies.	(a) On average at least 80% of primary health care facilities have all the essential medicines for one year; and (b) At least 65% of primary, middle, and high school have all the essential supplies.
RA2: Improved management of public finances for delivery of education and health services							
Automated budgeting and expenditure reporting systems (Text)		IFMIS coverage currently restricted only to Finance Department and CGA	FD has conducted a study on the feasibility (and a training needs assessment) of automated billing process linked to IFMIS and e-procurement.	FD has developed and deployed the automated billing system in 5 five departments and trained users in those departments.	FD deployed the automated billing system in, at least, another 5 departments and trained users in those departments.	FD deployed the automated billing system in at, least, another 5 departments and trained users in those departments.	FD deployed the automated billing process in at least 25 departments (cumulatively).
Districts with completed audits within 90 days after the end of financial year (Number)		5.00	10.00	15.00	20.00	25.00	30.00
of which, accounts for DESE (Number)		5.00	10.00	15.00	20.00	25.00	30.00
of which, accounts for DoH (Number)		0.00	5.00	10.00	15.00	20.00	25.00
Invoices paid directly into vendor bank accounts (Percentage)		0.00	35.00	40.00	45.00	50.00	55.00
of which, for education related expenses (Percentage)		0.00	5.00	10.00	15.00		20.00

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
of which, for DOH (Percentage)		0.00	5.00	10.00	15.00	20.00	20.00
Citizens surveyed on budget priorities and receiving budget information (Number)		100,000.00	300,000.00	400,000.00	500,000.00	600,000.00	700,000.00

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Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	**Definition/Description**	**Frequency**	**Datasource**	**Methodology for Data Collection**	**Responsibility for Data Collection**
Increased facility level responsibility for budgeting and spending in primary and middle schools and primary healthcare facilities	Measure extent of responsibility for budgeting and spending by service delivery facilities.	Annual	IFMIS/Survey	IFMIS extracts	FD
Primary, middle, and high schools with filled teaching staff positions according to approved staffing norms	Total number of primary, middle and high schools meeting staffing norms	Annual	Education Monitoring Authority	Survey	DESE
of which girls' schools	Share of girls' schools with approved staffing norms	Annual	Survey reports/staffing reports	Survey of schools/ review of staffing reports	Education Management Authority
of which, in NMDs	Schools in Newly Merged Districts meeting agreed staffing norms	Annual	Survey reports/staffing reports	Surveys/ review of staffing reports	Independent Monitoring Unit
PHC facilities having all the essential medicines and commodities	Measures availability of selected drugs at the time of survey per Medical Coordination Cell (MCC) list	Annual	Health Monitoring Unit	Survey	DOH
of which, Maternal and Neonatal Clinics	Measures share of Maternal and Neonatal Clinics that have all essential medicine	Annual	Health Monitoring Unit	Survey reports	DOH
Districts that meet agreed KPIs for education and health service delivery	Districts that have met 100 percent of the performance standards	Annual	DESE and DOH	Review of the monitoring and evaluation reports prepared annually (through the ESED and HD)	EMA/HD/FD
of which, NMDs	NMDs that have met the 100 percent of the	Annual	Secondary Education	Evaluation reports (and third party validation	Finance Department

	performance standards developed as part of the MTEF		Department, Health Department	reports) prepared annually (through the ESED and HD)	
PHC facilities with filled medical staff positions according to approved staffing norms	Measures availability of medical staff in PHC per staffing norms.	Annual	HMIS	Extract from HMIS	DOH
Primary, Middle and High schools and PHC facilities have functioning basic infrastructure	Measures availability of functioning basic infrastructure: water, boundary walls, electricity and toilets for schools; water, electricity, toilets, and waste disposal facilities for hospitals.	Annual	DOH/DESE	Annual Survey	Education Management Authority/Independent Monitoring Unit

Monitoring & Evaluation Plan: Intermediate Results Indicators					
Indicator Name	**Definition/Description**	**Frequency**	**Datasource**	**Methodology for Data Collection**	**Responsibility for Data Collection**
Multi-year budgeting implemented integrating development and current expenditure	A medium-term integrated fiscal framework is developed and implemented, and the integrated budget call circular is issued with a single ceiling to line departments for development and current budgets	Annual	Finance Dept./ Planning and Development Dept.	Review of the published Budget Strategy Paper with the MTFF, and the IBCC and ceilings	Finance Dept.
Composition of expenditure outturn compared to original approved budget (excluding Foreign Project Assistance)	Expenditure composition outturns by functional and economic/object classification is line with the approved original budget	Annual	Finance Dept.	Using the PEFA methodology (Indicator 1.2) on the system generated expenditure reports	Finance Dept.
Repairs and maintenance expenditure (% of development expenditure)	Increase in nominal current expenditure for repairs and maintenance (economic classification)	Annual	Finance Dept.	Review of system generated expenditure reports	Finance Dept.
Proportion of approved development budget for continuing projects in elementary and secondary education released within 90 days after budget approval	Approved development budget for continuing projects	Annual	Budget release report/ Budget Wing/FD	Review of budget release report and averaging quarterly releases	SSU
of which for education	Education repairs and maintenance expenditure (development expenditure)	Annual	Budget execu tion reports	Review of report	Finance Dept.

of which, for health	repairs and maintenance expenditure (development expenditure)	Annual	Budget execution reports	Review of budget execution reports	Finance Dept.
A costed medium term expenditure plan for primary, middle, and high school education and primary health care	Measures planning for resources to finance non-salary recurrent costs for education and health	Annual	FMIS	Review of budget documents	FD
Reduction in pension expenditure	Measures reduction in pension expenditure	Annual	IFMIS	Review of pension payments	FD
Increased recurrent expenditure for repairs and maintenance of public investment assets	Measures availability of recurrent expenditure for repairs and maintenance	Annual	P&DD	Review of budget execution reports	FD
Availability of essential supplies in schools and hospitals and increased transparency	Measures performance of e-procurement system	Annual	IFMIS	Review of IFMIS reports	FD
Automated budgeting and expenditure reporting systems	Departments have implemented E-office solutions inter-operable with IFMIS and e-procurement	Annual	Finance Department, Accountant General, KPPRA	Review of departmental e-office systems and the provision of IFMIS connectivity with it	Finance Department
Districts with completed audits within 90 days after the end of financial year	Number of departments in which Internal audit function is introduced (through at least one internal auditor)	Annual	Finance Dept.	Review of the reports of Internal Audit Cell.	Finance Dept.
of which, accounts for DESE	Districts in which audits of the DESE has been conducted within 90 days of end of fiscal year	Annual	Internal Audit Unit	Review of completion report/audit reports	Finance Dept.
of which, accounts for DoH	DESE district accounts that have been audit within 90 days of close of financial year	Annual	Internal Audit Unit	Review of IAU reports	Finance Dept.

Invoices paid directly into vendor bank accounts	Proportion of vendor invoices made directly into vendor bank accounts	Annual	IFMIS	Review of IFMIS reports	Finance Dept.
of which, for education related expenses	Vendor payments for education expenses	Annual	IFMIS	Review of IFMIS reports	Finance Dept.
of which, for DOH	Vendor payments for health expenses	Annual	IFMIS	Review of IFMIS reports	Finance Dept.
Citizens surveyed on budget priorities and receiving budget information	Citizens reached during budget preparation and implementation	Annual	Report of survey conducted by FD Budget Wing	Survey	FD

ANNEX 3. DISBURSEMENT LINKED INDICATORS, ARRANGEMENTS, AND VERIFICATION

Disbursement Linked Indicators Matrix				
DLI 1	A costed medium term expenditure plan for primary, middle, and high school education and primary health care			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	No	Text	55,000,000.00	13.75
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	KP does not have a costed medium term expenditure plan for primary education and primary health care			
Prior Results	DLR 1.0: FD, DESE, and DOH have developed a costed MTEP to deliver: (a) minimum staffing norms for teachers in primary, middle and high schools, and medical and paramedical staff in primary health facilities based on the requirements of the minimum health service delivery package for primary health care; (b) GoKP has prepared guidelines for provision of climate resilient basic infrastructure in primary, middle and high schools and primary health care facilities.		10,000,000.00	Not scalable. Rollover
2022	DLR 1.1: FD sets, through notification, a minimum threshold for non-wage recurrent financing for health and education sectors, specifying non salary recurrent funds for primary, middle, and		10,000,000.00	Not scalable. Rollover

	high schools and health centers.			
2023	DLR 1.2: Budget allocations to key wage, non-wage recurrent and development at least, as high as in the agreed MTEP set under DLR 1.1.		10,000,000.00	Not scalable. Rollover
2024	DLR 1.3: Budget releases for non-salary recurrent budget lines, at least 20% of the approved budget for FY 24, per quarter, based on the minimum threshold set under DLR 1.1		10,000,000.00	Not scalable. No Rollover
2025	DLR 1.4: Budget releases for non-salary recurrent budget lines, at least 20% of the approved budget for FY 25, per quarter, based on the minimum threshold set under DLR 1.1.		10,000,000.00	Not scalable. No Rollover
2026	DLR 1.5: Budget releases for non-salary recurrent budget lines, at least 20% of the approved budget for FY 26, per quarter, based on the minimum threshold set under DLR 1.1.		5,000,000.00	Not scalable
DLI 2	Reduction in pension expenditure			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	Yes	Text	40,000,000.00	10.00
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	Pension costs rising as a proportion of total revenue			
Prior Results	N/A		0.00	N/A

2022	DLR 2.1: (a) FD has completed revision of pension rules and (b) FD has prepared a pension reform plan	10,000,000.00	Not scalable. Rollover
2023	DLR 2.2: FD has implemented reforms to reduce the projected cost of pension benefits as a percentage of provincial own source fiscal revenues from a baseline estimate by at least 5% of projected own source fiscal revenues.	10,000,000.00	Scalable. $2m for each additional 1%-point reduction, up to $10 m. Rollover
2024	DLR 2:3: FD has implemented parametric reforms to reduce the projected cost of pension benefits as a percentage of provincial own source fiscal revenues from a baseline estimate by additional 10% of projected own source fiscal revenues.	10,000,000.00	Scalable. $1m for each additional 1%-point reduction, up to $10 m. Rollover
2025	DLR 2.4: FD has implemented parametric reforms to reduce the projected cost of pension benefits as a percentage of provincial own source fiscal revenues from a baseline estimate by additional 5% of projected own source fiscal revenues.	5,000,000.00	Scalable. $0.5m for each additional 1%-point reduction, up to $5 m. Rollover
2026	DLR 2.5: FD has implemented parametric reforms to reduce the projected cost of pension benefits as a percentage of provincial own source fiscal revenues from a baseline estimate by additional 5% of projected own source fiscal revenues.	5,000,000.00	Scalable. $0.5m for each additional 1%-point reduction, up to $5 m

DLI 3	Increased recurrent expenditure for repairs and maintenance of public investment assets			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	Yes	Text	45,000,000.00	11.25
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	Repairs and maintenance budget low			
Prior Results	DLR3.0: (a) DESE has prepared and approved guidelines for facility management of education sector physical assets and (b) DoH has prepared and approved guidelines for facility management of health sector physical assets		5,000,000.00	Non-scalable. Rollover
2022	DLR 3.1: (a) FD has increased repairs and maintenance recurrent expenditure by, at least, 1 percentage point over the baseline; and (b) The GoKP has notified a requirement for all departments to establish a searchable register of physical assets		10,000,000.00	(a) Scalable – $0.5 m for each additional 0.1% increase up to $5 m. (b) Non-scalable. Rollover
2023	DLR 3.2: (a) FD has increased repairs and maintenance recurrent expenditure by additional 1 percentage point; and (b) At least 50% of GoKP departments have established a functional register of physical assets		10,000,000.00	(a) Scalable – $0.5 m for each additional 0.1% increase up to $5 m. (b) Non-scalable. Rollover
2024	DLR 3.3: (a) FD has increased repairs and maintenance recurrent expenditure by additional 1 percentage point; and (b) The P&DD has established a unified asset register comprising at least 50% of assets registered by departments.		10,000,000.00	(a) Scalable – $0.5 m for each additional 0.1% increase up to $5 m. (b) Non-scalable. Rollover

2025	DLR 3.4: (a) FD has increased its repairs and maintenance recurrent expenditure by additional 1 percentage point; and (b) P&DD has published 50% of completed PC IV reports on the department's website.		5,000,000.00	(a) Scalable - $0.25 m for each additional 0.1% increase up to $2.5 m. (b) Non-scalable. Rollover
2026	DLR 3.5: (a) FD has increased its repairs and maintenance recurrent expenditure by additional 1 percentage point; and (b) P&DD has published 50% of completed PC IV reports on the department's website.		5,000,000.00	(a) Scalable - $0.25 m for each additional 0.1% increase up to $2.5 m. (b) Non-scalable.
DLI 4	Availability of essential supplies in schools and hospitals and increased transparency			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Output	No	Text	50,000,000.00	12.50
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	Delays in availability of essential medicine and school supplies			
Prior Results	DLR 4.0: (a) FD notifies the requirement for an approved procurement plan for budget releases; and (b) FD modifies budget call circular to include a procurement plan for all procuring entities.		5,000,000.00	Non- scalable. Rollover.
2022	DLR 4.1: (a) DESE and DoH have developed and piloted an integrated supply chain management information system; and (b) GoKP has notified rules requiring use of an integrated supply chain management information system		10,000,000.00	(Non- scalable. Rollover.

2023	DLR 4.2: (a) On average at least 60% of primary health care facilities have all the essential medicines for one year; and (b) At least 50% of primary, middle, and high school have all the essential supplies		10,000,000.00	Non-scalable. Rollover.
2024	DLR 4.3: (a) On average at least 70% of primary health care facilities have all the essential medicines for one year; and (b) At least 55% of primary, middle, and high school have all the essential supplies		10,000,000.00	Non-scalable. Rollover.
2025	DLR 4.4: (a) On average at least 75% of primary health care facilities have all the essential medicines for one year; and (b) At least 60% of primary, middle, and high school have all the essential supplies		10,000,000.00	Non-scalable. Rollover
2026	DLR 4:5: (a) On average at least 80% of primary health care facilities have all the essential medicines for one year; and (b) At least 65% of primary, middle, and high school have all the essential supplies		5,000,000.00	Non- scalable
DLI 5	Primary, middle, and high schools with filled teaching staff positions according to approved staffing norms			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	Yes	Text	50,000,000.00	12.50
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	Staffing norms have been defined as at least six teachers per school			

Prior Results	DLR 5.0: The DESE has approved the basic minimum staffing norms for primary, middle, and high schools and prepared a province wide staff deployment plan consistent with the costed sector MT Expenditure Framework developed under DLI 1.0 and allocating a specific number of posts for female teachers in girls' schools.	10,000,000.00	Non scalable. No Rollover.
2022	DLR 5.1: At least 5% of primary, middle, and high schools meet basic staffing norms for primary, middle, and high schools, including a minimum requirement of female teachers for each girls' school.	10,000,000.00	Non scalable. Rollover
2023	DLR 5.2: Additional 10% of primary, middle, and high schools meet basic staffing norms for primary, middle, and high schools, including a minimum requirement of female teachers for each girls' school.	10,000,000.00	Scalable. $1mn for each additional percentage point, up to $10 mn. Rollover
2024	DLR 5.3: Additional 10% of primary, middle, and high schools meet basic staffing norms for primary, middle, and high schools, including a minimum requirement of female teachers for each girls' school.	10,000,000.00	Scalable. $1mn for each additional percentage point, up to $10 mn. Rollover
2025	DLR 5.4: Additional 10% of primary, middle, and high schools meet basic staffing norms for primary, middle, and high schools, including a minimum requirement of female teachers for each girls' school.	5,000,000.00	Scalable.$0.5mn for each additional percentage point, up to $5mn. Rollover

2026	DLR 5.5: Additional 10% of primary, middle, and high schools meet basic staffing norms for primary, middle, and high schools, including a minimum requirement of female teachers for each girls' school.		5,000,000.00	Scalable. $0.5mn for each additional percentage point, up to $5mn
DLI 6	Primary health care facilities with filled medical staff positions according to approved staffing norms			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	Yes	Text	45,000,000.00	11.25
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	Staffing norms not currently defined			
Prior Results	DLR 6.0: GoKP has approved the basic minimum staffing norms for primary health care and prepared a province wide staff deployment plan consistent with the costed sector MT Expenditure Framework developed under DLI 1.0		5,000,000.00	Non-scalable
2022	DLR 6.1: At least 10 % of primary health care facilities meet basic staffing norms for primary health care		10,000,000.00	Scalable. $1m for each additional % point upto $10m.Rollover
2023	DLR 6.2: Additional 10 % of primary health care facilities meet basic staffing norms for primary health care		10,000,000.00	Scalable. $1mn for each additional % point, up to $10m. Rollover
2024	DLR 6.3: Additional 10 % of primary health care facilities meet basic staffing norms for primary health care		10,000,000.00	Scalable. $1m for each additional % point, up to $10 m. Rollover

2025	DLR 6.4: Additional 10 % of primary health care facilities meet basic staffing norms for primary health care		5,000,000.00	Scalable. $0.5m for each additional % point, up to $5m. Rollover
2026	DLR 6.5: At least 10 % of primary health care facilities meet basic staffing norms for primary health care		5,000,000.00	Scalable. $0.5m for each additional % point, up to $5 m
DLI 7	Primary, middle, and high schools and primary health care facilities have functioning basic infrastructure			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Output	Yes	Text	50,000,000.00	12.50
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	Several service delivery centers missing basic infrastructure			
Prior Results	DLR 7.0: (a) The DESE developed a plan (consistent with the costed sector MTEP) developed under DLI 1.0) for providing climate resilient basic infrastructure to primary, middle, and high schools; and (b) The DoH has developed a plan (consistent with the costed sector MTEP) developed under DLI 1.0) for providing climate resilient basic infrastructure to primary health care facilities.		5,000,000.00	Not scalable
2022	DLR 7.1: (a) At least 5% of primary, middle, and high schools are fully equipped with climate resilient basic infrastructure; and (b) At least 5% of primary health care facilities are equipped with climate resilient basic infrastructure		10,000,000.00	Scalable. $1 m for each additional percentage point in equipped facilities up to $10m. Rollover

2023	DLR 7.2: (a) Additional 10% of primary, middle, and high schools are fully equipped with climate resilient basic infrastructure; and (b) Additional 10% of primary health care facilities are equipped with climate resilient basic infrastructure	10,000,000.00	Scalable. $1 m for each additional percentage point in equipped facilities up to $10m. Rollover
2024	DLR7.3: (a) Additional 10% of primary, middle, and high schools are fully equipped with climate resilient basic infrastructure; and (b) Additional 10% of primary health care facilities are equipped with climate resilient basic infrastructure	10,000,000.00	Scalable. $1 m for each additional percentage point in equipped facilities up to $10m. Rollover
2025	DLR 7.4: (a) Additional 10% of primary, middle, and high schools are fully equipped with climate resilient basic infrastructure; and (b) Additional 10% of primary health care facilities are equipped with climate resilient basic infrastructure	10,000,000.00	Scalable. $1 m for each additional percentage point in equipped facilities up to $10m. Rollover
2026	DLR 7.5: (a) Additional 10% of primary, middle, and high schools are fully equipped with climate resilient basic infrastructure; and (b) Additional 10% of primary health care facilities are equipped with climate resilient basic infrastructure	5,000,000.00	Scalable. $0.25m for each additional equipped facilities up to $5m.

DLI 8	Increased facility level responsibility for budgeting and spending in primary and middle schools and primary healthcare facilities			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Outcome	No	Text	50,000,000.00	12.50
Period	**Value**		**Allocated Amount (USD)**	**Formula**

Baseline	Limited facility level budget responsibility for primary health care centers and primary, middle and high schools		
Prior Results	N/A	0.00	Non-Scalable
2022	DLR 8.1: FD has developed a policy with stakeholder consultation for facility level responsibility for budgeting and expenditure management in primary and middle schools and primary health centers	10,000,000.00	Non-Scalable
2023	DLR 8.2: (a) At least 25% of primary health care facilities have prepared own budget as per the approved policy in DLR 8.1; and (b) At least 25% of primary and middle schools have prepared own budget as per the approved policy in DLR 8.1	14,000,000.00	Non-Scalable. Rollover.
2024	DLR 8.3: (a) At least 25% of primary health care facilities manage own non-wage budget as per the approved policy in DLR 8.1 and maintain up to date books of accounts; and (b) At least 25% of primary and middle schools manage own non-wage budget as per the approved policy in DLR 8.1 and maintain up to date books of accounts	10,000,000.00	Non-Scalable. Rollover.
2025	DLR 8.4: (a) At least 50% of primary health care facilities manage own non-wage budget as per the approved policy in DLR 8.1 and maintain up to date books of accounts; and (b) At least 50% of primary and middle schools manage own non-wage budget as per the approved policy in DLR	10,000,000.00	Non-Scalable. Rollover.

	8.1 and maintain up to date books of accounts		
2026	DLR 8.5: (a) At least 75% of primary health care facilities manage own non-wage budget as per the approved policy in DLR 8.1 and maintain up to date books of accounts; and (b) At least 75% of primary and middle schools manage own non-wage budget as per the approved policy in DLR 8.1 and maintain up to date books of accounts	6,000,000.00	Non-Scalable.

Verification Protocol Table: Disbursement Linked Indicators	
DLI 1	A costed medium term expenditure plan for primary, middle, and high school education and primary health care
Description	Measures availability of resources to finance provision of inputs for education and health
Data source/ Agency	Finance Department
Verification Entity	TPVA
Procedure	Review of: a. GoKP prepared plan to confirm that it covers all the three areas outlined in DLR1.0; (b) Review of GoKP approved notification; (c) Review of approved budget for allocation in line with the MTEP; and (d) Review of non-salary budget releases to education and health departments.
DLI 2	Reduction in pension expenditure
Description	DLI measures plan for pension reforms and the gradual implementation of those reforms to reduce pension cost.
Data source/ Agency	Finance Dept.
Verification Entity	TPVA
Procedure	Review of (a) plan reform plan approved by the Cabinet (b) end of FY pension expenditure relative to own source revenue and; (c) revised pension rules to include the establishment of automatic indexation of benefits, extension of the wage reference period for determining benefits and strengthening of the criteria for receipt of Family benefits (survivorship).
DLI 3	Increased recurrent expenditure for repairs and maintenance of public investment assets
Description	Measures budget allocation for repairs and maintenance. At present, most capital investment deteriorate due to lack of maintenance and repair leading to wastage. DLI will also incentivize climate considerations in physical assets
Data source/ Agency	Finance Department
Verification Entity	TPVA
Procedure	(a) Review of system generate budget execution reports and (b) review of the Planning and Development Department's website to confirm publication of completed PCIV.

DLI 4	Availability of essential supplies in schools and hospitals and increased transparency
Description	Measures progress in enactment of policy reforms and ICT enhancements to institutionalize electronic procurement.
Data source/ Agency	Finance Department/ KP Procurement Authority/Education Management Authority
Verification Entity	TPVA
Procedure	(a) Review of GoKP approved notification requiring approved procurement plan for budget releases; (b)Review of health and education department procurement budget requests integrated with procurement plans; (c) Review of a random sample district reports of the supply chain management information system for education and health; and (d) Review of a random sample district reports of the supply chain management information system for availability of essential items for schools (chalks, stationery, textbooks, and chalkboards.
DLI 5	Primary, middle, and high schools with filled teaching staff positions according to approved staffing norms
Description	Measures availability of teaching staff in schools according to agreed staffing norms
Data source/ Agency	EMA
Verification Entity	TPVA
Procedure	Review of HRMIS generated reports.
DLI 6	Primary health care facilities with filled medical staff positions according to approved staffing norms
Description	Measures availability of adequate number of health care workers per the agreed plan.
Data source/ Agency	Department of Health
Verification Entity	TPVA/IMU
Procedure	Review of HMIS generated reports.
DLI 7	Primary, middle, and high schools and primary health care facilities have functioning basic infrastructure
Description	Measures availability of proper facilities for education and health service delivery

Data source/ Agency	Department of Education/ Department of Health
Verification Entity	TPVA
Procedure	Availability of functioning infrastructure : water, toilets, boundary walls and electricity in school, and water, toilets, electricity and sewage facilities for health centers.
DLI 8	Increased facility level responsibility for budgeting and spending in primary and middle schools and primary healthcare facilities
Description	Measure extent of responsibility for budgeting and spending by service delivery facilities
Data source/ Agency	FMIU
Verification Entity	TPVA
Procedure	Review of approved policy for facility level budget responsibility; sample own budget prepared by facilities; and appropriately maintained books of accounts(.

ANNEX 4. SUMMARY FIDUCIARY ASSESSMENT

1. **The integrated fiduciary assessment has concluded that the Program fiduciary systems complemented by the program-specific mitigation measures will provide adequate support to the operation**. The overall residual fiduciary risk is Substantial. Procurement assessment of the major implementing entities has been commenced and there are no identified activities in the Program that would meet or exceed the Operational Procurement Review Committee thresholds. The Program boundaries are well defined. The entire Program budget is financed by the provincial government. Implementing entities include four provincial departments—FD, P&DD, Health and Education Department—and two autonomous bodies—KPPRA and KPITB.

2. **The Program activities are well integrated with the overall government's program**. However, as noted in the Public Expenditure and Financial Accountability (PEFA) assessment of 2017, the GoKP has weak budget credibility. Results Area 1 addresses this deficiency. The Shared Service Unit (SSU) in the FD will ensure that adequate resources are available. In addition, the P&DD should prioritize those development schemes that directly relate to the achievement of DLIs. A uniform chart of account exists at all levels of governments in Pakistan, including KP. All implementing entities have access to the government IFMIS. The SSU will directly work with other implementing entities in health, education, KPPRA, P&DD, and KPITB to strengthen fiduciary capacity and strengthen internal controls.

3. **The internal control framework of the government is defined in the Accounting Policies and Procedures Manual**. The GoKP's internal control framework applicable to implementing agencies include General Financial Rules, Fundamental Rules, Supplementary Rules, Federal Treasury Rules, and other regulations, instructions, and orders issued by the FD, AGP, and Controller General of Pakistan. The assessment proposed measures to improve efficiency of internal control framework and strengthen internal audit in centralized entities and autonomous bodies.

4. **The procurement system is adequate for this Program**. The GoKP's Health Department has already implemented projects financed by the WB. However, the Elementary and Secondary Education Department will be implementing a Bank Project for the first time. This Program will be implemented under the supervision of the GoKP through the establishment of project implementation units.

5. **The WB's Anti-Corruption Guidelines**. The SSU will report to the WB on the compliance with ACG once a year. However, each implementing agency will report to the SSU on the compliance of the ACG twice a year. The SSU will ensure that any person or entity debarred or suspended by the WB is not awarded a contract under, or otherwise allowed to participate in, the Program during the period of such debarment or suspension. The implementing entities have an adequate delegation of power structure for procurements and decision-making. There are public procurement rules that stipulates adequate dissemination and disclosures before award (see Fiduciary Systems Assessment).

ANNEX 5. SUMMARY ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT

1. **Consistent with the requirements of the WB PforR Policy, the proposed PforR operation does not support activities that pose high social or environmental risks**. The environmental risk rating for this Program is anticipated to be Moderate. The activities to be supported by the Program are likely to provide significant social benefits and to pose minor adverse environmental and moderate adverse social impacts and risks. Environmental risk is expected from e-waste generated at the end of use of ICT equipment. However, the e-waste risk attributable to the program are low. Stakeholder consultations were conducted on January 21–22, 2021, to share the ESSA findings with stakeholders.

2. **Environmental and occupational health and safety impacts can be linked to provisions of boundary walls, water supply, electricity, and toilets facilities for schools and health facilities**. Environmental impacts may occur in the form of drainage clogging/wastewater ponding, air pollution due to dust and stack emissions, noise pollution, and soil pollution. Due to the expected low impact, environmental risks from such activities are considered Moderate.

3. **Moderate social risks are associated with the supported activities across all Results Areas**. This includes: (i) increased use of the IFMIS; (ii) establishment of e-procurement and e-office solutions; (iii) increased expenditure for repairs and maintenance; and (iv) provision of basic facilities in schools and health care centers, and (v) recruitment of teachers and health care workers. There is a moderate social risk of inequitable access to program benefits for indigenous peoples and vulnerable groups, which include women and disabled, and communities in NMDs.

4. **Assessment of Environmental and Social Management Systems and Implementation Capacity**

5. **The environmental and social management will be based on the existing legal, regulatory, and institutional system in Pakistan and KP**. The applicable environmental and social management systems need to be improved to address underlying environmental and social risks.

6. **For the environmental risks, the provincial environmental protection aspects are governed by the Provincial Environmental Protection Act**. Current regulations lack specific provisions, pertinent to e-waste management. Hazardous substances mentioned under Hazardous Substance Rules, 2003, do not include e-waste. Different hazardous chemicals and heavy metals are mentioned in the Act, which can be the part of the e-waste or get released during recycling process or disposing on the land. Enforcement of these provisions are weak due to lack of enforcement infrastructure and resources. Similarly, there are no certified e-waste recycling facilities and recyclers.

ANNEX 6. PROGRAM ACTION PLAN

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement
Capacity building of relevant units in the departments of health and education for monitoring and evaluation	Technical		Planning and Development Department	Recurrent	Semi-Annually	Adequate staff in M&E unit trained and equipped to collect, analyze and report data to support Program and related data collection needs
Stakeholder engagement involved in Program related activities support strategic reforms	Technical		Finance Department	Recurrent	Semi-Annually	Increased awareness and buy in of reform measures supported by the Program and active participation in quarterly discussions on reform path.
Assessing the distributional impact of health and education sector spending on women	Technical	DLI 1	Finance Department	Due Date	30-Nov-2021	Submission of report on the distributional impact of public health and education sector spending on women
Developing a policy framework for climate resilient construction of service delivery facilities	Environmental and Social Systems	DLI 6	Planning Department	Due Date	30-Jun-2022	Policy document on climate resilient specifications for construction of schools and hospitals
Develop guidelines for E-waste management	Environmental and Social Systems		FD, KPITB, KPPRA, P&D	Due Date	31-Dec-2021	Approved guidelines on e-waste management
Add community health and safety, labor safety, child labor and SEAH prevention clauses to construction contracts	Environmental and Social Systems		KPESED, Health Dept, C&W	Due Date	31-Dec-2021	Contracts containing safety requirements
Establish provincial level GRS	Environmental and Social Systems		Finance Dept.	Due Date	31-Mar-2022	GRS in operation

ANNEX 7. SUMMARY TECHNICAL ASSESSMENT

1. **Program Description:** The Program comprises priority areas selected from three strategic plans that the Government of KP has prepared, namely: (i) Public Financial Management Strategy (2017-2020); (ii) Health Policy (2018-2025); and (iii) Education Sectoral Plan (2020-2025). The Program comprises two result areas: (i) Providing adequate and reliable resources for delivery of education and health services and (ii) Improved management of public finances for delivery of education and health services

2. **Strategic Relevance:** The Program is an integral part of the World Bank's whole-of-country approach to strengthen PFM systems and revenue mobilization at the federal and provincial levels. (Table 4). This approach is anchored in the federal Development Policy Financing operation: *Resilient Institutions for Sustainable Economy* (RISE) which supports high-level policy reforms to improve federal-provincial coordination in the management of fiscal risks and federal-provincial harmonization of tax laws to unify the country's tax space and improve the business environment. The Program also complements ongoing federal results-based operations, the *Public Financial Management for Accountability and Service Delivery Program* (PFMASD) and *Pakistan Raises Revenue project (PRR)*, which support improvements in the federal PFM and tax administration systems respectively and are complemented by provincial operations in these areas. At the provincial level, the Program complements the *KP Revenue Mobilization and Public Resource Management (KP-RMRM)Program* (whose objective is to strengthen the capacity of the GoKP to collect own source revenue.

Table 4: World Bank-financed operations under whole-of-country support to PFM and revenue mobilization

Government	Focus	Description	Implementation progress (latest ISR ratings, as of March 31, 2021)
Federal	Policy	RISE supports management of fiscal risks and harmonisation of federal and provincial tax laws to unify Pakistan's sales tax and improve the business environment	Fully disbursed
Provincial	Systems	PRR supports harmonization of sales tax administration and sharing of taxpayer information among the country's federal and provincial tax authorities.	Moderately Satisfactory
		PFMASA supports federal PFM interventions, including legal and institutional change to strengthen Treasury Single Accounts.	Moderately Unsatisfactory
		PRIDE supports PFM interventions in Punjab in the areas of budget formulation, e- procurement and revenue mobilization.	Satisfactory
		KP-RMRM supports the province's efforts to improve cash management, Treasury Single Account extension to local governments, Public Investment Management, pension fund management, and revenue mobilization by broadening tax base and integrating data and processes among the province's three tax authorities.	Satisfactory
	Outcomes	KP-SPEED supports activities aimed at removing the structural bottlenecks that undermine effective transfer and utilization of budgeted resources to improve outcomes in education and health sectors.	n/a

3. **Expenditure Framework:** The implementation of the Program requires compensation of staff, operating expenses of the entities, repair and maintenance costs, and capital expenditure of development schemes included in the Annual Development Program. The estimated Program expenditure is US$704 million (Table 1), of which the IDA financing for the Program is US$385 million (55 percent) and the GoKP contribution is US$319 million (45 percent) (Table 5). The entities cover the full scope of core functions and activities needed to deliver on the outcomes of this operation.

Table 5: Expenditure Framework Analysis—Classification by Functions (PKR, millions)

Dept.	Employee expenses	Operating expenses	Repairs	Grant/Subsidies	Development	Total	%
Finance	664	61,361			635	62,660	55.5
P&DD	1,019	99			225	1,343	1
Health	7,866	663	13		11,921	20,462	18
Education	2,380	6,092	10		10,158	18,641	17
KPPRA	-	-		453		453	0.5
KPITB	-	-		662	367	1,028	1
Unbudgeted					8,000	8,000	7
Total	11,929	68,215	23	1,115	31,306	112,587	100

4. **Economic Justification**: The Program is estimated to have a positive NPV of US$417 million (Table 5). The proposed Program intends to improve fiscal management and sustainability to enable KP to invest more resources in education and health, while ensuring accountability for results.

Table 6: Estimated Summary Cost-Benefit analysis of the Program (US$, millions)

		FY21	FY22	FY23	FY24	FY25	FY26	Total
Result Area 1	**Cost**	36	82	91	91	64	55	419
	Benefit	0	133	165	179	189	215	881
Result Area 2	**Cost**	20	59	59	59	49	39	285
	Benefit	32	88	81	74	57	43	376
Other costs	**TA costs**	4	4	4	4	4	4	25
Total costs		60	145	154	154	117	98	729
Total benefits		32	221	246	254	246	258	1257
Net benefits		-28	76	92	99	129	160	528
Net Present Value at 7% discount rate		-28	71	80	81	98	114	**417**

ANNEX 8. INVESTMENT PROJECT FINANCING

1. **The objective of the IPF component is to provide financing for the implementation of TA to support the achievement of various activities financed under the PforR**.

Financial Management and Disbursement Arrangement

2. **Staffing arrangements**. The financial management specialist in the SSU will be responsible for financial management acceptable to the WB.

3. **Budgeting**. The SSU will prepare annual budgets based on its work plans and will submit these to the WB and the Finance Department at least one month before the beginning of the fiscal year for review and "No objection". The budgets will follow applicable government/entity budgeting guidelines. During the fiscal year, the budgets will be monitored semiannually using interim unaudited financial reports, which are to be submitted to the WB within 45 days after the end of the semester.

4. **Internal controls**. The IPF component will be implemented using internal control processes consistent with the requirements of GoKP rules and regulations (General Financial Rules, Delegation of Financial Power, Project Management Manual, and Accounting Policies and Procedures Manual).

5. **Funds flow and disbursement arrangements**. All disbursement methods—advance, reimbursement, special commitments, and direct payments—will be permissible. The implementing agency will maintain a Designated Account at the National Bank of Pakistan in accordance with the foreign aided revolving fund assignment account procedures, issued by the Ministry of Finance, and will submit an online Withdrawal Application to the WB via Bank System Client Connection, supported by a six-monthly cash forecast (embedded in the Interim Financial Reports. Table 6 lists the amount allocated to a single disbursement category for financing out of the proceeds of the credit in respect of the TA component.

6. **Fraud and corruption**. The SSU will report to the WB on the compliance with ACG once a year. Each implementing agency will report to the SSU on ACG compliance twice a year.

Table 7: Disbursement Categories and Financing

Categories	Amount of the Credit Allocated (US$, millions)	Percentage of Expenditures to Be Financed (inclusive of taxes)
Goods, consulting and non-consulting services, training, operating costs	15.0	100
Total amount	15.0	100

Procurement Arrangements

7. **Procurement for the IPF component of the Program will be carried out in accordance with the WB's Procurement Regulations for IPF Borrowers** for Goods, Works, Non-Consulting and Consulting Services dated July 1, 2016, and revised November 2017, August 2018, and November 2020 (Procurement Regulations). The Program will be subject to the WB's ACG, dated October 15, 2006, and revised in January

2011 and July 2016. The WB's STEP planning and tracking system will be used to monitor procurement implementation performance.

8. **Staffing arrangements**. The procurement specialist in the SSU will be responsible for the oversight and implementation of procurement functions. There would be a provision of additional support.

Environmental and Social Systems Assessment

9. **The Environmental and Social risks are rated Moderate**. These activities include no physical works and present no risks related to land acquisition and involuntary resettlement. Given this moderate risk profile, no WB safeguards policy is triggered.