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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT
ON A

PROPOSED CREDIT
IN THE AMOUNT OF JPY 6.44 BILLION
(US\$46 MILLION EQUIVALENT)

TO THE
ISLAMIC REPUBLIC OF PAKISTAN

FOR A
KHYBER PAKHTUNKHWA CITIZEN-CENTERED SERVICE DELIVERY PROJECT

June 12, 2023

Social Protection & Jobs Global Practice
South Asia Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective May 31, 2023)

Currency Unit = Pakistani Rupee

PKR 280.50 = US\$1

US\$1 = JPY 139.985

FISCAL YEAR

July 1 – June 30

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ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AM	Accountability Mechanism
BISP	Benazir Income Support Programme
CCDR	Climate Change Development Report
CCSDP	Citizen-Centered Service Delivery Project
CFC	Citizen Facilitation Center
CNIC	Computerized National Identity Card
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
CRMS	Civil Registration Management System
CWG	Child Wellness Grant
DA	Designated Account
DoH	Department of Health
E&S	Environmental and Social
EFF	Extended Fund Facility
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Standards
FABS	Financial Accounting and Budgeting System
FATA	Federally Administered Tribal Areas
FM	Financial Management
FY	Fiscal Year
GBV	Gender-based Violence
GDP	Gross Domestic Product
GoKP	Government of Khyber Pakhtunkhwa
GoP	Government of Pakistan
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFR	Interim Financial Report
IMF	International Monetary Fund
IPF	Investment Project Financing
KP	Khyber Pakhtunkhwa
KPRIISP	Khyber Pakhtunkhwa Rural Investment and Institutional Support Project
MDTF	Multi-Donor Trust Fund
MEA	Ministry of Economic Affairs
MIS	Management Information System
MNCH	Maternal, Newborn, and Child Health
NADRA	National Database and Registration Authority
NCCP	National Climate Change Policy
NMDs	Newly Merged Districts

NWFP	North-West Frontier Province
OSS	One Stop Shop
PDMA	Provincial Disaster Management Authority
PDO	Project Development Objective
PHCIP	Punjab Human Capital Investment Project
PIU	Project Implementing Unit
PKR	Pakistani Rupee
PMU	Project Management Unit
POM	Project Operations Manual
PPSD	Project Procurement Strategy for Development
PSC	Project Steering Committee
RC	Review Committee
SAM	Severely Malnourished
SEP	Stakeholder Engagement Plan
SSPDS	Strengthening Social Protection Delivery System in Sindh
STEP	Systematic Tracking of Exchanges in Procurement
TDP	Temporary Displaced Person
TDPERP	Temporarily Displaced Persons Emergency Recovery Project
VRS	Vital Registration Services
WB	World Bank
WBG	World Bank Group

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Pakistan	Khyber Pakhtunkhwa Citizen-Centered Service Delivery Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P180707	Investment Project Financing	Moderate

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input checked="" type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
06-Jul-2023	30-Jun-2025

Bank/IFC Collaboration

No

Proposed Development Objective(s)

To promote access to child health services and enhance citizen-centered service delivery in selected districts of Khyber Pakhtunkhwa Province

Components

Component Name	Cost (US\$, millions)
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Promoting Access to Child Health Services	41.00
Enhanced Citizen-Centered Service Delivery and Program Management	9.00

Organizations

Borrower: Islamic Republic of Pakistan
 Implementing Agency: National Database and Registration Authority (NADRA)

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	50.00
Total Financing	50.00
of which IBRD/IDA	46.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	46.00
IDA Credit	46.00

Non-World Bank Group Financing

Trust Funds	4.00
MDTF for Crisi Affected Areas of NWFP/FATA/Balochistan	4.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
Pakistan	46.00	0.00	0.00	0.00	46.00
National Performance-Based Allocations (PBA)	46.00	0.00	0.00	0.00	46.00



Total	46.00	0.00	0.00	0.00	46.00
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Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2024	2025	2026
Annual	24.00	20.00	2.00
Cumulative	24.00	44.00	46.00

INSTITUTIONAL DATA**Practice Area (Lead)**

Social Protection & Jobs

Contributing Practice Areas

Governance, Health, Nutrition & Population

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

COMPLIANCE

Policy

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

☐ Yes ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ 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



Section I (A) (7) of Schedule 2 of the Financing Agreement: To manage the transition of the operation of the CFC, the Recipient, through MEA, shall;

- (a) no later than nine (9) months from the Effective Date, ensure that the Phased Timebound Transition Plan, as acceptable to the Association, is executed between MEA and the government of KP; and
- (b) thereafter, carry out the Phased Timebound Transition Plan in a timely manner.

Sections and Description

Section I (A) (8) of Schedule 2 of the Financing Agreement: The Recipient shall, and shall cause the Project Implementing Entity to, ensure that the collection, use and processing (including transfers to third parties) of any Personal Data collected under the Project shall be done in accordance with the national law and the best international practice, and ensure legitimate, appropriate, and proportionate treatment of such data.

Sections and Description

Section 1 (A) (2) of Schedule 2 of the Financing Agreement: The Recipient shall maintain within MEA throughout the period of implementation of the Project, a Project Management Unit, responsible for the carrying out of the technical coordination and day-to-day implementation of the Project, which unit shall be provided with qualified and experienced staff, in sufficient numbers and under terms of reference satisfactory to the Association, as well as the necessary resources, powers and functions to comply with the Project's fiduciary and environmental and social requirements, in particular those related to the payment of Child Wellness Grants.

Sections and Description

Section 1 (A) (3) of Schedule 2 of the Financing Agreement: The Recipient shall ensure to maintain a Project Steering Committee, comprised of senior representatives of key stakeholders including Ministry of Economic Affairs, Ministry of Finance, the Project Implementing Entity and the relevant departments of KP, as identified from time to time which will provide overall operational oversight and decision-making support in terms of key project outcomes and deliverables, in adequate numbers and under terms of reference satisfactory to the Association, vested with the responsibility of: (i) coordinating various agencies involved in the Project; (ii) ensuring cooperation of these agencies in executing Project activities; and (iii) ensuring reforms related to the Project are adopted and implemented by the government departments involved.

Conditions

Type	Financing source	Description
Effectiveness	Trust Funds, IBRD/IDA	Section 5.01 (a) of Financing Agreement: The Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
Type Effectiveness	Financing source Trust Funds, IBRD/IDA	Description Section 5.01 (b) of Financing Agreement: A memorandum of understanding between MEA and BISP has been executed to agree on the complementarities of the Nashonuma Program and the Child



		Wellness Grant and mechanisms to avoid duplication or overlapping coverage.
Type Effectiveness	Financing source Trust Funds, IBRD/IDA	Description Section 5.01 (c) of Financing Agreement: The Project Operations Manual has been revised to incorporate the personal data protection, satisfactory to the Association.
Type Disbursement	Financing source IBRD/IDA	Description Schedule 2 Section III. B. 1. of Financing Agreement: Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed ¥ 251,980,000 for Eligible Expenditures for Category (1) and ¥ 1,035,900,000 for Eligible Expenditures for Category (2) may be made for payments made prior to this date but on or after February 22, 2023.



I. STRATEGIC CONTEXT

A. Country Context

1. **Over the past two decades, Pakistan significantly reduced poverty, but human development outcomes have lagged, and severe economic challenges put past gains at risk.** Pakistan made significant progress towards reducing poverty between 2001 and 2018 when the expansion of off-farm economic opportunities and increased inflow of remittances allowed over 47 million Pakistanis to rise out of poverty. However, this rapid poverty reduction has not fully translated into improved socioeconomic conditions, as human capital outcomes have remained poor and stagnant, with high levels of stunting at 38 percent and learning poverty at 75 percent. The deterioration of economic conditions, in combination with non-economic shocks such as the COVID-19 pandemic and the devastating floods of 2022, are expected to reduce household incomes and increase their vulnerability to fall below the national poverty line.
2. **Pakistan's economy is currently under severe stress with low foreign reserves, a depreciating currency, and high inflation.** Reflecting a consumption-driven growth model, with limited productivity-enhancing investment and exports, strong economic growth has often come at a cost of economic imbalances and frequent macroeconomic crises. Long-term growth of real gross domestic product (GDP) per capita has therefore been low, averaging only around 2.2 percent annually over 2000–22. With high public consumption, economic growth increased substantively above potential in fiscal year 2022 (FY22), which led to strong pressures on domestic prices, external and fiscal sectors, the exchange rate, and foreign reserves. These imbalances were exacerbated by the catastrophic flooding in 2022, surging world commodity prices, and tightening global financing conditions. Furthermore, distortive policy measures, including periods of informal exchange rate restrictions and import controls, delayed the International Monetary Fund (IMF) Extended Fund Facility (EFF) program, and contributed to creditworthiness downgrades, lower confidence, high yields and interest payments, and access challenges to international capital markets.
3. **Pakistan experienced heavy monsoon rains between June and September 2022, severely affecting millions of households, mainly in Sindh and Balochistan.** Roughly 33 million people have been impacted, and more than 13,000km of roads were destroyed. The flooding has damaged 2.2 million houses, flooded around 9.4 million acres of crops, and killed an estimated 1.2 million livestock, adversely affecting rural livelihoods. Limited access to input and output markets and temporary disruptions to supply chains have driven up food prices and added to existing price pressures resulting from reduced agricultural yields and the global rise of food prices. Due to significant crop and livestock losses, food shortages have intensified in the fall and winter, with food price inflation increasing to more than 50 percent. With the destruction of infrastructure and disrupted access to schools, medical facilities, and sanitation systems, the floods have negatively impacted health and education outcomes especially for rural areas, potentially affecting long-term human capital accumulation. Preliminary estimates suggest that the national poverty rate may increase by up to 4 percentage points as a direct consequence of the floods, potentially pushing around 9 million people into poverty. The recently completed Post-Disaster Needs Assessment¹ estimated that the need for rehabilitation and reconstruction is at US\$16.3 billion, not including much-needed new investments to strengthen Pakistan's resilience to future shocks.

¹ Government of Pakistan (GoP). 2022. *Pakistan Floods 2022 Post-Disaster Needs Assessment*. Ministry of Planning Development & Special Initiatives.



4. **The economic impacts of flooding and the reconstruction needs will make it even harder for the government to stay on course with the much-needed economic adjustments to address the country's structural imbalances.** Economic growth is expected to slow and remain below potential in the medium term. Real GDP growth is expected to slow sharply to 0.4 percent in FY23, reflecting corrective tighter fiscal policy, flood impacts, high inflation, high energy prices, and import controls. Agricultural output is expected to contract for the first time in more than 20 years due to the floods. Industry output is also expected to shrink with supply chain disruptions, weakened confidence, higher borrowing costs and fuel prices, and heightened uncertainty. The lower activity is expected to spill over to the wholesale and transportation services sectors, weighing on services output growth. Predicated on completion of the IMF program and sound macroeconomic management, output growth is expected to gradually recover in FY24 and FY25 but remain below potential as low foreign reserves and import controls continue to curtail growth. In response to weak labor markets and quickly rising inflation, the lower middle-income poverty rate is expected to increase to 37.2 percent in FY23.

5. **The government faces a difficult policy challenge in maintaining progress towards macroeconomic stabilization.** The economic outlook is dependent on timely and full implementation of policy reforms, with very high downside risks. Implementing the macro-stabilization measures and structural reforms underpinned by the IMF-EFF program is necessary for unlocking much-needed external refinancing and new disbursements from regional partners. Maintaining stability and a sustained recovery will require the development, communication, and effective implementation of a bold reform strategy, including: (i) adherence to a flexible market-determined exchange rate and sound fiscal-monetary policies; (ii) increased domestic revenue mobilization; (iii) curtailing and improving the quality of public expenditures; (iv) structural reforms to improve investment, competitiveness, and productivity; and (v) urgent measures to restore the financial viability of the energy sector.

6. **Khyber Pakhtunkhwa (KP), Pakistan's third largest province, has seen sharp poverty reduction in recent years, though parts of the province remain vulnerable.** Poverty rates in the Newly Merged Districts (NMDs) and their adjacent KP districts and Frontier Regions are some of the highest in the country.² This indicates a structural disadvantage and lack of physical and human capital endowments of households. Pakistan's overall poverty rate is 21.9 percent, with an estimated rural poverty rate of 28.2 and urban poverty rates of 10.9 percent. KP has the second highest poverty rate in the country at 29.5 percent, following Balochistan (42.7 percent), Sindh (24.1 percent), and finally Punjab (16.2 percent). However, within KP, the estimated poverty rate for the NMDs is 47 percent—the highest poverty rate in the country. Educational outcomes are particularly low in the NMDs and extremely gendered, suggesting extreme deprivations in growth and development opportunities for children and youth, especially girls. Overall, the NMDs are among the poorest performing districts in KP and Pakistan in terms of living standards, measured against a diverse set of variables.³

7. **The 2022 floods have placed additional fiscal constraints on the Government of Khyber Pakhtunkhwa (GoKP) to manage the development needs in the merged areas and the province.** KP is especially vulnerable to climate related weather shocks, flash floods, and extreme weather events.⁴ Floods in 2022 in 17 out of 36 districts in KP affected an estimated 4.35 million people and pushed around 720,000 people into poverty. In addition to the direct impact on monetary poverty, losses to human

² World Bank, Pakistan Poverty and Equity Team. 2022. "KP's Newly Merged Districts – A Spatial Analysis of Living Standards, Access to Utilities and Services, and Climate Risks." *Mimeo*.

³ Ibid.

⁴ GoKP. 2018. *Khyber Pakhtunkhwa Province: Climate Change Financing Framework*.



capital and of land productivity could set in motion more durable declines in welfare and will require specific attention. Estimated damages sustained to infrastructure in the province were severe, with significant damage to irrigation canals, roads and bridges, power generation equipment and transmission, schools, and water supply and sanitation. The province estimates overall financial requirements to address the damage and rehabilitation and future resilience requirements to be US\$810 million. The province will require significant funding to meet recovery and reconstruction needs. The dual financial requirements of both addressing recovery from the floods and sustaining investments in the merged areas are significant.

B. Sectoral and Institutional Context

8. **Poor health outcomes affect both women and children in Pakistan, particularly in KP.** According to the most recent maternal mortality survey in 2019, the country's maternal mortality ratio was 186 deaths per 100,000 live births, with pregnancy related deaths at 251 per 100,000 live births. There are variations across provinces, but an average of 22 percent of children born have low birth weight.⁵ Children born to mothers who have poor antenatal health and nutrition have low chances of surviving to age five; and 42 percent of women of reproductive age in Pakistan have iron deficiency/anemia due to poor nutrition.⁶ Pakistan's total fertility rate is still relatively high, particularly in KP (including the NMDs), where the total fertility rate is 4.4 births per woman, above the national average of 3.9.⁷ High and early fertility contribute to poor maternal and child health outcomes, posing risks of death and illness. Poor health affects all facets of lives including education, learning skills, and participation in the labor force. There is uneven progress in reducing maternal and child deaths. Prevalence of polio, malnutrition, stunting, and wasting in the KP and more specifically the former Federally Administered Tribal Areas (FATA) region has made child health and nutrition a priority area for the GoKP. This issue is exacerbated due to climate induced food insecurity, which is a significant risk due to KP's high vulnerability to climate change and climate induced disasters.

9. **Improvements on infant and under-five mortality rates (35 and 39 deaths per 1,000 live births respectively) continue to lag in KP.**⁸ About 55 percent of pregnant women do not receive the recommended four or more antenatal care visits essential for a safe and healthy pregnancy,⁹ which is close to the national average of around 51 percent women not receiving the recommended antenatal care visits.¹⁰ Showcasing an improvement from the last Pakistan Demographic Health Survey in 2017–18, 67.8 percent of women delivered in health facilities, but the 77.8 percent of them were from urban areas in KP. The trend is also similar to the national average (66.2 percent women delivered in a health facility). Further, only half of women received post-natal health checks for newborns and only 68.4 percent of children have been fully vaccinated.¹¹

10. **Barriers to access and use of services in Pakistan are rooted in both supply and demand side issues.** Poor service provision contributes to poverty and low human capital outcomes and limits

⁵ GoKP. 2019. *Pakistan Demographic Health Survey 2017–18*. National Institute of Population Studies.

⁶ GoKP. 2018. *National Nutrition Survey 2018*. Nutrition Wing, Ministry of National Health Services, Regulations and Coordination.

⁷ GoP. 2019. *Pakistan: 2019 Maternal Mortality Survey*. National Institute of Population Studies.

⁸ GoP. 2019. *Multiple Indicator Cluster Survey 2018–2019: Khyber Pakhtunkhwa*. Bureau of Statistics.

⁹ Ibid.

¹⁰ GoP. 2019. *Pakistan Demographic Health Survey 2017–18*.

¹¹ GoP. 2022. *Third-Party Verification of Immunization Coverage Survey Report*. Federal Expanded Program on Immunization and the Aga Khan University.



economic prospects and opportunities. Women and children, especially those who have greater vulnerability—due to factors such as lack of education, limited voice, restricted mobility, and residence in remote and rural areas—are more likely to have lower access to health services and poorer health outcomes. For example, about one-quarter of mothers and children in Pakistan do not receive appropriate nutrition interventions. Furthermore, health facilities that are close to these population groups are not geared to provide quality services as they lack trained human resources, essential medicines, supplies, and medical equipment.

11. Public service delivery in the NMDs, including in the health sector, has been weak and many areas have little or no access to basic services. Until 2018, FATA consisted of seven tribal agencies that were directly governed by the federal government through a special set of laws.¹² In 2018, Pakistan passed its 25th Constitutional Amendment, integrating the former FATA areas into the province of KP. The announcement of the merger came alongside a major reforms package that included higher expected financial outlays from both the federal and provincial governments for social and economic development support. The merger was positioned to take place over a decade, with the extension of institutional and administrative systems, infrastructure development, socioeconomic support, improved services and building of citizen–state relations to fully integrate the former tribal areas into the rest of the province and the country. Nearly four years after the merger, the NMDs continue to suffer from lack of services and poor local administration. The targets related to the local governance and institutional reforms, local administrative capacity to deliver basic services, and key financial investments continue to lag. With the current fiscal challenges, it is likely that the expected reforms and improvements in service delivery will be challenging, resulting in further marginalizing of vulnerable segments of population in the NMDs, especially women and children.

12. Conflict and militancy have impacted service delivery and infrastructure in the NMDs. Approximately 340,000 families were displaced following interventions against militants in five tribal districts of the merged areas.¹³ Families in crisis-affected areas moved out because of significant damage to infrastructure, lack of social services, and economic shocks such as loss of livelihood and a reduction in earnings that led to insufficient food consumption and undesirable coping strategies. Starting from 2015, the Government of Pakistan (GoP) began declaring many areas safe for the repatriation of displaced persons. Through FATA’s Sustainable Return and Rehabilitation Strategy, the GoP recognized cash transfers as an appropriate tool to support the return and rehabilitation of the displaced families. Against this backdrop, the World Bank (WB) supported the GoP to launch the Temporarily Displaced Persons (TDP) Emergency Recovery Project (TDPERP, P154278) to assist in the early recovery of families affected by the crisis, promote child health, and strengthen emergency response safety net delivery systems in the affected districts of the merged areas.

13. The ongoing TDPERP has three components: (i) Early Recovery Package for TDPs, which included grants for resettlement of the displaced population; (ii) promoting child health through Child Wellness Grants (CWG) in selected areas of KP; and (iii) strengthening program management and oversight. The CWG aimed to promote the uptake of selected child health services offered to both TDP and non-TDP families with children aged 0–2 years. The CWG was conditional on attending awareness sessions and

¹² This British era Frontier Crimes Regulation persisted through the establishment of Pakistan and stipulated self-governance and justice through tribal councils (*jirgas*) and established a special set of rights of judicial appeal and due process outside of the country’s judicial system.

¹³ Affected tribal districts in KP include: Kurram, Orakzai, Khyber, North Waziristan, and South Waziristan.



visiting health service centers for periodic check-ups. To facilitate delivery of the CWG and other services to improve maternal and child health, 15 One Stop Shops (OSSs), later converted to Citizen Facilitation Centers (CFCs), were established across the NMDs. The CFCs also made services available for immunization, child growth monitoring, and referral of complicated cases, which families could voluntarily take up. Due to overwhelming community support for TDPERP and its benefits, the project was expanded at the request of the GoKP to four adjacent southern districts. Currently TDPERP is operational in seven merged districts of the former FATA and four settled districts of KP.¹⁴

14. **Over time, there has been a consistent increase in uptake of services such as vaccines, growth monitoring, and health awareness sessions under TDPERP.** A total of 1.3 million families have benefitted from the CWGs. Of these, families of 98 percent of children opted for routine immunization. Between 2016 and 2022, there has been a consistent increase in the number of women who attend health awareness sessions and, particularly in later years, all five sessions. While approximately 68,000 cases of child malnutrition were identified and referred to a higher-level facility for treatment, there has been a significant drop in the share of children who were reported severely malnourished and moderately malnourished. Based on the 2019 Beneficiary Outcome Survey, attendance at health awareness sessions is significantly correlated with better nutritional practices. The program started with 100 percent registration by men who brought mothers and children for the CWG; now 93 percent of newly registered CWG applicants are women, demonstrating increasing trust by the highly conservative tribal society of former FATA and surrounding regions. The program not only created demand for the services through the cash transfer conditionalities, but also covered the service delivery gap that existed in the former FATA region.

15. **In addition to delivering health services, the CFC has emerged as a good model for citizen centric service delivery.** Over recent years, the number of CFCs established across the NMDs and four districts of KP through support of TDPERP expanded from 15 to 40. Citizens can avail a variety of Civil Registration Management Services (CRMS) at CFCs, such as obtaining a Computerized National Identity Card (CNIC), a Child Registration Certificate, and a Family Registration Certificate etc. In addition, citizens can access e-Sahulat services (an ecommerce and payment services platform) at all 40 CFCs, which include utility bills payment, issuance of COVID-19 vaccination certificates, mobile phone top-ups, virtual payment of university fees, inland money transfer, Eastern Federal Union premium payments, and Federal Board of Revenue tax profiling. To date, citizens have accessed services at the CFCs a total of 1.6 million times.

16. **The CFCs have helped women gain access to key services by addressing key behavioral constraints limiting their participation.** Due to strict social norms, women in target districts are less likely to have a CNIC. With the CNIC facility available at the CFCs, there was a sharp increase in the share of female beneficiaries in CWG: in 2016, only 15 percent of women had a CNIC but by 2022, 82 percent used their own CNICs for CWG enrollment. Through TDPERP, 387,681 women have registered for CNICs at CFCs—nearly one-third of total female beneficiaries. This enables them to become direct beneficiaries of CWGs and other social safety net programs and to avail a host of services provided to citizens, such as registering for a passport, opening bank accounts, and purchasing a mobile SIM. Some of the efforts to encourage uptake included allotting weekly women-only days at CFCs and hiring more female staff, including Lady Health Visitors, to facilitate health awareness sessions.

¹⁴ Seven merged districts of FATA include Mohmand, Orakzai, North Waziristan, South Waziristan, Bajaur, Khyber, and Kurram districts and the four adjacent settled districts include Lakki Marwat, Tank, Dera Ismail Khan & Bannu.



C. Relevance to Higher Level Objectives

17. **The project is consistent with the World Bank Group’s (WBG) Country Partnership Strategy (CPS) FY15–19 for the Islamic Republic of Pakistan discussed by the Board of Executive Directors on May 1, 2014 (Report No. 84645-PK).** The CPS was extended to FY20 under the corresponding May 2017 Performance and Learning Review (Report No. 113574). The preparation of the new Country Partnership Framework (CPF) was deferred in FY21 due to the COVID-19 crisis and paused due to the recent unprecedented and catastrophic monsoon floods. A new CPF is expected to be presented to the Board of Executive Directors in the second half of FY24. The focus areas and objectives of the CPS remain relevant and are reflected in the ongoing engagement in the country. It is also consistent with the WB’s overall development frameworks—Resilience, Inclusion, Sustainability, Efficiency, and Green, Resilient, and Inclusive Development.¹⁵

18. **The project will contribute to CPS Outcome 3.2— “reduced vulnerability for groups at risk”— and Outcome 4.2— “improved access to maternal-child health and nutrition services.”** The project will: (i) promote higher utilization of maternal, newborn, and child health (MNCH) services to safeguard human capital during the first 24 months of life; and (ii) promote resilience by strengthening the foundation of a robust delivery system for the provision of other development interventions, particularly for women.

19. **The project is aligned with ongoing federal and provincial operations that support improved human capital outcomes through social protection interventions in Pakistan.** These include the Khyber Pakhtunkhwa Human Capital Investment Project (P166309), Punjab Human Capital Investment Project (P164785), Balochistan Human Capital Investment Project (P166308), Strengthening Social Protection Delivery System in Sindh (P178532), and the Pakistan Crisis Resilient Social Protection Project (P174484). The design of the project has benefitted from the implementation experience from these operations along with TDPERP and ensures that there is no overlap in beneficiaries or duplication of activities.

II. PROJECT DESCRIPTION

A. Project Development Objective

20. **The project development objective (PDO) is to promote access to child health services and enhance citizen-centered service delivery in selected districts of Khyber Pakhtunkhwa Province.** Enhanced citizen-centered service delivery refers to more frequent use of services, an increase in the types of services available—especially ones under the provincial mandate—as well as the transition to management by the GoKP.

21. **The project will support the following key indicators:**

Promote access to child health services

- Children benefitting from Child Wellness Grant package (Gender disaggregated) (Number)
- Proportion of mothers attending all five awareness sessions (Percentage)

Enhanced citizen-centered service delivery:

¹⁵ World Bank Group. 2021. *Green, Resilient, and Inclusive Development*. <https://openknowledge.worldbank.org/handle/10986/36322>.



- CFCs transitioned to the KP Government for their management (Number)
- Services in the provincial domain introduced at the CFCs (Number)

B. Project Components

22. **The project will facilitate the transition of the program to the province of KP, bridging the continuity of the activities under the ongoing TDPERP.** With the merger of FATA Agencies into KP as new districts, there is a need to transition the institutional setup and selected programs of TDPERP to the province for long-term sustainability. The proposed project will provide for a phased transition for the takeover by the GoKP of the program while maintaining and consolidating its achievements, preventing the loss of gains due to the limited financing capacity of GoKP, and expanding the coverage of interventions achieved under TDPERP. The same program design and institutional setup will be replicated under this project with revised results to cover the expected transition to KP and the extended period of support. Two out of the three original components are part of this project's design: the CWG and the CFC. The new project does not include the emergency Early Recovery Package for repatriation of displaced persons who have since largely resettled.

23. **Component 1: Promoting Access to Child Health Services (US\$37 million IDA and US\$4 million Multi-Donor Trust Fund for Khyber Pakhtunkhwa, FATA and Balochistan (MDTF)).** This component will focus on providing child health services, including child health awareness and counseling, screening of children for malnutrition using growth monitoring, immunization services, and referral of complicated cases to pre-identified stabilization centers and pediatricians, to mothers with children aged 0–24 months in selected districts of KP. This component is partly financed by the MDTF which supports reconstruction, rehabilitation, reforms, and other interventions needed to build peace and create the conditions for sustainable development in Khyber Pakhtunkhwa, including the NMDs, and Balochistan.

24. **This component will also provide the CWG to families conditional upon attendance of health awareness sessions and growth monitoring of the children.** The CWG (approximately US\$45 spread over five visits) will help create demand for the visit. Uptake of the immunization services will remain voluntary. This CWG will be offered to all families with children aged 0–2 years. The project will cover 300,000 additional families availing the complete cycle of CWG; as such, at least 300,000 new children aged 0-2 will directly benefit from this intervention.

25. **The design of this component considered the Nashonuma program launched in 2022 by the Benazir Income Support Programme (BISP), which provides coverage for pregnant women and infants in the first 24 months.**¹⁶ The program is currently only available at the Tehsil level in KP and is targeted through the National Socio-Economic Registry to cover the bottom two quintiles. Given its similarities to the interventions under the CWG, project management and BISP will ensure that there are no duplications. The two programs will link up their respective programs' management information systems (MISs), which are currently both being managed by NADRA (National Database Registration Authority), to cross reference beneficiaries to avoid duplication. The BISP has also requested TDPERP and the proposed project to host the Nashonuma program in the CFCs to benefit from the supply side services offered by the CWG package. An agreement will be signed between the CCSDP's Project Management Unit (PMU) and BISP to reach a formal agreement to ensure complementarity and avoid duplication between the two programs.

¹⁶ Nashonuma is a conditional cash transfer program initiated by BISP that is now expanding to all provinces.



26. **Component 2: Enhanced Citizen-Centered Service Delivery and Program Management (US\$9 million IDA).** This component will focus on enhancing program management, transparency, and accountability at the federal, provincial, and local level administrations through capacity building, stakeholder consultation, social mobilization, strategic communication and awareness, and monitoring.

27. **Component 2 will also support the establishment of three new CFCs.** As part of TDPERP, NADRA has helped design a robust system for cash transfers with adequate safeguards, fiduciary oversight, accountability, and transparency, paying close attention to data security and protection issues. These expanded services include Vital Registration Services (VRS), CRMS, and the e-Sahulat platform. VRS includes all services pertaining to issuance or modification CNICs and Child Registration Certificates. The introduction of CRMS in collaboration with the local government/administrative offices enables citizens, particularly women, to receive birth certificates, marriage certificates, and death certificates. The CFCs seek to ensure a plug and play platform for public service provision, which district governments are currently challenged to provide in NMDs. Through the adoption of this model in other districts as an administrative tool, service delivery efficiencies can be further enhanced.

28. **Component 2 will also focus on strengthening program management and oversight, and providing technical support to institutionalize the existing TDPERP implementation arrangements at the provincial level.** Additional services will also be reinforced as the CCSDP supports the transition of the CFC model to the KP province as by project completion all CFCs will be handed over to the GoKP. The federal government is currently in discussion with the GoKP to develop a transition plan for adopting the project's interventions and delivery model. This timebound transition plan will reflect a phased take-up of all CFCs. The plan is expected to include GoKP's commitment and timeframe for budgetary allocation to assume complete financial responsibility of the CFCs by the time of project closure. This transition will provide a permanent and long-term home to the CFCs, allowing the GoKP to add provincial services under its umbrella.

C. Project Beneficiaries

29. **Nearly 300,000 families with at least one child under the age of two will benefit from the CWP, in addition to 560,000 individuals who will be utilizing other services provided at the CFC.** At least 45 percent of beneficiary children are expected to be girls.

D. Results Chain

Table 1. Results Chain for CCSDP

Issues and Challenges	Activities	Outputs	Intermediate Outcomes	PDO Outcomes
Provision of Child Health Services <ul style="list-style-type: none"> Non-availability and low quality of health services. Low levels of awareness regarding health services, nutrition, sanitation. Target population underutilizes health services due to lack of 	Supply and Demand Side investments <ul style="list-style-type: none"> Provide cash transfer for each visit to the health facility to mitigate transport cost and other work-related opportunity costs. Regularly monitor growth and provide referrals. 	Supply and Demand Side investments <ul style="list-style-type: none"> Enrollment and access to cash grants and related health services. Beneficiary awareness of the program parameters and benefits. 	Supply and Demand Side investments <ul style="list-style-type: none"> Increase in number of families accessing health services. Increase in number of children with malnutrition referred. Increase in number of immunized children. 	Supply and Demand Side investments <ul style="list-style-type: none"> Improved CWG coverage. Enhanced female participation in the program. Increased demand for child health services amongst the vulnerable population.



Issues and Challenges	Activities	Outputs	Intermediate Outcomes	PDO Outcomes
<ul style="list-style-type: none"> resources and opportunity cost. Low demand for health services amongst target population. 	<ul style="list-style-type: none"> Conduct regular health awareness sessions; active communication/ mobilization campaign to get community's buy-in. Training of health officials and messaging in local languages. 	<ul style="list-style-type: none"> Improved services through trained staff and in local languages. 		<ul style="list-style-type: none"> Increased coverage of child growth monitoring growth and immunization.
Access to Public Services <ul style="list-style-type: none"> Target population faces multiple non-financial barriers (lack of CNICs, social norms, language barrier) to access services. Limited and poor-quality access to other public services leading to further marginalization. High cost and inconvenience in accessing non-integrated public services at local level. Information asymmetry on service availability. Poor citizen-state relations. Lack of fully functional service delivery mechanisms in NMDs. Absence of ownership and direct involvement of provincial government. Overlaps and duplication leading to poor efficiency. 	Innovation/Improvements in Service Delivery <ul style="list-style-type: none"> Addition of provincial and federal services made available at a single location for efficiency and improved accessibility. Continue to provide CNIC and vital registration facility at CFCs. CFCs set up closer to the population with availability of multiple services. Outreach and mobilization campaigns on CFC services. Facilitative environment to encourage participation by women and vulnerable groups. Recruit and train female staff; ensure staff is fluent in local language. Accessible GRM maintained. A plug and play model of CFC expanded with provisions for integrated expansion of number of local services. Agreements reached and transition of CFCs between federal and provincial government initiated. Agreements reached with existing programs to avoid duplication and ensure 	Innovation/Improvements in Service Delivery <ul style="list-style-type: none"> Local population accessing public services closer to their homes. Expansion of CFC facilities. Accessibility of marginalized population improved through vital registration and GRM. Cost of access to multiple services reduced due to integration of services at a single hub. Increasing number of women participate in programs. CFC model run in its rightful provincial domain. Provincial services added to CFC platform. Consolidation of programs through complementarity. Duplication of programs avoided. 	Innovation/Improvements in Service Delivery <ul style="list-style-type: none"> Increase in number of services accessed. Enhanced trust in state service provision. Mainstreaming service delivery for the poor. Increase in number of provincial services offered and availed at CFCs. Model of centralized services established and tested at provincial level. 	Innovation/Improvements in Service Delivery <ul style="list-style-type: none"> Improvement in uptake of public services at the CFC. Increase in access to services. Expansion of CFC facilities and its adoption as a model of state responsiveness to local service delivery needs.



Issues and Challenges	Activities	Outputs	Intermediate Outcomes	PDO Outcomes
	complementarity for optimal resource utilization.			

E. Rationale for Bank Involvement and Role of Partners

30. **The project builds upon the TDPERP model to increase access to child health and other essential services.** The Bank has a long-standing engagement in the social protection sector in Pakistan, focused on providing cash transfers to promote better health outcomes and strengthening systems for service delivery (see Paragraph 19). The project will also complement the recently approved Khyber Pakhtunkhwa Rural Investment and Institutional Support Project (KPRIISP, P176780), which supports the construction and refurbishment of Tehsil level CFC infrastructure. This will ensure that different tiers of government are fully linked to enable citizen access to services, especially civil and vital records registration services at the lower tiers of government. Globally, the WB has supported countries with the design and implementation of early years cash transfer programs, including in Latin America, Africa, and East Asia. In addition to providing financing, the Bank brings global knowledge and expertise to the development of social protection systems and early childhood development operations and can draw on the lessons of these to contribute towards better services and achievement of proposed objectives.

31. **The project will promote effectiveness and efficiency by addressing both supply and demand side constraints.** Basic health, nutrition, and education services are provided primarily through the public sector. The GoKP is already planning to set up the CFCs to facilitate service delivery in the settled areas. The plug and play nature of the CFC becomes the ideal model for latching on government services, more specifically in areas where delivery structures are weak. The GoKP has launched its Social Protection Policy in 2022, which paves the path for the establishment of an autonomous authority/entity to implement social protection programs. The CFC model could be a prelude to a social protection service delivery mechanism for KP as it follows Punjab and Sindh, where the Bank is supporting the establishment of provincial social protection programs.

32. **The project will also promote a sustainable transition of the CFC model from the federal level to the GoKP.** The project proposes a gradual transition of the model to the province to ensure the continued financing beyond the life of the project. As of now 12 different services are being provided at the CFCs and, with the proposed transition of CFCs to the GoKP under the project, additional provincial services would be introduced. Consolidation of federal and provincial services within a single hub is not only supportive to the beneficiary population but is low cost in terms of its operations.

F. Lessons Learned and Reflected in the Project Design

33. **The project is based on lessons learned from TDPERP,** which was initially implemented in five districts but has since expanded to 11 districts in KP, out of which seven are from former FATA. The project had a strong monitoring and evaluation system in place that established a regular feedback loop and helped improve the efficiency and effectiveness of the project.

34. **Unprecedented women facilitation/participation initiatives were introduced in TDPERP that are expected to continue under the project.** Since project uptake amongst women was very low in the initial phases, presence of enough female staff was seen as a pre-requisite to encourage local women to visit



the CFCs. The following measures were taken to encourage more women to apply for jobs at CFCs which led to an increase of proportion of female staff from 2 percent to 27 percent:

- (a) Reducing the pass score for NADRA's typing test, which was required for jobs at the CFC. Due to low levels of literacy and lack of access to computers, women were not able to pass the typing test. The qualification requirements were reduced for women applicants to facilitate their recruitment. The focus of efforts shifted to on-the-job training.
- (b) Setting up separate offices and toilets for female staff.
- (c) Encouraging the wives and sisters of male staff members to take up these jobs as women are generally allowed to be in public spaces if accompanied by a male household member.
- (d) Obtaining the buy-in of tribal elders and community leaders.
- (e) Female-only days at the CFCs so that female beneficiaries were comfortable visiting the center without a male household member.

35. **Implementation of TDPERP highlighted the importance addressing non-financial barriers that restricted the direct access of women to services.** Initially, most women enrolled using their husband's CNIC as very few women had a CNIC. This required male members to accompany women to every visit, which led to higher travel costs as well as the opportunity cost of foregoing work for day laborers. Since the CFC had a NADRA facility on site, it encouraged women to start registering for their own CNICs. In addition, the enhanced trust of local tribal elders softened social norms, hence facilitating women's participation. Initially 72 percent of females were accompanied by male household members; currently, only 7 percent are accompanied. So far 1.6 million CNICs have been issued through these centers.

36. **An effective awareness campaign helps avoid hard conditionalities.** By not putting immunization as a hard condition due to the prevailing socio-political environment in the NMDs, it was anticipated that the uptake of immunization services would be low. However, the awareness campaign and facilitating the supply of services at a single location encouraged families to get their children immunized. Currently 98 percent of the families attending the awareness session are getting their children vaccinated.

37. **OSSs can provide access to a range of services.** With the success of CNIC registration, the CFCs started offering other civil registration services on site such as birth, marriage, death, and divorce registration. Within a few months of introduction, more than 250,000 people had availed these services, underscoring the success of an OSS setup in facilitating uptake of services. Following from the experience of TDPERP, BISP has subsequently introduced One Window Operations in some of the major cities to consolidate its safety net operations along with complementary services by NADRA. There are ongoing discussions to similarly incorporate BISP's services complementary to the CWG program under the CFC.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

38. **The project largely retains the implementation arrangements of TDPERP.** The Ministry of Economic Affairs (MEA) will be responsible of the overall project while NADRA will be the implementing entity for the operation. Both MEA and NADRA were instrumental in the effective delivery of TDPERP. Both organizations were assessed during TDPERP implementation and rated as extremely effective in delivering results. The convening power of MEA as the apex implementing entity was instrumental in achieving very effective coordination. The Project Steering Committee (PSC) chaired by MEA and Review



Committee (RC) structures provided a solid base for collective and collaborative decision-making. With its years of implementation experience in crisis response, NADRA proved to be the ideal implementing entity for the TDPERP area, which is remote and underserved. TDPERP's tested implementation design would be adopted for the project.

39. **No changes in the financial management (FM) arrangements that existed under TDPERP are envisaged.** The MEA PMU would be responsible for managing the financial flows of cash transfers to eligible beneficiaries under Component 1. Under Component 2, NADRA will manage all agreed implementation, procurement, and operational requirements, including capacity enhancement support for the MEA, NADRA, Department of Health (DoH), and any other Department of the GoKP that will be defined to play a role during transition. TDPERP had a record of timely compliance with submission of acceptable Interim Financial Report (IFRs) and Audit Reports.

40. **No changes in the procurement implementation arrangements that existed under TDPERP are envisaged.** NADRA will manage all procurements under the project as an implementing entity.

41. **The PMU and NADRA have gained sufficient experience and demonstrated impressive skills to manage the environmental and social (E&S) aspects in implementing TDPERP.** The capacity of the implementing entity has been further assessed in terms of staff, resources, skills in the context of applying ESF/ Environmental and Social Standards (ESSs) requirements and two new specialists have been included as part of the Environmental and Social Commitment Plan (ESCP), one E&S and one gender specialist.

B. Results Monitoring and Evaluation Arrangements

42. **The primary tool to monitor and evaluate project results will be its Results Framework.** NADRA will leverage its data systems and will be responsible for preparing six-monthly progress reports, covering: (i) progress toward achievement of targets in the Results Framework; (ii) status in achieving expected outputs and outcomes and factors constraining achievement; (iii) component-wise expenses; (iv) application of ESSs; and (v) information about any grievances and feedbacks received, accidents and incidents that occurred, and actions taken concerning them.

43. **Third-party monitoring will also be conducted as a regular part of project monitoring.** Process evaluations, spot checks, and beneficiary feedback surveys will help identify what is working, where corrective measures need to be taken, and beneficiary satisfaction levels. TDPERP conducted two rounds of beneficiary feedback survey and beneficiary outcome surveys in 2018 and 2019. Another Beneficiary Outcome Survey round will be conducted to analyze any change in key outcomes. The survey will not only look at the direct project outcomes but also at other indicators related to service utilization, trust in government, women empowerment, and exposure to shocks and coping mechanisms.

C. Sustainability

44. **The program sustainability is mainly linked to the transition plan that the GoP and GoKP intend to formalize and implement.** The ongoing discussion between the two governments is focused to agree on timebound targets for transition of CFCs and commitment of required funds to demonstrate complete ownership of GoKP post project closure. However, the absence of an agreed plan for transition poses a high risk to sustainability, which will be monitored closely during project implementation. Progress against this is tracked in the result framework and country management and federal government continue to



work with GoKP on the development of a phased transition plan. In addition, the CFCs proposed under the project have proven to be an effective service delivery mechanism with inbuilt sustainability due to their reasonable costs and established partnerships.¹⁷ There is also an expectation from GoKP to introduce its fee-based provincial services to compensate for some of the operating costs. As services at the CFCs expand, efficiency of scale will lead to further reduction of delivery costs. The sustainability of the model is also supported by the potential in NADRA's selected fee-based services to partially recover the administrative costs. The CFC infrastructure development and refurbishing envisioned under the KPRIISP project will compensate for capex needs for expansion of the model.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic, and Financial Analysis

45. **The project relies on a multi-pronged approach to address challenges related to accessing quality early childhood development services, especially amongst the poor.** The project supports both supply and demand side interventions to improve the quality of local service delivery and to mitigate the financial costs associated with utilizing such services.

46. **Policy makers often use cash transfers as an instrument to encourage utilization of health and education services and subsequently to enhance human capital formation and accumulation.** A review of literature on impact of non-contributory cash transfers on individuals and households from 2000–15 finds significant impact on monetary poverty, education, health and nutrition, savings, investment and production, work, and empowerment.¹⁸ Cash transfers when conditional upon use of health services lead to an increase in uptake and improve child health outcomes.¹⁹ In former FATA, cash transfers for the CWG have been linked to attending health awareness sessions, in which information on vaccines, nutritious foods, sanitation, and other health-related practices was shared to influence health-seeking behavior. Session attendance was significantly correlated with better knowledge of health practices.²⁰

47. **Although vaccines were not mandated, TDPERP managed to ensure a high take-up through information provided during the health awareness sessions and by making vaccines available on site.** While data limitations prevent attribution, the literature supports the hypothesis of a decline in malnutrition due to interventions such as cash, awareness sessions, and regular growth monitoring.²¹ Since TDPERP's inception there has been a sharp decline in malnutrition rates within a short period of time.

¹⁷ The operating cost for CFCs is on average less than 10 percent of the total cost under TDPERP. These include initial setting up costs, operational review, beneficiary assessments, and all other operating costs.

¹⁸ Bastagli, Francesca, Jessica Hagen-Zanker, Luke Harman, Valentina Barca, Georgina Sturge, and Tanja Schmidt. 2018. "The Impact of Cash Transfers: A Review of the Evidence from Low- and Middle-income Countries." *Journal of Social Policy* 48 (3): 569–94.

¹⁹ J-PAL. 2020. "Using Cash Transfers to Improve Child Health in Low- and Middle-income Countries." <https://www.povertyactionlab.org/policy-insight/using-cash-transfers-improve-child-health-low-and-middle-income-countries>.

²⁰ Based on data from the 2019 Beneficiary Outcome Survey.

²¹ Though the evidence for similar contexts is rather scarce, it points to significant impact of cash transfers on nutritional outcome when support was combined with adequate knowledge on appropriate quantity and quality of foods (e.g., rural Myanmar). Field, Erica M., and Elisa M. Maffioli. 2021. "Are Behavioral Change Interventions Needed to Make Cash Transfer Programs Work for Children? Experimental Evidence from Myanmar." NBER Working Paper 28443. https://www.nber.org/system/files/working_papers/w28443/w28443.pdf.



48. **A large body of literature emphasizes that the costs of inaction in addressing human capital challenges, particularly during the early years, are substantial.** For instance, Leroy et al. (2014) find that almost 70 percent of stunting occurs during the first 1,000 days and has a long-term impact on future educational and economic outcomes.²² Several studies have attempted to estimate the lost earnings due to malnutrition in the early years. Martinez and Fernandez find that the productivity loss due to stunting and wasting amongst the current workforce could be as high as 11 percent of GDP.²³ At the individual level, Galasso and Wagstaff estimate that per capita income in developing countries would have been 7 percent higher if the current workforce had no incidence of stunting.²⁴

49. **Cost–benefit analysis.** The cost–benefit analysis quantifies the benefit of project components and compares it with the total program cost (US\$50 million) to develop reasonable conclusions about the cost effectiveness of the project.

50. **Beneficiary families with children between 0–24 months will receive PKR 12,500 (approximately US\$45) spread over five visits against attendance of health awareness sessions and growth monitoring of the child.** The CFCs also offer immunization and referrals to pre-established stabilization centers and pediatricians. Though the uptake of immunization remains voluntary, almost every CWG beneficiary has received at least one vaccine. Other than the cash transfer, all these services are available to anyone who visits the CFC. The project aims to increase the coverage of CWGs by 300,000 families with at least one child aged 0 to 24 months so that the total number of beneficiary families is 1.6 million. The number of children beneficiaries under this project will be no less than 300,000 but possibly higher in case of families with more than one child aged 0 to 24 months. However, due to availability of CFC services to everyone, it is expected that there will be more indirect beneficiaries. For the purpose of this analysis, only the 300,000 children of families recipients of the CWG are considered. The impact of this support is calculated on individual welfare captured by lifelong earnings.

51. **This analysis only looks at the impact on child survival rates due to uptake in health services and calculates the net benefit by comparing it to the counterfactual** (i.e., earnings if there was no improvement in child survival rates). The available administrative data clearly shows that uptake of vaccines has remained very high from the outset, while the uptake of health awareness sessions has significantly increased over time. Moreover, malnutrition rates have drastically dropped in the past few years. Hence, it is safe to assume that the beneficiary children have higher chances of survival.

52. **The number of children beneficiaries is assumed to be 300,000, which refers to only those who are expected to join the program in the next two years.** The benefits calculated in this way are likely to underestimate other multiplier effects and positive externalities. For example, the parental support sessions will not be limited to the direct beneficiaries of the CWG and will be open to all caregivers in selected districts. Moreover, cash transfers and health awareness sessions are also likely to improve nutritional, health, and education outcomes, which will help preserve the human capital of all household members and thereby prevent a loss of expected lifetime earnings. Similarly, improvements in

²² Leroy, Jef L., Marie Ruel, Jean-Pierre Habicht, and Edward A. Frongillo. 2014. "Linear Growth Deficit Continues to Accumulate Beyond the First 1000 days in Low- and Middle-income Countries: Global Evidence from 51 National Surveys." *Journal of Nutrition* 144 (9): 1460–66.

²³ Martinez, Rodrigo, and Andres Fernandez. 2008. "The Cost of Hunger: Social and Economic Impact of Child Undernutrition in Central America and Dominican Republic." *Documentos de Proyectos* 144.

²⁴ Galasso, Emanuela, and Adam Wagstaff. 2018. "The Aggregate Income Losses from Childhood Stunting and the Returns to a Nutrition Intervention Aimed at Reducing Stunting." World Bank Policy Research Working Paper WPS 8536, World Bank Group, Washington, DC.



administrative capacity are likely to save significant operational and administrative costs in the ongoing as well as the future safety nets programs, but the calculations do not account for the cost saving over the years.

53. **The net gain in lifetime earnings per beneficiary child is estimated at PKR 228,347 (approximately US\$815).** The economy wide gain in earnings is PKR 89,055,620,738 (approximately US\$318 million), which is calculated after applying a multiplier effect of 1.3 and assuming that the benefit will reach 300,000 children. Combining the total cost and benefit, one gets a benefit–cost ratio of 6.27, indicating a high level of cost effectiveness.

B. Fiduciary

54. **Financial management:** Project FM arrangements are adequate and risk moderate. The PMU in the MEA and NADRA have adequate capacity. The FM performance of the implementing entities remain satisfactory as they are in the ongoing project. Bank funds will be disbursed through the State Bank of Pakistan based on a six-month cash forecast to the Designated Account (DA) in each implementing entity. The DA is maintained in the National Bank of Pakistan in accordance with the “Revolving fund assignment account procedures” issued by the Ministry of Finance. The beneficiary cash transfer risk is mitigated through quarterly internal control operational effectiveness and spot check reports and regular internal audit. The residual FM risk is Moderate. The audited project financial statements of the MEA and NADRA will be submitted to the Bank within six months of the close of the financial year.

55. **Procurement:** The procurement risk is assessed as moderate considering that all the procurement implementation arrangements are already in place as a continuation of those established for TDPERP. Procurement will be carried out in accordance with the World Bank’s Procurement Regulations for IPF Borrowers, Goods, Works, Non-Consulting and Consulting Services dated July 1, 2016 (revised November 2017, August 2018, and November 2020). Some of the procurement activities may follow the national federal procurement procedures (for national competition) subject to conditions and agreement as specified in the procurement plan. NADRA will use the WB’s online procurement management system, Systematic Tracking of Exchanges in Procurement (STEP), for approval prior to initiation of the procurement activities. The project will be subject to the World Bank’s Anticorruption Guidelines updated as of July 1, 2016.

56. A Project Procurement Strategy for Development (PPSD) has been developed by NADRA. Based on the analysis of the PPCSD, a procurement plan covering the first 18 months of project implementation has also been prepared and approved by the Bank. The PPCSD will be updated during project implementation.

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

D. Environmental and Social

57. **The Environmental and Social Risk Categorization, including sexual exploitation and**



abuse/sexual harassment risks, were assessed as Moderate. The project is a continuation of most of the activities of TDPERP, which fell under the prior safeguards policies. It is now being carried out as a new project under the WB's ESF and the relevant ESSs apply. The project will continue to support child health services offered to mothers with children aged 0–24 months under Component 1. The selected services include immunization/vaccination, screening of children for malnutrition, and referral of complicated cases to pre-identified stabilization centers, amongst others. Although the project has overall positive impacts in terms of improved health outcomes, there are some low- to moderate-scale adverse environmental impacts likely to occur. The key risks and impacts include vaccine ineffectiveness, waste generation, soil and water contamination, air quality deterioration, risk of infections, workers' and community health and safety due to the use of unsterilized syringes and needles, absence of safety protocols for health service providers/vaccinators, improper disposal of used syringes, mismanagement of cold chain, and inappropriate disposal of healthcare waste. Most of these risks and impacts are anticipated during the implementation/operational phase and are assessed as temporary, site-specific, reversible, and manageable by adopting simple mitigation measures. In terms of adverse social impacts, the main risk is the exclusion of disadvantaged, vulnerable groups and security and safety concerns for women, including female staff at the CFCs. These risks are mainly related to social inclusion and access, especially of vulnerable and disadvantaged groups, inclusive public outreach, and safety and security of project staff (in the NMDs). Other social risks may include social barriers caused by misconceptions about vaccination. However, these risks are reversible, limited in scope, and may be addressed through citizen engagement, communication campaigns and outreach, and employing other mitigating measures such as a security and safety plan for the project and a workers' grievance redress mechanism (GRM).

58. **ESS1, ESS2, ESS3, ESS4, and ESS10 are applicable to the project.** The project has conducted a brief E&S risk and impact assessment, consulted with stakeholders, and accordingly updated the Environmental and Social Management Plan (ESMP) in accordance with the ESF. The project has also prepared a Stakeholders Engagement Plan (SEP), which will be updated and implemented throughout the project life cycle. The ESMP proposes mitigation measures as per the mitigation hierarchy, considering the applicable ESSs. It has also incorporated lessons learned and recommended the formalized continuation of good practices such as environmental enhancement measures, tree plantation, and life and fire safety provisions in the project. The ESMP has further strengthened the E&S implementation/management arrangements, such as hiring dedicated E&S and Gender Specialists, using color-coded bins for segregation of waste at the source, and conducting environmental monitoring (groundwater and soil). Accordingly, the project has also prepared an ESCP delineating the E&S requirements necessary for the project to meet the ESSs over a specified timeframe. The ESCP, ESMP (along with an Executive Summary translated into the local language), SEP, and Labor Management Procedures will be disclosed on the GoP's official website and WB portal.

59. **Gender:** Female labor force participation rate is only 15.8 percent in KP compared to 63.2 percent for men.²⁵ Further, only 37 percent of women are in control of their own earnings, compared to 65 percent of men; and only 2.5 percent of women own and use a bank account. Women's decision-making is also limited in KP, with only 29 percent making decisions about healthcare and 24 percent deciding on household purchases.²⁶ With regard to child mortality outcomes and uptake of child health services, female infants in Pakistan have a marginally higher mortality rate between the first and fifth years of

²⁵ Refined rate, from: GoP. *Pakistan Labor Force Survey, 2020–21*. Bureau of Statistics.

²⁶ <https://dhsprogram.com/pubs/pdf/FR354/FR354.pdf>



birth.²⁷ Spousal violence against women is the highest in former FATA (66 percent), and only 14 percent of these women had sought help to end violence.²⁸ There are also significant gaps in women's access to legal identity and utilization of civil registration and vital statistics services, financial inclusion, decision-making agency, and control over economic resources. There is also a gender gap in NADRA's registration of adults and non-adults across Pakistan; and only 56 percent of women in NMDs are registered with NADRA, which is considerably lower than the national average of 76 percent.²⁹

60. **As already described, the project will strengthen efforts to support women's access to health services** by expanding key activities from TDPERP, such as conditioning grants on women's presence at health awareness sessions, ensuring presence of female staff including lady health visitors at CFCs, and providing women-friendly amenities. This will include efforts to increase the proportion of female staff appointed at CFCs in order to increase local women's access to economic opportunities, while also enhancing women beneficiaries' access to project services. Female staffing at CFCs will be tracked through a dedicated indicator.

61. **To address the gender gap in infant health care access, the project will strengthen measures introduced under TDPERP to improve female infant enrollment in the CWG through wider communications and beneficiary outreach efforts.** The project will also track and increase the proportion of female children enrolled under the CWG. Trainings on gender-based violence (GBV) issues will be conducted for female CFC staff to equip them with providing GBV referral information to women beneficiaries. PMU and GRM staff will also be trained on GBV response and prevention issues to address any project specific complaints. The project will strengthen GBV referral mechanisms in coordination with the KP Social Welfare Department and the Provincial Commission on the Status of Women. The project will also target an increase in VRS requests made and serviced at CFCs by women. Several additional activities such as social mobilization, engagement of community leaders, and provision of mobile registration services will be introduced to ensure achievement of this target.

62. **Disability:** Current statistics suggest that 6.2 percent of Pakistan's population suffers from some kind of disability. However, the actual percentage could be much higher. Individuals with disabilities remain marginalized, restricting their access to education and health services and hence their ability to participate in economic activity. They are thus also at increased risk of falling into the vicious cycle of poverty.

63. **The project will ensure that interventions are accessible and address the needs of persons with disabilities.** In particular, the service delivery of CWGs and the activities of CFCs will be made accessible to persons with disabilities through: (i) dedicated outreach efforts including through organizations of persons with disabilities; (ii) disability awareness trainings for project staffs; and (iii) adaptation of facilities to the needs of persons with disabilities. Component 1 will stress specific attention on further development of early detection and intervention with a view to preventing further development of, or amelioration and management of, children's disability. This will be done through training and sensitization of the already engaged health staff at the CFCs. The staff will also be familiarized with protocols for referral to disability related services available at the provincial level that can help mitigate or prevent extreme cases.

64. **The project is expected to strengthen citizen engagement and citizen-state relations.** The

²⁷ GoP. 2019. *Multiple Indicator Cluster Survey 2018–2019: Khyber Pakhtunkhwa*. Bureau of Statistics.

²⁸ GoP. 2019. *Pakistan Demographic Health Survey 2017–18*. National Institute of Population Studies, Islamabad.

²⁹ <https://dhsprogram.com/pubs/pdf/FR354/FR354.pdf>



conservative tribal society of former FATA viewed the merger with suspicion, and many were concerned that the special status its citizens had enjoyed for the previous 70 years may be revoked. It was also uncommon for women to be permitted access to public places. TDPERP succeeded not only in engaging citizens for a public service but also in creating the space and opportunity for women to visit the CFCs. This motivated the GoKP to request an expansion of the project to all NMDs as well as four adjacent settled districts. The GoKP recommended conversion of the OSS model into CFCs with greater space, accessibility, and extension of additional services including VRS, CRMS, and NADRA e-Sahulat. These developments were all predicated on newly established trust between the state and the citizens of the NMDs. The CFCs' expansion also aligns well with the Local Government Act of 2019, which emphasizes developing local level mechanisms to strengthen entry points to improve participation of citizens, specifically women. As local government reforms are going to take time in the NMDs, the intermediary structure of the CFCs can contribute to filling the gap. Moreover, given their success, CFCs would be considered a permanent feature of consolidated service delivery at the local level. Furthermore, a strong beneficiary outreach mechanism and a robust GRM adopted by the project are expected to further enhance citizen engagement and citizen–state relations.

E. Climate Change and Disaster Screening and Climate Co-Benefits

65. **Climate change:** The WBG's Climate Change Development Report (CCDR) reveals that climate change is a risk multiplier for Pakistan, compounding its human and economic development challenges. The project will ensure alignment and coordination with the National Climate Change Policy (NCCP) disaster risk mitigation and adaptation measures, CCDR recommendations, and the World Bank's policy of reducing vulnerability, improving readiness, and achieving low carbon green growth and resilient development. Both project components are designed to provide capacity building to provincial government teams, health workers and various stakeholders to raise awareness of climate and disaster risk mitigation and adaptation and support the country in shifting to a climate-resilient development path.

66. Given the existing vulnerabilities, the proposed Project has been carefully designed in consultation with various stakeholders to put in place climate mitigation/adaptation and resilience interventions to address identified hazards, recent trends and future projected changes and climatic shocks. Further opportunities of mitigating and managing hazards will be identified during implementation and ensuring relevant assessments and tools are used to monitor the level of climate and geophysical risks under the two project components. The project will specifically contribute to climate change mitigation/adaptation and resilience within the two components in the following ways:

- (a) Component 1: Climate change can exacerbate existing issues of malnutrition, including stunting in children, by increasing food insecurity. The prevalence of waterborne diseases also increases due to low quality and quantity of drinking water, especially in the aftermath of a climate induced disaster such as flooding, heatwaves, and drought. The project will contribute to mitigating such climate related negative impacts through the health and nutrition awareness sessions under the CWG program. Cash transfers are also expected to compensate for food consumption expenditure and hence mitigate the impacts of food insecurity due to climate shocks. Similarly, climate awareness campaigns and counseling sessions will be used to introduce strategies to cope with climate induced risks. People will also be made aware of emergency response information, such as services and helplines available in the event of a climate exacerbated disaster.
- (b) Component 2: The project will carry out deployment of energy efficient and climate-smart



technologies, including renewable energy sources such as solar panels, in the three new CFCs that will be operationalized under the project. Standard climate resilient design features will also be incorporated, including weather resistant materials, improved drainage, and reinforcement against damage due to heat and flooding to encourage adaptation and mitigation to climate risks. This will allow the CFCs to continue operating even in the event of a climate induced extreme weather event. The administrative data will also be available to support risk and vulnerability assessment pre and post climate induced disasters.

V. GRIEVANCE REDRESS SERVICES

67. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by a project supported by the WB may submit complaints to existing project-level grievance mechanisms or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's GRS, please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's AM, please visit <https://accountability.worldbank.org>.

VI. KEY RISKS

68. **The overall risk rating for the project is Moderate.**

69. **Political and Governance risk is High.** Project interventions will be rolled out against a backdrop of regional security challenges, political uncertainty, and upcoming general elections. While the GoKP is reform-oriented and has made basic service delivery in the NMDs a priority, effective service delivery will depend on continued support from the federal government. To mitigate these risks, project implementation will continue with the existing delivery systems put in place by NADRA until the GoKP develops its own independent systems for running the facilitation centers. In addition, a PSC consisting of key stakeholders will ensure coordination, oversight, and engagement with relevant stakeholders.

70. **Macroeconomic risk is Substantial.** The GoP is facing a difficult macroeconomic situation exacerbated by the 2022 floods, which have put pressure on support to relief and recovery. Significant risks include potential worsening of external conditions, further natural disasters, and a slowdown or reversals in policy adjustment in the run-up to elections. Realization of these risks may lead to macroeconomic instability, with major impacts on economic activities, prices, and household incomes. The project's design helps mitigate these risks as it is not dependent on imports or counterpart financing, and conversely, provides cash transfer mechanisms. WB support to structural policy reforms in the fiscal and power sector areas supports sound economic management practices and continued progress on critical structural reforms also helps to partially mitigate this risk.



71. **Institutional Capacity for Implementation and Sustainability risk is Substantial.** The sustainability of project interventions (particularly the CFCs) requires the implementation of a concrete and final transition plan which is yet to be agreed upon by the GoP and GoKP. Progress against this is tracked in the result framework. In addition, country management and federal government continue to work with GoKP on the development of a phased transition plan. There is also a risk of low capacity of provincial host departments that will eventually manage the OSS and CFC structures and the project's management structures (PSC, RC, PMU). The continuation of the current implementation mechanism will, to some extent, mitigate this risk during project implementation and will be further assessed at the time when CFCs are handed over to the GoKP.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Pakistan

Khyber Pakhtunkhwa Citizen-Centered Service Delivery Project

Project Development Objectives(s)

To promote access to child health services and enhance citizen-centered service delivery in selected districts of Khyber Pakhtunkhwa Province

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
Promoting Access to Child Health Services				
Children benefitting from Child Wellness Grant package (Number)		1,308,259.00	1,400,000.00	1,600,000.00
Proportion of female children availing the Child Wellness Grant package (Percentage)		42.00	43.00	45.00
Proportion of Mothers Attending all five awareness sessions (Percentage)		22.00	30.00	40.00
Enhanced Citizen-Centered Service Delivery and Program Management				
Citizen Facilitation Centers transitioned to the KP Government for their management (Number)		0.00	15.00	30.00
Services in the provincial domain introduced at the CFCs (Number)		0.00	1.00	3.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
Promoting Access to Child Health Services				
Proportion of families availing Child Wellness Grant package also getting their children immunized. (Percentage)		98.00	98.00	98.00
Proportion of mothers attending awareness session who retained knowledge on child nutrition & hygiene practices (Percentage)		0.00	50.00	70.00
Proportion of eligible families informed about their eligibility for Child Wellness Grant package (Percentage)		70.00	73.00	75.00
Proportion of Child Wellness Package Beneficiaries with addresses from climate risk prone areas (Percentage)		0.00	35.00	35.00
Enhanced Citizen-Centered Service Delivery and Program Management				
Services introduced at the Citizen Facilitation Centers (Number)		14.00	16.00	20.00
Times the services are accessed at the CFC (Number)		1,640,762.00	2,000,000.00	2,500,000.00
Fully functional Citizen Facilitation Centers (Number)		40.00	42.00	43.00
Proportion of beneficiaries/citizens satisfied with the concept of centralized service delivery at the CFC (Percentage)		0.00	60.00	70.00
Proportion of Grievances addressed and responded to within the specified timeframe for response (Percentage)		99.00	99.00	99.00



Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
Families with disabilities benefitting from the CFC services (Number)		0.00	500.00	1,000.00
Proportion of beneficiary families with disabilities from climate risk prone areas (Percentage)		0.00	35.00	35.00
Proportion of female amongst the project staff (Percentage)		27.00	27.00	28.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Children benefitting from Child Wellness Grant package	This indicator measures the extent of utilization of Child Wellness services. It will include all children who have been monitored and screened for growth and for whom the families have received the Child Wellness Grant.	Six Monthly	Administrative Data	Program MIS	NADRA
Proportion of female children availing the Child Wellness Grant package	This indicator depicts the gender distribution amongst the children utilizing the Child Wellness Grant package	Six Monthly	Administrative Data	Program MIS	NADRA



Proportion of Mothers Attending all five awareness sessions	This indicator will provide assurance on percentage of mothers who have benefitted from all awareness sessions	Six Monthly	Administrative Data	Program MIS	NADRA
Citizen Facilitation Centers transitioned to the KP Government for their management	This indicator will ensure necessary steps towards sustainability of the program through formal transition of the CFC model to the KP government. The indicator will also ensure ownership of the CFC model by the provincial government.	Six Monthly	Signed document for formal handover	Formal Communication	MEA PMU
Services in the provincial domain introduced at the CFCs	This indicator will establish the utilization of the CFC model and its services by the KP Government indicating sustainability and ownership of the model	Six Monthly	Beneficiary Assessment and/or Administrative data	monitoring visit & Program MIS	NADRA and MEA PMU

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Proportion of families availing Child Wellness Grant package also getting their children immunized.	This indicator will establish the voluntary availing of the immunization services by families attending the health awareness session.	Six Monthly	Administrative Data	Program MIS	NADRA



	The indicator will also ensure that the gains achieved so far for this result under TDPERP are maintained during the life of the project.				
Proportion of mothers attending awareness session who retained knowledge on child nutrition & hygiene practices	This indicator will assess the retention of knowledge on child nutrition and hygiene by mothers.	Annually	Sample based beneficiary assessment including exit interviews of beneficiary mothers	Survey and/or focus group discussions	MEA/PMU through third party beneficiary assessment exercise
Proportion of eligible families informed about their eligibility for Child Wellness Grant package	This indicator measures the effectiveness of the communication and mobilization campaign for the Child Wellness Grant Package	Six Monthly	Beneficiary Assessment or Operational Review reports	Sample based data collection and interviews	MEA PMU
Proportion of Child Wellness Package Beneficiaries with addresses from climate risk prone areas	The indicator provides an insight on the extent to which climate risk prone population is being covered	Six Monthly	Administrative Data	Program MIS	NADRA & PDMA
Services introduced at the Citizen Facilitation Centers	This indicator will establish the efficient utilization of the CFC model through expansion of services offered	Six Monthly	Beneficiary Assessment and Administrative Data	Informant interviews and/or Program MIS	MEA PMU & NADRA



Times the services are accessed at the CFC	This indicator measures the extent of utilization of all services provided at the CFC. It calculates the number of times individuals approaches and receives any of the services provided at the CFC.	Six Monthly	Administrative Data	Program MIS	NADRA
Fully functional Citizen Facilitation Centers	This indicator measures the availability of Citizen Facilitation Center with provision of all agreed services to be categorized as fully functional.	Six Monthly	Administrative Data	Program MIS	NADRA
Proportion of beneficiaries/citizens satisfied with the concept of centralized service delivery at the CFC	To meet the corporate requirements on Citizen Engagement, this indicator will measure the acceptance and utility of the one window operation and services offered under the CFC.	Annually	Beneficiary Assessment	survey and informant interviews	MEA PMU
Proportion of Grievances addressed and responded to within the specified timeframe for response	This indicator will ensure that opportunities are available to potential beneficiaries to record their grievance and receive timely redressal. The indicator is introduced to ensure that the current 99% redressal of grievances is at least retained.	Six Monthly	Administrative Data & Beneficiary Assessment reports	survey and informant interview & Program MIS	NADRA & MEA PMU



Families with disabilities benefitting from the CFC services	The indicator will assess the accessibility of the disabled population to the services provided at the CFC	Six Monthly	Administrative and Vital Registration data	Program MIS and cross verification with NADRA's civil registry	NADRA
Proportion of beneficiary families with disabilities from climate risk prone areas	This indicator provides information on coverage of beneficiaries with disabilities that also are prone to climate related risks	Six Monthly	Administrative Data	Program MIS	NADRA & PDMA
Proportion of female amongst the project staff	This indicator will facilitate women in accessing services at the CFC	Six Monthly	Project Administrative Data	Program procurement and recruitment records	NADRA



ANNEX 1: Implementation Arrangements and Support Plan

Project Management and Implementation

1. **The CCSDP will use the management and implementation mechanisms as defined under its detailed Project Operations Manual (POM).**³⁰ The manual clearly defines the roles of implementing and partner agencies as discussed below. It also includes appropriate provisions related to data protection.

2. **Implementing entity:** Project management and implementation will be the responsibility of NADRA, which will be establishing and managing the CFCs as was the case under TDPERP. It will ensure provision of quality MNCH services at the CFCs, under the overall oversight of a PSC chaired by the MEA. The MEA has already assigned a Project Director and appointed a Project Manager to head the PMU based in the MEA who is responsible for the overall coordination, planning, reporting, and performance of the project. Both the MEA and NADRA work in partnership with partner bank(s) for the delivery of the cash to beneficiaries and for overall coordination at the provincial level.

3. **Project Steering Committee:** A PSC comprising of senior representatives of key stakeholders including the MEA, Ministry of Finance, NADRA, and the relevant departments of KP (and the host department identified by KP for program transition) will provide overall operational oversight and decision-making support in terms of key project outcomes and deliverables. The PSC will be convened by the MEA from time to time to ensure collaborative decision-making on important aspects and new interventions. A Review Committee (RC) will also be established for operational level coordination between partnering departments. Representation of different departments is on a need's basis. The POM and major agreements with stakeholders are subject to endorsement by the PSC. In addition, the PMU will report progress to the PSC and RC and also acts as their Secretariat.

4. **Key stakeholders:** The POM defines the roles and responsibilities of all stakeholders in accordance with the needs of the program. These specific roles are currently as follows, with some linked to the proposed transition to the GoKP:

(a) **Ministry of Finance, GoP:**

- Allocate funds for the project.

(b) **Ministry of Economic Affairs (PMU):**

- Manage the project in collaboration with federal and provincial government departments.
- Ensure overall coordination, monitoring, and reporting of the program.
- Facilitate approval of operational parameters of the project in line with the overall design.
- Manage flow of funds from Ministry of Finance and donor(s) to partner banks/payment service providers as per the agreed formula and timelines to NADRA.
- Coordinate with hired firms and settle their claims as per signed agreements.
- Provide a platform for the required coordination of the project with NADRA, GoKP, and the DoH.
- Ensure reconciliation of project funds.

³⁰ The POM of TDPERP will be adapted for the CCSDP with adjustments where necessary. The processes and stakeholders will be the same for activities continued under the project.



- Ensure provision of security at CFCs sites.

(c) NADRA:

- Serve as the implementing entity of the project in coordination and collaboration with the MEA, GoKP, and other stakeholders.
- Select firms and hire their services in consultation with the MEA.
- Provide all technical and operational support for both field implementation of the project and the data management and reporting.
- Facilitate the MEA to design beneficiary mobilization, outreach, and communication campaigns at various levels in coordination and collaboration with key stakeholders.
- Establish and manage CFCs to biometrically enroll project beneficiaries, facilitate payments to beneficiaries by banks, and establish and manage a GRM.
- Set up GRMs at the CFCs in coordination with concerned stakeholders.
- Develop and maintain a MIS, including a monitoring and reporting framework, for the project including populating the MIS and maintaining the lists of project beneficiaries.
- Provide technical assistance necessary for capacity enhancement of concerned stakeholders of the project.
- Ensure transparency and accountability at every stage of project implementation and apprise the MEA of any misconduct and the consequent action(s) taken.
- Submit progress and any other reports to the MEA and development partners as and when required, as well as any other reports that may be required.
- Facilitate in incorporating additional provincial and federal services at the CFCs.

(d) DoH, GoKP:

- Act as the focal organization for liaison and coordination for all activities relating to CWGs.
- Ensure mobilization of resources including trained medical staff, supplies/equipment, and vaccines with functional cold chain at the CFCs.
- Ensure delivery, vaccination, and sign-off on all required vaccines to eligible children and comprehensive multi-year strategic plans.
- Liaise and coordinate with the MEA, NADRA, and other stakeholders.
- Ensure effective implementation of the ESMP.
- Train staff for immunization including waste disposal and integrate with CWG payments (in consultation with NADRA).
- Train staff for screening of malnourished children and for referrals of malnourished children to the nearest health facility.
- Provide required support for awareness and execution of beneficiary mobilization campaign regarding health visits and CWGs.
- Ensure transparency and accountability with regards to health visits and CWGs.
- Manage the allocated funds as agreed with the concerned stakeholders.

(e) GoKP:

- Facilitate the MEA and NADRA for liaison and coordination with provincial government departments for smooth implementation of project activities.



- Direct local administration to facilitate NADRA in setting up CFCs in project districts, including provision of local sites, utilities, security, and all other allied requirements.
- Identify a department/agency to host the project for its transition to the GoKP.
- Finalize, adopt, and implement a phased transition plan to ensure smooth takeover of the CFC model.
- Identify and introduce additional provincial services to be added on to the CFCs.

(f) Payment Service Provider(s) / Partner Bank(s):

- Open formal branchless banking Level 0 accounts for cash transfer beneficiaries, to disburse cash under the project, as per protocol laid out for payments to beneficiaries by the State Bank of Pakistan.
- Ensure a robust verification systems where biometric verification is done by NADRA of all beneficiaries at the time of issuance of the Branchless Banking payment instrument to the beneficiaries.
- Ensure that an electronic trail of payment/cash transfers exists in real time and that the payment instruments is electronically swiped at each transaction when cash is withdrawn by the beneficiary.
- Electronically integrate with NADRA for two-way communication of beneficiary list, biometric verification results, payment authorization, feedback of cash disbursement, and other allied activities.
- Establish and maintain at least one payment counter or Cash Transfer Payment Point at every CFC established in project districts in coordination with NADRA, based on the project beneficiaries' case load for the respective district (this payment counter will be managed by the Payment Agency to facilitate the beneficiaries in obtaining payments directly).
- Provide progress reports and payment feedback in real time to NADRA with a copy to the MEA.
- Ensure timely disbursement of cash transfer payments to eligible beneficiaries.
- Ensure timely availability of cash, adequate bank staff, necessary equipment to establish and operate Bank / Franchisee Counters at designated CFCs.
- Ensure that all timelines as communicated by NADRA and the MEA are met without delay.
- Ensure that all financial transactions are transparent, accountable, auditable, and adhere to the relevant policies laid down by State Bank of Pakistan.
- Resolve complaints related to payments in a timely fashion and as defined in the POM.
- Ensure that all funds are reverted to the MEA account when requested based on project closure timelines or any other key decisions made by the MEA.
- Provide a real time web interface that allows access and monitoring of payments made to beneficiaries to both NADRA and the MEA.
- Provide all support and any relevant information, as and when required, by NADRA or/and the MEA.

FM Arrangements

5. **NADRA is the implementing entity of the project while the MEA is supporting NADRA and is responsible for the overall coordination and monitoring of the project.** The MEA also provides a platform for project coordination with NADRA and key GoKP Departments.



6. **FM staffing:** The MEA has a dedicated PMU with adequate FM capacity. NADRA has well qualified FM staff.

7. **Budgeting and planning:** Annual Workplans and Budgets, prepared by the PMU and NADRA separately for the respective components, will guide project implementation and will be the basis for financial forecasts, WB and GoP resource provision, quarterly work plans, procurements, and progress reporting. Annual plan preparation will follow the annual budget preparation schedules to ensure that rupee cover is reflected in the budgets. Annual Workplan and Budget preparation will be led by the PMU before submission to the PSC. The PMU will prepare a complete Project Annual Budget based on its work plans and submit to the WB at least one month before the beginning of the project's fiscal year for review and approval. The project budget will follow applicable government/entity budgeting guidelines, which will be set out in the POM.

8. **Accounting:** The FM Specialist at the PMU shall maintain the project accounts using separate books of accounts and ledgers (i.e., cash book, ledgers, bank reconciliations, cheque register, invoice register, commitment register, fixed asset register, and inventory/stock register). A cost center will be assigned in Financial Accounting and Budgeting System (FABS) for the project. The project expenditure will be reflected in the FABS. The project's annual financial statements will be prepared in accordance with the International Public Sector Accounting Standards cash basis of accounting. Cash transfer payments will be managed with the help of a technological platform involving mobile banking. This technological platform will enable the project to process beneficiary's payment in a swift manner, thereby ensuring the traceability of transactions.

9. **Internal controls:** Relevant government rules and regulations including financial rules and Accounting Policies and Procedures Manual will be followed. These include certain requirements such as: budget checks; well-defined and segregated scheme of assignments; delegation of financial power rules delineating the categories of officers and expenditure-sanctioning competencies; and custody of assets. The project's expenditure will be incurred by the PMU in accordance with these internal controls specified in the relevant government regulations and in the POM. For safeguarding of assets and stocks/inventory procured under the project, separate fixed asset register along with inventory/stock register shall be maintained as per the agreed formats. These will be tagged for identification and subject to a regular physical verification and audit. The FM staff will conduct regular reconciliation with the FABS as per the Revolving Fund Assignment Account Procedures. In addition, internal audit will be an ongoing activity for the project in both the implementing entities (the MEA and NADRA). NADRA has a well-functioning internal audit department, and the project will be added in the internal audit plan. The internal audit firm will conduct the project audit twice a year. The MEA on a quarterly basis will carry out internal control operational assessment on a sample of payments processed during the quarter to assess if the controls as designed are operating effectively and will conduct spot checks of sample beneficiaries to validate if they have received the funds paid under the project.

10. **Six-monthly and annual progress reports:** The PMU, based on the activities carried out, will be responsible for preparing consolidated semi-annual progress reports against the approved annual workplans and project targets. Six-monthly progress reports will have essential details about targets and achievements, and explanations for any variations and issues. Annual progress reports will then be based on six-monthly reports and consolidated to cover the entire period of a year. NADRA and the MEA shall also prepare and submit semi-annual IFRs to the WB within 45 days after the end of each six months. Further, the project shall prepare and submit to the external auditors, within two months after the end of the fiscal year, their annual financial statements. The audited project financial statements will be



submitted to the WB no later than six months after the end of each fiscal year.

11. **Disbursements and fund flow:** The MEA and NADRA will open and maintain a separate DA for the project payments at the National Bank of Pakistan for each grant and IDA respectively. This DA will be established as per the Revolving Fund Assignment Account Procedure under the project. Disbursements will be based on a biannual cash forecast provided in the biannual IFRs prepared and submitted by project within 45 days of the end of six months. Withdrawal Applications will be submitted to the Bank, supported by a six-monthly cash flow forecast and IFRs.

12. **External audit:** The project will engage with the Director General Audit, who is the representative of the Auditor General of Pakistan, for the annual audit. NADRA and the MEA will submit the separate project financial statements for the respective components. Acceptable audited financial statements along with auditor's report thereon and auditor's management letter must be submitted within six months of the close of the fiscal year by the MEA and NADRA, to the WB.

13. **Sustainability:** To ensure continuation of service delivery the federal government may hold discussions with the GoKP to seek its interest in ensuring a sustainable transition whereby the provincial government takes over the CFCs and other project activities in a phased manner. A transition plan will be finalized to ensure smooth and timely transition of the project.

Procurement Arrangement

14. **Procurement implementing entity:** NADRA is the implementing entity of the project while the MEA is responsible for the overall coordination and monitoring of the project. The MEA also provides a platform for project coordination with NADRA and key government agencies. The same implementation arrangements will continue as already in place for TDPERP.

15. **Procurement staffing:** Currently NADRA has a procurement specialist and has initiated hiring for a procurement officer under TDPERP. The procurement staffing and capacity is adequate for efficient implementation.

16. **Project components and procurement profile:** The initial procurement profile under Component 2 includes procurement of individual consultants; small goods under US\$100,000; hiring consulting services for communication and a third-party monitoring firm, each estimated at under US\$1,000,000; and some pre-fabricated structure civil works with an estimated amount of US\$1,200,000. All these activities are considered low-risk and can easily be managed over the life of the project by the existing staff.

17. **Procurement activities will be carried out following the World Bank's Procurement Regulations for IPF Borrowers.** All the procurement activities under this project will follow the World Bank Procurement Regulations for IPF Borrowers (Procurement in Investment Project Financing, Goods, Works, Non-Consulting and Consulting Services — Fourth Edition, November 2020). Some of the procurement activities may follow the national federal procurement procedures (national competition) subject to conditions specified in the procurement plan approved by the Bank. NADRA will use the WB's online procurement management system, STEP, for activities approval prior to initiation of the procurement activities. The project will be subject to the World Bank's Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by International Bank for Reconstruction and Development (IBRD) Loans and IDA Credits and Grants (revised as of July 1, 2016, Anti-Corruption Guidelines).



18. **A PPSD has been developed by NADRA.** The PPSD establishes the best procurement arrangements that will ensure value for money while efficiently achieving the PDO. Based on the analysis of the PPSD, a procurement plan covering the first 18 months of project implementation has been prepared.

19. **The WB carried out a procurement risk assessment of project entity.** Procurement of this project will be conducted by NADRA. The Bank team has recently assessed the procurement risks of NADRA and the major findings of this assessment are: (i) the project entity has experience with implementing procurement under WB financed projects in the past and is currently implementing TDPERP; and (ii) the project team including procurement specialist (already working) and procurement officer (hiring process already initiated) will continue working on this project. This capacity is adequate considering the very low value and low volume of procurements under the project.

20. **The only procurement related risk identified is the lack of efficient complaint handling for procurement related complaints.** To mitigate this risk, the Bank's complaint handling mechanism for procurement as provided in Annex-III of the Procurement Regulation shall be followed and all procurement related complaint shall be processed using the STEP system.

21. **Oversight and monitoring:** The Bank will conduct annual (or ad hoc as needed) procurement post review in addition to prior review as required in the procurement plan and regular implementation support missions. The procurement activities are also subject to auditing by the relevant government audit agencies.

Implementation Support Plan

22. **The implementation support plan aims to enhance the quality of the client's delivery of project activities and address and mitigate critical issues and risks that may affect implementation or achievement of project objectives.** During the life of the project, the plan will include formal implementation support missions; additional technical missions; regular technical meetings (including virtual meetings) and field visits by the Bank between missions; and regular reporting and monitoring of FM, procurement, and E&S safeguards. Formal missions will be carried out every six months from the date of project effectiveness. The implementation support plan would continue to reflect the stage of each activity, the risks associated with project activities and mitigation measures to address these risks, the phased approach for project activities, and specific demands and needs based on regular assessments and technical discussions.

23. **All project activities would continue to be implemented according to the mechanisms and processes defined in the POM.** All important decisions regarding change in design and addition of new stakeholders and interventions would be taken to the PSC. All day-to-day operational matters that require coordination will be discussed during the monthly RC meetings. Already established Operations Review, Beneficiary Assessment, and Communication and Mobilization functions will continue to be managed through third-party firms.

24. **The transition process will be clearly defined and formally agreed between the respective stakeholders.** Any need for update of the respective roles as defined under the POM will be reviewed and revised to streamline the processes and is subject to the Bank's no objection. Any scale-up of the program and addition of provincial services during the phased transition would be reviewed from the perspective of sustainability and efficiency.