



## PK Sindh Public Sector Management Reform Project (P145617)

SOUTH ASIA | Pakistan | Governance Global Practice |  
IBRD/IDA | Investment Project Financing | FY 2015 | Seq No: 3 | ARCHIVED on 05-May-2016 | ISR23365 |

Implementing Agencies: Sindh Revenue Board, Economic Reform Unit, Finance Department

### Key Dates

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Bank Approval Date:28-Jan-2015

Effectiveness Date:28-Apr-2015

Planned Mid Term Review Date:16-Oct-2018

Actual Mid-Term Review Date:--

Original Closing Date:31-Aug-2020

Revised Closing Date:31-Aug-2020

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The development objective of the Project is to strengthen public sector performance in the Province of Sindh through improved revenue generation and expenditure management.

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

No

### Components

Name

Component 1: Results-based financing to provide an incentive for achieving eligible PSM reforms.:(Cost \$40.00 M)

Component 2: Technical Assistance (TA) to support capacity building and institutional strengthening associated with achievement of eligible PSM reforms.:(Cost \$10.00 M)

### Overall Ratings

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

### Implementation Status and Key Decisions



Overall implementation is Moderately Satisfactory. Disbursement Linked Indicators (DLIs) and non-DLI activities related to Public Financial Management (PFM) reform, Sindh Revenue Board institutional strengthening, development portfolio monitoring, and procurement capacity building have moved forward during the last twelve months, effectively the first year of implementation. Progress on the Sales Tax on Services (STS) collection continues to be strong. While the human resources, automation and risk-based audit reforms at the Sindh Revenue Board have progressed, strengthening these underlying systems requires more focus to sustain the revenue collection progress over the long run. Project activities related to the Sindh Public Procurement Regulatory Authority (SPPRA) also need a more concerted push.



## Risks

### Systematic Operations Risk-rating Tool

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



Other	--	--	--
Overall	--	● Substantial	● Substantial

## Results

### Project Development Objective Indicators

#### ► Improved collection of Sales Tax on Services (STS) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	39.40	18.00	18.00	3.50
Date	30-Jun-2014	30-Jun-2015	30-Jun-2015	30-Jun-2019

#### Comments

As of April 2016, PKR 48.3 billion has been collected. Percentage increase in real terms will be calculated after the fiscal year with official inflation numbers.

#### ► Improved credibility of the budget (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	13.48	13.48	13.48	10.00
Date	30-Jun-2012	20-Apr-2015	20-Apr-2015	30-Jun-2019

#### Comments

A mistake was made in using PI 1 with baseline of 13.48% for FY 2011/12 instead of PI 2 as **the intent was to measure composition variance** as evident by description (indicator definition etc.): the variance between actual and budgeted **expenditure composition** during the last three years, excluding contingency items; for the preceding fiscal year. The correct baseline should be 39%. As a PDO indicator, an amendment to correct the detail may require restructuring. .

#### ► Reduced time taken to process procurement contracts (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	82.00	82.00	82.00	15.00



Date	01-Sep-2014	20-Apr-2015	14-Oct-2015	30-Jun-2019
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## Overall Comments

Processes to regularly measure the progress on this indicator have not been established as yet.

## Intermediate Results Indicators

► Approval and initial implementation of Sindh Tax Revenue Mobilization Reform Plan (DLI) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Tax Reform Plan approved in Feb 2014; 2012-13 STS collection is PKR 34 billion.	--	Sindh Tax Revenue Mobilization Plan has been disclosed. FY 13-14 STS recovery was 42 billion.	(i) FD has publicly disclosed the Sindh Tax Revenue Mobilization Reform Plan. (ii) SRB's collection of STS for FY2013/14 reached PKR 42 billion.
Date	30-Jun-2014	30-Jun-2015	30-Jun-2015	30-Jun-2015

► Enhanced SRB human resources capacity for administration (DLI) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Staffing and training plan is under development	--	Staffing and training plan has been prepared and approved.	SRB has approved a revised staffing plan as per the recommendation of the third party review.
Date	30-Jun-2014	02-Oct-2015	20-Apr-2016	30-Jun-2019

## Comments

The staffing plan has been appraised to be satisfactory. The initial steps to hire staff and implement the plan are underway.



► Increased automation of SRB systems (DLI) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Zero automated notices; Unique taxpayer identification system does not exist; No third party linkages.	--	A detailed automation plan has been drafted. It will be approved and implemented after due appraisal by the Bank.	SRB has issued all notices to at least 90% of non-compliant registered taxpayers in FY2018/19.
Date	30-Jun-2014	--	20-Apr-2016	30-Jun-2019

► Increased tax base (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	4800.00	190.00	267.00	25.00
Date	30-Jun-2014	02-Oct-2015	20-Apr-2016	30-Jun-2019

Comments

The total number of registered tax payers has increased from the baseline of 4800 to 17,596, an increase of 267%. Of these 29% (2942) are filers and 71% (7327) are non-filers.

► Risk based audits of taxpayers implemented (DLI) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	System Absent	--	Risk-based audit plan has been prepared. After due approval by the Board, its implementation will commence.	SRB has: (i) carried out a strategic review to enhanced criteria objectivity; and (ii) approved a compliance risk management strategy, in order to increase the audits' hit rate
Date	30-Jun-2014	02-Oct-2015	02-Oct-2015	30-Jun-2019



► Improved SRB performance transparency (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Annual report irregular, quarterly reports not published	--	Same as baseline.	Four quarterly and one annual report published
Date	30-Jun-2014	02-Oct-2015	20-Apr-2016	30-Jun-2019

► Debt management systems instituted (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Debt Management Systems do not exist.	--	Finance Department has completed reconciliation of Sindh debt portfolio in January 2016 with collaboration of Economic Affairs Division. Working on publication in the Budget Analysis for FY 2015-16 is under way. The sensitive analysis of debt servicing with respect of exchange rate and interest rate is being prepared.	a) Complete loan by loan debt stock (opening and closing) and flow details included in budget documents for FY 2017/18. b) Publication of annual debt statistics bulletin in-line with international best practices having a lag of not more than three months.
Date	30-Jun-2014	--	20-Apr-2016	30-Jun-2019

► Increased extra-budgetary releases captured in FMIS (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	--	90.00
Date	30-Jun-2014	--	20-Apr-2016	30-Jun-2019

Comments

The Finance Department has reported that over 98% of budgetary releases are captured. The department is developing master data, capturing debt stock and investment portfolio on SAP to make the accounting accurate and up-to-date. The next supervision mission will verify this data.



► Establishment of internal audit (DLI) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Internal audit function does not exist.	--	Internal Audit charter has been further revised and strengthened. Risk-based audit scheme being prepared with audits to be conducted.	(i) At least seven (7) Government Departments (in addition to the FD) have: (A) conducted internal audits; and (B) submitted their internal audits reports to their PAOs. (ii) At least five (5) PAOs have undertaken actions in response to the foregoing internal audit reports, within a month of receipt of such reports.
Date	30-Jun-2014	--	20-Apr-2016	30-Jun-2019

Comments

Budget was allocated during the last year for this function but staffing is yet to be done. Additional Charge of IA head has been assigned to the Debt Management Specialist of the Debt Management Unit. Arrangements are being made to get Computer Based IA (CBIA) conducted for a department.





► Transparency in budget formulation, allocation and execution (DLI) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	<p>a) Budget Strategy Paper not prepared</p> <p>b) One quarterly report submitted to the provincial assembly</p>	--	<p>Budget Strategy Paper for FY 2016-17 has been prepared and summary for CM has been sent for placing the same in Cabinet. Two Quarterly Budget Execution Reports (QBER) for FY 2015/16 have been prepared, approved and published on FD's website. Third QBER is being issued and shared with the provincial assembly. The fourth report shall be shared in the month of June as it can only be prepared after budget has been passed and finalized.</p>	<p>FD has: (i) submitted to the Cabinet the Budget Strategy Paper for FY2019/20; and (ii) submitted all four (4) budget execution reports for FY 2018/9 to the Provincial Assembly and published them in FD's website.</p>
Date	30-Jun-2014	--	20-Apr-2016	30-Jun-2019

► Contracts data entered in the procurement MIS (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	75.00
Date	30-Jun-2014	02-Oct-2015	20-Apr-2016	30-Jun-2019

Comments

Pilot roll out of PPMS (MIS) was scheduled in the third week of March, 2016. A complete roll-out is planned by June, 2016.



► Contracts processed through e-procurement modules (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	50.00
Date	30-Jun-2014	--	20-Apr-2016	30-Jun-2019

Comments

Sindh PPRA held inter-PPRA Conference on "National Procurement Strategy" on 3rd & 4th March, 2016 to discuss the e-procurement strategy and to finalize the next steps - to join a national platform or build a Sindh-specific system. Implementation will start after approved from the Sindh PPRA Board.

► Procurement officials certified (DLI) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No certification mechanism exists.	--	SPPRA has prepared a paper for Board approval. This is still pending.	SPPRA has certified at least five hundred (500) officers of grade BPS-16 of above.
Date	30-Jun-2014	02-Oct-2015	20-Apr-2016	30-Jun-2019

Comments

**This DLI was not met during FY 2014-15. The Sindh PPRA's training strategy has been approved by Chairman Sindh PPRA, which contains a procurement certification action plan setting forth contents and delivery mechanisms. Note for Honorable Chief Secretary Sindh for mandatory certification requirement has been floated for approval and is likely to be notified soon. REOI for hiring has been published and twelve firms have submitted their EOIs on 29th February, 2016, to be evaluated by the Consultant Selection Committee of SPPRA.**

► Quarterly developmental development plan monitoring reports prepared and published (DLI) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Zero	--	Consulting firm has been hired and work underway to meet FY 14-15 and FY 15-16 targets. The firm shall help Planning and Development Department prepare the quarterly reports on Implementation of development schemes during FY2015/16 for at	P&DD has: (i) prepared and published at least twelve (12) quarterly reports on implementation of development schemes during FY2018/19 for at least four (4) Government



			least one government department by end June 2016.	Departments; and (ii) carried out a third party review.
Date	30-Jun-2014	02-Oct-2015	20-Apr-2016	30-Jun-2019

► Departments where geo-tagging of development schemes is implemented and information published. (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	1.00	6.00
Date	30-Jun-2014	02-Oct-2015	20-Apr-2016	30-Jun-2019

Comments

Piloting has been done in the Works Department.

► Departments with proactive feedback mechanisms established (Number, Custom)


	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	3.00	7.00
Date	30-Jun-2014	20-Apr-2015	20-Apr-2016	30-Jun-2019

Overall Comments

Finance Department, Excise and Taxation Department and Board of Revenue have piloted the proactive feedback mechanisms. Trainings are being conducted. Reporting formats are being established.

## Data on Financial Performance

### Disbursements (by loan)

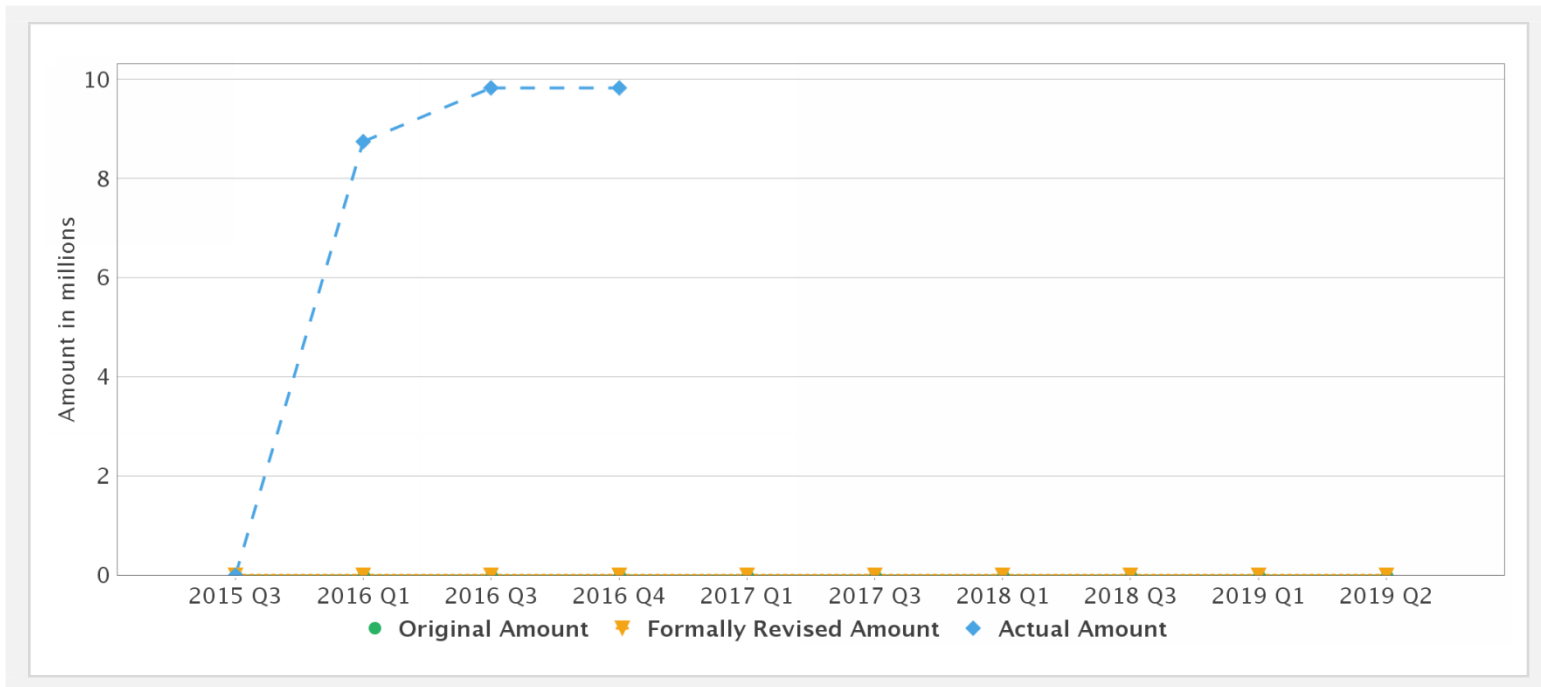
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P145617	IDA-55840	Effective	XDR	33.90	33.90	0.00	9.83	24.07	 29%



### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P145617	IDA-55840	Effective	28-Jan-2015	11-Mar-2015	28-Apr-2015	31-Aug-2020	31-Aug-2020

### Cumulative Disbursements



### Restructuring History

There has been no restructuring to date.

### Related Project(s)

There are no related projects.