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PK Sindh Public Sector Management Reform Project (P145617)

Implementation Status & Results Report

PK Sindh Public Sector Management Reform Project (P145617)

SOUTH ASIA | Pakistan | Public Sector Governance Global Practice |
IBRD/IDA | Investment Project Financing | FY 2015 | Seq No: 1 | ARCHIVED on 07-May-2015 | ISR18944 |

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

Key Dates

Key Project Dates

Board Approval date:28-Jan-2015

Effectiveness Date:--

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	--	● Satisfactory
Overall Implementation Progress (IP)	--	● Satisfactory
Overall Risk Rating	--	● Substantial

Implementation Status and Key Decisions

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The project was declared effective on April 29, 2015. Project activities are progressing satisfactorily.

Risks

Systematic Operations Risk-rating Tool

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

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Environment and Social	--	--	● Low
Stakeholders	--	--	● Substantial
Other	--	--	--
Overall	--	--	● 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	--	3.50	3.50
Date	30-Jun-2014	--	20-Apr-2015	30-Jun-2019

Comments
This indicator measures the overall performance of the Sales Tax on Services (STS) Collection. STS to be measured in real terms, as three and a half percent annual collection growth minus inflation. Performance is cumulative, and over or under-performance adjustable vis-a-vis preceding or succeeding years.

▸ Improved credibility of the budget (Percentage, Custom)

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

Comments

This indicator measures the variance between actual and budgeted expenditure composition during the last three years, excluding contingency items; for the preceding fiscal year. The actual progress will be measured after the end of the fiscal year.

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

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

Date	01-Sep-2014	--	20-Apr-2015	30-Jun-2019

Comments

This indicator measures the time taken to process procurement contracts proxies procurement performance as measured by days taken from the first advertised tender to signing. Targets measure improvements against baseline; for targeted contracts of education, agriculture, health and irrigation departments with dataset as sampled in the "Review of Procurement Practices and Timelines in Specified Departments of GOS," dated Oct 2014, and as detailed in the operations manual. The progress will be measured after the end of the fiscal year.

Overall Comments

The project was declared effective on April 28, 2015. The PMU will start measuring the progress on PDO indicators after the fiscal year ends.

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

Comments

This indicator measures the approval and implementation progress of Sindh Tax Revenue Moblization Plan.
Publishing means disclosure of the approved Sindh Tax Revenue Mobilization Reform Plan on the Finance Department website during FY 14-15; Approval means approval by the Chief Minister Sindh.

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▸ 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	--	Draft staffing and training plan has been prepared.	SRB has approved a revised staffing plan as per the recommendation of the third party review.
Date	30-Jun-2014	--	--	30-Jun-2019

Comments
Verification Protocol
1. Approval means sanction by the Board of SRB
2. Staff means staff of basic pay scale 15 or equivalent and above.
3. Training means pre-service and in-service training conducted as required by the approved SRB training plan as amended from time to time.
4. The staffing and training plan and HR policy, and any revisions, will be agreed with the Association.
5. Year 2 and 4 TPVs will review the adequacy of the staffing plan, the skills gap, the training systems, and implementation of the staffing plan to meet the SRB human recourse capacity needs to meet the annual targets set by the approved tax reform strategy.
6. Source: SRB documents and TPV reports.

▸ 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.	--	Project Actitivies have started.	SRB has issued all notices to at least 90% of non-compliant registered taxpayers in FY2018/19.
Date	30-Jun-2014	--	--	30-Jun-2019

Comments
Verification Protocol
7.   Automation means automated notice system, e-payment system, e-tax payer grievance redressal mechanism, unique tax payer identification number (STPIN) system, and e-tax payer facilitation and education.
8. Automated notice system means the detection of a possible non-compliance condition in the tax payer's return through an automated system and the production of a notice by the system. SRB will have various automated system(s) in place to report conditions such as non-filing, short payment, inadmissible (unverifiable or suspicious) input claim. Based on this detection the system will produce an automated notice which may be either dispatched electronically or with an officer's approval.
9. Tax identification number means a unique tax payer identification number.
10. E-grievance redressal system means electronic mechanism to report citizen grievances through a call center or email. A third party service center should be operational with a mechanism to receive phone calls and emails, log complaints and report follow-

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up action to; (i) tax payer / citizen; and (ii) management with escalation protocol for no action.

11. E-payment system means payment of taxes to a GoS tax collecting agency from a secure web based facility without the need to physically go to a bank, or government office.

12. Linkages to government and other registration systems databases means coordinated analysis between SRB and other third party databases. Third party refers to entities whose databases are of interest to the tax authority for the purpose of tax assessment, consistent with the law and government policy. Possible third parties include FBR, NADRA, banks, other provincial tax collecting agencies, NADRA, SECP, gas and electricity utilities, telecom companies, professional bodies, schools, housing authorities etc.

13. E-tax payer facilitation and education means use of ICT (internet, phones, emails, sms, etc.) to facilitate actual and potential taxpayers easy access to user friendly, and up-to-date information on the laws, regulations and procedures, making potential taxpayers aware of their liabilities, deadlines, arrears etc., and making available on SRB and government websites guidelines/pamphlets and other taxpayer education measures.

14. Piloting means that minimum 25% of the relevant business is transacted through the automated system but does not include e-tax payer facilitation and education measures.

15. Implemented means that minimum 90% of the relevant business is transacted through the automated system.

16. Third party review of years 2 and 4 will audit the quality and effectiveness of the automation systems for improved tax administration and suggest recommendation.

17. Third party review of year 3 will review the effectiveness and use of linkages of the third party databases with SRB systems.

18. Source: SRB documentation and TPV reports.

▶ Increased tax base (Percentage, Custom)

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

Comments
This indicator measures the increase in the registration of the number of taxpayers to assess the increasing width of the tax base. The progress will be measured towards the end of the current fiscal year.

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	System Absent	--	Risk-based audit plan is being prepared.	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

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Date	30-Jun-2014	--	--	30-Jun-2019

Comments
Verification Protocol
19. The risk based criteria for selection for tax payer audits mean audits and fraud investigations conducted on the basis of a structured systematic plan, clear risk assessment criteria, and related tax compliance and reporting requirements, with any revisions from time to time based on the outcomes of tax audits conducted approved by SRB, and agreed with the Association, with the aim to improve tax compliance.
20. Hit rate means the percentage of audits that result in meaningful additional tax liabilities/assessments.
21. Source: SRB audit reports and related documents.

▶ 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	--	20-Apr-2015	30-Jun-2019

▶ Debt management systems instituted (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Debt Management Systems do not exist.	--	Same as baseline.	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-2015	30-Jun-2019

Comments

The indicator measures the degree of implementation of the recommendations of the DeMPA reform plan.

▶ 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	--	--	30-Jun-2019

Comments
The indicator measures the percentage of extra-budgetary releases during the previous fiscal year entered by FD in SAP prior to payment.

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Internal audit function does not exist.	--	Same as baseline.	(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.

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Date	30-Jun-2014	--	20-Apr-2015	30-Jun-2019

Comments
Verification Protocl

22.	PAO means the Principal Accounting Officer of the department.
23.	Departments are any of the GOS departments identified under the Government of Sindh Rules of Business.
24.	The number of departments will be counted minus the Finance Department. Unique new departments will be counted towards achievement of results. Targets are not cumulative.
25.	Actions taken are any measures for policy or practice reform or training or counseling or punitive action taken by the PAO to correct the challenge identified by the internal audit.
26.	Source: Government documents and internal audit reports.

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	a) Budget Strategy Paper not prepared b) One quarterly report submitted to the provincial assembly	--	Budget strategy paper has been prepared.	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.
Date	30-Jun-2014	--	20-Apr-2015	30-Jun-2019

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

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

Comments
The indicator measures increased use of the procurement MIS for targeted contracts of the irrigation, health, agriculture, education, local government and works departments

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▶ 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-2015	30-Jun-2019

Comments
Measures the percentage of high value contracts processed through e-procurement systems for targeted contracts of the irrigation, health, agriculture, education, local government and works departments to assess the implementation of the new e–procurement system.

▶ 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.	SPPRA has certified at least five hundred (500) officers of grade BPS-16 of above.
Date	30-Jun-2014	--	--	30-Jun-2019

Comments
Verification Protocol
27. Certification program as defined in the training strategy approved by SPPRA board as amended from time to time and agreed with the Association.
28. Staff is BPS 16 and above.
29. Target is cumulative.
30. Third party review will examine the adequacy and effectiveness of the certification program.
31. Source: SPPRA documents and TPV reports.

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Zero	--	Draft plan has been prepared and engagement with the irrigation department is underway for field implementation.	P&DD has: (i) prepared and published at least twelve (12) quarterly reports on implementation of development schemes during FY2018/19 for

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				at least four (4) Government Departments; and (ii) carried out a third party review.
Date	30-Jun-2014	--	20-Apr-2015	30-Jun-2019

Comments

Verification Protocols

32. Format of data collection, reporting and disclosure the nature and number of schemes to be reported, as revised from time to time over the implementation years, will be agreed with the Association.

33. Data collection from the field will include data collected with geo-tagged photos in prescribed format and frequency, including selective use of third party monitors and community participation.

34. Departments for the purposes of this DLI are education, agriculture, irrigation, and one other department.

35. Development plan is annual development plan schemes and any other WB-financed schemes including the sub-schemes of any umbrella scheme.

36. Published means permanent disclosure on the P&DD website.

37. Third party review will examine the usefulness of the ICT-based data collection for improved monitoring of civil works execution.

38. The targets are not cumulative.

39. Piloted means using ICT-based data collection efforts for any six districts for one targeted department.

40. Source: P&DD documents, website and TPV reports.

▶ 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	6.00
Date	30-Jun-2014	--	20-Apr-2015	30-Jun-2019

Comments

Measures improved spatial monitoring and planning capacity and increased transparency.

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

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

Comments

Measures implementation of proactive feedback mechanisms, where government contacts the citizens to elicit views on various aspects of service delivery, for increased citizen oversight of development projects. The focus will be collecting feedback from women.

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Overall Comments
The project was declared effective on April 28, 2015. The next ISR will review in detail the progress on each indicator.

Data on Financial Performance

Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P145617	IDA-55840	Not Effective	XDR	33.90	33.90	0.00	0.00	33.90	0%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P145617	IDA-55840	Not Effective	28-Jan-2015	--	--	31-Aug-2020	31-Aug-2020

Cumulative Disbursements

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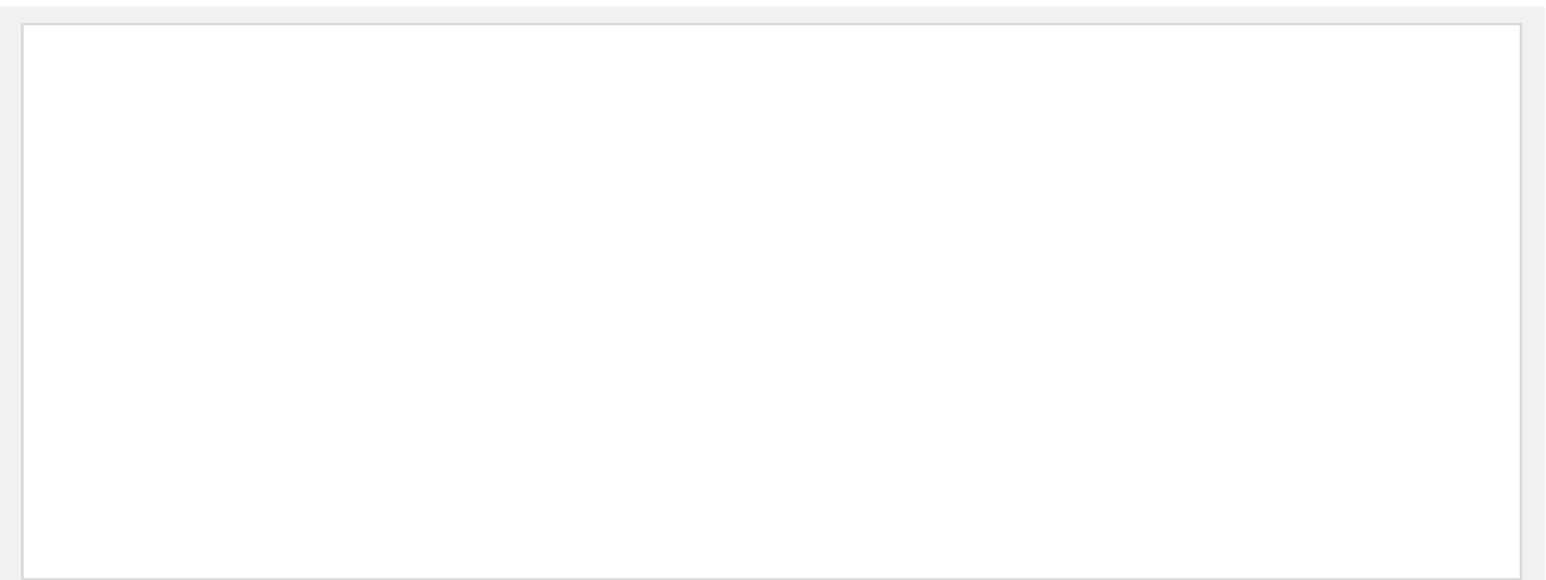
Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.