



Power Sector Reform: Second Development Policy Credit (P152021)

SOUTH ASIA | Pakistan | Energy & Extractives Global Practice |
IBRD/IDA | Development Policy Lending | FY 2016 | Seq No: 1 | ARCHIVED on 13-Dec-2016 | ISR25996 |

Implementing Agencies: Ministry of Water and Power, National Electric Power Regulatory Agency, Ministry of Finance, Ministry of Petroleum and Natural Resources, Oil and Gas Regulatory Authority

Key Dates

Key Project Dates

Bank Approval Date:12-Nov-2015

Effectiveness Date:25-Nov-2015

Planned Mid Term Review Date:--

Actual Mid-Term Review Date:--

Original Closing Date:31-Dec-2016

Revised Closing Date:31-Dec-2016

Program Development Objectives

Program Development Objective (from Program Document)

This development policy credit (DPC) focuses on structural reforms to the electric power sector that will improve its financial, technical and commercial performance. The DPC is structured around three objectives: (A) Reducing subsidies and improving tariff policy; (B) Improving sector performance and opening the market to private participation; (C) Ensuring accountability and transparency.

Overall Ratings

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

Implementation Status and Key Decisions

Implementation progress of the program is satisfactory. The program is moderately satisfactory in its likelihood of achieving its development objectives. Some challenges remain in the implementation of the policy reforms which are being supported by the complementary Trust Fund for Accelerated Growth and Reforms (TAGR). The Government of Pakistan and the WB remain committed to achieving the results foreseen at the beginning of the series and have stepped up monitoring of results and their engagement to ensure the implementation of the reforms in the program. The World Bank will continue to provide support to the Government of Pakistan in support of the Government's reform agenda, in the short term focusing on support for the electricity regulator and for the reform of the gas sector, financed through TAGR. At this time no further policy support operations for the power sector are envisaged.

Risks

**Systematic Operations Risk-rating Tool**

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

Results**Results Indicators**

► Subsidies allocated in Federal budget (as percentage of GDP) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.80	1.20	0.70	0.80
Date	30-Jun-2013	28-Jan-2015	30-Jun-2016	30-Jun-2016

► Increased bill collection in Distribution Companies (Collection as a percentage of total billing by DISCOs) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	86.00	88.50	94.60	94.00
Date	30-Jun-2013	31-Mar-2015	30-Jun-2016	30-Jun-2016



► Increased gas supply (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3.8 billion SCFD	4.1 billion SCFD	3.8 billion SCFD	5 billion SCFD
Date	30-Jun-2013	10-Apr-2015	30-Jun-2016	30-Jun-2016

► Separation of market operations and transmission system operations (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Market and system operations in single entity (NTDC/CPPA)	In progress	All contracted power generated by IPPs, GENCOs and WAPDA Hydel traded through an independent CPPA	All contracted power generated by IPPs, GENCOs and WAPDA Hydel traded through an independent CPPA
Date	30-Jun-2013	07-May-2015	30-Jun-2016	30-Jun-2016

► Disco performance reports and NEPRA review of performance published (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	N	N	Y	Y
Date	30-Jun-2013	30-Apr-2015	30-Jun-2016	30-Jun-2016

Overall Comments

Progress against indicators is satisfactory except for the quantitative indicator for gas production which targeted 5 billion standard cubic feet per day (SCFD), and has remained stable at 3.8 billion SCFD although the composition has changed, and now includes 300 million SCFD of liquefied natural gas that is imported. Although the measure of separation of the system and market operations has been achieved, there are some qualitative shortcomings, as described in the progress section.

Data on Financial Performance

Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
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P152021	IDA-57400	Effective	XDR	356.20	356.20	0.00	356.20	0.00	<div style="width: 100%; height: 15px; background-color: green;"></div>	100%
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Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P152021	IDA-57400	Effective	12-Nov-2015	20-Nov-2015	25-Nov-2015	31-Dec-2016	31-Dec-2016

Tranches**Restructuring History**

There has been no restructuring to date.

Related Operations

P128258-Power Sector Reform: Development Policy Credit