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Reforms and Innovation in Government for High Performance (Phase II)

B0424 - Pakistan - Islamabad

REPORTING PERIOD 2022- 2026

Narrative

REPORT DATE: 15-01-2024

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1. Executive Summary

2. Background

3. Key Results Achieved

- **Level of Reporting:**

  Output level results

  Project Outputs:

  Risk Governance is integrated in institutional frameworks and mechanisms for better disaster management and resilience

  Contributing Outcomes:

  Outcome 1 By 2027, the people in Pakistan, especially women, children, the most vulnerable and marginalized, have increased access to fundamental rights, gender equality and fundamental freedom through inclusive, accountable, effective and evidence-driven governance systems and rule-of-law institutions at all levels of government, contributing to good governance and stability

  Contributing Outputs:

  PAK_OUTPUT_1.1 Open, agile, accountable and future-ready governance institutions and systems in place to co-create and deliver solutions to accelerate transparent and equitable service delivery and SDG achievement

  Progress Note:

  1. Development of risk governance framework in Sindh: The project is currently executing a Risk Governance pilot in three districts of Sindh (Naushahro Feroze, Jamshoro, Thatta). The pilot commenced with an extensive inception phase in March 2023, which aimed to identify entry points and comprehend the governance dynamics associated with disaster risk management in the province. The initiative prioritizes risk preparedness and mitigation, addressing both recurring disaster patterns and the emerging risk of slow-developing disasters driven by factors such as climate change, evolving development practices, and other external triggers in a rapidly changing environment. A Project Steering Committee oversees implementation of the activities which reflects the direct ownership and satisfaction of the provincial government. A key initiative in this context includes development of a state-of-the-art 'Dashboard for

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Risk Governance' to serve as a valuable tool for decision makers, offering key insights and critical information to inform strategic actions and policies. The initiative is cumulatively benefiting an estimated population of 4,002,171 comprising 187,344 direct beneficiaries and 3,814,826 indirect beneficiaries in the three districts.

- **Level of Reporting:**

  Output level results

  Project Outputs:

  E-governance and innovation are enhanced in public sector institutions for inclusive digital societies

  Contributing Outcomes:

  Outcome 1 By 2027, the people in Pakistan, especially women, children, the most vulnerable and marginalized, have increased access to fundamental rights, gender equality and fundamental freedom through inclusive, accountable, effective and evidence-driven governance systems and rule-of-law institutions at all levels of government, contributing to good governance and stability

  Contributing Outputs:

  PAK_OUTPUT_1.1 Open, agile, accountable and future-ready governance institutions and systems in place to co-create and deliver solutions to accelerate transparent and equitable service delivery and SDG achievement

  Progress Note:

  1. Institutional Strengthening of Government Departments: A comprehensive Gap Assessment study was conducted for Sindh's Planning and Development Department (P&DD) to enhance operational efficiency. The study recommended investing in capacity building, establishing robust data management, fostering interdepartmental collaboration, streamlining planning processes, embracing technology, engaging stakeholders, and implementing an evaluation framework. These recommendations aim to bridge identified gaps, improve efficiency, and contribute to sustainable development. Implementation of the recommendations will enable the P&D Department to address identified gaps and enhance its performance. This will result in improved capacity, streamlined processes, better data management, and increased stakeholder engagement, ultimately leading to more effective and efficient planning practices, contributing to sustainable development and better outcomes for the province and the country. 2. Institutional Strengthening Support to Sindh Revenue Board: Consequent to the 18th Constitutional Amendment (specifically in relation to item No. 49 of Part A of the Fourth Schedule thereof) and pursuant to Articles 8 and 9(2) of the 7th NFC Award, notified in 2010, the Government of Sindh (GOS) enacted the Sindh Revenue Board Act, 2010 (Sindh Act No. XI of 2010). It aims to regulate fiscal and economic policies, tax administration, and the collection of various taxes and levies within the province. Sindh Board of Revenue’s (SRB’s) main responsibilities include administering, collecting, and enforcing the Sales Tax on Services (SST), as well as

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formulating tax policies, providing taxpayer education, facilitating tax-related matters, and ensuring effective tax administration in Sindh. However, with the existing compliance and policy gaps in tax collection SRB reigns behind and therefore, the need to conduct a tax gap analysis with the help of UNDP was initiated by SRB. In this backdrop, tax-gap analysis has emerged as a critical undertaking to help the province of Sindh in making informed policy decisions and designing effective tax administration measures. In view of the above, the project initiated a tax gap analysis in liaison with Sindh Revenue Board. The specific objectives of the exercise include: a) Identifying and estimating the tax gap for the agreed fiscal year / years with the SRB team b) identify areas where tax evasion, non-compliance, or inefficiencies exist, c) identifying ways to reduce the tax gap divided over short-term, medium-term, and long-term sustainable measures d) Producing a comprehensive report summarizing the tax gap analysis including the estimated gap size, high-risk sectors, causes of non-compliance, and recommendations. 5. Generating evidence and data for informed policy formulation: The project successfully conducted the final round of a three-phase longitudinal citizen perception survey, focusing on public service delivery and citizen satisfaction, with the aim of strengthening border governance and connectivity and providing data for informed policy formulation. The survey was conducted in all districts of KP and Punjab, involving around 27,720 respondents. (Note: The sample was reduced to 52 districts and 19,047 respondents in the third round.) Key survey findings include high satisfaction levels: 89% for safe drinking water services, 69.2% for sanitation services, 94% for health services, and a significant increase in education service satisfaction, rising from 48% to 96%. However, the survey highlighted a discrepancy between access and satisfaction scores, indicating the limitations of using satisfaction alone as an indicator of service quality. Satisfaction with grievance redress mechanisms increased from 45% to 54%, but active citizen participation remained low at 17%, with "no one is bothered" cited as a common reason for not lodging complaints.

- **Level of Reporting:**

  Output level results

  Project Outputs:

  Institutional governance and capacities are strengthened through evidence-based policy making and implementation support for improved service delivery

  Contributing Outcomes:

  Outcome 1 By 2027, the people in Pakistan, especially women, children, the most vulnerable and marginalized, have increased access to fundamental rights, gender equality and fundamental freedom through inclusive, accountable, effective and evidence-driven governance systems and rule-of-law institutions at all levels of government, contributing to good governance and stability

  Contributing Outputs:

  PAK_OUTPUT_1.1 Open, agile, accountable and future-ready governance institutions and systems in place to co-create and deliver solutions to accelerate transparent and equitable service delivery and SDG achievement

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Progress Note:

1. Support to the PM Office on implementation of Strategic Roadmap targets: Throughout the year, the project consistently aided the Prime Minister's Office in the effective execution of Strategic Roadmap targets. This involved closely coordinating with specific Ministries and Divisions of the Federal Government and enhancing their capacities. Regular stocktakes were organized on key themes, including solarization, export performance, revenue mobilization, and energy management. Notable achievements resulting from this support included a 17% upswing in tax collection, a 90% increase in the number of taxpayers, and a substantial reduction in circular debt flow within the power sector, attaining an impressive 94% recovery rate. Additionally, assistance was extended to initiatives aimed at bolstering investment, notably through the formulation of policies like the Pakistan Investment Policy 2023 and the establishment of 37 Special Economic Zones (SEZs). Evidence E:1 – Reports of Prime Ministerial stocktakes

- **Level of Reporting:**

  Project level results

  Contributing Outcomes:

  Contributing Outputs:

  Progress Note:

  The following is a brief synopsis of the key activities undertaken by the project in 2023: The project made substantial contributions to the effective execution of Government's Strategic Roadmap targets, demonstrating notable achievements. The support extended to the Prime Minister's Office encompassed strategic coordination with specific Ministries and Divisions, and the facilitation of regular stocktakes on crucial themes such as solarization, export performance, revenue mobilization, and energy management. Additionally, assistance was provided for initiatives fostering investment, including the formulation of the Pakistan Investment Policy 2023 and the establishment of 37 Special Economic Zones (SEZs). In Sindh, the project initiated a Risk Governance pilot in three districts, aiming to enhance disaster risk management. The pilot, overseen by a Project Steering Committee, includes the development of a 'Dashboard for Risk Governance' to offer critical insights for decision-makers. This initiative cumulatively benefits an estimated population of 4,002,171 in the three districts. The project also conducted a comprehensive Gap Assessment study for Sindh's Planning and Development Department, laying out recommendations for operational efficiency, interdepartmental collaboration, and sustainable development. Furthermore, the project provided institutional strengthening support to the Sindh Revenue Board, conducting a tax gap analysis to inform policy decisions and improve tax administration. The ongoing commitment to generating evidence through citizen perception surveys, covering all districts of KP and Punjab, showcased high satisfaction levels in various services. The survey findings highlighted the need to address discrepancies between access and satisfaction scores and emphasized the importance of active citizen participation for a more comprehensive assessment of service quality.

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4. Key Challenges Encountered

- **Level of Reporting:**

  Project level results

  Contributing Outcomes:

  Contributing Outputs:

  Progress Note:

  1. Frequent changes in leadership and political complexity in Pakistan pose a significant challenge to the stability and continuity of civil service reform projects, hindering their effective implementation. 2. Addressing the diverse needs of the population, particularly marginalized and underserved communities, is a persistent challenge, requiring tailored approaches to ensure inclusivity and equity in the reform process. 3. Establishing transparent and participatory communication channels with various stakeholders, including political leaders, civil servants, civil society, private sector, and donors, is a complex task. Ensuring consensus and ownership for the reform efforts is critical but often faces resistance and challenges. 4. Coping with uncertainty and adapting to changing circumstances is an ongoing challenge in the context of civil service reforms. The need for a flexible approach that allows for experimentation and innovation in finding solutions is imperative. 5. Instituting effective accountability mechanisms within the civil service reform project to ensure responsible actions by civil servants, with oversight and feedback, remains a challenge in enhancing the quality and delivery of public services.

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5. Project Risks and Issues

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1. Consensus Among Federal Government Agencies: Cause: Divergence of opinion among key government agencies on the need for civil service and institutional strengthening reforms. Impact: Delays in project activities across all outputs, hindering the achievement of Annual Work Plan (AWP) targets. Treatment: Extensive consultations with government counterparts to secure ownership and acceptance of reform proposals, embedding the reform agenda in the system. 2. Government Prioritization of Reforms: Cause: Civil unrest, political instability, economic instability, changes in government, or premature electoral activity leading to reforms not being a government priority. Impact: Delay in project activities across all outputs, hindering AWP target achievement. Treatment: Continuous engagement with incumbent governments, advocating for governance system strengthening, positioning the project as a preferred partner. 3. Parliamentary Endorsement on Constitutional Amendments: Cause: Diverse opinions among constituents, hindering the assurance of Parliament's endorsement for proposed public sector reforms requiring Constitutional amendments. Impact: Delays in project activities, hindering AWP target achievement. Treatment: Maintaining constant engagement with key stakeholder groups, advocating for good governance through civil service reforms. 4. Turnover in Key Government Leadership Positions: Cause: Federal Government's sole prerogative in appointing, transferring, and posting key leadership positions, leading to potential turnover. Impact: Delays in project activities across all outputs, hindering AWP target achievement. Treatment: Broadening contact points within relevant government ministries, arranging regular briefing sessions for new incumbents. 5. Limited Access to Project Areas for Field Activities: Cause: Resurgence of COVID-19, travel restrictions, smart lockdowns, or natural/environmental hazards affecting access to project areas (Khyber Pakhtunkhwa and Punjab). Impact: Delays in project activities, hindering AWP target achievement. Treatment: Assessing hazard probability, revising schedules accordingly, ensuring COVID compliance with government SOPs, and utilizing work from home or online modalities. 6. Government Prioritization of Inclusivity and Gender Equality Reforms: Cause: Competing priorities, political considerations, or a lack of awareness about the significance of inclusivity and gender equality reforms. Impact: Perpetuation of gender-based disparities, hindering overall progress and development. Treatment: Implementing advocacy and awareness initiatives, engaging stakeholders, developing evidence-based policy recommendations, and fostering international partnerships to pressure the government into integrating these reforms.

6. Lessons Learned

- No items to display.

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7. Conclusions and Way Forward

In conclusion, the project's efforts during the reporting period have yielded significant progress across diverse initiatives, with impactful outcomes in the execution of Strategic Roadmap targets, disaster risk management in Sindh, and institutional strengthening. Noteworthy achievements include substantial improvements in tax collection and the establishment of critical frameworks for risk governance and operational efficiency. Looking ahead, the project

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will sustain its commitment to supporting the Prime Minister's Office in achieving Strategic Roadmap targets, focusing on sustained coordination and capacity enhancement. The expansion of the Risk Governance pilot in Sindh, coupled with the continuous refinement of the 'Dashboard for Risk Governance,' will bolster disaster preparedness and mitigation efforts. Simultaneously, ongoing institutional strengthening initiatives, such as the comprehensive tax gap analysis, will contribute to sustainable development and improved governance. The project remains dedicated to generating evidence through targeted efforts, aiming to address identified discrepancies and enhance the effectiveness of public service delivery through informed policy formulation.

8. Other Reporting Requirements

- No items to display.

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