



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

FOR OFFICIAL USE ONLY

Report No: RES45628

INTERNATIONAL DEVELOPMENT ASSOCIATION

RESTRUCTURING PAPER

ON A

PROPOSED PROGRAM RESTRUCTURING

OF THE

PUBLIC FINANCIAL MANAGEMENT AND ACCOUNTABILITY TO SUPPORT SERVICE DELIVERY PROGRAM FOR RESULTS

APPROVED ON DECEMBER 19, 2017

TO THE

ISLAMIC REPUBLIC OF PAKISTAN

Governance Global Practice
South Asia Region

Regional Vice President: Hartwig Schafer

Country Director: Najy Benhassine

Regional Director: Zoubida Kherous Allaoua

Practice Manager: Hisham Ahmed Waly

Task Team Leaders: Akmal Minallah, David I, Uzma Sadaf



ABBREVIATIONS AND ACRONYMS

| | |
|--------------|---|
| ACC | Audit Competency Center |
| ACL | Audit Command Language |
| AMIS | Audit Management Information System |
| AGP | Auditor General of Pakistan |
| CGA | Controller General of Accounts |
| CFAO | Chief Finance Accounts Officer |
| CNIC | National Identification Card |
| COVID-19 | Novel Coronavirus 2019 |
| CCI | Council of Common Interest |
| FABS | Financial Accounting and Budgeting System |
| FCC | Fiscal Coordination Committee |
| IAPB | Internal Audit Policy Board |
| IDA | International Development Association |
| NADRA | National Database Registration Authority |
| OBB | Output Based Budget |
| PAC | Public Accounts Committee |
| PAO | Principal Accounting Officer |
| PDO | Project Development Objective |
| PFM | Public Financial Management |
| PFM Act 2019 | Public Financial Management Act 2019 |
| PforR | Program for Results |
| PPRA | Public Procurement Regulatory Authority |
| RF | Results Framework |
| TSA | Treasury Single Account |



DATA SHEET (PFM and accountability to support service delivery PforR - P157507)

| | | |
|------------------------------|---|---------------------|
| Project ID P157507 | Financing Instrument Program-for-Results Financing | IPF Component No |
| Approval Date 19-Dec-2017 | Current Closing Date 30-Nov-2021 | |

Organizations

| | |
|--|---|
| Borrower Islamic Republic of Pakistan | Responsible Agency Ministry of Finance |
|--|---|

Program Development Objective(s)

The project development objective (PDO) is to improve public financial management and procurement systems for better management and accountability in service delivery for health and education sectors.

Summary Status of Financing (US\$, Millions)

| Ln/Cr/TF | Approval Date | Signing Date | Effectiveness Date | Closing Date | Net Commitment | Disbursed | Undisbursed |
|-----------|---------------|--------------|--------------------|--------------|----------------|-----------|-------------|
| IDA-61700 | 19-Dec-2017 | 29-Dec-2017 | 29-Dec-2017 | 30-Nov-2021 | 400.00 | 286.11 | 113.89 |

Policy Waiver(s)

Does the Program require any waivers of Bank policies applicable to Program-for-Results operations?

No



I. PROGRAM STATUS AND RATIONALE FOR RESTRUCTURING

1. **The World Bank’s Board of Executive Directors approved the Public Financial Management (PFM) and Accountability for Service Delivery Program for Results (PforR, P157507)** on December 19, 2017. The Program became effective on December 29, 2017, with a closing date of November 30, 2021 and overall allocation of US\$400 million in International Development Association (IDA) Credit. The Program aims to “improve PFM and procurement systems for better management and accountability in service delivery for the health and education sectors”, through the following five result areas:

- Strengthening the Legal Framework and Internal Management Systems in Line Ministries and Service Delivery Units (US\$140 million);
- Improved Procurement Performance (US\$50 million);
- Payroll and Pension Payment Systems (US\$60 million);
- External Audit, Legislative Scrutiny and Social Accountability (US\$70 million); and
- Performance-based Grants (US\$80 million)

2. **The Program development objectives (PDOs) and government priorities are well aligned, and the Government is keen on making continual efforts towards successful Program implementation.** Though some activities have been delayed because of the extensive scale of activities and challenges faced by the Novel Coronavirus 2019 (COVID-19) pandemic, progress has been substantial, considering the nature and history of PFM reforms in Pakistan. The Program has widespread buy-in at the strategic level, as reflected in the PFM Reform Strategy and several actions taken under the PFM Act 2019 in terms of the federal government’s transitioning toward the Treasury Single Accounting (TSA) system, decentralized payment process and internal auditing set up in each ministry under Principal Accounting Officers (PAOs), and delegation of full financial powers to PAOs to manage their budgets effectively for improved service delivery, to name a few.

3. **Progress has substantively improved and is Moderately Satisfactory.** The Program achieved substantive results in recent months despite the challenges of COVID-19 and the rigor of Government budget preparation activities. Yet, the Government cannot complete the development and implementation of an e-Procurement system in the health and education sectors and implement the TSA framework before the Program closing date of November 30, 2021. As a result, the overall progress towards PDO achievement is rated Moderately Satisfactory, while the Implementation Progress has been retained at a level of Moderately Unsatisfactory¹.

4. **Progress against implementation of the five result areas and achievement of the PDO level indicators is as follows:**

- **Key Result Area 1: Strengthening the Legal Framework and Internal Management Systems in Line Ministries and Service Delivery Units.** Following the enactment of the PFM Act 2019, a PFM Implementation Committee was established that meets regularly to assess the implementation of the Law. As required by the PFM Act, a mid-year budget execution review was presented to the Cabinet. The budget for the fiscal year 2020-2021 included significant initiatives. The Federal Government has defined the functions and responsibilities of the Chief Finance and Accounts Officers (CFAOs) in consultation with the Auditor General of Pakistan (AGP), Finance Division, and the Controller General of Accounts (CGA). As per the approved arrangements, the office of CFAO has the responsibility to support PAOs. However, for the latest ISR, the team preferred to maintain a Moderately

¹ Per the latest Implementation Status and Results Reports, approved by World Bank Management on July 21, 2021:

<https://documents1.worldbank.org/curated/en/916291626872782845/pdf/Disclosable-Version-of-the-ISR-PFM-and-accountability-to-support-service-delivery-PforR-P157507-Sequence-No-06.pdf>



Satisfactory rating for PDO achievement and Moderately Unsatisfactory rating for implementation progress in planning, budgeting, budget execution, reporting—including the mid-year reporting and performance reporting against the Output Based Budget (OBB), and improving service delivery through continuous oversight. The Government has constituted an Internal Audit Policy Board (IAPB) to establish the internal audit function at the federal level. The IAPB is responsible for policy making and setting scope and standards, approving internal audit manuals and charter of internal audit, and monitoring the overall effectiveness of the internal audit function. A Cash Management and TSA policy (2019-2029) has been notified to secure timely availability of cash to meet obligations, economize on cash within Government at the federal level, save interest costs, and manage Government's cash flows efficiently in a way that benefits debt management and monetary policy. TSA rules have also been notified. These reforms are also trickled down to the provincial governments through the forum of fiscal coordination committee and their sub-committees.

- **Key Result Area 2: Improved Procurement Performance.** After a delayed start, the government hired a firm to develop an e-Procurement system. Rules and regulations are currently being updated to support the implementation of an e-Procurement system, and Standard Bidding Documents were prepared and are to be notified. The Public Procurement Regulatory Authority (PPRA) established a Project Management Unit and will be hiring qualified staff. It is expected that the e-Procurement system will be fully developed by the end of November 2021, followed by implementation in the health and education sectors.
- **Key Result Area 3: Payroll and Pension Payment Systems.** The Cabinet has directed the CGA to move all pensioners to the Direct Credit Scheme (DCS). The account opening procedure for the DCS at banks ensures that accounts are only opened for persons holding valid National Database and Registration Authority (NADRA) issued Computerized National identity Cards (CNIC). The payroll database of accounting offices also has a record of CNIC numbers for respective pensioners/employees. The identity of the person drawing the pension is verified against CNICs by the respective bank, the accounting office which processes pension, and the parent department to which the pensioner belongs. According to the Financial Accounting and Budgeting System (FABS) reports, more than 80 percent of civil pensioners of the Federal Government have migrated from manual pension payments to digital transfer of pension payments to pensioners' bank accounts. The alignment of sanction positions and payroll of primary school teachers and health workers in the selected districts is progressing. The schoolteachers and health care workers are assigned unique personnel codes. This personnel code contains important information related to the employee (e.g., name, CNIC, age, date of birth, grade, school/Basic Health Unit (BHU) name, and designation). This personnel code is linked with payroll, pension and loans. The system was piloted in two districts and has now been replicated in 34 districts of Khyber Pakhtunkhwa.
- **Key Result Area 4: External Audit, Legislative Scrutiny and Social Accountability.** An Audit Management Information System (AMIS) Competency Centre (ACC) headed by B-19 Office is operational. The AGP has applied Audit Command Language (ACL) on revenue and payroll data and recovered an amount of US\$3 million. To promote citizen participatory audits, the AGP has provided space on its website for the citizens to flag issues of concerns that can be taken up in audits. Staff of AGP and Public Accounts Committee (PAC) have received training in the newly acquired AMIS. As a result, the system has processed a ten-year-old backlog of audit recommendations of the PAC. Dashboards are available for effective follow-up on PAC recommendations by the PAC Secretariat.
- **Key Result Area 5: Performance-based Grants.** Article 160 of the constitution requires the establishment of a National Finance Commission (NFC). The membership of NFC comprises federal and four provincial ministers of finance. This article also requires that this council monitors the implementation of the NFC. Post 18th amendment, there was a dire need for enhancing fiscal coordination between the different federating units. In pursuance of Council of Common Interests (CCI) decision in case No. CCI 6/4/2017, dated November 24, 2017, the Finance Division notified the Council of Ministers' Terms of Reference which enhanced its role to include fiscal



coordination among the Federal Government and the provinces. During a meeting held on May 4, 2019, the Fiscal Coordination Committee (FCC) approved recommendations from the FCC sub-committee on PFM and Accountability to Support Service Delivery Program regarding incentive grants to provinces, to improve the delivery of services in selected areas under the Program. Performance indicators were also notified for tracking progress under the related Disbursement Linked Indicator (DLI). In addition, the Finance Division allocated PKRs 4 billion to the federal budget for fiscal year 2019-2020 and PKRs 2 billion for the fiscal year 2020-2021 for performance grants.

5. Given the strategic importance of Program activities to the country, the Government has submitted a restructuring request, dated February 23, 2021, to extend the Program closing date by 19 months (from November 30, 2021 to June 30, 2023), reduce the overall Bank financing by US\$20 million (i.e., from US\$400 million to US\$380 million), and amend the Results Framework (RF) and DLIs to better capture expected results. The restructuring request considers that the disruption caused by the COVID-19 pandemic further impeded the constrained four-year implementation schedule of the Program. The schedule was already unrealistic and did not match the complex design of the Program (including the multiplicity of stakeholders and linkages with the provinces). This restructuring will, therefore, enable the Program to fill the gaps created by challenges related to the pandemic and provides the opportunity to complete pending activities.

6. The PDO does not require restructuring. It is important to amend some RF indicators to align them better with the overall development objectives and revised DLIs. This restructuring will enable the Government to make progress on the lagging DLIs (e.g., DLIs 3.3 and 3.4) related to critical development and implementation of e-procurement systems at the federal and provincial levels. Government would also have more time to advance on the PDO and intermediate level indicators and disbursement to key activities. These would provide a solid argument to upgrade the Program performance ratings and exit the current problem status in the coming months. These are all transformational activities that constitute risks to the several key result areas and related outcomes if the closing date remains the same.

7. The Program has reached a critical phase that requires monitoring and troubleshooting at the strategic level. The following are critical actions that the Government needs to complete within the extended implementation period to further improve the Program performance:

- Ensure that the Steering Committee, headed by the Secretary of Finance, meets every quarter to oversee Program implementation.
- Implementation of the e-Procurement system should be ensured through a high-level committee, preferably under the Cabinet Reforms Committee, and should review the implementation status every month.
- Provide the Deputy Controller General (FABS) with sufficient resources to enhance his team and fully implement all government-wide IFMIS reforms. He should have access to high-quality advisors and experts on technology infrastructure, licensing arrangements, and intra-operability framework.
- Provide the Deputy Auditor General's Special Audit with sufficient resources and governance flexibility to oversee the complete rollout of the AMIS across all departments of the Auditor General Office; and
- Further strengthen the role of FCC for better coordination on fiscal reforms among the provinces.

8. The proposed closing date extension meets the requirements of the World Bank's PforR Policy regarding extension of closing dates, specifically: (i) the Program objectives remain achievable; (ii) The performance of the Borrower remains satisfactory; (iii) The World Bank and the Borrower agree on actions that will be undertaken by the Borrower to complete critical Program activities; and (iv) There are no outstanding audits.



II. DESCRIPTION OF PROPOSED CHANGES

9. The proposed Program restructuring includes:

- **Extension of the Program closing date by 19 months** (from November 30, 2021 to June 30, 2023), to ensure that all critical activities across result areas are finalized and implemented to support the achievement of the PDO;
- **Revision of the disbursement estimates** to reflect the expected disbursements within the extended implementation period;
- **Adjustments to the RF**, to better clarify the context of some PDO and intermediate level and link them with the revised DLIs. While proposing these changes, the monitoring and evaluation framework remains relevant and comprehensive, allowing Program performance tracking over its remaining lifetime. Annex 1 presents changes to the RF and related indicators.
- **Adjustments to the DLI matrix** to align the values of the DLI targets with the evolving country and sectoral circumstances and ensure measurability and consistency in tracking progress on outputs and outcomes in the extended Program implementation period. Further, the financial year in which a DLI is to be achieved is delayed and pushed to subsequent years (DLIs 1, 2, 3 and 5). Baseline assumptions of some DLIs (DLI 1, 2 and 3) are also amended, to reflect actual ground experience. In addition, DLI 7.1 is substituted with new DLR that take place in subsequent financial years. Some DLRs which could not be completed are deleted (DLR 1.4, 2.3, 2.4, 2.5, 3.3, 3.4, 3.5 and 5.4). Scope of two DLIs is enhanced to ensure sustainability of reforms (DLI 4 and 6)The revised DLI matrix is included in Annex 1 and the proposed changes are summarized in Table 1 below.
- **Cancellation of US\$20 million.** As a result of restructuring, the scope of some DLIs is reduced. These include DLI 2 in which the baseline of cash held outside the TSA is revised . DLI3 is also revised and made more specific to Project Development Objective. With focus of DLI3 on e-Procurement in Health and Education, the total allocation of this DLI is also reduced. Cancellation of US \$20 million (5% of the total size of the program) will have no impact on achievement of PDO. Alternatively, the result framework is revised to make it more relevant to achievement of the PDO.



Table 1: Summary of Proposed Changes to the DLI Matrix

| DLI No. | Description | Proposed Changes | Rationale | Original DLI Allocation (in US\$ million) | Revised DLI Allocation (in US\$ million) |
|----------------|---|--|---|--|---|
| DLI 1 | Reduction of variance in functional expenditure composition for health and education to improve reliability of the budget | The FY2019/2020 target is deleted and targets of subsequent years are made scalable (FY2020/2021, FY2021/22 and FY 2022/23) | The DLI targets require calculation of variance in health and education, separately for each province. This DLI will be made scalable in proportion to the results achieved by each province and the federal government. The scope of this DLI will increase with inclusion of federal government and be better aligned to the outputs of the Program. | 70 | 70 |
| DLI 2 | Reduction in cash held outside the Recipient's TSA | The DLI requires updating the baseline relating to cash held outside the TSA. DLIS 2.3, 2.4 and 2.5 are deleted and replaced with the new ones to be completed during the extended period. | Baseline for government cash held in commercial bank accounts was based on the State Bank report, which includes provincial and local government entities which are not included in the TSA Policy. Therefore, the baseline for the indicators is updated based on reconciled figures of cash held outside the TSA by Ministries, Departments and Agencies (excluding PSEs) as reported by the State Bank. With revision in baseline, this indicator will be achievable. By excluding the provincial and local government bank accounts, the scope of this DLI is reduced and, therefore, portion of the DLI amount shifted to other DLIs with an increased | 70 | 40 |



| | | | | | |
|-------|--|--|---|----|----|
| | | | scope in addition to cancellation of US\$15 million. | | |
| DLI 3 | Percentage of vendor contracts processed through the Recipient's e-procurement system | The DLI requires extension in completion dates and reduction in scope. The baseline is also updated. | This activity is delayed due to delays in hiring of a consulting firm. The extension of the end target's date will be aligned with and support the completion of ongoing activities. The scope of the DLI is reduced to only focus on implementation of e-procurement system in health and education. | 50 | 45 |
| DLI 4 | Percentage of alignment of information and identification numbers for individual primary school teachers and health workers related to their place of work and salaries | Scope and cost of this DLI is enhanced | Scope of this DLI is enhanced from Piloting in selected districts to its replication in whole of the government. This will support sustainability of this reform. | 30 | 35 |
| DLI 5 | Percentage of pensioners, disaggregated by gender, authenticated against NADRA computerized national identity card, paid through the Direct Credit Scheme no later than the following pension payment cycle after retirement | Target dates for completion of the DLI are extended. The allocated amounts have also been adjusted/ split between two financial years. | | 30 | 30 |



| | | | | | |
|-------|---|--|---|-----|-----|
| DLI 6 | Percentage of audit recommendations processed through the AMIS | The scope and amount of this DLI is enhanced | The DLI relates to follow up audit recommendations by PAC relating to health and education. This scope is enhanced to include four additional sectors. (Revenue, Social Safety, Climate & Public Works) | 40 | 50 |
| DLR 7 | Increased citizen access to key fiscal information on health and education. | DLR 7.1 is replaced | DLR 7.1 relates to submission of Open Government Action Plan. This activity could not be completed due to factors the Program control. The DLI is, therefore, replaced with increasing the scope of reporting requirements. | 30 | 30 |
| DLI 8 | Percentage of fiscal performance and service delivery indicators met by the provinces | No change | | 80 | 80 |
| TOTAL | | | | 400 | 380 |



III. SUMMARY OF CHANGES

| | Changed | Not Changed |
|---|---------|-------------|
| Change in Results Framework | ✓ | |
| Change in Loan Closing Date(s) | ✓ | |
| Change in Cancellations Proposed | ✓ | |
| Reallocation between and/or Change in DLI | ✓ | |
| Change in Disbursement Estimates | ✓ | |
| Change in Implementation Schedule | ✓ | |
| Change in Implementing Agency | | ✓ |
| Change in Program's Development Objectives | | ✓ |
| Change in Program Scope | | ✓ |
| Change in Disbursements Arrangements | | ✓ |
| Change in Systematic Operations Risk-Rating Tool (SORT) | | ✓ |
| Change in Safeguard Policies Triggered | | ✓ |
| Change in Legal Covenants | | ✓ |
| Change in Institutional Arrangements | | ✓ |
| Other Change(s) | | ✓ |

IV. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

| Ln/Cr/TF | Status | Original Closing Date | Revised Closing(s) Date | Proposed Closing Date | Proposed Deadline for Withdrawal Applications |
|-----------|-----------|-----------------------|-------------------------|-----------------------|---|
| IDA-61700 | Effective | 30-Nov-2021 | | 30-Jun-2023 | 31-Dec-2023 |



CANCELLATIONS PROPOSED

| Ln/Cr/TF | Status | Currency | Current Amount | Cancellation Amount | Value Date of Cancellation | New Amount | Reason for Cancellation |
|---------------|------------|----------|----------------|---------------------|----------------------------|----------------|----------------------------------|
| IDA-61700-001 | Disbursing | USD | 400,000,000.00 | 20,000,000.00 | 18-Oct-2021 | 380,000,000.00 | LOAN RESTRUCTURING, COST SAVINGS |

DISBURSEMENT ESTIMATES

| Year | Current | Proposed |
|------|----------------|----------------|
| 2018 | 80,000,000.00 | 80,000,000.00 |
| 2019 | 100,000,000.00 | 100,000,000.00 |
| 2020 | 50,000,000.00 | 62,000,000.00 |
| 2021 | 100,000,000.00 | 43,000,000.00 |
| 2022 | 70,000,000.00 | 95,000,000.00 |



ANNEX 1: RESULTS FRAMEWORK AND DISBURSEMENT LINKED INDICATORS MATRIX

Results framework

Program Development Objectives(s)

The project development objective (PDO) is to improve public financial management and procurement systems for better management and accountability in service delivery for health and education sectors.

Program Development Objective Indicators by Objectives/ Outcomes

| Indicator Name | DLI | Baseline | Intermediate Targets | | | | | End Target |
|--|-------------------|---|----------------------|--|--|---|---|---|
| | | | 1 | 2 | 3 | 4 | 5 | |
| Strengthening the legal framework and internal management systems in line ministries and SDUs | | | | | | | | |
| Reduction of variance in functional expenditure composition for health and education (Text) | | Variance in health and education for fiscal year 2016-17 (Federal) - 26% (Punjab) - 21 % (Khyber Pakhunkhwa) - 29% (Sindh) - 11% for fiscal year 2016-17 (Baluchistan) - 10% | - PFM law enacted | Less than 25 percent variance in functional expenditure composition for health and education as measured by variation between original approved budget and actual expenditures. (FY 2018-19) | Less than 15 percent variance in functional expenditure composition for health and education as measured by variation between original approved budget and actual expenditures. (FY 2019-20) | Less than 13 percent variance in functional expenditure composition for health and education as measured by variation between original approved budget and actual expenditures. | Less than 10 percent variance in functional expenditure composition for health and education as measured by variation between original approved budget and actual expenditures. | Less than 10 percent variance in functional expenditure composition for health and education as measured by variation between original approved budget and actual expenditures. |
| Action: This indicator has been Revised | Rationale: | | | | | | | |



| Indicator Name | DLI | Baseline | Intermediate Targets | | | | | End Target |
|---|-----|--|---|---------|---------|---------|--|--|
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | <ol style="list-style-type: none"> 1. <i>Verification protocol added to guide calculation of variance. The verification protocol is included in Project Appraisal Document, but due to some error, does not show in the Operation Portal.</i> 2. <i>Baseline updated on the basis of audited financial statements for FY 2016-17</i> 3. <i>Scope of DLR 1.5 and 1.6 is enhanced to include variance in federal education and health spending in addition to the four provinces.</i> 4. <i>DLR 1.4 is deleted</i> 5. <i>DLR 1.5 and 1.6 are made scalable.</i> | | | | | | |
| Reduction in cash held outside the Recipient's Treasury Single Account (Text) | | (FY 2016-17) Federal Government Deposits of PKRs 0.916 trillion parked in commercial bank accounts of which PKRs 0 billion was brought into the TSA. | DLR 2.1: Auditor General of Pakistan (AGP) to complete special survey of government accounts in commercial banks. (prior result) (US\$10m) DLR 2.2: The Recipient's Ministry of Finance adopts accounting framework for daily consolidation of all government cash balances as part of the TSA. (prior result) | Deleted | Deleted | Deleted | 10% of baseline (PKRs 100 billion) brought under the TSA (US \$ 1.5 million for PKRs 10 billion brought under the TSA) | 15% of the baseline or PKRs 150 billion brought into the TSA |



| Indicator Name | DLI | Baseline | Intermediate Targets | | | | | End Target |
|--|------|---|--|--|---|---|---|------------|
| | | | 1 | 2 | 3 | 4 | 5 | |
| | | | (US\$10m) | | | | | |
| Action: This indicator has been Revised | | <p>Rationale:</p> <p>1. Baseline is updated in the light of recommendations by the Auditor General of Pakistan, who carried out a survey in 2018 and identified , net eligible deposits base of around Pak Rs. 1,071.4 billion, which can be roundup for inclusion in the proposed TSA.</p> <p>2. Timeline is extended to enable completion of activities.</p> <p>3. US \$ 30 million of the DLI amount is re-allocated.</p> | | | | | | |
| Improved procurement performance | | | | | | | | |
| Percentage of vendor contracts processed through the Recipient's e-procurement system (Text) | 0.00 | PPRA approves the notification for the amendment to the Recipient's Public Procurement Rules 2004 (Rules 10, 19, 24, and 33). | Publication of mandatory standard bidding documents for goods and request for proposal for consultancy services and contracts for specialized procurements, e.g., ICT, pharmaceuticals, framework contracts. | Development of an e-Procurement system | e-procurement pilot test run in identified entities | 50 to 90 percent of targeted packages (whose contract amount is more than PKR 5 million for goods and services and more than PKR 50 million for works) to be processed through e-procurement for targeted primary health and primary education sectors. | 50 to 90 percent of targeted procurement packages (whose contract amount is more than PKR 5 million for goods and services and more than PKR 50 million for works) to be processed through e-procurement for targeted primary health and primary education sectors. | |
| Action: This indicator has been Revised | | <p>Rationale:</p> <p>1. Baseline is updated.</p> <p>2. Timeline is extended to enable completion of activities.</p> | | | | | | |



| Indicator Name | DLI | Baseline | Intermediate Targets | | | | | End Target |
|---|--|--|--|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | 5 | |
| 3. US \$ 5 million of the DLI amount is cancelled /re-allocated. | | | | | | | | |
| External audit, legislative scrutiny, and social accountability. | | | | | | | | |
| Percentage of audit recommendations processed through the Audit Management Information System. (Text) | | Audit Management Information System does not exist | Establish AMIS Center and train officials of AMIS Center and PAC Secretariat | 40.00 | 0.60 | 0.80 | 80.00 | 80.00 |
| Action: This indicator has been Revised | Rationale: <i>The end target of this indicator increased from 80% to 90% to reflect additional activities during the extension phase</i> | | | | | | | |
| Performance-based grant | | | | | | | | |
| Percentage of fiscal performance and service delivery indicators met by the provinces (Text) | | 0.00 | Fiscal Coordination Committee notified | Innovation award provided from the Ministry of Finance of the Recipient to the provincial governments for at least 10 percent up to 20 percent of fiscal performance and service delivery indicators met. | Innovation award provided from the Ministry of Finance of the Recipient to the provincial governments for at least 25 percent up to 50 percent of fiscal performance and service delivery indicators met. | Innovation award provided from the Ministry of Finance of the Recipient to the provincial governments for at least 35 percent up to 70 percent of fiscal performance and service delivery indicators met. | Innovation award provided from the Ministry of Finance of the Recipient to the provincial governments for at least 35 percent up to 70 percent of fiscal performance and service delivery indicators met. | Innovation award provided from the Ministry of Finance of the Recipient to the provincial governments for at least 35 percent up to 70 percent of fiscal performance and service delivery indicators met. |
| Action: This indicator has been Revised | Rationale: <i>Intermediate indicators added and final indicator increased to reflect additional efforts during the extension period</i> | | | | | | | |



Intermediate Results Indicators by Result Areas

| Indicator Name | DLI | Baseline | Intermediate Targets | | | | | End Target |
|---|---|---|---|--|--|--|--|---|
| | | | 1 | 2 | 3 | 4 | 5 | |
| Strengthening legal framework and internal management systems in line ministries,service delivery | | | | | | | | |
| Notification of revised updated delegation of power, General Financial Rules, Accounting Policies and Procedures Manual and Chart of Accounts. (Text) | | Legal Framework for Public Financial Management in terms of Law and Subsidiary Rules does not exist | PFM Act enacted. | Rules under PFM Act for delegation of powers to Principal Accounting Officers notified | Treasury Rule to support receipt and payments notified | General Financial Rules updated and notified | Accounting Policy and Procedure Manual and Chart of Accounts updated | Regulatory Framework updated (PFM law, Functions and Powers of PAO, Receipt and Payment Rules, General Financial Rules, APPM and Chart of Accounts) |
| Action: This indicator has been Revised | Rationale: Requires addition of inter-mediate indicators and extension in target dates | | | | | | | |
| Internal Audit arrangements modernized in health and education departments. (Text) | | Regulatory framework for internal audit function does not exist | PFM Law approved with provisions for internal audit | Internal Audit function notified | Internal Audi Committee notified | Internal Audi Plan for Health and Education prepared | Internal Audit Reports for Health and Education issued | Internal Audit Reports for Health and Education issued |
| Action: This indicator has been Revised | Rationale: Requires addition of intermediate indicators. and extension in final dates | | | | | | | |
| Improve the timeliness of comprehensive financial and nonfinancial reporting | | Dashboard for fiscal information does not exist | Implement dashboard to report on fiscal information | establish e-forms for communicating and consolidating non- | Upload comprehensive TSA data into the | Develop Interface with State Bank of Pakistan | Comprehensive reports published on Ministry of Finance | Comprehensive reports published on Ministry of Finance |



| Indicator Name | DLI | Baseline | Intermediate Targets | | | | | End Target |
|--|--|---|---|--|--|----------------------------------|--|---|
| | | | 1 | 2 | 3 | 4 | 5 | |
| by linkage or interface (Text) | | | | FABS data | Dashboard on a monthly basis and initiate reporting to higher management | | Dashboard and updated at least on monthly basis | Dashboard and updated at least on monthly basis |
| Action: This indicator has been Revised | Rationale: Requires additions of intermediate indicators and revision in target dates | | | | | | | |
| Approved Cash Management Policy with accounting framework for daily consolidation of all government (Text) | | Regulatory framework for Cash Management does not exist | Regulatory framework for Cash Management does not exist | PFM Act incorporating principals of cash management approved by the parliament | Cash Management Framework approved by the Cabinet | Cash Management Unit established | TSA rules and accounting framework for MDAs notified | Legal Framework including law and subsidiary rules for cash management in place |
| Action: This indicator has been Revised | Rationale: Add inter-mediate steps and revisions in target completion dates | | | | | | | |
| External audit, legislative scrutiny, and social accountability | | | | | | | | |
| Reports of PAC hearings on audit report on annual financial statements are published on the website (Yes/No) | | No | No | Yes | Yes | Yes | Yes | Yes |
| Action: This indicator has been Revised | Rationale: Requires addition of intermediate indicators | | | | | | | |



| Indicator Name | DLI | Baseline | Intermediate Targets | | | | | End Target |
|---|--|----------|---|-------------------------------------|------|------|------|------------|
| | | | 1 | 2 | 3 | 4 | 5 | |
| Financial transactions of health and education function recorded in FABS audited through Computer Ai (Text) | 0.00 | | Software for Computer Assisted Audits aquired | Training manuals for CAATs prepared | 0.20 | 0.60 | 0.70 | 0.80 |
| Action: This indicator has been Revised | Rationale: Inter-mediate indicators are added and end dates are revised | | | | | | | |
| Citizen Portal set up to facilitate Citizen Participatory Audits, including fraud hotline for feedback (Text) | No | No | Yes | Yes | Yes | Yes | Yes | Yes |
| Action: This indicator has been Revised | Rationale: Inter-mediate indicators are added and end date revised | | | | | | | |
| Citizen Participatory Audit reports that cover indicators in the ISDR published. (Number) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.00 | 4.00 | |
| Action: This indicator has been Revised | Rationale: Timeline for completion of targets extended | | | | | | | |
| Improved procurement performance | | | | | | | | |



| Indicator Name | DLI | Baseline | Intermediate Targets | | | | | End Target |
|--|---|----------|----------------------|------|------|-------|-------|------------|
| | | | 1 | 2 | 3 | 4 | 5 | |
| Number of departments with vendor claims for health and education departments paid at accounting offices electronically (Number) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.00 | 4.00 |
| Action: This indicator has been Revised | Rationale: Add intermediate result indicators. Description of indicator changed and end target revised. | | | | | | | |
| Bank reconciliation of all active government bank accounts in the TSA takes place at least monthly at (Weeks) | | 8.00 | 8.00 | 8.00 | 8.00 | 6.00 | 4.00 | 4.00 |
| Action: This indicator has been Revised | Rationale: This Intermediate Indicator is deleted. | | | | | | | |
| Percent of budget derived from procurement plans in selected federal ministries of health and education (Percentage) | | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 | 60.00 | 90.00 |
| Action: This indicator has been Revised | Rationale: Specified the sectors which are education and health. Added intermediate targets and revised the end date | | | | | | | |



| Indicator Name | DLI | Baseline | Intermediate Targets | | | | | End Target | |
|---|---|----------|----------------------|------|------|------|------|------------|-------|
| | | | 1 | 2 | 3 | 4 | 5 | | |
| Databases or records are maintained for contracts, including data on what has been procured, value o (Percentage) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 50.00 |
| Action: This indicator has been Revised | Rationale: Intermediate indicators added and end date of the target is revised | | | | | | | | |
| E-procurement guidelines issued and Supplier Relations Management Module operational in health and education (Number) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.00 | 2.00 |
| Action: This indicator has been Revised | Rationale: Add intermediate indicators and revision in the end target dates | | | | | | | | |
| End user training in e-Procurement system (Number) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 40.00 | 80.00 |
| Action: This indicator has been Revised | Rationale: To align the indicator with implementation of e-Procurement | | | | | | | | |
| Performance-based grant | | | | | | | | | |



| Indicator Name | DLI | Baseline | Intermediate Targets | | | | | End Target |
|---|---|----------|----------------------|------|------|------|------|------------|
| | | | 1 | 2 | 3 | 4 | 5 | |
| Incentive system by the FCC to improve fiscal performance and service delivery in selected areas (Yes/No) | No | | Yes | Yes | Yes | Yes | Yes | Yes |
| Action: This indicator has been Revised | Rationale: <i>Requires additions of intermediate targets and revision in the end dates.</i> | | | | | | | |
| Innovative applications used to report and account for funds utilized. (Number) | 0.00 | | 0.00 | 1.00 | 2.00 | 3.00 | 4.00 | 4.00 |
| Action: This indicator has been Revised | Rationale: <i>Add intermediate indicators.</i> | | | | | | | |

Disbursement Linked Indicators Matrix

| | | | | |
|--------------------|---|------------------------|-------------------------------------|---------------------------------------|
| DLI 1 | Reduction of variance in functional expenditure composition for health and education to improve the reliability of the budget | | | |
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| Outcome | No | Text | 70,000,000.00 | 0.00 |
| Period | Value | | Allocated Amount (USD) | Formula |



| | | | |
|--|--|---------------|--|
| Baseline | Health - 43%; Education – 30% | | |
| FY 2017/18 | DLR 1.1: National Assembly of the Recipient approves the Federal Consolidated Fund and Public Accounts (Maintenance and Operations) Act. (prior result) (US\$20m) DLR 1.2: Auditor General of Pakistan (AGP) in accordance with Article 170 of the Pakistan Constitution 1973, notifies a standardized expenditure control procedure for online bill submission. (US\$10m) | 30,000,000.00 | |
| FY2018/19 | DLR 1.3: Less than 25 percent variance in functional expenditure composition for health and education as measured by variation between original approved budget and actual expenditures. | 20,000,000.00 | |
| Fy 2019/20 | DLR 1.4: Less than 15 percent variance in functional expenditure composition for health and education as measured by variation between original approved budget and actual expenditures. | 10,000,000.00 | |
| FY 2020/21 | DLR 1.5: Less than 10 percent variance in functional expenditure composition for health and education as measured by variation between original approved budget and actual expenditures | 10,000,000.00 | |
| FY 2021/22 | | 0.00 | |
| FY 2022/23 | | 0.00 | |
| Action: This DLI has been Revised. See below. | | | |



| <i>DLI 1</i> | | | | |
|--|---|------------------------|-------------------------------------|--|
| <i>Reduction of variance in functional expenditure composition for health and education to improve the reliability of the budget</i> | | | | |
| <i>Type of DLI</i> | <i>Scalability</i> | <i>Unit of Measure</i> | <i>Total Allocated Amount (USD)</i> | <i>As % of Total Financing Amount</i> |
| <i>Outcome</i> | <i>Yes</i> | <i>Text</i> | <i>70,000,000.00</i> | <i>71.43</i> |
| <i>Period</i> | <i>Value</i> | | <i>Allocated Amount (USD)</i> | <i>Formula</i> |
| <i>Baseline</i> | <i>Federal - 26% KPK - 29% Punjab - 22% Sindh - 11% Baluchistan - 10%</i> | | | |
| <i>FY 2017/18</i> | <i>DLR 1.1: National Assembly of the Recipient approves the Federal Consolidated Fund and Public Accounts (Maintenance and Operations) Act. (prior result) (US\$20m) DLR 1.2: Auditor General of Pakistan (AGP) in accordance with Article 170 of the Pakistan Constitution 1973, notifies a standardized expenditure control procedure for online bill submission. (US\$10m)</i> | | <i>30,000,000.00</i> | |
| <i>FY2018/19</i> | <i>DLR 1.3: Less than 25 percent variance in functional expenditure composition for health and education as measured by variation between original approved budget and actual expenditures.</i> | | <i>20,000,000.00</i> | |
| <i>Fy 2019/20</i> | <i>DLR 1.4 Deleted</i> | | <i>0.00</i> | |
| <i>FY 2020/21</i> | <i>DLR 1.5: Less than 15 percent variance in functional expenditure composition for health and education as measured by variation between original approved budget and actual expenditures for federal and each of the provincial governments (2 million for each government).</i> | | <i>10,000,000.00</i> | <i>US \$ 2 million for each government</i> |



| | | | |
|------------|--|--------------|-------------------------------------|
| FY 2021/22 | <i>DLR 1.6: Less than 13 percent variance in functional expenditure composition for health and education as measured by variation between original approved budget and actual expenditures for federal and each of the provincial governments (1 million for each government).</i> | 5,000,000.00 | US \$ 1 million for each government |
| FY 2022/23 | <i>DLR 1.7: Less than 10 percent variance in functional expenditure composition for health and education as measured by variation between original approved budget and actual expenditures (US \$ 1 million for each government)</i> | 5,000,000.00 | US \$ 1 million for each government |

Rationale:

1. **Verification protocol added to guide calculation of variance. The verification protocol is included in Project Appraisal Document, but due to some error, does not show in the Operation Portal.**
2. **Baseline updated on the basis of audited financial statements for FY 2016-17**
3. **Scope of DLR 1.5 and 1.6 is enhanced to include variance in federal education and health spending in addition to the four provinces.**
4. **DLR 1.5 and 1.6 are made scalable.**
5. **DLR 1.4 is deleted**

| | | | | |
|--------------------|---|------------------------|-------------------------------------|---------------------------------------|
| DLI 2 | Reduction in cash held outside the Recipient’s Treasury Single Account | | | |
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| Outcome | No | Text | 70,000,000.00 | 0.00 |
| Period | Value | | Allocated Amount (USD) | Formula |
| Baseline | 753, 084 commercial bank accounts with total balance of PKR 1.584 trillion in Recipient’s cash | | | |
| FY 2017/18 | DLR 2.1: Auditor General of Pakistan (AGP) to complete special survey of government accounts in commercial banks. (prior result) (US\$10m) DLR 2.2: | | 20,000,000.00 | |



| | | | |
|------------|--|---------------|--|
| | The Recipient’s Ministry of Finance adopts accounting framework for daily consolidation of all government cash balances as part of the TSA. (prior result) (US\$10m) | | |
| FY2018/19 | DLR 2.3: 5 percent reduction in cash held outside the TSA | 20,000,000.00 | |
| Fy 2019/20 | DLR 2.4: additional 5 percent reduction in cash held outside the TSA | 20,000,000.00 | |
| FY 2020/21 | DLR 2.5: additional 5 percent reduction in cash held outside the TSA. | 10,000,000.00 | |
| FY 2021/22 | | 0.00 | |
| FY 2022/23 | | 0.00 | |

Action: This DLI has been Revised. See below.

| | | | | |
|--------------------|--|------------------------|-------------------------------------|---------------------------------------|
| DLI 2 | <i>Reduction in cash held outside the Recipient’s Treasury Single Account</i> | | | |
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| Outcome | Yes | Text | 40,000,000.00 | 50.00 |
| Period | Value | | Allocated Amount (USD) | Formula |
| Baseline | (FY 2016-17) Federal Government Deposits of PKRs 0.916 trillion parked in commercial bank accounts of which PKRs 0 billion was brought into the TSA. | | | |
| FY 2017/18 | DLR 2.1: Auditor General of Pakistan (AGP) to complete special survey of government accounts in commercial banks. (prior result) (US\$10m) DLR 2.2: The Recipient’s Ministry of Finance adopts accounting framework for daily consolidation of all | | 20,000,000.00 | |



| | | | |
|-------------------|--|--|---|
| | <i>government cash balances as part of the TSA. (prior result) (US\$10m)</i> | | |
| <i>FY2018/19</i> | <i>DLR 2.3 : Deleted</i> | | <i>0.00</i> |
| <i>Fy 2019/20</i> | <i>DLR 2.4: Deleted</i> | | <i>0.00</i> |
| <i>FY 2020/21</i> | <i>DLR 2.5: Deleted</i> | | <i>0.00</i> |
| <i>FY 2021/22</i> | <i>DLR 2.6 10% of baseline (PKRs 100 billion) brought under the TSA (US \$ 1 million for PKRs 10 billion brought in the TSA)</i> | | <i>15,000,000.00</i> <i>US \$ 1.5 million for PKRs 10 billion</i> |
| <i>FY 2022/23</i> | <i>DLR 2.7 Additional 5% of baseline or additional PKRs 50 billion brought under the TSA (US \$ 1 million for PKRs 10 billion above PKRs 100 billion brought in the TSA)</i> | | <i>5,000,000.00</i> <i>US \$ 1 million for PKRs 10 billion above PKRs 100 billion brought under the TSA</i> |

Rationale:

- 1. Baseline is updated to capture federal government accounts held outside the TSA and exclude provincial government accounts**
- 2. Timeline is extended to enable completion of activities.**
- 3. US \$ 30 million of the DLI amount is re-allocated.**

| | | | | |
|--------------------|---|------------------------|-------------------------------------|---------------------------------------|
| DLI 3 | Percentage of vendor contracts processed through the Recipient's e-procurement system | | | |
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| Outcome | No | Text | 50,000,000.00 | 0.00 |
| Period | Value | | Allocated Amount (USD) | Formula |
| Baseline | PPRA to establish baseline data based on selected methodology for assessing procurement systems indicators by March 2018. | | | |



| | | | |
|------------|--|---------------|--|
| FY 2017/18 | DLR 3.1: PPRA approves the notification for the amendment to the Recipient's Public Procurement Rules 2004 (Rules 10, 19, 24, and 33). | 20,000,000.00 | |
| FY2018/19 | DLR 3.2: Publication of mandatory standard bidding documents for goods and request for proposal for consultancy services and contracts for specialized procurements, e.g., ICT, pharmaceuticals, framework contracts. | 10,000,000.00 | |
| Fy 2019/20 | DLR 3.3: 50 percent of targeted procurement packages (whose contract amount is more than PKR 5 million for goods and services and more than PKR 50 million for works) to be processed through e-procurement for health and education sectors. | 10,000,000.00 | |
| FY 2020/21 | DLR 3.4: 90 percent of targeted procurement packages (whose contract amount is more than PKR 5 million for goods and services and more than PKR 50 million for works) processed through e-procurement for health and education sectors. (\$5m) DLR 3.5: 50 percent of targeted procurement packages (whose contract amount is more than PKR 5 million for goods and services and more than PKR 50 million for works) processed through e-procurement for additional five selected procuring entities. (\$5m) | 10,000,000.00 | |
| FY 2021/22 | | 0.00 | |
| FY 2022/23 | | 0.00 | |

Action: This DLI has been Revised. See below.



| DLI 3 | | | | |
|--|--|------------------------|-------------------------------------|---|
| <i>Percentage of vendor contracts processed through the Recipient's e-procurement system</i> | | | | |
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| <i>Outcome</i> | <i>Yes</i> | <i>Text</i> | <i>45,000,000.00</i> | <i>44.44</i> |
| Period | Value | | Allocated Amount (USD) | Formula |
| <i>Baseline</i> | <i>PPRA to establish baseline data based on selected methodology for assessing procurement systems indicators by March 2018.</i> | | | |
| <i>FY 2017/18</i> | <i>DLR 3.1: PPRA approves the notification for the amendment to the Recipient's Public Procurement Rules 2004 (Rules 10, 19, 24, and 33).</i> | | <i>20,000,000.00</i> | |
| <i>FY2018/19</i> | <i>DLR 3.2: Publication of mandatory standard bidding documents for goods and request for proposal for consultancy services and contracts for specialized procurements, e.g., ICT, pharmaceuticals, framework contracts.</i> | | <i>10,000,000.00</i> | |
| <i>Fy 2019/20</i> | <i>DLR 3.3 Deleted</i> | | <i>0.00</i> | |
| <i>FY 2020/21</i> | <i>DLR 3.4 Deleted DLR 3.5 Deleted</i> | | <i>0.00</i> | |
| <i>FY 2021/22</i> | <i>DLR 3.6: e-procurement pilot test run in identified entities (2.5) DLR 3.7: Intra-operability framework, and process mapping signed off between the federal and provincial PPRA's and key federal entities. (2.5)</i> | | <i>5,000,000.00</i> | |
| <i>FY 2022/23</i> | <i>DLR 3.8: 50 to 90 percent of targeted procurement packages (whose contract amount is more than PKR 5 million for goods and services and more than PKR 50 million for works) to be processed through e-procurement for targeted primary health and</i> | | <i>10,000,000.00</i> | <i>US \$ 6 million on achievement of 50% target. US\$ 1 million for each additional 10%</i> |



primary education sectors. (US \$ 6 million on achievement of 50% target. US\$ 1 million for each additional 10%)

Rationale:

1. **Baseline is updated.**
2. **Timeline is extended to enable completion of activities.**
3. **US \$ 5 million of the DLI amount is cancelled /re-allocated.**

| | | | | |
|----------------------|---|-------------------------------|-------------------------------------|---------------------------------------|
| DLI 4 | Percentage of alignment of information and identification numbers for individual primary school teachers and health workers related to their place of work and salaries | | | |
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| Intermediate Outcome | No | Text | 30,000,000.00 | 0.00 |
| Period | Value | Allocated Amount (USD) | Formula | |
| Baseline | Individual data in the OM are not aligned with the ones in the EMIS and HMIS. | | | |
| FY 2017/18 | DLR 4.1: Completion of mapping of DDO codes to unique primary schools and basic health units in pilot districts. (US\$5m) DLR 4.2: Completion of standardization of sanctioned position codes between the budget and payroll in pilot districts. (US\$5m) | 10,000,000.00 | | |
| FY2018/19 | DLR 4.3: 40 percent of primary school teachers and health workers tagged against unique primary schools and basic health units in pilot districts. | 10,000,000.00 | | |
| Fy 2019/20 | DLR 4.4: 60 percent of primary school teachers and health workers tagged against unique primary schools and basic health units in pilot districts. | 5,000,000.00 | | |



| | | | |
|------------|--|--------------|--|
| FY 2020/21 | DLR 4.5: 80 percent of primary school teachers and health workers tagged against unique primary schools and basic health units in pilot districts. | 5,000,000.00 | |
| FY 2021/22 | | 0.00 | |
| FY 2022/23 | | 0.00 | |

Action: This DLI has been Revised. See below.

| | | | | |
|-----------------------------|--|--|-------------------------------------|---------------------------------------|
| DLI 4 | | <i>Percentage of alignment of information and identification numbers for individual primary school teachers and health workers related to their place of work and salaries</i> | | |
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| <i>Intermediate Outcome</i> | <i>No</i> | <i>Text</i> | <i>35,000,000.00</i> | <i>85.71</i> |
| Period | Value | | Allocated Amount (USD) | Formula |
| <i>Baseline</i> | <i>Individual data in the OM are not aligned with the ones in the HR records maintained in the health and education departments</i> | | | |
| <i>FY 2017/18</i> | <i>DLR 4.1: Completion of mapping of DDO codes to unique primary schools and basic health units in pilot districts. (US\$5m) DLR 4.2: Completion of standardization of sanctioned position codes between the budget and payroll in pilot districts. (US\$5m)</i> | | <i>10,000,000.00</i> | |
| <i>FY2018/19</i> | <i>DLR 4.3: 40 percent of primary school teachers and health workers tagged against unique primary schools and basic health units in pilot districts.</i> | | <i>10,000,000.00</i> | |



| | | | |
|------------|--|--------------|--|
| Fy 2019/20 | DLR 4.4: 60 percent of primary school teachers and health workers tagged against unique primary schools and basic health units in pilot districts. | 5,000,000.00 | |
| FY 2020/21 | DLR 4.5: 80 percent of primary school teachers and health workers tagged against unique primary schools and basic health units in pilot districts. | 5,000,000.00 | |
| FY 2021/22 | DLR 4.6: Pilots replicated across one provincial or federal government | 2,500,000.00 | |
| FY 2022/23 | DLR 4.6: Pilots replicated across one additional provincial government | 2,500,000.00 | |

Rationale:

The scope of this DLI is enhanced to ensure sustainability of reform and government wide implementation of budget and accounting integration of HR data

| | | | | |
|----------------------|--|------------------------|-------------------------------------|---------------------------------------|
| DLI 5 | Percentage of pensioners, disaggregated by gender, authenticated against NADRA computerized national identity card, paid through the Direct Credit Scheme no later than the following pension payment cy | | | |
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| Intermediate Outcome | No | Text | 30,000,000.00 | 0.00 |
| Period | Value | | Allocated Amount (USD) | Formula |
| Baseline | DCS paid 35% | | | |
| FY 2017/18 | DLR 5.1:50% | | 10,000,000.00 | |
| FY2018/19 | DLR 5.2: 70% | | 10,000,000.00 | |
| Fy 2019/20 | DLR 5.3: 80% | | 5,000,000.00 | |



| | | | |
|------------|--------------|--------------|--|
| FY 2020/21 | DLR 5.4: 90% | 5,000,000.00 | |
| FY 2021/22 | | 0.00 | |
| FY 2022/23 | | 0.00 | |

Action: This DLI has been Revised. See below.

| | | | | |
|-----------------------------|---|-------------------------------|--|---------------------------------------|
| DLI 5 | <i>Percentage of pensioners, disaggregated by gender, authenticated against NADRA computerized national identity card, paid through the Direct Credit Scheme no later than the following pension payment cy</i> | | | |
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| <i>Intermediate Outcome</i> | <i>Yes</i> | <i>Text</i> | <i>30,000,000.00</i> | <i>83.33</i> |
| Period | Value | Allocated Amount (USD) | Formula | |
| <i>Baseline</i> | <i>DCS paid 35%</i> | | | |
| <i>FY 2017/18</i> | <i>DLR 5.1:50%</i> | <i>10,000,000.00</i> | | |
| <i>FY2018/19</i> | <i>DLR 5.2: 70%</i> | <i>10,000,000.00</i> | | |
| <i>Fy 2019/20</i> | <i>DLR 5.3: 80%</i> | <i>5,000,000.00</i> | | |
| <i>FY 2020/21</i> | <i>DLR 5.4 Deleted</i> | <i>0.00</i> | | |
| <i>FY 2021/22</i> | <i>DLR 5.5 85% (US 500,000 for each additional 1% above 80%)</i> | <i>2,500,000.00</i> | <i>US 500,000 for each additional 1% above 80%</i> | |
| <i>FY 2022/23</i> | <i>DLR 5.6: 90% (US 500,000 for each additional 1% above 85%)</i> | <i>2,500,000.00</i> | <i>US 500,000 for each additional 1% above 85%</i> | |



| DLI 6 | | | | |
|--|---|-----------------|------------------------------|--------------------------------|
| Percentage of audit recommendations processed through the Audit Management Information System. | | | | |
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| Outcome | No | Text | 40,000,000.00 | 0.00 |
| Period | Value | | Allocated Amount (USD) | Formula |
| Baseline | AMIS does not exist. | | | |
| FY 2017/18 | DLR 6.1: AMIS Competency Wing established and audit and PAC staff trained | | 10,000,000.00 | |
| FY2018/19 | DLR 6.2: 40 percent of PAC recommendations for health sector effectively followed up and reports published on an official website or by any other means easily accessible to the public | | 10,000,000.00 | |
| Fy 2019/20 | DLR 6.3: 60 percent of PAC recommendations for health and education sectors effectively followed up and reports published on an official website or by any other means easily accessible to the public. | | 10,000,000.00 | |
| FY 2020/21 | DLR 6.4: 80 percent of PAC recommendations for health and education sectors effectively followed-up and reports published on an official website or by any other means easily accessible to the public | | 10,000,000.00 | |
| FY 2021/22 | | | 0.00 | |
| FY 2022/23 | | | 0.00 | |
| Action: This DLI has been Revised. See below. | | | | |



| DLI 6 | | | | |
|---|--|------------------------|-------------------------------------|---------------------------------------|
| <i>Percentage of audit recommendations processed through the Audit Management Information System.</i> | | | | |
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| <i>Outcome</i> | <i>No</i> | <i>Text</i> | <i>50,000,000.00</i> | <i>80.00</i> |
| Period | Value | | Allocated Amount (USD) | Formula |
| <i>Baseline</i> | <i>AMIS does not exist.</i> | | | |
| <i>FY 2017/18</i> | <i>DLR 6.1: AMIS Competency Wing established and audit and PAC staff trained</i> | | <i>10,000,000.00</i> | |
| <i>FY2018/19</i> | <i>DLR 6.2: 40 percent of PAC recommendations for health sector effectively followed up and reports published on an official website or by any other means easily accessible to the public</i> | | <i>10,000,000.00</i> | |
| <i>Fy 2019/20</i> | <i>DLR 6.3: 60 percent of PAC recommendations for health and education sectors effectively followed up and reports published on an official website or by any other means easily accessible to the public.</i> | | <i>10,000,000.00</i> | |
| <i>FY 2020/21</i> | <i>DLR 6.4: 80 percent of PAC recommendations for health and education sectors effectively followed-up and reports published on an official website or by any other means easily accessible to the public</i> | | <i>10,000,000.00</i> | |
| <i>FY 2021/22</i> | <i>DLR 6.5: 80 percent of PAC recommendations for health, education and at least two more sectors effectively followed-up and reports published on an official website or by any other means easily accessible to the public</i> | | <i>5,000,000.00</i> | |
| <i>FY 2022/23</i> | <i>DLR 6.6: 80 percent of PAC recommendations for health, education and at least four more sectors effectively followed-up and reports published on an</i> | | <i>5,000,000.00</i> | |



official website or by any other means easily accessible to the public

Rationale:
Scope of the DLI is enhanced to ensure sustainability

| | | | | |
|----------------------|---|------------------------|-------------------------------------|---------------------------------------|
| DLI 7 | Increased citizen access to key fiscal information on health and education. | | | |
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| Intermediate Outcome | No | Text | 30,000,000.00 | 0.00 |
| Period | Value | | Allocated Amount (USD) | Formula |
| Baseline | FY 16/17 Budg | | | |
| FY 2017/18 | DLR 7.1: Submission of an action plan, which includes the Fiscal Transparency theme, by the Recipient to the Open Government Partnership. | | 10,000,000.00 | |
| FY2018/19 | DLR 7.2: Integrated Service Delivery Report (ISDR) for education sector uploaded in Open Public Finance Data Portal. | | 10,000,000.00 | |
| Fy 2019/20 | DLR 7.3: ISDR for education and health sectors uploaded in Open Public Finance Data Portal. | | 5,000,000.00 | |
| FY 2020/21 | DLR 7.4: ISDR for education and health sectors uploaded in Open Public Finance Data Portal. | | 5,000,000.00 | |
| FY 2021/22 | | | 0.00 | |
| FY 2022/23 | | | 0.00 | |

Action: This DLI has been Revised. See below.



| | | | | |
|---|---|------------------------|-------------------------------------|---------------------------------------|
| DLI 7 | <i>Increased citizen access to key fiscal information on health and education.</i> | | | |
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| <i>Intermediate Outcome</i> | <i>No</i> | <i>Text</i> | <i>30,000,000.00</i> | <i>50.00</i> |
| Period | Value | | Allocated Amount (USD) | Formula |
| <i>Baseline</i> | <i>FY 16/17 Budget</i> | | | |
| <i>FY 2017/18</i> | <i>DLR 7.1 Deleted</i> | | <i>0.00</i> | |
| <i>FY2018/19</i> | <i>DLR 7.2: Integrated Service Delivery Report (ISDR) for education sector uploaded in Open Public Finance Data Portal.</i> | | <i>10,000,000.00</i> | |
| <i>Fy 2019/20</i> | <i>DLR 7.3: ISDR for education and health sectors uploaded in Open Public Finance Data Portal.</i> | | <i>5,000,000.00</i> | |
| <i>FY 2020/21</i> | <i>DLR 7.4: ISDR for education and health sectors uploaded in Open Public Finance Data Portal.</i> | | <i>5,000,000.00</i> | |
| <i>FY 2021/22</i> | <i>DLR 7.5: Integrated Service Delivery Report (ISDR) for education, health and poverty alleviation sector uploaded in Open Public Finance Data Portal.</i> | | <i>5,000,000.00</i> | |
| <i>FY 2022/23</i> | <i>DLR 7.6: Government wide citizen budget execution reports uploaded in Open Public Finance Data Portal</i> | | <i>5,000,000.00</i> | |
| Rationale: <i>DLR 7.1 is replaced</i> | | | | |



| DLI 8 | Percentage of fiscal performance and service delivery indicators met by the provinces. | | | |
|-------------|--|-----------------|------------------------------|--------------------------------|
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| Outcome | Yes | Text | 80,000,000.00 | 0.00 |
| Period | Value | | Allocated Amount (USD) | Formula |
| Baseline | No existing coordination mechanism | | | |
| FY 2017/18 | DLR 8.1: Establishment of Fiscal Coordination Committee (FCC) by the Council for Common Interests (CCI). (US\$10m) (prior result) DLR 8.2: Establishment and approval of an incentive system by the FCC to improve fiscal performance and service delivery in selected areas. (US\$10m) (prior result) | | 20,000,000.00 | |
| FY2018/19 | DLR 8.3: Innovation award provided from the Ministry of Finance of the Recipient to the provincial governments for at least 10 percent up to 20 percent of fiscal performance and service delivery indicators met. | | 20,000,000.00 | |
| Fy 2019/20 | DLR 8.4: Innovation award provided from the Ministry of Finance of the Recipient to the provincial governments for at least 25 percent up to 50 percent of fiscal performance and service delivery indicators met | | 20,000,000.00 | |
| FY 2020/21 | DLR 8.5: Innovation award provided from the Ministry of Finance of the Recipient to the provincial governments for at least 35 percent up to 70 percent of fiscal performance and service delivery indicators met. | | 20,000,000.00 | |



| | | | |
|------------|--|------|--|
| FY 2021/22 | | 0.00 | |
| FY 2022/23 | | 0.00 | |

Action: This DLI has been Revised. See below.

| DLI 8 | | <i>Percentage of fiscal performance and service delivery indicators met by the provinces.</i> | | |
|--------------------|---|---|-------------------------------------|---------------------------------------|
| Type of DLI | Scalability | Unit of Measure | Total Allocated Amount (USD) | As % of Total Financing Amount |
| <i>Outcome</i> | <i>Yes</i> | <i>Text</i> | <i>80,000,000.00</i> | <i>82.64</i> |
| Period | Value | | Allocated Amount (USD) | Formula |
| <i>Baseline</i> | <i>No existing coordination mechanism</i> | | | |
| <i>FY 2017/18</i> | <i>DLR 8.1: Establishment of Fiscal Coordination Committee (FCC) by the Council for Common Interests (CCI). (US\$10m) (prior result) DLR 8.2: Establishment and approval of an incentive system by the FCC to improve fiscal performance and service delivery in selected areas. (US\$10m) (prior result)</i> | | <i>20,000,000.00</i> | |
| <i>FY2018/19</i> | <i>DLR 8.3: Innovation award provided from the Ministry of Finance of the Recipient to the provincial governments for at least 10 percent up to 20 percent of fiscal performance and service delivery indicators met.</i> | | <i>20,000,000.00</i> | |
| <i>Fy 2019/20</i> | <i>DLR 8.4: Innovation award provided from the Ministry of Finance of the Recipient to the provincial governments for at least 25 percent up to 50 percent of fiscal performance and service delivery indicators met</i> | | <i>20,000,000.00</i> | |



| | | | |
|-------------------|---|----------------------|--|
| <i>FY 2020/21</i> | <i>DLR 8.5: Innovation award provided from the Ministry of Finance of the Recipient to the provincial governments for at least 35 percent up to 70 percent of fiscal performance and service delivery indicators met.</i> | <i>20,000,000.00</i> | |
| <i>FY 2021/22</i> | | <i>0.00</i> | |
| <i>FY 2022/23</i> | | <i>0.00</i> | |

**ANNEX 2: PROGRAM ACTION PLAN**

| Action Description | Source | DLI# | Responsibility | Timing | | Completion Measurement | Action |
|--|-----------|------|-----------------------------|----------|-------------|-------------------------------------|-----------|
| Complete third surveillance audit for ISO 27001:2013 Information Security Management Services Certification. | Other | | CGA | Due Date | 30-Sep-2020 | Report | No Change |
| Undertake Open Data Readiness Assessment and adopt an implementation plan. | Technical | | PPRA | Due Date | 30-Sep-2020 | Data Readiness Report | No Change |
| Undertake pension sustainability analysis: pension liabilities to be informed by sound actuarial analysis, coupled with a system in place for funding these liabilities. | Technical | | Auditor General of Pakistan | Due Date | 31-May-2019 | Pension Liability Assessment Report | No Change |
| Sustaining activities for collaborative leadership, change management, and strategic communication, including media outreach to citizens presenting the benefits of the reform program and seeking feedback for course correction. | Technical | | Ministry of Finance. | Due Date | 30-Jun-2018 | Nomination of Committees | No Change |



| | | | | | | | |
|---|-----------|--|---|-----------|---------------|--|---------------------|
| PPRAs to ascertain KPIs and baselines to monitor the reform progress. | Technical | | Public Procurement Regulatory Authority | Recurrent | Semi-Annually | Notification of KPIs | No Change |
| A robust grievance redress mechanism in place improving upon the current practices, and available to each ministry, vendors, contractors and pensioners | Technical | | CGA, AGP, PPRA, MoF | Due Date | 30-Jun-2018 | Citizen Portal | No Change |
| A mechanism for enhanced citizen engagement in measuring program performance/imp rovement in service delivery (specifically in education), participating in Performance Audits and endorsing open data | Technical | | AGP | Due Date | 28-Feb-2019 | Performance audit of education and health indicators | Revised |
| Proposed A mechanism for enhanced citizen engagement in measuring program performance/imp rovement in service delivery (specifically in education), participating in Performance Audits and endorsing open data | Technical | | AGP | Due Date | 23-Apr-2021 | Performance audit of education and health indicators | |
| A mechanism for enhanced citizen engagement in measuring program | Other | | AGP | Due Date | 28-Feb-2019 | Performance Audit of education and health indicators | Marked for Deletion |



| | | | | | | | |
|--|--|--|--|--|--|--|--|
| performance/imp rovement in service delivery (specifically in education), participating in Performance Audits and endorsing open data | | | | | | | |
|--|--|--|--|--|--|--|--|
