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MULTILATERAL INVESTMENT GUARANTEE AGENCY

PERFORMANCE AND LEARNING REVIEW OF THE COUNTRY PARTNERSHIP STRATEGY

FOR

THE ISLAMIC REPUBLIC OF PAKISTAN

FOR THE PERIOD FY15-FY20

May 18, 2017

Pakistan Country Management Unit
South Asia Region
The International Finance Corporation
The Multilateral Investment Guarantee Agency

The date of the last Country Assistance Strategy 2015-2019 was May 2, 2014

CURRENCY EQUIVALENTS

(Exchange Rate Effective May 8, 2017)

Currency Unit = Pakistani Rupee (PKR)
1 US$ = 104.81 PKR

FISCAL YEAR
July 1 – June 30

ABBREVIATIONS AND ACRONYMS

ASA	Advisory Services and Analytics
BISP	Benazir Income Support Program
CCT	Conditional Cash Transfer
CG	Corporate Governance
CPEC	China Pakistan Economic Corridor
CPS	Country Partnership Strategy
DFAT	Department of Foreign Aid and Development
DFID	Department For International Development
DISCOs	Distribution Companies (Power)
DPC	Development policy credit
EAD	Economic Affairs Division
FATA	Federally Administered Tribal Areas
FBR	Federal Board of Revenue
FCV	Fragility, conflict, and violence
FD	Finance Department
FY	Fiscal Year
GDP	Gross Domestic Product
GENCOs	Generation Companies (Electricity)
IFC	International Finance Corporation
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IMF	International Monetary Fund
IPF	Investment Project Financing
IPP	Independent Power Producer
KP	Khyber Pakhtunkhwa
MDTF	Multi-donor Trust Fund for KP, FATA and Balochistan
MIGA	Multilateral Investment Guarantee Agency
MSMEs	Micro, Small and Medium Enterprises
NEPRA	National Electric Power Regulatory Authority
NER	Net Enrollment Rate
P&D	Planning and Development Department

PforR	Program-for-Results
PLR	Performance and Learning Review
PPP	Public-private partnership
RAS	Reimbursable Advisory Service
RTI	Right to Information
SBP	State Bank of Pakistan
SMEs	Small and Medium Enterprises
SOE	State-Owned Enterprise
SORT	Systematic Operational Risk-rating Tool
TAGR	Trust Fund for Accelerating Growth and Reforms
WB	World Bank
WBG	World Bank Group

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FY15-FY20 PERFORMANCE AND LEARNING REVIEW FOR
ISLAMIC REPULIC OF PAKISTAN
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I. INTRODUCTION

1. **This document is the Performance and Learning Review (PLR) of the World Bank Group's (WBG's) Country Partnership Strategy (CPS) FY15-19 for Pakistan**. The four results areas of the CPS - Energy, Private Sector Development, Inclusion, and Service Delivery – remain consistent with the Pakistan One Nation One Vision 2025, and are aligned with the WBG's twin goals of eliminating extreme poverty and boosting shared prosperity.

2. **Gains have been made in many areas by the midpoint of the CPS period.** Progress, albeit uneven, has been made in stabilizing the macroeconomic situation, reducing load shedding in the power sector, increasing tax collection as a share of GDP, improving doing business, and investing in disaster and climate resilience. This progress was largely supported by the completion of a successful IMF program, an accompanying series of development policy credits (DPCs), and a ramp-up of IFC long-term investments. Challenges remain: education and health outcomes need to be improved (there has been no progress in reducing stunting for decades) and the tax base broadened, foreign and local investment is lower than expected, export competitiveness is falling, and privatization is stalling. Circular debt (cleared earlier) has piled up again nearly to its 2013 levels. While recent gains have been made in stabilizing security, it continues to be of concern. Rapidly changing geopolitics may pose additional risks to the country program.

3. **All four of the CPS results areas remain relevant and largely on track with some changes proposed**. There has been good progress toward indicators related to skills, energy, financial inclusion, public resource management, and social protection. Gaps remain in human development, the depth of the reform in privatization, and the financial stability of the energy sector. In agriculture, a disconnect between the results chain and Bank support to the sector has made it difficult to measure gains. The PLR is proposing some changes in the results matrix, including increased emphasis on displaced populations, stunting, and urban infrastructure and services.

4. **The PLR proposes a one-year extension to the CPS to FY20 to align with the electoral cycle of the country and the IDA18 period.**

II. MAIN CHANGES IN COUNTRY CONTEXT

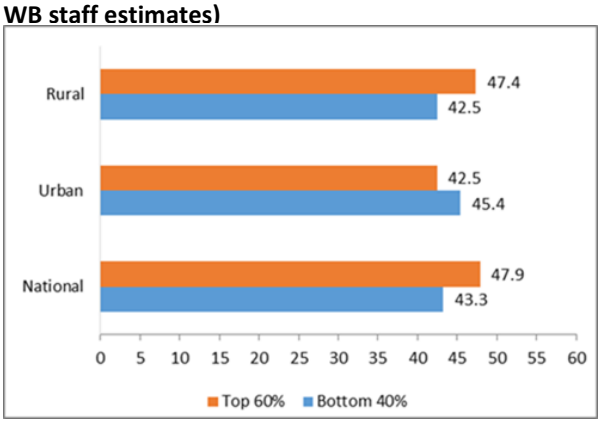
A. CHANGES IN POVERTY AND SHARED PROSPERITY

5. **The Government's poverty line, announced in 2016, identifies as many as 54 million people to be targeted for pro-poor interventions**. Pakistan's poverty headcount declined from 64.3 percent in FY01 to 29.5 percent by FY14.[1] At the provincial level, poverty remains concentrated in Baluchistan (56.8 percent poor people) and Sindh (34.18 percent). Punjab and KP have done much better, with headcount poverty rates at 25.3 and 27.6 percent, respectively. Urban poverty rates are far lower than rural poverty rates, especially in Sindh, where the rural poverty rate, at 50 percent, is more than 2.5 times as high as the urban rate.

[1] The trends in the rest of South Asia are similar. Between 2000 and 2010-11 the headcount poverty rate fell from 49 percent to 31 percent in Bangladesh, and from 37 percent to 22 percent in India.

6. **Consumption growth has been robust for the last decade and a half.** The bottom forty percent have grown almost as fast as the top sixty. It has also been consistently more pro-poor in urban areas (Figure 1).

Figure 1: Consumption Growth 2001-2014 (HIES and WB staff estimates)



7. **While income poverty has declined, the country struggles with human development outcomes.** Pakistan has the world's second-highest out-of-school population (6.7 million) and a relatively high population growth rate (2.1 percent). The needle has not moved on stunting (44 percent) in decades, and education and health outcomes have either flat-lined or shown slow progress. Gender gaps persist, with low female labor force participation (24 percent). Large disparities remain in development outcomes among provinces and between urban and rural areas. Expenditure on human development remains low at 3 percent of GDP, and the quality of public spending is poor. Critical data gaps remain, along with limitations in monitoring systems. Improved human development outcomes are a necessity for a prosperous Pakistan.

B. MACROECONOMIC CHANGES

8. **The macroeconomic outlook is stable since 2014, but remains challenging.** Over the past three years, fiscal and external balances have improved significantly. Fiscal deficit (excluding grants) declined from over 8 percent in FY13 to 4.6 percent in FY16, and international reserves increased from 1.7 months to over 4 months of imports in the same period. Prudent economic management (supported by the IMF Extended Fund Facility), remittances, and foreign capital inflows contributed to this. Market perception of the country has improved: Standard and Poor's raised Pakistan's rating to B in October 2016; Moody's upgraded to B3; MSCI's upgrade to "emerging market" status is to be confirmed in June 2017. The Bank also resumed IBRD lending.

9. **Having achieved macroeconomic stability, it is important for Pakistan to preserve its hard-earned gains in the near term (table 1).** With the approach of the next electoral cycle and with the IMF program completed, macroeconomic risks have increased. In FY17, external and fiscal accounts have deteriorated. The current account deficit (2.0 percent) is 1.2 percentage points higher in July-March FY17 than in the same period in FY16[2]. This is due to continuous weak performance of exports and the strong import demand driven by the China Pakistan Economic Corridor (CPEC). Remittances declined by 2.3 percent due to weak growth and declining public investment in Gulf Cooperation Council economies. International reserves coverage has declined to 3.6 months by end March 2017 from 4.2 months in June 2016. Weak revenue collection and strong growth in expenditures have led to a widening of the fiscal deficit (excluding grants) to 3.7 percent of GDP in July-March FY17; an increase of 0.3 percentage points compared to same period last year. Performance in tax collection is below target this year, after several years of improved performance. Debt-to-GDP ratio increased in FY16, partly as a result of revaluation losses, record high disbursements under external debt, and a strong build-up of government deposits. Debt is expected to gradually decline over the next three years, conditional on anticipated growth and fiscal tightening after

[2] While reserves have increased since the start of the CPS period, they have declined from the US$18.9 billion peak in October 2016.

elections. The debt trajectory is sensitive to contingent liabilities and a real exchange depreciation shock. Reforms in areas that need improved collaboration between federal and provincial governments remain challenging.

Table 1: Economic Performance 2014-2019

	2014	2015	2016 e	2017 f	2018 f	2019 f
Real GDP growth, at constant factor prices	4.1	4.0	4.7	5.2	5.5	5.8
Agriculture	2.5	2.5	-0.2	3.4	2.9	3.3
Industry	4.5	4.8	6.8	6.1	7.0	7.7
Services	4.5	4.3	5.7	5.6	5.8	5.9
Inflation (Consumer Price Index)	8.6	4.5	2.9	5.0	6.0	7.0
Current account balance (% of GDP)	-1.3	-1.0	-1.2	-2.7	-2.6	-2.5
Financial and capital account (% of GDP)	3.0	2.0	2.1	2.6	2.6	2.3
FDI (% of GDP)	0.6	0.3	0.7	0.5	1.1	1.1
SBP Gross Reserves	10.5	14.8	19.4	18.6	18.5	17.8
Fiscal balance (% of GDP) *	-5.5	-5.3	-4.6	-4.7	-5.1	-4.8
Tax revenue (% of GDP)	10.5	11.0	12.4	12.6	12.8	13.0
Debt (% of GDP)	64.4	64.1	67.5	65.7	64.3	62.0
Primary balance (% of GDP) *	-1.0	-0.6	-0.3	-0.5	-0.9	-0.7

Sources: Government of Pakistan and World Bank staff estimates

*: Excluding grants

Notes: e = estimate, f = forecast.

10. **Stalling energy reforms after initial gains.** In 2013, in a coordinated approach with development partners including the WBG, the Government outlined an ambitious reform program for the energy sector that included carrying out tariff reforms, reducing circular debt, and privatizing power distribution companies (DISCOs). Following substantial tariff increases and some progress on reducing subsidies sector conditions improved somewhat. Private sector investment in generation has picked up. Nevertheless, the core problem of high levels of arrears owed by distribution companies to generators (the circular debt) remains and may return to 2013 levels. Consequently, the intensity of load shedding is expected to increase, in the near term affecting economic activity. Efforts to reduce the powers of the regulatory bodies, particularly National Electric Power Regulatory Authority (NEPRA) require careful consideration as these could result in inefficient costs being transferred to tariffs.

11. **GDP growth is expected accelerate slightly over the next three years.** Growth picked up to 4.7 percent in FY16, largely driven by large-scale manufacturing and the services sector, while the agriculture sector (24 percent of GDP) has stagnated. On the demand side, consumption has contributed to over half of GDP growth, while net exports and investment have had a limited or negative contribution. Growth is projected to reach 5.8 percent in FY19. To achieve its full economic potential, Pakistan's investment-to-GDP rate of 15 percent has to double to be on par with the rest of South Asia. The roughly 2 million entrants to the labor force each year outstrip the jobs that the economy can generate at current growth levels. Growth acceleration will require deeper structural reforms at federal and provincial levels to be implemented by stronger public institutions and supported by better regulations and wider political commitment. Priority reforms include transforming the business environment, increasing the fiscal space to meet the large human and physical investment needs, and addressing critical energy and logistics bottlenecks.

C. KEY COUNTRY DEVELOPMENTS

12. **Pakistan is maturing as a democracy, with the next elections in mid-2018.** All major political stakeholders govern the country at the federal, provincial, and local levels. Decision-making remains highly centralized, and political consensus on key development priorities is elusive. With elections nearing, the political space for critical reform will be limited. Empowerment of the provinces under the 18th Amendment continues to deepen (albeit with challenges around service delivery). The Council of Common Interests, the inter-provincial body, is a work in progress. Most of the newly elected local governments in all provinces require significant strengthening.

13. **The security situation remains a cause for concern.** Pakistan, with its pockets of fragility, has seen a period of improved security resulting from military operations in vulnerable areas. Despite significant improvements in the security situation since the start of the CPS period, incidents against civilian and military targets continues, as witnessed during a week of spiked activity in February 2017 in all four provinces. This necessitates a cautious approach to managing the WBG's footprint with an expanding program.

14. **Half of Pakistan is expected to live in cities by 2032.** Cities would be the major driver of economic growth and poverty reduction with urban areas currently contributing to over half the country's GDP. Pakistan's cities need sound governance, significant investments and efficient services to improve their livability and economic vibrancy.

15. **The Federally Administered Tribal Area (FATA) is being mainstreamed in the next five years.** It is currently governed by the Frontier Crimes Regulation of 1876 and has a separate political, judicial and administrative structure. It is scheduled to be brought into the Parliamentary and legal system—a process that could moderate drivers of fragility and help transition to peace and prosperity.

16. **Geopolitics of the region are very complex and could have regional ramifications.** CPEC could boost development prospects through estimated investments of US$56 billion in infrastructure (ports, transport, and industrial zones) and energy (of 10,000 megawatts). Relations with India and Afghanistan remain at pause. The pace of return of refugees to Afghanistan increased significantly in 2016. Pakistan continues to host the second-highest numbers of refugees in the world.

III. SUMMARY OF PROGRAM IMPLEMENTATION

A. PORTFOLIO PERFORMANCE

17. **The WBG has delivered two-thirds of the envisaged CPS financing of US$11 billion.**[3] The IDA17 allocation of approximately US$3.4 billion will be fully utilized by June 2017[4]. IBRD has committed US$895 million in investment operations and guarantees. IFC has committed US$2.5 billion in long- and

[3] The CPS had envisaged an indicative envelope of approximately US$11 billion, including IDA and IBRD (US$2 billion); IFC investments of US$500-700 million; MIGA guarantees (US$50-200 million); and the Multidonor Trust Fund (US$200 million) for KP, FATA, and Balochistan. As a blend country, Pakistan was expected to have had access to approx. US$1.1 billion a year in IDA (on an indicative basis) as well as to IBRD. Pakistan is set to receive up to US$486 million under the IDA Scale-Up Facility in FY17.
[4] The amount includes resources through SUF and part of the funds available from cancelled recommitments.

short-term investments. MIGA's exposure increased by US$83 million. In addition, over US$360 million in trust fund resources were mobilized to complement lending and Advisory Services and Analytics (ASAs).[5]

18. **The World Bank portfolio has a diverse mix of instruments and is performing well.** The program currently deploys all Bank instruments: Development Policy Financing (US$1.8 billion plus US$0.42 billion in policy-based guarantee); Investment Project Financing (IPF) (US$5.4 billion plus US$0.4 billion in Partial Credit Guarantees (PCG)), including projects with disbursement-linked indicators; and Program-for-Results (PforR) operations (US$0.25 billion). Policy lending increased to complement the IMF program; the ambitious reform program is being supported through a number of DPCs focusing on growth, fiscal and energy reforms. The portfolio of 37 active projects amounts to US$5.65 billion, and is divided between the central government and the provinces: Equitable Finance and Institutions (US$0.25 billion), Sustainable Development (US$3.7 billion) and Human Development (US$1.7 billion). The disbursement ratio has been averaging 22 percent since FY14, and this trend is expected to continue. This ratio compares well with the average of approximately 18.5 percent for the rest of South Asia.

19. **Regular federal and provincial portfolio reviews and supervision missions have helped resolve implementation issues in a timely manner.** The performance of implementing agencies remains uneven, with generic client issues hampering start-up and implementation: slow approval processes; rapid staff turnover and the consequent impacts on capacity, including on monitoring, fiduciary, and safeguards; and duplication in disbursement procedures. Large hydro projects also face delays in land acquisition. There are currently two problem projects, and two more are anticipated. A biannual Project Director's Academy has been constituted to address the problems with these projects.

20. **IFC investments exceed the CPS targets at the mid-term.** IFC has committed US$2.5 billion, compared to a base target of US$1.3-1.7 billion. This includes: US$1.4 billion (including mobilization) in long-term financing in renewables, infrastructure, financial inclusion, manufacturing, and agribusiness, and US$1.1 billion in short-term and trade finance. Key investments include CSAIL (US$125 million) to develop around 3000 megawatts of renewable projects, US$313 million in financial sector to further financial inclusion, and US$145 million to facilitate large international agri-business investment in Pakistan. The current committed investment exposure amounts to US$1.3 billion in 45 companies: 54 percent in infrastructure, 26 percent in financial markets, and 20 percent in manufacturing and services. IFC achieved over a three-fold increase in private capital mobilization (US$530 million)[6] in the mentioned priority sectors. IFC is deploying a mix of long-term debt and equity instruments with just-in-time short-term trade finance facilities along with aligned Advisory Services (AS) engagements. The portfolio continues to perform satisfactorily. Non-performing loans (NPLs) are low primarily due to a few legacy projects and IFC's equity performance in Pakistan is amongst the top ten globally for the Cooperation in 2017. High quality portfolio results have been achieved through proactive client engagement, including operational support and timely restructuring. IFC will continue to expand with a focus on creating markets in critical sectors and also explore opportunities under the IDA18 Private Sector Window (PSW) in the KP, FATA and Balochistan.

21. **MIGA's gross exposure in Pakistan has grown during the CPS period.** The Agency's current active program (US$345 million) is supporting hydropower projects (66.4 percent), financial services (23.6 percent), and manufacturing (10 percent). Over the CPS period, MIGA has added guarantees totaling US$83 million in the energy sector. Moving forward, the Agency will seek to expand its support, with particular attention to the critically important energy and financial services sectors.

[5] These include the MDTF, TAGR, PTIPP, and others.

[6] Against mid-term target of US$100-US$130 million

22. **WBG advisory support is shaping evidence-based policies, pipeline development, knowledge transfer, and implementation support.** The Bank's ASAs are increasingly programmatic, linking multiyear efforts with outcomes in policymaking, pipeline development, and South-South knowledge transfer. The Bank delivered 29 of the 94 ASAs proposed for the CPS period covering such areas as the following: Karachi diagnostic, gender and social inclusion, energy, nutrition, population, poverty, public finance management, public investment, doing business, public-private partnership (PPP), financial inclusion, agriculture, water and climate change, regional trade and connectivity, and fragility. The Bank also delivered a Reimbursable Advisory Service (RAS), a new instrument in the program, now being expanded to two other engagements, including at the subnational level. IFC ramped up its advisory program in financial inclusion, investment climate, and clean energy. The current portfolio has 18 mandates (US$26 million) focused on banking advisory to financial institutions in critical areas (digital, sustainable finance, housing, gender); improving micro, small, and medium enterprises' (MSMEs') access to finance and building their capacity; off-grid energy and resource efficiency; investment climate; corporate governance, and PPP advisory for power sector privatization. Besides the programmatic work already initiated, the WBG pipeline of ASA/AS will include Pakistan@100: Shaping the Future (a strategic exercise), Systematic Country Diagnostics (including at the subnational level), public expenditure and investment reviews, and job diagnostics, leading up to the next Country Partnership Framework in FY21.

23. **World Bank Group collaboration remains strong.** The collaboration in energy continues to be strong and on track: policy reforms supported by the Bank have enabled market opportunities for IFC and MIGA to leverage and crowd in private capital (US$1.8 billion of private capital leveraged by the Dasu PCG), as illustrated by over US$4 billion in international and domestic investments in hydropower[7] (Gulpur and Karot) and wind[8] projects. The joint implementation plan will increase focus on crowding in commercial financing to further develop the market. Other ongoing areas of collaboration are doing business and financial inclusion (a JIP has been endorsed), while urban infrastructure and agribusiness are being explored.

B. EVOLUTION OF PARTNERSHIPS AND LEVERAGING

24. **Collaboration with multilateral and bilateral partners is leveraging better development outcomes.** The Multidonor Trust Fund (MDTF) for KP, FATA, and Balochistan remains the single most important multidonor vehicle in Pakistan to support development interventions in these areas. Shifting partner priorities have led to lower than expected capitalization of the MDTF. Hence, through careful selectivity, priority is being given to livelihood development, governance, and jobs and enterprise development. The MDTF-financed projects are creating opportunities for International Development Association (IDA) financing in all three areas, and for IFC to deploy the IDA18 Private Sector Window. The IFC administered, Enterprise Asset Growth Program[9] is supporting the MSME ecosystem development by enhancing access to finance and financial infrastructure and improving the investment climate to unlock growth potential. WBG programs are aligned with initiatives of bilateral partners, including the Department for International Development (DFID) and Department of Foreign Affairs and Trade (DFAT), in areas such as education, health, financial inclusion, social protection, and regional trade. AIIB is co-financing US$300 million for the Tarbela IV Additional Financing, and other opportunities to co-finance are being identified. Opportunities

[7] US$ 2.8 billion
[8] US$1.2 billion
[9] A DFID Funded Trust Fund

to collaborate with China are being explored. Work continues with the Asian Development Bank in energy reform and the Islamic Development Bank on Central Asia South Asia (CASA-1000) energy import.

C. PROGRESS TOWARD ACHIEVING CPS OBJECTIVES

25. **The progress on all four results areas remains on track at the mid-term, with the exception of the two outcomes indicators on school enrollment.** A detailed update is available in Annex 5 and a snapshot is given in figure 2 below.

Figure 2. Results Update

Energy	Baseline	Current	Target
Load shedding reduction (hours)	8	5.8	5
Cost of energy production (USc/kWh)	12.3	11.6	10.4
Accounting for oil price decline		8.9	
Subsidies reduced (% of GDP)	1.8	0.7	0.4
Billing collection (%)	86	94.6	94

Private Sector Development	Baseline	Current	Target
Days required to start a business	21	18	15
Restructuring/Privatization of SOEs	0	5	5
Major crop yields (% increase)	0	N/A	20
Number of Trainees trained	35000	84702	42000
Tariff rates reduced (%)	14.4	13.4	10
Wagah Waiting time (Hours)	6.5	3.5	5.2
Occupancy at Karachi port (% occupancy)	74	56	50

Inclusion	Baseline	Current	Target
MSME Borrowers increased (millions)	2.95	4.33	3.68
Accounts by financial institutions (millions)	35	45	38.5
Bisp Coverage increased (in millions)	4.5	5.43	5.4
Girls Primary enrollment increased (%)	63	62	72.5
Number of DRM plans (# of provinces)	0	1	2

Service Delivery	Baseline	Current	Target
Federal tax revenue ratio increased (% GDP)	9.6	11.4	11.5
Non wage expenditure on health & education (Pkr Million)	50	61	60
PEFA scores improved	PI-22	N/A	PI-25
Attendance of Skilled Birth Attendants (%)	52	64	60
Increased use of contraceptive prevalence (%)	26	38	30
Increased child immunization (%)	54	56	65
Net enrollment increased (%)	68	67	74.8
Student Achievement tests held (# provinces)	0	2	3
Citizens engagement increased (# service delivery units)	13	26	17
Better performance management & service delivery units (#)	0	5	4

On-track
Achieved
Off-track

Note: N/A indicates data not yet available.

a) Energy: WBG interventions have supported improvements in the overall performance of the energy sector, specifically, in generation, reductions in subsidies, and bill collections, diversification of the fuel mix and the improved fiscal sustainability of the energy sector. While these have resulted in increased private investment, circular debt continues to threaten the viability of the sector at the mid-term. Privatization of DISCOs and electricity generating companies has stalled. In the next phase, efforts will be focused on distribution, transmission, and renewable energy.
b) Private Sector: A mix of budget support, investment operations and analytical work have supported improvements in the investment environment, with Pakistan emerging as one of the top reformers in Doing Business Report 2016. Good progress was also made in skills development and trade logistics. Privatization transactions were completed but with limited development impact. The indicator on major crop will be revised to align better with the program; ongoing operations support improved irrigation, supply chain linkages and Foreign Direct Investment

inflows. Going forward, WBG will focus on a wider range of doing business reforms, continue with a strategic and selective approach to privatization, and scale up on skills. The agriculture program will focus increasingly on creating markets for high value crops.

c) Inclusion: Targets on financial inclusion (bank accounts and support to MSMEs) have been surpassed and cash transfer programs expanded to cover over 5.43 million women headed households. Disaster management plans have been operationalized in Balochistan and are under preparation for two additional provinces. Progress on girls' enrollment is off track, as the net enrollment rate at the primary level has fallen by a percentage point to 62 percent. A lesson emerging is from the decade-long engagement in education is the need for reevaluating our approach.

d) Service Delivery: Good progress has been made on indicators on maternal health, transparency and public resource management. Tax collection has shown some improvements, albeit limited given the potential. Primary gross and net enrollment rates have decreased by one percentage point since 2013. Multiple factors may have contributed to this stagnation in enrollment outcomes, including poor school infrastructure, lack of learning resources, and poor quality of teaching, in addition to demand-side constraints. The indicator has been both revised and scaled down. Multisectoral health interventions will be expanded in all provinces.

26. **Cross cutting areas:**

a) With a Gender and Social Inclusion Platform operationalized, gender tagging in three dimensions has increased from 60 to 80 percent for FY15-17. The platform, focusing on women's economic empowerment, also envisages positive impacts on voice and agency for women and youth such as through BISP, skills development and financial inclusion projects. Programs continue to mainstream gender, with good results from maternal health and cash transfer programs (BISP).

b) Projects are informed by climate change considerations with estimated climate co-benefits of 30 percent. Operations to build resilience are under preparation or implementation in key areas, including water stress, urban, agriculture, fisheries, forestry and financial sectors.

c) IDA and trust fund operations are helping improve peace- and state-building, with over 5.7 million people benefitting through MDTF operations. Operations will scale up in KP, FATA, and Balochistan, and continue to be informed by a stability/fragility lens.

d) Gains in regional connectivity remain limited by the geopolitics of South Asia. CASA-1000 and the Central Asia Gateway project (under preparation), continue to make progress, albeit slowly.

IV. EMERGING LESSONS

27. **Structural reforms need a coordinated and country-wide approach.** Reforms at the federal level have helped stabilize the economy. To sustain these and to accelerate growth, reforms at the federal level will need to be complemented by subnational structural reforms in the provinces. Performance of agriculture, urban development, human development, service delivery, all provincial subjects, has lagged behind and hence the urgency to act now. Reforms at the subnational level should be supported through a mix of instruments, including budget support. Improvements in the business environment requires reforms at the provincial level (especially Karachi and Lahore) for greater impact; fiscal space/revenue mobilization can be made more efficient by coordinating federal and provincial tax administration. DPCs will need to be complemented by reforms at the provincial level.

28. **Where performance has lagged, a differentiated approach is required.** Progress in achieving results in the energy sector and privatization to date has been uneven due to mid-stream political headwinds. Lack of progress in the privatization program, including of DISCOs, caused by lack of multi-party political consensus, has exacerbated the circular debt in the power sector. Therefore, ownership for such reforms needs to go beyond the Ministry of Finance and involve key line ministries at the federal level and across stakeholders. This requires better incentives, including selective/strategic use of WBG instruments, convening power and possibly reimbursable advisory services that could deepen ownership. The reform story in the energy sector has been mixed: ambitious power sector reform supported by DPCs fell short with policy reversals while gas sector reforms with strong political commitment, supported by technical assistance, are performing better. This suggests that the choice of instruments needs to be aligned with political commitment and implementation capacity. Another key lesson is that engagement with a wider political leadership and other stakeholders can pay dividends. Examples include: The Karachi engagement which used an agile process to build consensus resulting in a quick-wins project to build citizen-state trust; inclusive approach to designing the agriculture reforms in Punjab to be supported by a PforR; and an accelerated action plan for reducing stunting in Sindh which for the first time commits government's own financing in addition to financing from development partners.

29. **The Bank's approach to human development needs to be rethought.** School enrollment outcomes have remained static, despite billions spent over the past decade, including over US$2.5 billion by the Bank. Social protection programs have shown good results, especially for women's economic empowerment and poverty reduction. While health has been under-invested in, gains have been made in maternal and child health. Nevertheless, more attention is needed to address stubborn issues such as high stunting and fertility. Migration and displacement require greater attention. A review of operations and results highlights the need for multisectoral approaches, phasing in policy and institutional reforms through results-based financing, better targeting for the most deserving areas and greater involvement of the private sector.

30. **A more calibrated approach is necessary for highly complex reform efforts.** The privatization effort started three years ago was very ambitious and capacity may not have been in line with the complexity of the undertaking. The government began with a highly ambitious agenda of privatizing 65 entities and only 5 transactions have been completed and the process is now stalled. Political headwinds, lack of communication with stakeholders, weak capacity and overall business sentiments contributed to this failure. Going forward, WBG should be more strategic, taking into account political economy realities and transactions that significantly reduce fiscal burden will be prioritized. Further expansion of the WBG program in this area requires enhanced political space and commitment.

31. **Leveraging WBG instruments can help crowd-in commercial financing.** Pakistan's investment to GDP needs to double to be on par with the rest of South Asia. Besides improving business climate to attract private investments, there is also a need to close the large infrastructure gap (US$ 50 billion for the power sector and US$8 billion for Karachi). The WBG, through the energy joint implementation program, has made a start by addressing key policy constraints in the sector necessary to unlock private investments through budgetary support instruments like DPCs, as well as using innovative de-risking instruments such as the IDA PCG for Dasu to mobilize commercial financing. IFC and MIGA have followed through with sequencing of complementary investments to signal confidence in this sector and catalyze private sector investors. The recent IBRD Policy Based Guarantee approved with the competitiveness and growth DPC will further test international market response to Pakistan's reforms. Where needed, use of de-risking instruments will be maximized to create further market opportunities, complemented by policy and

regulatory reforms. Examples include Karachi urban infrastructure, hydropower generation, Liquefied Natural Gas (LNG), solar and wind, and for the KP, FATA and Balochistan.

32. **KP, FATA and Balochistan are complex but require interventions at scale.** The needs have grown and scope exists for the WBG to go beyond limited trust fund financing. IDA support including through the Private Sector Window where eligible and appropriate) can be leveraged to support interventions to boost growth. Delivering and implementing operations in these areas remains complex due to the security environment and weak capacity. Experience from the MDTF highlights the importance of reverse missions and third party monitoring and validation where project staff cannot go on a regular basis. This has helped identify and address bottlenecks in a timely manner. Another key learning informing upcoming operations is the importance of geo/political economy analysis. This can help identify different power and opinion groups in beneficiary communities and accordingly inform the Bank's approach. On gender, where the gap is wider, the current piecemeal approach has run its limits. The Gender Platform now gives a structure and form to more meaningfully supporting measures to close the gap, including in reducing gender based violence. Due to deep-rooted socio-cultural norms, results will be slow and incremental.

V. ADJUSTMENTS TO THE COUNTRY PARTNERSHIP FRAMEWORK

33. **The CPS selectivity filters remain valid[10] and are being fine-tuned to address the lessons above and emerging country and IDA18 priorities.** While overall progress has been made in poverty reduction, gaps remain in the associated human development indicators. The program will continue focusing on the government's 4 Es of energy, economy, education and extremism. In energy and the private sector pillars, policy dialogue and technical assistance at the federal level, and investment operations, PforR and dialogue will complement interventions at the provincial levels. In the remaining areas of private sector development, inclusion, and service delivery, Bank teams will leverage synergies across all WBG instruments and products for transformative results. Outlined below are the proposed adjustments for each of the four results areas.

a) **Energy.** Greater emphasis would be given to holding the line on the reform agenda and supporting investments in transmission, distribution, energy efficiency, and development of solar and wind, including unblocking private sector investment. With space for critical reform closing in the run up to elections, the program will focus on dialogue and technical assistance to identify inroads and interventions.
b) **Private sector.** While keeping the existing focus outlined in the CPS, additional attention would be given to tourism, housing finance, long term infrastructure financing, and agriculture productivity. With privatization and SOE reforms stalling, support for structural reforms to improve fiscal space for the government by catalyzing private sector financing will continue through policy dialogue and technical assistance or through prior actions for subnational reform. WBG interventions will support increased domestic resource mobilization and improve public expenditure management at federal and provincial (Punjab, KP) levels. De-risking instruments to support critical reform will encourage private sector interventions, including in KP, FATA and Balochistan. While regional trade and trade facilitation work may slow down because of geopolitical factors, the Bank will increase its focus on enhancing connectivity to neighbors to the

[10] Twin goals and country priorities, along with transformative nature of projects, cross-sectoral initiatives, balance between federal/provincial and instrument mix, scaling up in KP, FATA and Balochistan, private sector development, and evidence-based decision making.

west. Increased gender filters will be applied to enhance development outcomes for women, with a focus on increasing their labor force participation.

c) **Inclusion.** The program will scale up work on financial inclusion, including for women, and on MSME growth. It will increase its emphasis on displaced populations, including persons temporarily displaced from FATA. The IDA18 refugee sub-window will be accessed for a phased program supporting improved development outcomes for communities hosting Pakistan's large refugee population. Interventions to increase fiscal resilience and national forecasting and warning systems will be boosted.

d) **Service delivery.** The approach to improving health, nutrition and education outcomes will be revisited, with an emphasis on addressing the stagnant national school enrollment rates in the long term through improved targeting. Building on international experience, multisectoral interventions will be scaled up to enhance the response on stunting and malnutrition in all provinces. Increased emphasis will be given to addressing rapid urbanization, as city planning has not been able to keep up with the pace of rural-urban migration. A two-phased approach for Karachi city is proposed: a quick-wins project to build citizen confidence, followed by a multisector program to improve governance and municipal services (including for women's mobility), with increased private sector participation. In Punjab, the Bank is developing a roadmap to improve governance and livability for medium-sized cities.

34. **The Bank will scale-up its engagement in KP and Balochistan, with increasing client demand for larger-scale interventions that build on the MDTF.** The planned engagement could include IDA operations on small-scale power generation, urban development, tourism, and agriculture. Resources will also be sought from the Private Sector Window and Refugee sub-windows.

35. **Pakistan@100: Shaping the Future,** a flagship ASA, will assess strategic directions up to 2047 with a focus on accelerated, sustainable, and inclusive growth. Other key analytics will include a jobs (and gender) diagnostic and work on stunting, poverty mapping, fiscal sustainability, and population.

36. **Adjusted Results Framework.** New or scaled-up indicators are proposed to reflect the adjustments above. As was noted in section III, changes have been proposed to indicators where achievements have been made or corrections were needed. In pillar one, the indicator on cost of production is revised to account for the impact of oil prices. Indicators on doing business, financial inclusion, and agriculture have been revised to better reflect the Bank's enhanced program and strategy. On education, the outcome indicator has been revised to better reflect the flat-lining of results on net enrollment in recent years. Further details are available in Annex 2.

Timeframe and Modalities

37. **CPS timeframe and financing.** The PLR proposes to extend the current CPS by one year to FY20, with the SCD to be delivered in FY19. This would align the current CPS to IDA18 priorities and the upcoming Country Partnership Framework to the priorities of the incoming Government.

38. **Financing envelope for FY18-20.** Tentative IDA, IBRD, IFC, and MIGA financing is provided below (table 2).[11] Actual IBRD lending will depend on a number of factors; demand from other borrowers and IBRD's

[11] All allocations are indicative. Any sub-national regions eligible for the Private Sector Window may receive resources on a case-by-case basis and based on the structure of IFC investment or MIGA guarantee supported by the PSW. The Private Sector Window allocations are not fixed and will be decided on a case-by-case basis.

overall financial capacity and country performance evidenced among other things by foreign exchange reserves of least 2½ months of imports of goods and services. The core indicative IDA18 allocation is in the range of US$2.9-3.7 billion, and Pakistan is also eligible for IDA18 non-core resources such as the Scale-up Facility, Regional Window, Refugee sub-window, and the Private Sector Window in applicable border areas. Trust funds would continue to be part of the program, with some exits. DPC share will be 30-35 percent of lending, and PforRs will increase for provinces. The program will continue with programmatic ASAs, including RAS. Delivering on IFC commitments will be dependent on investment climate reforms, removal of policy constraints in the infrastructure sector, and continued appetite of domestic and foreign investors to mobilize capital into the country.

Table 2. Indicative WBG financing (in US$ billions)

	IDA	IBRD	IFC	MIGA	MDTF	Total (max/approx)
Original CPS (FY15-19)	5.5	2	2.5-3	0.05-0.2	0.20	11
Revised (FY15-20)	6.6*	2	3.5-4.2	0.05-0.2	0.30	**13.3**

*This excludes window allocations, including SUF

VI. RISKS TO THE CPS PROGRAM

Table 3: Systematic Operations Risk-Rating Tool

Risk categories	Rating[12]
1. Political and governance	S
2. Macroeconomic	S
3. Sector strategies and policies	M
4. Technical design of project or program	M
5. Institutional capacity for implementation and sustainability	S
6. Fiduciary	M
7. Environment and social	M
8. Stakeholders	M
9. Other – Security and Stability	S
Overall	**S**

39. **Broader political and governance risks could slow the program.** With the 2018 elections nearing, a slow-down or even rollback in the reform momentum in key sectors such as energy and SOEs can affect outcomes. Opposition from political stakeholders and judicial actions can further slow decision-making. WBG teams continue to engage at different tiers and across political configurations at the federal and provincial levels.

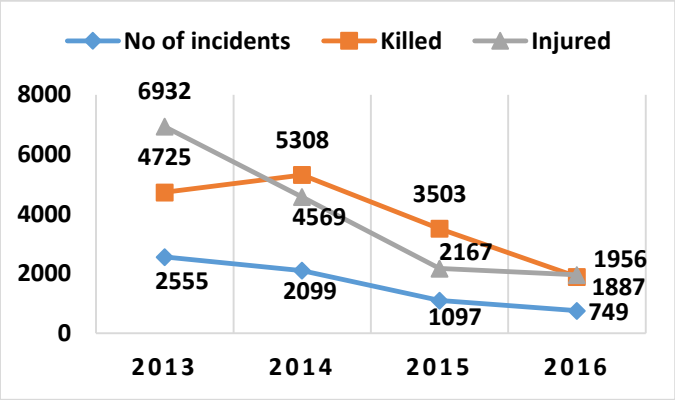
40. **Macroeconomic risks are Substantial.** Macroeconomic risks declined over the past three years with the Government's reform program supported by the IMF Extended Fund Facility and Bank's budget support. In the first nine months of FY17, however, external and fiscal accounts have deteriorated. Circular debt has begun to rise again to earlier levels, as past issues have not been adequately addressed. Delays or rollbacks in much-needed structural reforms may weaken growth prospects and discourage private investment. Remittance flows might be affected if Gulf countries continue to face economic slowdown. Further deterioration of the fiscal and external balances would require a rethink of WBG instruments and program. The Bank will keep working closely with the IMF and other G-5 partners (Asian Development Bank, United Kingdom, United States) in supporting the country's economic program to support stability

[12] H = High, S = Substantial, M = Moderate, and L = Low.

and deepening structural reforms to accelerate growth. The government has signaled its intention to continue to seek budget support, which will require the maintenance of an adequate macroeconomic policy framework. The Bank is also using its technical assistance on tax policy and administration, fiscal and debt management to support government efforts to maintain fiscal discipline.

41. **Security risks are Substantial.** Pakistan continues to be at risk of terrorism despite security stabilizing. Overall security incidents have reduced significantly[13] by 2016 (figure 3), however, the mid-February 2017 spike in incidents is a reminder the unpredictability of the situation. In coordination with the UN, the WBG is updating its Security Risk Assessment, which will guide the size and presence of the operational footprint in the country. The security team and associated facilities are being upgraded to provide additional support, especially as operations scale up in KP and Balochistan. Third party monitoring, reverse missions, and virtual connectivity solutions will be increasingly utilized.

Figure 3: Violent Incidents Trends (2013-2016)



42. **Institutional capacity for implementation and sustainability risks are Substantial.** Going forward, the program is scaling up in politically challenging areas (urbanization, displaced/refugee hosting populations, agriculture) and working with lower capacity counterparts in KP, FATA and Balochistan. Continued dialogue at the highest levels of leadership in the federal areas and provinces will be needed to sustain the ongoing and planned efforts. Trainings to increase implementing agency capacity for fiduciary management and procurement will be conducted. Boosting investments in the country would require ramping up private sector engagement, including in upstream design of reforms. WBG's instrument mix will provide platforms for engaging from national to local institutions, private sector to civil society, and across the political spectrum to deliver results.

[13] Source: Pakistan Institute for Peace Studies (PIPS) Pakistan Security Report 2016

CPS Outcomes and Indicators	Indicative Milestones	World Bank Group Program (on-going and planned)
Overarching Goal: Poverty Reduction and Shared Prosperity		
RESULT AREA 1: ENERGY		
1.1 Reduced Load Shedding • *Average daily hours of power load shedding reduced from eight hours in FY13 to five*	Additional 500 million cubic feet of gas per day available for electricity generation Additional 6,000 MW of power generation capacity financed by WBG of which 90% is from Renewable Energy (hydro, wind and solar). 1,500 MW addition to the system facilitated by IFC wind and solar projects 1.5 million people of poor households provided with access to clean solar lighting solutions	**Ongoing Operations/Portfolio:** • IFC Energy Projects: (i) Uch-II Power, (ii) Laraib Energy, (iii) Gulpur Hydro, (iv) Zorlu Energy, (v) Dawood TGL, (vi) Gul Ahmed Wind, (vii) Metro Wind, (viii) Engro Energy, (ix)TriconBoston Wind • IFC and MIGA support: (i) Star Hydropower; (ii) Gulpur Hydropower • IFC CSAIL platform & 720MW Karot Hydro Project; • IFC Engro LNG Terminal (600 MMCFD); • Tarbela 4th Extension Hydropower Project • Tarbela 4th Extension Hydropower Project AF • Water Sector Capacity Development Project • AKRSP Renewable Energy Community Carbon Finance • Power DPC II • Dasu Hydro Power **Pipeline Operations:** • IFC 5 wind (50 MW each); • IFC 1 wind (250 MW) • IFC Solar IPPs (50-200 MW); • IFC 1 RLNG based IPP • IFC 1 hydro (200 MW) • IFC 2 privatized distribution companies • CASA-1000 (2018) • National Power Transmission Modernization Project • Dasu Phase II **Ongoing Advisory/ASA/TF Activities:** • Punjab Power; • SBA for small renewable projects • RE Mapping project (2017) • NLTA Social Protection Systems for Energy Subsidy
1.2 Reduced Cost of Production of Electricity • *Weighted average cost of generation of WBG-supported generation projects to be below 10 c/kWh*	12,000 MW public and private investments in power generation projects (hydro, thermal, wind, biomass and solar) facilitated by WBG	
1.3 Improved Financial Sustainability of the Electric Power Sector • *Electricity subsidies (except for the poorest) reduced from 1.8 % of GDP in FY 14 to 0.6% of GDP in FY20*	Policy guidelines on tariff mgmt. and subsidies with pro poor targeting developed, adopted and implemented Publicly-owned generation companies (Gencos), distribution companies (Discos), the transmission company (NTDC) and the power purchasing agency (CPPA) establish commercial relations.	

CPS Outcomes and Indicators	Indicative Milestones	World Bank Group Program (on-going and planned)
• *Improved collection of billed electricity from 86 percent of billing in FY13 to 94 percent.*	First Report on the implementation status of the National Power Policy published by mid FY15	• Macro TF (Energy Pillar): Power sector reform; gas sector reform ***Demand Side Management (executed by IFC)*** • Lighting Pakistan • Punjab Energy &Efficiency • MENA REDS • MENA Regional Resource Efficiency Program • E&S Standards in the Hydropower Sector
RESULT AREA 2: PRIVATE SECTOR DEVELOPMENT		
2.1 Improved Business Environment for Private Sector • *Overall Distance to Frontier on Doing Business improves from approx. 49 in FY16 to 59 in FY20.* • *Restructuring / Privatization of at least 5 State-owned Enterprises (SOEs). Baseline: no privatization transaction took place in last 6 fiscal years.*	Establishment of a virtual one-stop-shop (OSS) Regulatory framework for PPPs, credit bureau & secured transactions approve and AML/CFT law enacted At least four SEZs established Enactment of key legislation (Companies Law, Corporate Rehabilitation) Key financial and non-financial information about SOEs disclosed annually Corporatization of State Life Insurance Corporation Corporate Governance assessment of State Owned Insurance Companies	**Ongoing Operations:** • Punjab Cities Governance Project • FATA Urban Centers Project • Growth DPC 2 and 3 **Ongoing Advisory/ASA/TF Activities:** • IFC Punjab Investment Climate • IFC Doing Business Project • Trade Finance • Consumer Protection and Financial Literacy • Capacity Building of ICM • Regional Competitiveness studies on 6 priority sectors • Registration Reform • Business SOE Reforms; CG Rules • Pakistan National Risk Assessment on Anti Money Laundering **Planned Advisory/ASA/TF Activities:** • PPP Advisory for provinces • NLTA-Planning Commission • NLTA-Karachi Transformation • NLTA-Trade and tariff reforms
2.2 Increased Productivity in Farms in Selected Irrigations Schemes	2.6 m ha. of irrigated agriculture areas are provided with improved water delivery 630 000 farmers adopted improved technologies for efficient water use	**Ongoing Operations:** • Sindh Water Sector Improvement • Sindh On-Farm Water Mgmt AF • Balochistan Small Scale Irrigation • Punjab Barrages Improvement II

CPS Outcomes and Indicators	Indicative Milestones	World Bank Group Program (on-going and planned)
• *Cropping intensity is increased by 20% in selected water courses areas* Baseline: CI 105 in FY14 Target: CI 126 in FY20	Supply chains for linking of corporates to famers developed to improve capacity of over 210, 000 farmers Steering Committee to monitor progress on recommendations set up in Punjab. E-voucher based, targeted for potash fertilizer introduced in Punjab	• Punjab Irrigated Agriculture Productivity Enhancement • Water Sector capacity • Sindh Irrigated Agriculture Productivity Improvement • Sindh Water Sector Improvement AF • Sindh Agriculture Growth Project • Sindh Barrages (Guddu) Project • Balochistan Integrated Water Resources Management • Pak Poverty Alleviation Fund • FATA -RLCIP • KPK Southern Area Development • IFC Engro Asahi project • IFC Engro Fertilizer Project • IFC Packages Project • IFC Matco; • IFC TPS, • IFC Crescent, • IFC Dewan • IFC FC Pakistan (Frieschland Campina) • IFC Coca-Cola **Pipeline Operations:** • Sindh Sukkur Barrage • Punjab Agriculture and Rural Transformation P4R • Punjab Irrigated Agriculture Productivity AF **Ongoing Advisory/ASA/TF Activities:** • Policy Notes: Irrigation, Wheat Procurement, agriculture markets land tenancy reform in Punjab • Public Grain Stocks and Price Stabilization Policy • Financing water and energy conservation projects • IFC Nestle Dairy Advisory • IFC Pakistan Sugar Advisory **Planned Advisory/ASA/TF Activities:** • IFC Advisory on Agri; Gender; Sustainable Finance; • Pakistan CC TA program

CPS Outcomes and Indicators	Indicative Milestones	World Bank Group Program (on-going and planned)
2.3 Improved Youth's Skills for Businesses • *Increase in number of trainees supported by skills development programs by 300 percent (with gender disaggregation).* Baseline: 35000 Current: 74000 Target: 120,000	Performance management contract and tracer studies institutionalized in skill development programs in Sindh and Punjab Job placement rate of graduates tracked	**Ongoing Operations:** • Sindh Skills Development Project • Economic Revitalization Project in KP/FATA (MDTF) • Punjab Skills Project **Ongoing Advisory/ASA/TF Activities:** • IFC Corporate Governance program for SMEs; • IFC Business Edge skills development program for SMEs • Financial Inclusion and Infrastructure Strategy • Women X • Punjab SP NLTA **Pipeline Operations:** • Sindh Skills Follow-on • ERKF II – Additional financing of US$19 million being processed. **Planned Advisory/ASA/TF Activities:** • Jobs Diagnostic
2.4 Improved Trade tariff and Ports/Border Logistics • *The simple average statutory tariff rate reduced to 10 percent from 14.4 percent in FY13* • *Improvement in occupancy rate of targeted Karachi port berths from 74 percent in FY13 to 50 percent.*	A non-discriminatory Policy on International Trade developed and approved by the Cabinet Special Statutory Regulatory Orders (SROs) granting tax exemptions are not issued by FBR except for those with Parliament approval. Average waiting time at selected border crossing points reduced by 60 percent from (Wagah 6.5 hours' average; Chaman and Torkhum 18 hours' average in FY13) Increase in the container handling capacity of the port sector from 0.7 in FY11 to 1.12 M TEU in FY17.	**Ongoing Operations:** • Karachi Port Improvement Project • KPK Roads Project (MDTF) • FATA Rural Roads Project (MDTF) • Pakistan Trade Facilitation Project (PTIPP) • IFC Qasim International Container Terminal Project • IFC Pakistan International Bulk Terminal (PIBT) • IFC Daewoo • MIGA Guarantees to private sector: Bulleh Shah Packaging (Private) Limited **Planned Pipeline Operations:** • Peshawar Torkhum Gateway to Central Asia • IFC investment in telecom, transport, logistics • IFC investments in oil refining projects
RESULT AREA 3: INCLUSION		

CPS Outcomes and Indicators	Indicative Milestones	World Bank Group Program (on-going and planned)
3.1 Improved Financial inclusion for MSMEs and Women • *Number of MSME borrowers increased by 60 percent from 2.95 million borrowers in FY13, with women borrowers increased by 50 percent from 0.7 million in FY13.* • *Number of accounts by financial institutions increased by 45 percent from 35 million accounts in FY13; with women accounts increased by 10 percent from 5.3 million accounts in FY13*	Financial Inclusion Strategy, covering MSMEs, rural finance, housing finance, payment systems, branchless banking, developed Capacity of commercial and microfinance banks, SMEs enhanced Credit information on MSME borrowers available to all financial institutions Establishment of Secure Transaction Registry	**Ongoing Operations:** • IFC: Global Trade Finance with 12 banks; • IFC investments in 3 microfinance banks; 1 Bank Alfalah; and 1 HBL • IFC investment in Abraaj Capital **Pipeline Operations:** • Financial inclusion & infrastructure project • Finance for Growth DPC • Housing Finance project • IFC Global Trade Finance program roll over with 12 banks; • IFC debt/equity in large/mid-sized banks (MSME focus) • IFC forex credit lines to banks for clean energy projects • IFC investment in Pakistan Mortgage Refinancing Company • IFC MENA Distress Asset Relief Program • IFC Pakistan Infrastructure Bank • Provincial Trade and Competitiveness P4R **Ongoing Advisory/ASA/TF Activities:** • Financial Inclusion Support Framework (FISF) • Secured Transactions Collateral Registry ASA/IFC AS • NFIS RAS (completed) • IFC Gender Advisory with HBL; Alfalah • IFC agri advisory (HBL) • IFC Digital Finance Services advisory with NRSP • IFC Micro Housing Finance advisory with Khushali Bank • IFC SME Banking & supply with UBL and Meezan Bank **Planned Advisory/ASA/TF Activities:** • IFC Banks Advisory (MSME, Gender, Agri, Supply Chain Financing and Sustainable Energy Finance) • IFC advisory: Pakistan Mortgage Refinancing Company • SBP Partnership on financial inclusion, access to finance, mortgage finance and E&S /green banking • SBP RAS

CPS Outcomes and Indicators	Indicative Milestones	World Bank Group Program (on-going and planned)
3.2 Reduced Vulnerability for Groups at Risk • *Basic cash transfers for BISP beneficiaries expanded by 20 percent from baseline of 4.5 million beneficiaries in FY13; and Conditional Cash Transfers for primary education expanded to 40 districts from baseline of 5 districts in FY13.* • *Refugee program indicator: A Results indicator program will be identified once the activity is sufficiently advanced, and will be reported in the CLR.*	Improved reliability of poverty and shared prosperity data at national and provincial level SP systems strengthened in at least two provinces for delivery of poverty targeted initiatives such as health and nutrition focused conditional cash transfers and employability interventions in selected districts. Enhanced investments in human capital amongst the poor through complementary safety net graduation programs Application of Social Safety net system in emergency situations	**Ongoing Operations:** • Social Safety Net Project • Floods Emergency Cash Transfer Project • PPAF III Project • FATA TDPERP **Pipeline Operations:** • National Social Protection Project • AF for TDPERP • Refugee Program **Ongoing Advisory/ASA/TF Activities:** • Gender and Inclusion Platform • NLTA Social Protection Reforms • Labor Supply and Vulnerability • Disaster Recovery and Social Protection • NLTA: Integrated SP Systems • NLTA International Migration • Federalism and SP **Planned Advisory/ASA/TF Activities:** • NLTA on poverty data with PBS
3.3 Increased Resilience to Disasters in Targeted Regions • *Number of provinces with operational Disaster Risk Management and Early Warning Systems increases from 0 in FY13 to 2*	Multi-hazard risk assessments for major urban areas prepared Provincial DRM plans and SOPs updated Fiscal Disaster Risk Assessments and Disaster Risk Financing Strategies developed	**Ongoing Operations:** • Disaster and Climate Resilience Improvement Project • Sindh Resilience Project (SRP) **Pipeline Operations**: • Strengthening Hydro-met Forecasting and Early Warning Systems in Pakistan **Ongoing Advisory/ASA/TF Activities:** • GFDRR Strengthening DRM Institutions in Pakistan **Planned Advisory/ASA/TF Activities:** • GFDRR Pakistan DRM TA Program
RESULT AREA 4: SERIVCE DELIVERY		
4.1 Improved Public Resources Management	Federal tax revenue increased from 9.3 percent in FY12/13 to above 12 percent.	**Ongoing Operations:** • Punjab Public Management Reform Program • Punjab Cities Governance Improvement Project • Fiscally sustainable and inclusive growth DPC (1 and 2)

CPS Outcomes and Indicators	Indicative Milestones	World Bank Group Program (on-going and planned)
• *Tax revenue increased from 10 percent of GDP in FY12/13 to above 13 percent (by the end of CPS period).* • *Quality and timeliness of government accounting, auditing and reporting improved at Federal and Provincial level against relevant PEFA scores measured in FY12, FY13 and FY16 (specifically PI-26 to PI-30 of the PEFA 2016 Framework).* Baseline: - PI 26 Internal Audit: KP (D+) Others (D) - PI 27 Financial Data Integrity: KP(B+) Punjab (B) Others (C+). - PI 28 In-year Budget Reports: All (C+) - PI 29 Annual Financial Reports: All (C+) - PI 30 External Audit: KP and Sindh (D+) Balochistan (C+) Punjab and Federal (B)	Active taxpayers with FBR increased from 1.04 million in FY12/13 to over 1.7 million (both income and sales tax). Tax revenue by four provinces increased from 0.7% of GDP in FY12/13 to above 1%. Tax base of UIPT in Punjab increased by 21% from 3.2 million in FY12/13; and properties record digitized in at least 34 districts (from a baseline of 0 in FY12/13). Internal Audit Charter approved by Federal and Sindh Governments Six departments using E-procurement and 25% staff trained for procurement processing	• Competitiveness and growth DPC • Sindh Public Sector Reform Project • KP/FATA/Balochistan Governance Support Project • Punjab Jobs & Competitiveness Program – P4R **Pipeline Operations:** • Governance and Policy Project – KP • Governance and Policy Project – Balochistan • Revenue Mobilization Program – KP • Punjab Public Management Reform AF • Improving Accountability for Service Delivery **Ongoing Advisory/ASA/TF Activities:** • DFID TAGR • Punjab Social Sector PER • Punjab: primary school expenditure survey • MDTF Subnational Fiscal Management • Subnational Fiscal Policy Notes • PEMFA exercise for KP and Balochistan **Planned Advisory/ASA/TF Activities:** • PEFA Updates (FY18 Federal, Punjab and Sindh) • Performance Management Assessment for Audit • Credit risk rating for Punjab • DeMPA training (open to all SN) • MTDS training (open to all SN) • Preparation of external debt manual for Punjab • PROST training for Punjab PPF • BOOST training for FD Punjab and P&D
4.2 Improved Access to Maternal-Child Health and Nutrition Services • *Percent Births attended by skilled health personnel increased from 52 percent in FY13 to 70 percent*	Increased provision of antenatal care services Enhanced provision of institutional deliveries at public health facilities Public sector financing for private sector provision of family planning products and services through Population Innovation Fund.	**Ongoing Operations:** • Third Partnership for Polio Eradication Project • Punjab Health Sector Reform Project • Revitalizing Health Services in KPK • National Immunization support project • Enhanced Nutrition for Mothers and Children Project **Pipeline Operations:** • AF for Enhanced Nutrition for Mothers and Children • Sindh Enhancing Response to Reduce Stunting

CPS Outcomes and Indicators	Indicative Milestones	World Bank Group Program (on-going and planned)
• *Increased use of modern contraceptive methods from 26 percent in FY13 to 35 percent* • *Increase child immunization by 20 percent from 54 percent in FY13 to 65 percent.* • *Proportion of 6-24 months' children consuming a minimum acceptable diet increased from 8 percent in FY11 to 20 percent.*	Performance management and coverage evaluation studies institutionalized in Immunization Program Plans for expanding multi-sectoral interventions for nutrition rolled out in all provinces Change in behavior of 5 million people and 5,000 villages certified as 'open defecation free' to reduce the incidence of infectious diseases Conditional Cash Transfer (CCT) program to enhance access to nutrition services for the bottom quintile is piloted in Sindh and Punjab.	• Sindh Multi-sector Action for Nutrition • Sindh health Sector Reform Program **Ongoing and Planned Advisory/ASA/TF Activities:** • WSP Provincial Sanitation TA • Reproductive health/Population Policy Note/TA • Hospital and Private sector • Financial Risk Protection study • National Immunization Coverage Evaluation • Economic Analysis of Immunization in Pakistan • Pakistan UHC Assessment • Sindh PER
4.3 Increased School Enrollment • *School Participation Rate increased from 77% in FY12 to 82%. (from 81% to 86% for male and from 72% to 77% for females)*	Teacher recruitment against school specific, needs-based teaching posts implemented in target provinces Expansion of low-cost private schools in target provinces School specific non-salary budgets Annual student achievement tests for grades 5 and 8 implemented in at least 3 provinces; and show positive trend in learning outcomes.	**Ongoing Operations:** • Balochistan Education Support Project • MDTF Promoting Girls Education in Balochistan • Sindh Education Sector II • Punjab Education sector II • Tertiary Education Support project • GPE – Sindh and Balochistan **Pipeline Operations:** • Tertiary Education Support project II • Sindh Education & Skills Project • Pakistan College Education Project • FATA Education Project **Ongoing and Planned Advisory/ASA/TF Activities:** • Early Childhood Care and Development (ECCD) TA • Education/Health Meta-Analysis Study • National Educational Assessment
4.4 Adoption of Performance and Transparency Mechanisms in selected institutions	Right to Information (RTI) Acts passed and implementation mechanism established at provincial levels	**Ongoing Operations:** • Punjab Cities Governance Improvement • Punjab Public Management Reform Program (PPMRP) • Punjab Land Record Management Project • KP/FATA/Balochistan Governance Support Project

CPS Outcomes and Indicators	Indicative Milestones	World Bank Group Program (on-going and planned)
• *Number of Services with citizen feedback increased from 13 Services in FY14 to 26 Services (in provinces).* • *At least 8 provincial Departments with service delivery functions systematically collect and analyze performance data to improve service delivery (from 0 in FY13).*	Periodic monitoring reports on Budget Estimates for Service Delivery (BESD) at Federal level.	• FATA Urban Centers Project • Sindh Public Sector Management Reform Project **Pipeline Operations:** • GPP Projects KP, Balochistan, FATA • Punjab Municipal Services Improvement II • Punjab Public Management Reform AF • Improving Accountability for Service Delivery project **Ongoing Advisory/ASA/TF Activities:** • MDTF Governance TA • Strengthening Forum of Pakistan Ombudsman **Planned Advisory/ASA/TF Activities:** • WSP TA: Peshawar Water CO • TA on inter-governmental fiscal transfers to WASAs • Punjab Municipal Program II • Punjab Public Reform Management Project AF
4.5 Improved urban management in cities • *Indicator: Improved systems for city management and accountability in two selected provinces* Baseline: 0 in 2013 Target: 5 in 2020	Three year rolling integrated development and asset management plans implemented Own-source revenues enhanced Automated systems for access to information and grievance redress operationalized Inclusive platform for improved multi-stakeholder's collaboration and citizen participation in Karachi city operationalized	**Ongoing Operations:** • PMSIP • Punjab Cities Governance Project • FATA Urban Centres Project **Pipeline Operations:** • Karachi Neighborhood Improvement Project • Punjab Cities Program **Ongoing Advisory/ASA/TF Activities:** • Karachi City Diagnostic • Karachi FM Assessment and Credit Ratings • Sindh Growth Strategy **Planned Advisory/ASA/TF Activities:** • Housing Finance

In addition to extending the end date of results targets from FY2016 to FY2018, this PLR proposes the following changes to the CPS results framework.

Outcome and Milestone	Proposed Change and rationale
1.1: Reduced load shedding *Indicator: Average daily hours of power load shedding reduced from 8 to 5 hours* Milestones: • Additional 500 million cubic feet of gas per day available for electricity generation. • Additional 6,000 MW of power generation capacity	*No change* • Revised to reflect increased engagement in renewable energy: Additional 6,000 MW of power generation capacity financed by WBG of which 90% is from Renewable Energy (hydro, wind and solar). • Added from outcome 1.2, refined for measurability: 1500 MW addition to the system facilitated by IFC wind and solar projects • Added to reflect scale up in off-grid: 1.5 million people of poor households provided with access to clean solar lighting solutions
1.2: Reduced Cost of Electricity Production *Indicator: Average generation cost reduced from 12¢/kWh in FY 2013 to 10¢/kWh* Milestones: • 12,000 MW public and private investments in power generation projects (hydro, thermal, wind, biomass and solar) facilitated by WBG • Level of WBG facilitated private investment for off-grid solar, renewable and clean energy.	No change in outcome Revised to delink from fluctuating oil prices and to reflect WBG contribution: *Weighted average cost of generation of WBG-supported generation projects to be below 10c/kWh* Note: Weighted average cost of generation for IFC projects (which include 2 projects also having MIGA support) is - 8.37c/kWh Weighted average cost of WB projects is 3.25c/kWh • No changes • Milestone moved and revised to outcome 1.1
1.3: Improved financial sustainability of the power sector *Indicator: Improved collection of billed electricity from 86% of billing in FY 13 to 94%* *Indicator: Reduced electricity subsidies (except for the poorest) from 1.8% of GDP to 0.4%* Milestones:	No change: Target has been achieved but not scaled up. The focus of WBG efforts will be to support sustainability of the improved collection. Revised with no further Bank (or IMF) programs in this area: *Electricity subsidies (except for the poorest) reduced from 1.8 % of GDP in FY 14 to 0.7% of GDP in FY20* Note: Government expects this level to be sustainable as it plans to restrict the energy subsidies to low-end residential and agriculture users and may further reduce it to 0.4% of GDP.

• Policy guidelines on tariff mgmt. and subsidies with pro poor targeting developed, adopted and implemented • First Report on the implementation status of the National Power Policy published by mid FY15 • Publicly-owned generation companies (Gencos), distribution companies (Discos), the transmission company (NTDC) and the power purchasing agency (CPPA) establish commercial relations.	No change in milestones
2.1 Improved Business Environment for Private Sector *Indicator: The number of days required to start a business decreases from 21 in FY13 to 15 days* Milestone: • Establishment of a virtual one-stop-shop • Regulatory framework for PPPs, credit bureau & secured transactions approved.; AML/CFT law enacted • At least one SEZ established • Improved urban management in targeted cities *Indicator: Restructuring / Privatization of at least 5 State-owned Enterprises (SOEs). Baseline: no privatization transaction took place in last 6 fiscal years* Milestones: • Restructured and professional Boards of SOEs constituted and Corporate Governance Rules applied	Revised to capture widening scope of WBG program: *Overall Distance to Frontier on Doing Business improves from approx. 49 in FY16 to 59 in FY20.* <u>Note</u>: In case of methodology shift, the team will use the current methodology for the CLR. • No change in first two • 3 revised to reflect scale-up: At least four SEZ's established • 4 dropped: urban management now reflected in pillar 4. • Added to reflect winder range of reform: Enactment of key legislation (Companies Law, Corporate Rehabilitation) *No change* New milestones added to reflect the sustainability of the SOE reform and the current government strategy to corporatize, and reflect the commitment to transparency. • Key financial and non-financial information about SOEs to be disclosed annually • Corporatization of State Life Insurance Corporation • Corporate Governance assessment of State Owned Insurance Companies
2.2 Increased Productivity in Farms in Selected Irrigations Schemes *Indicator: Increased yields of major crops (wheat, cotton, rice) in selected irrigation schemes by 20 percent.* Baseline at country level: Wheat: 2,714 kgs/ha; Cotton: 815 kg/ha; Rice: 2,396 kg/ha.	No change in outcome objective Revised to reflect align better with the Bank program (including the approach going forward which will focus on high value crops rather than large crop yields) and to capture gains in water saving and efficiency: *Cropping intensity is increased by 20% in selected water courses areas* *Baseline: CI 105 in FY14*

Milestones: • Water Storage capacity increased by 295 million cubic meters • Irrigation and drainage systems improved / rehabilitated 2,632,011 hectares • 634,180 farmers adopted improved technologies for efficient water use • Grain silos established in provinces (especially in Sindh and Punjab) • Supply chains for linking of corporates to famers developed	*Target: CI 126 in FY20* Milestones dropped/revised/added to better capture WBG interventions. Two dropped as engagement in the areas has scaled down. • 1 dropped • 2 revised: 2.6 m ha. of irrigated agriculture areas are provided with improved water delivery • 3 revised: 630,000 farmers adopted improved technologies for efficient water use • 4 dropped • 5 revised: Agribusiness value chains strengthened by developing farmer's capacity • New: Steering Committee to monitor progress on recommendations set up in Punjab. • New: E-voucher based, targeted for potash fertilizer introduced in Punjab
2.3 Improved Youth's Skills for Businesses *Indicator: Increase in number of trainees supported by skills development programs by 20 percent (with gender disaggregation). Baseline: 35,000 trainees* Milestones: • Performance management contract and tracer studies institutionalized in skill development programs	*Indicator scaled up as target was surpassed: Increase in number of trainees supported by skills development programs by 300 percent (with gender disaggregation).* *Baseline: 35,000* *Current: 74,000* *Target: 120,000* • Revised for specificity: Performance management contract and tracer studies institutionalized in skill development programs in Sindh and Punjab • Added to reflect skills and employability framework: Job placement rate of graduates tracked
2.4 Improved Trade tariff and Ports/Border Logistics *Indicator: The simple average statutory tariff rate reduced to below 10 percent, from 14.4 percent in FY13; and no special Statutory Regulatory Orders (SROs) granting tax exemptions are issued by FBR except for those with Parliament approval***.** Milestones: • A non-discriminatory Policy on International Trade developed and approved by the Cabinet	No change in outcome objective Revised to streamline, second part of indicator moved to milestone level*: The simple average statutory tariff rate reduced to 10 percent from 14.4 percent in FY13* Added: Special Statutory Regulatory Orders (SROs) granting tax exemptions are not issued by FBR except for those with Parliament approval. Revised Indicator due to attribution issues. Second part moved to milestone level: *improvement in occupancy rate of targeted Karachi port berths from 74 percent in FY13 to 50 percent.*

Indicator: Average waiting time at Wagah Border reduced by 20 percent from 6.5 hours' average in FY13; and improvement in occupancy rate of targeted Karachi port berths from 74 percent in FY13 to 50 percent.	• Added from original indicator and scaled up: Average waiting time at selected border crossing points reduced by 60 percent from (Wagah 6.5 hours' average; Chaman and Torkham 18 hours' average in FY13) • Added to reflect IFC operations: Increase in the container handling capacity of the port sector from 0.7 in FY11 to 1.12 M TEU in FY17.
3.1 Improved Financial inclusion for MSMEs and Women *Indicator: Number of MSME borrowers increased by 25 percent from 2.95 million borrowers in FY13, with women borrowers increased by 10 percent from 0.7 million in FY13.* *Indicator: Number of accounts by financial institutions increased by 10 percent from 35 million accounts in FY13; with women accounts increased by 3 percent from 5.3 million accounts in FY13* Milestones: • Financial Inclusion Strategy, covering MSMEs, rural finance, housing finance, payment systems, branchless banking, developed • Capacity of commercial and microfinance banks, SMEs enhanced • Credit information on MSME borrowers available to all financial institutions	Revised to reflect scaled up*: Number of MSME borrowers increased by 60 percent from 2.95 million borrowers in FY13, with women borrowers increased by 50 percent from 0.7 million in FY13.* Revised to align with NFIS and UFA targets*: Number of accounts by financial institutions increased by 45 percent from 35 million accounts in FY13; with women accounts increased by 10 percent from 5.3 million accounts in FY13* • Added: Establishment of Secure Transaction Registry
3.2 Reduced Vulnerability for Groups at Risk *Indicator: Basic cash transfers for BISP beneficiaries expanded by 20 percent from baseline of 4.5 million beneficiaries in FY13; and Conditional Cash Transfers for primary education expanded to 25 districts from baseline of 5 districts in FY13.* Milestones: • Improved reliability of poverty and shared prosperity data at national and provincial level • Wider application of the Safety Net System in the federal and at least 2 provincial programs	Revised to increase target. New operations will focus on data updates rather than increasing number of beneficiaries*: Basic cash transfers for BISP beneficiaries expanded by 20 percent from baseline of 4.5 million beneficiaries in FY13; and Conditional Cash Transfers for primary education expanded to 40 districts from baseline of 5 districts in FY13.* • No change • Revised: SP systems strengthened in at least two provinces for delivery of poverty targeted initiatives such as health and nutrition focused conditional cash transfers and employability interventions in selected districts. • No change

• Enhanced investments in human capital amongst the poor through complementary safety net graduation programs *Indicator: Increase girl's gross enrollment rates for primary education by 15 percent from 63 percent in FY12 baselines*	Indicator dropped due to duplication. This will now be part of indicator 4.3 which looks at increases in gross primary enrollment with gender disaggregation. *New indicator to be added for the Refugee program: This will be identified once the activity is sufficiently advanced, and will be reported in the CLR*
3.3 Increased Resilience to Disasters in Targeted Regions *Indicator: Number of provinces with operational DRM and EWS increases from 0 in FY13 to 2* Milestones: • Multi-hazard risk assessments for major urban areas prepared • Provincial DRM plans and SOPs updated	No change • Added to reflect a new area of engagement: Fiscal Disaster Risk Assessments and Disaster Risk Financing Strategies developed
4.1 Improved Public Resources Management *Indicator: Tax revenue ratio increased from 9.3 in FY13 to 11.5 percent at Federal level and no special exemptions issued; improved collection in targeted provinces* Milestones**:** • Urban Immoveable Property Tax (UIPT) automation completed in 5 large cities of Punjab	Revised for simplification and to reflect scale up*: Tax revenue increased from 10 percent of GDP in FY12/13 to above 13 percent (by the end of CPS period).* Revised milestones to allow better measurement of progress looking at both federal and provincial: Federal: • Federal tax revenue increased from 9.3 percent in FY12/13 to above 12 percent. • Active taxpayers with FBR increased from 1.04 million in FY12/13 to over 1.7 million (both income and sales tax). Provincial: • Tax revenue by four provinces increased from 0.7% of GDP in FY12/13 to above 1%. • Tax base of UIPT in Punjab increased by 21% from 3.2 million in FY12/13; and properties record digitized in at least 34 districts (from a baseline of 0 in FY12/13). *Dropped and moved to milestone level in outcome 4.2 and 4.3*

Indicator: Non-wage recurrent expenditure by provinces in education and health increased by 20 percent from PKR 50 million in FY12. *Indicator: Quality and timeliness of government accounting, auditing and reporting improves at Federal and Provincial level against PEFA scores of assessments undertaken in FY12 and FY13 (specifically PI-22 to PI-25) (P1-22 was rated D+ at Federal and B in Punjab in FY13; PI-24 and PI-25 were rated C+ in Federal and Punjab in FY13)* Milestones**:** • Intra-government transfer policies adopted • E-procurement strategy developed and 25 percent procurement staff trained	*Revised for clarity: Quality and timeliness of government accounting, auditing and reporting improved at Federal and Provincial level against relevant PEFA scores measured in FY12, FY13 and FY16 (specifically PI-26 to PI-30 of the PEFA 2016 Framework).* *Baseline:* - PI 26 Internal Audit: KP (D+) Others (D) - PI 27 Financial Data Integrity: KP(B+) Punjab (B) Others (C+). - PI 28 In-year Budget Reports: All (C+) - PI 29 Annual Financial Reports: All (C+) - PI 30 External Audit: KP and Sindh (D+) Balochistan (C+) Punjab and Federal (B) Note: There is a risk of PEFA assessment methodologies change in the coming years. • Revised to align better with indicator: Internal Audit Charter approved by Federal and Sindh Governments • Revised to better align with work program: Six departments using E-procurement and 25% staff trained for procurement processing
4.2 Improved Access to Maternal and Child Health Services *Indicator: Percent births attended by skilled health personnel increased from 52 percent in FY13 to 60 percent* Milestones: • Provincial plans for scaling up nutrition interventions rolled out in all provinces	**Revised Outcome: "Improved Access to Maternal-Child Health and Nutrition Services"** *Added to reflect engagement in stunting: Proportion of 6-24 months' children consuming a minimum acceptable diet increased from 8 percent in FY11 to 20 percent.* Added to reflect higher ambition: • Plans for expanding multi-sectoral interventions for nutrition rolled out in all provinces • Change in behavior of 5 million people and 5,000 villages certified as 'open defecation free' to reduce the incidence of infectious diseases • Conditional Cash Transfer (CCT) program to enhance access to nutrition services for the bottom quintile is piloted in Sindh and Punjab. *Revised to scale up target: Percent births attended by skilled health personnel increased from 52 percent in FY13 to 70 percent* Milestones moved to new nutrition indicator and replaced by: • Increased provision of antenatal care services

• Change in behavior of 5 million people and 5,000 villages certified as 'open defecation free' reducing the incidence of diseases *Indicator: Increased use of modern contraceptive methods from 26 percent in FY13 to 30 percent* Milestone: • Provision of family planning products and services through all public health outlets in Punjab *Indicator: Increase child immunization from 54 percent in FY13 to 65 percent.* Milestone: • Performance management and coverage evaluation studies institutionalized in Immunization Program	• Enhanced provision of institutional deliveries at public health facilities *Indicator revised for scale up: Use of modern contraceptive methods increased from 26 percent in FY13 to 35 percent* • Revised for specificity: Public sector financing for private sector provision of family planning products and services through Population Innovation Fund. No change
4.3 Increased School Enrollment and Adoption of Education Quality Assessment *Indicator: Gross enrollment rates for Primary (6-10 yrs) increased by at least 10 percent from 68 percent (M:72 percent; F:63 percent) in FY12 baselines* *Indicator: Annual student achievement tests for grades 5 and 8 implemented in at least 3 provinces; and show positive trend in learning outcomes.* Milestones: • Teacher recruitment against school specific, needs-based teaching posts implemented in target provinces • Expansion of low-cost private schools in target provinces • Continued provision of school specific non-salary budgets	**Revised Outcome: "Increased School Enrollment"** *Revised Indicator: School Participation Rate increased from 77% in FY12 to 82%. (from 81% to 86% for male and from 72% to 77% for female)* Note: NER replaced with SPR - the share of children enrolled in school within a specific age cohort. This allows greater flexibility for late entrants into the system while NER only considers whether the right child is enrolled in the 'right' grade as per age. SPR is also more intuitive as it tracks progress towards reducing the number of out-of-school children. NER and SPR trends show that SPR is more consistent, allowing for more accurate forecasting. *Dropped to milestone level as it does not measure improvements in learning* • Added: Annual student achievement tests for grades 5 and 8 implemented in at least 3 provinces; and show positive trend in learning outcomes.

4.4 Adoption of Performance and Transparency Mechanisms in selected institutions *Indicator: Departments / Services with citizen feedback in place increased by 30 percent (from 5 Departments and 13 Services with citizen feedback in FY14)* *Indicator: Service delivery units, with improved performance management systems, increased from 0 in FY13 to at least 4* Milestones: • Right to Information (RTI) Acts passed and implementation mechanism established at national and provincial levels • Improved performance management framework developed for service delivery units • ICT-based data collection, analysis, presentation and disclosure mechanisms, set up in selected provinces	*Refined and scaled up: Number of Services with citizen feedback increased from 13 Services in FY14 to 26 Services (in provinces).* Revised to focus on provincial Departments' performance management improvement: *At least 8 provincial Departments with service delivery functions systematically collect and analyze performance data to improve service delivery (from 0 in FY13).* • Revised as no plan for provincial RTI: Right to Information (RTI) Acts passed and implementation mechanism established at provincial level • Milestones 2 and 3 replaced and a more relevant milestone added: Periodic monitoring reports on Budget Estimates for Service Delivery (BESD) at Federal level."
4.5 [NEW] Improved urban management in cities	**New Outcome added to reflect increasing engagement in urban sector: Improved urban management in cities.** *Indicator derived from the Corporate Results Indicator "Cities with improved livability, sustainability and/or management". It measures the cumulative number of cities/municipalities for which WBG supported interventions have resulted in improvements in financial, economic, environmental, and/or social sustainability; and/or city planning, systems, and governance.* *Indicator: Improved systems for city management and accountability in two selected provinces* *Baseline: 0 in 2013* *Target: 5 in 2020* Milestones: • Three year rolling integrated development and asset management plans implemented • Own-source revenues enhanced • Automated systems for access to information and grievance redress operationalized • Inclusive platform for improved multi-stakeholders' collaboration and citizen participation in Karachi city operationalized

Results Area 1: Energy	
Outcome and Milestone	Progress
Outcome Area: 1.1: Reduced load shedding **Indicator: Average daily hours of power load shedding reduced from 8 to 5 hours** Milestones: • Additional 500 million cubic feet of gas per day available for electricity generation. • Additional 6,000 MW of power generation capacity	**On track: NEPRA/Ministry of Water and Power data shows daily load shedding reduced to 5.8 hours.** Note: this data is for the winter months and requires further monitoring during the remaining period. Bank supported Power Reform DPC series (US$1.1 billion) and lending of US$ 2.5 billion in large public hydro and transmission-Dasu (2160MW), Tarbela Extension (2820MW), CASA 1000 (1000MW). IFC invested US$ 880 million (including mobilization and MIGA guarantees) in hydro and renewables: CSAIL (3000 MW); 2 hydro IPPs (822 MW) and 4 wind IPPs (300MW total). Mobilization facilitated around US$473 million from private investors and DFIs (CDC, Proparco, OPIC, FMO, ADB, IsDB, DEG, etc.) 8302 MW of power generation capacity: Dasu (1080 MW), Tarbela 4 & 5 (2820 MW), IFC CSAIL (3000 MW), CASA 1000- (1000 MW), IFC LNG Terminal (4.5 million tons/year), IFC Wind Projects (300 MW), IFC/MIGA Gulpur Hydro (102 MW), Karot Hydro (720MW)
Outcome Area: 1.2: Reduced Cost of Electricity Production **Indicator: Average generation cost reduced from 12¢/kWh in FY 2013 to 10¢/kWh** Milestones: • 12,000 MW public and private investments in power generation projects (hydro, thermal, wind, biomass and solar) facilitated by WBG • Level of WBG facilitated private investment for off-grid solar, renewable and clean energy.	**On track with questions of attribution: Decline in oil price has led to a reduction in production cost to below 10 cents/kWh (PKR 10.4/kWh).** The cost of production, including generation, transmission and distribution (thus taking account of losses) was PKR 12.33/kWh in 2013. Using the same parameter but stripping out the effects of the oil price change, cost of production in 2016 was PKR 11.65/kWh (with the oil price changed factored in, it is PKR 8.87/kWh). 8,302MW have been facilitated by WBG at the mid-term (see above) Under IFC Lighting Pakistan, solar lighting solutions provided to 400,000 poor populations in FY15-16.
Outcome Area: 1.3: Improved financial sustainability of the power sector	**On track; reported collections by Discos reached an aggregate 94.6 percent and aggregate losses were reduced to 17.9 percent in FY16.**

Indicator: Improved collection of billed electricity from 86% of billing in FY 13 to 94%	Revenue protection program (under DPC1) will lead to improved collections. In FY14, collection of bills increased to 89%. The plan to reduce circular debt by MOF and MoWP has also been finalized (DPC2), however, circular debt was recorded at US$0.3 billion in Dec 2016. Revenue protection plans have not been introduced by any of the Discos.
Indicator: Government subsidies reduced from 1.8 % of GDP to 0.4 %	**On track with limited progress expected: Power subsidies in FY15 reduced to 0.8 percent of GDP due to tariff increase and reduction in supply cost. In FY16, they were reduced to 0.7 percent including non-cash costs.**
Milestones: • Policy guidelines on tariff mgmt. and subsidies with pro poor targeting developed, adopted and implemented • First Report on the implementation status of the National Power Policy published by mid FY15 • Publicly-owned generation companies (Gencos), distribution companies (Discos), the transmission company (NTDC) and the power purchasing agency (CPPA) establish commercial relations.	• Analytics on acceptance of reforms to electricity subsidies and pro-poor options, using the National Socio Economic Registry, has been completed. • Establishment of commercial relations between public sector power entities was part of DPC-2. The issuance of the Market Rules, Central Power Purchasing Agency-Guarantee Limited (CPPA-G) separation and National Transmission and Dispatch Company license modification were completed in 2015. IFC supported to preserve the risk allocation structure under the legal framework and maintain the sanctity of the Pakistan IPP program. • ASA underway to support the gas sector reform by creation of a two tier market to allow import of LNG; unbundling of Sui companies and allow third party access to gas sellers. • IFC was appointed as the financial advisor for privatization of Gujranwala Electric Power Company (Distribution Company) and Jamshoro Power (Generation Company). Due diligence and transaction restructuring reports are complete, but privatization program has stalled. • Issues: Stalling in the privatization program will create gaps in the financial sustainability plan of the government especially in case of dealing with circular debt. The accuracy of results is dependent upon data collected from govt. sources. The Government's plan to amend the NEPRA Act has been stalled by the courts. If successful, this would signal a reform roll-back.
Results Area 2: Private Sector Development	
2.1 Improved Business Environment for Private Sector **Indicator: The number of days required to start a business decreases from 21 in FY13 to 15 days** Milestone: • Establishment of a virtual one-stop-shop (OSS • Regulatory framework for PPPs, credit bureau & secured	**On track: The number of days to start a business has decreased to 18. The Bank Group is scaling up its engagement in this area, especially at the Federal through the DPCs, and in Punjab and Sindh through short and mid-term action plans agreed upon with Provincial Governments.** • Virtual and Physical OSS was established. • Key reforms completed include: i) enactment of Credit Bureaus Act 2015 and amendment 2016; ii) enactment of Secured Transactions Act 2016; iii) efficiency improvement in property registration procedures through automation in land records in Karachi and Lahore; iv) more clearance of exports/imports through automation of cargo clearance procedures; v) time and cost reduction related to business registration in Karachi and Lahore, through automation and

transactions approved.; AML/CFT law enacted • At least one SEZ established **Indicator: Restructuring / Privatization of at least 5 State-owned Enterprises (SOEs). Baseline: no privatization transaction took place in last 6 fiscal years** Milestones: • Restructured and professional Boards of SOEs constituted and Corporate Governance Rules applied	process re-engineering; vi) improvements in online tax filing; vii) amendments to the Financial Institution (Recovery) Ordinance fully enacted; viii) amendments to the AML/CFT law • Seven SEZs approved and notified, of which four are operational. **Achieved: The Privatization Commission (PC) has completed the strategic sale (88% of shares) of National Power Construction Company (NPCC). The other four companies, where equity stake was divested by GoP, were: United Bank Limited UBL (19.6%), Pakistan Petroleum Limited PPL (5%), Allied Bank Limited ABL (11.5%) and Habib Bank Limited HBL (42.5%)** • Achievements: (i) Training imparted to officials of line ministries, senior management and board members of select SOEs, senior officials of SECP, MOF, EAD, etc. on the Public Sector Companies (Corporate Governance) Rules 2013. (ii) Best practice note shared with the corporate regulator in appointing boards of SOEs and CEOs. (iii) Comprehensive report on key financial and non-financial information of federal SOEs placed on MOF website. (iv) Rapid Corporate Governance assessment completed for State Life Insurance Corporation. • The privatization agenda has been stalled due to political push back but the Bank will continue to push through strategic guidance in selection of privatizations and gradual implementation.
2.2 Increased Productivity in Farms in Selected Irrigations Schemes **Indicator: Increased yields of major crops (wheat, cotton, rice) in selected irrigation schemes by 20 percent**. Baseline at country level: **Wheat:** 2714 kgs/ha; **Cotton:** 815 kg/ha; **Rice:** 2396 kg/ha. Milestones: • Water Storage capacity increased by 295 million cubic meters • Irrigation and drainage systems improved / rehabilitated 2,632,011 hectares • 634,180 farmers adopted improved technologies for efficient water use • Grain silos established in provinces (especially in Sindh and Punjab)	**Unclear due to indicator targeting: Progress difficult to ascertain for major crop yield increases**. • The Balochistan IWM project and others will finance the construction of small dams which will contribute to increase the water storage in both provinces. • 1.17m ha provided with improved irrigation and drainage services under Sindh Water Sector Improvement Project; 0.9m ha under Punjab Irrigated Agriculture and 0.55m ha under Sindh Irrigated Agriculture. Balochistan Small Scale (BSSIP) that finished in Dec 2014 also added 3700 ha. Under the Sindh Agriculture Growth Project, the focus is to improve the productivity and market access of 112,000 small-medium producers in important commodity value chains. • IFC also initiated 2 agribusiness advisory services for small farmers in value chains of Nestle (84 farmers reached) and Coca Cola, and invested US$145 m (debt and equity) in FC Pakistan-dairy cooperative. IFC also committed US$80m (debt) in Coca-Cola; and US$30 m in international cement business (Numba Yaakiba) of which US$15 million booked in Pakistan; and US$18 m in short term finance in Levis International through which cumulative disbursements amounted to US$41.27m/622 transactions in FY 15 and US$144.56m/2480 transactions in FY 16. • Grain silos projects failed to attract bids and suitable private sector participation and the IFC engagement with the provincial governments have closed.

• Supply chains for linking of corporates to famers developed	• To date, 380,000 farmers benefited from new/improved irrigation and drainage services under Sindh Water Sector Improvement Project.
2.3 Improved Youth's Skills for Businesses **Indicator: Increase in number of trainees supported by skills development programs by 20 percent (with gender disaggregation). Baseline: 35,000 trainees** Milestones: • Performance management contract and tracer studies institutionalized in skill development programs	**Achieved: Over 80,000 trained in various skill sets** • Over 75,000 beneficiaries trained in Sindh and Punjab through Skills Development Projects • Performance management contracts introduced in both Punjab and Sindh Skills Development Projects. Tracer studies are also a part of the recently approved Punjab Skills. • Under the Women Entrepreneurship project, 500 women entrepreneurs were trained in Karachi and Lahore. • 8432 individuals trained in management skills, of which 1126 were women. IFC Business Edge Program and IFC Corporate Governance (CG) advisory facilitated training of 770 (72women) directors and managers in CG skills • The Punjab Social Protection Reforms TA is working with newly created Punjab Social Protection Authority to improve access to training, employment, and business development specifically for poor and vulnerable youth in Punjab.
2.4 Improved Trade Tariff and Ports/Border Logistics **Indicator: The simple average statutory tariff rate reduced to below 10 percent, from 14.4 percent in FY13; and no special Statutory Regulatory Orders (SROs) granting tax exemptions are issued by FBR except for those with Parliament approval.** Milestones: • A non-discriminatory Policy on International Trade developed and approved by the Cabinet **Indicator: Average waiting time at Wagah Border reduced by 20 percent from 6.5 hours' average in FY13; and improvement in occupancy rate of targeted Karachi port berths from 74 percent in FY13 to 50 percent.**	**Some progress: Slight progress in trade promotion through a reduction in the average statutory tariff rates. The average rate has decreased to 13.4% in FY16.** • Government approved its Strategic Trade Policy Framework 2015-2018 (STPF) that steers the trade program till 2018. The Bank provided analytics to inform STPF recommendations. • Under Pakistan Trade and Investment Policy Program (PTIPP), the Bank has shared analytics to contribute to regional trade, including pieces on gender and on transit trade and export competitiveness. Additional work on tariff rationalization, under-invoicing, import content of exports is underway. **On track: Average waiting time has been reduced from 6.5 hours in FY 13 to 3.5 hours in FY 16 while operational berth occupancy is at 56 percent.** • IFC invested over US$12 m (including mobilization) in Pakistan International Bulk Terminal for expansion. • Completion of the first Time Release Reports (TRS measures every step in the cargo clearance process) of Wahgah Border (with India) and Torkham Border (with Afghanistan). Key recommendations on Wagah border TRS have been recently implemented

	• Review of Pakistan's transit trade regime and compliance requirements for private sector • Trainings on Risk Management and Integrated Transit Trade Management and Inspections • Creation of an automated environment that allows self-assessed electronic declarations • Rolling out of WeBOC at border, creation of Customs stations of Torkhum, Chaman and Taftan and risk management system for hazardous cargo, business intelligence tool for border crossing points, and WE-NET (Women Entrepreneurs Network) to improve trade facilitation.
Results Area 3: Inclusion	
3.1 Improved Financial inclusion for MSMEs and Women **Indicator: Number of MSME borrowers increased by 25 percent from 2.95 million borrowers in FY13, with women borrowers increased by 10 percent from 0.7 million in FY13.** **Indicator: Number of accounts by financial institutions increased by 10 percent from 35 million accounts in FY13; with women accounts increased by 3 percent from 5.3 million accounts in FY13** Milestones: • Financial Inclusion Strategy, covering MSMEs, rural finance, housing finance, payment systems, branchless banking, developed • Capacity of commercial and microfinance banks, SMEs enhanced • Credit information on MSME borrowers available to all financial institutions	**Achieved: The number of microfinance and SME borrowers has increased to 4.33 million in FY16, an increase of 47% (for women borrowers, the increase has been 41%).** **Achieved**: **Accounts have been increased to 45 million borrowers, an increase of 29%. Gender disaggregated data is projected to be available in late FY17.** National Financial Inclusion Strategy for Pakistan (NFIS) has been developed. The WBG has supported the implementation of NFIS across several areas including digital transaction accounts, SME finance, housing finance, secured transactions, infrastructure finance, Islamic finance. TA is provided to build capacities for MFIs to better utilize credit report data in their credit risk management, and awareness raising activities for the integration of microfinance institutions in Pakistan's credit reporting framework. During FY 15-17 (ytd), IFC delivered an investment program of over US$300 million (including mobilization) in long term investments in Abraaj Capital, HBL, Bank Alfalah and NRSP and around US$1.1 billion in GTFP rollover with 12 banks. IFC FIG Advisory include DFS, Housing finance, SME Banking, gender, rural/agri, engagements with FIs; and SME VCF pilot with WB. IFC AS facilitated during FY15-16: • No. of SME/Micro loans disbursed to women = 3168, No. of SME/Micro loans disbursed = 147,516 • No. of Agri/SME deposit accounts opened = 298,913, No. of women deposit accounts opened = 777,740
3.2 Reduced Vulnerability for Groups at Risk	

Indicator: Basic cash transfers for BISP beneficiaries expanded by 20 percent from baseline of 4.5 million beneficiaries in FY13; and Conditional Cash Transfers for primary education expanded to 25 districts from baseline of 5 districts in FY13. Milestones: • Improved reliability of poverty and shared prosperity data at national and provincial level • Wider application of the Safety Net System in the federal and at least 2 provincial programs • Enhanced investments in human capital amongst the poor through complementary safety net graduation programs **Indicator: Increase girl's gross enrollment rates for primary education by 15 percent from 63 percent in FY12 baselines**	**Mostly achieved: Basic Cash Transfer expanded to 5.43 million eligible beneficiaries under the Poverty Scorecard; it is a 17.7% increase from the baseline. CCTs for primary education have been rolled out in 32 districts** Ongoing: Wider application of the poverty survey data (National Socio-Economic Registry) with over 30 organizations and 2 provinces using it for their programs. Punjab Government is using the data for a program to support disabled persons. BISP will be undertaking the NSER update and a beneficiaries' recertification. The Punjab Government is planning to use the NSER data for piloting new social protection programs. Similarly, the KP will be using data for their zakat based food support program. The Federal Government will be using it to inform its energy reforms initiatives. Programs and initiatives are on track. The provincial SP engagements are at initial stages. Developments in Punjab are progressing well with setting up of the Social Protection Authority which will lead the work on social protection initiatives. There is a gap on the poverty and shared prosperity data at national and provincial level, which will be addressed by a TA. **Off track: The enrollment indicator is Net Enrollment, not Gross. The GER (age 6-10) in 2011/12 for Girls is 85%, which has fallen to 82%.** Overall the PSLM 2013/14 shows a decline in public school enrolment, the team is waiting for the raw data to ascertain the reasons for decline. Punjab and Sindh reform programs indicate an increase of 6-7% for girls over the project period.
3.3 Increased Resilience to Disasters in Targeted Regions **Indicator: Number of provinces with operational Disaster Risk Management and Early Warning Systems increase from 0 in FY13 to 2** Milestones: • Multi-hazard risk assessments for major urban areas prepared • Provincial DRM plans and SOPs updated	**On track with delays in Early Warning Systems: DRM plans have been operationalized in Balochistan, and underway in Punjab and Sindh. A national Hydromet project in pipeline to support early warning systems in provinces.** • Multi-hazard risk assessments for Karachi, Lahore and Quetta completed. DRM Plan and SOPs developed and operationalized for Balochistan. DRM Plans development is underway in Punjab and Sindh, and the State Disaster Management Authority. DCRIP and SRP could contribute to protecting over 5 million vulnerable people from recurring natural disasters. • Beside institutional strengthening and technical expertise improvement at key DRM entities, recent Bank operations have included priority infrastructure investments for disaster mitigation. Strengthening of hydromet and flood forecasting systems has been requested for a holistic and integrated forecasting and early warning intervention.

Results Area 4: Service Delivery	
4.1 Improved Public Resources Management	
Indicator: Tax revenue ratio increased from 9.6 in FY13 to 11.5 percent at Federal level and no special exemptions issued; improved collection in targeted provinces Milestone: • Urban Immoveable Property Tax (UIPT) automation completed in 5 large cities of Punjab	**On track: Federal tax revenue ratio increased from 9.3% in FY12/13 (with corrected baseline) to 11.4% of GDP in FY15/16 and is expected at 11.8% of GDP for FY16/17. No special tax exemptions have been issued and legal empowerment to issue them has been removed from FBR. Tax collection from provinces has increased from 0.7% of GDP in FY12/13 to 1.0% in FY15/16.** Provincial Taxes • Punjab: Urban Immovable Property Tax (UIPT) targets have been achieved with i) e-databases created for the six cities; and ii) updated property information and increased number of registered properties and UIPT receipts. 540,000 properties added to the registry and UIPT receipts increased by 98% in nominal terms by FY16. Digitization of urban properties in the remaining 30 districts is expected in FY17. Provincial revenue mobilization strategy and necessary reforms and establishment of the Punjab Tax Policy Unit were informed by ASAs. IFC supported PRA to establish the Large Tax Payer office. • Sindh: The Sindh Revenue Board (SRB) has automated its records and many business processes, including electronic invoicing and online payments. Receipts from Sales Tax on Services (STS) have more than doubled since FY11/12 (from PKR 25 bln in FY12 to PKR 61 bln in FY16- revised estimates). Under an ASA (DFID-TAGR), the Bank is providing analytics for tax policy and administration reforms in Sindh. • Balochistan and KP: Establishment of the KP and Balochistan Revenue Authorities which assumed responsibility for collecting the Sales Tax on Services (STS) in 2014 and 2015, respectively (KP's STS collection has remained constant at PKR 8 bln in FY14 and FY16, whereas Balochistan's GST collection has increased from PKR 1.8 bln in FY14 to PKR 2.2 bln in FY16– revised estimates). The forthcoming operations contain components dedicated to improving STS collection and overall revenue mobilization. • WBG is also working on an ASA on major tax and non-tax sources of Punjab and Sindh to develop a provincial revenue mobilization strategy, and policy and administrative reforms.
Indicator: Non-wage recurrent expenditure by provinces in education and health increased by 20 percent from PKR 50 million in FY12. Milestone:	**Achieved: On aggregate, provinces had increased FY14/15 budget allocations to non-wage education and health spending by 27%. However, the provinces increased budget allocations to non-wage education and health spending by 22% on aggregate in FY15/16.** • Notes on the subnational fiscal policy have been prepared that will feed into intra-government transfer policies.

• Intra-government transfer policies adopted **Indicator: Quality and timeliness of government accounting, auditing and reporting improves at Federal and Provincial level against PEFA scores of assessments undertaken in FY12 and FY13** (specifically PI-22 to PI-25) (P1-22 was rated D+ at Federal and B in Punjab in FY13; PI-24 and PI-25 were rated C+ in Federal and Punjab in FY13) Milestone: • E-procurement strategy developed and 25 percent procurement staff trained	**Data not available: The PEFA scores remain unchanged for the time being; the next provincial PEFAs are in the pipeline. PEFA Assessments of KP and Balochistan will be undertaken in FY16, and the federal, Sindh and Punjab in FY17.** • E-procurement strategy has been approved by the federal PPRA Board, Punjab, and Sindh PPR Board in principle. Federal, Punjab and KP have requested the Bank to implement e-procurement. Under Public Finance Management project, two major aspects will be addressed (i) linkages between budgets and procurement plans, and (b) number of contracts executed using e-procurement.
4.2 Improved Access to Maternal and Child Health Services **Indicator: Percent births attended by skilled health personnel increased from 52 percent in FY13 to 60 percent** Milestones: • Provincial plans for scaling up nutrition interventions rolled out in all provinces • Change in behavior of 5 million people and 5,000 villages certified as 'open defecation free' reducing the incidence of diseases **Indicator: Increased use of modern contraceptive methods from 26 percent in FY13 to 30 percent** **Milestone:**	**Achieved: PSLM 2014/15 reports Skilled Birth Attendant (SBA) rate has increased to 59% - consistent with administrative data which indicates SBA has risen to above 60%. In Punjab SBA has increased to 64% (latest Multiple Indicator Cluster Survey "MICS" survey).** • Balochistan (TF) and Sindh (IDA): MDTF resources has been mobilized for multi-sectoral nutrition interventions with WASH and Agriculture, with an initial focus on Sindh followed by Punjab. Additional Financing is under preparation for KP (TF). Strategic dialogue, awareness and advocacy efforts for improving nutrition with the governments continue. • PSLM 2014/15 indicates reduction in 'open defecation by 2% in the last 2 years equating to 3.6 million people. Under WSP TA, 3,912 villages converted to 'open defecation free (ODF)' status. Additionally, the Sindh MSAN will convert 5,200 villages to ODF (2.3 million people). A WASH Poverty Diagnostic is ongoing to deepen sector knowledge and ensure that services for the bottom 40 percent are included. **Achieved: PSLM 2013/14 reports an increase in Contraceptive Prevalence Rate (CPR) to 32% and more so in Punjab where it has increased to 38% (consistent with latest MICS in Punjab). In KP there is improvement with CPR to 28%.**

• Provision of family planning products and services through all public health outlets in Punjab **Indicator: Increase child immunization from 54 percent in FY13 to 65 percent.** Milestone: • Performance management and coverage evaluation studies institutionalized in Immunization Program	• ASA- just in time note for Sindh and Punjab to develop population interventions as well as the multi-sectoral nutrition plans of Government of Sindh have been prepared. **On track with some delays: PSLM 2014/15 on full immunization in rural areas reports increase to 56% (up from 54% in FY 13). In Punjab, there is some improvements to 57% contributed by Punjab Health Sector Reform Project.** • Immunization coverage survey is planned under the National Immunization Support Project. • The Child Wellness Package under the FATA TDP project has provided CCT support to almost 9,000 families with an uptake of immunization and growth monitoring services by 70% of families. A total 64,000 families will benefit under the project.
4.3 Increased School Enrollment and Adoption of Education Quality Assessment **Indicator: Gross enrollment rates for Primary (6-10 years) increased by at least 10 percent from 68 percent (M:72 percent; F:63 percent) in FY12 baselines** Milestone: • Expansion of low-cost private schools in target provinces **Indicator: Annual student achievement tests for grades 5 and 8 implemented in at least 3 provinces; and show positive trend in learning outcomes.** Milestones: • Teacher recruitment against school specific, needs-based teaching posts implemented in target provinces • School specific non-salary budgets	**Off track: The PSLM 2014/15 data shows a small reduction in GER to 91%. Disaggregated data indicates there is no change in the GER for Punjab, Balochistan and KP, and a decrease in Sindh.** • 664 low cost private schools in Sindh continue to be provided subsidy with more than 100,000 children enrolled in these remote rural schools. Similarly, 293,000 voucher beneficiaries in low cost private schools in Punjab. **On track: Student Achievement Test (SAT) was undertaken in Sindh - 178,905 grade-5 students and 108,743 grade-8 students were tested. Similarly, 2 rounds of DFID's early grade reading assessment have been conducted in Punjab. Average test scores on Urdu, English and Math showed an improvement from 55% in 2014 to 58% in 2015.** • 16,800 teachers in Sindh and 22,246 in Punjab recruited through merit and need based process. • Sindh released PKR 4 bln in non-salary budget for all schools. In Punjab, school specific non-salary budgets for all 36 districts have been transferred to school accounts on a quarterly basis. Recurrent non-salary expenditure as of April, 2015 was PKR 9 bln. In addition, a total demand of PKR 14 bln to meet the non-salary budget needs of schools has been agreed by Gov. Punjab for FY 2015/16.

	• Punjab requires bolder reforms and targeted programs for the low performing districts and addressing fundamental issues by increasing numbers of classrooms and training teachers. Access and enrollment especially for out of school children in poor performing districts will be addressed through PESP III.
4.4 Adoption of Performance and Transparency Mechanisms in selected institutions **Indicator: Departments / Services with citizen feedback in place increased by 30 percent (from 5 Departments and 13 Services with citizen feedback in FY14)** **Indicator: Service delivery units, with improved performance management systems, increased from 0 in FY13 to at least 4** Milestones: • ICT-based data collection, analysis, presentation and disclosure mechanisms, set up in selected provinces • Improved performance management framework developed for service delivery units • Right to Information (RTI) Acts passed and implementation mechanism established at national and provincial levels	**On track: The number of Federal and Provincial Departments and Services with citizen feedback in place have increased to over 26.** • Mechanisms are being developed for complaint monitoring and resolution, and grievance redress related to municipal services. A proposed Punjab Cities Program will roll out citizen feedback mechanisms in medium and small cities. • The Punjab Public Management Reform Project supports the regular citizen feedback collection and disclosure for 4 public services throughout Punjab. Under the Sindh Public Sector Management Reform Project, citizen feedback is being collected for 3 services. The Governance Support Project (GSP) has also supported the introduction of beneficiary feedback collection for public service delivery in Balochistan (3 services) and KP (16 services). **Achieved: Six services have improved the performance management systems in Punjab and more systems improvements are expected in other provinces.** • 4 Departments of the Government of Punjab (Health, School Education, Livestock, and Agriculture) are monitoring the delivery of six services in the field through ICT tools. • In Sindh, ICT tools, including GIS mapping of infrastructure, are used to monitor the implementation progress. • Balochistan, KP, and FATA will introduce/expand similar service delivery monitoring facilities. Right to Information (RTI) acts have been passed by KP and Punjab. The respective provincial governments have also established Information Commissions under these acts. PPMRP supported 81 government organizations in Punjab in regularly publishing information on their websites in accordance with RTI Act. KP has also passed a Right to Public Services Act (RTPS) and established a Commission to monitor the compliance of 16 services with adopted service standards, and to resolve citizens' complaints. These were supported by the GSP, which has also supported other grievance redress mechanisms, notably the Ombudsman institutions of Balochistan and KP, e-citizen cell of the Peshawar High Court, and the FATA Tribunal.

ANNEX 4: IDA/IBRD, IFC AND MIGA COMMITMENTS AND PLANNED PIPELINE

FY15-17 Commitments					
Board Approval	**Project**	**Financing (USD m)**			
		IDA	**IBRD**	**TF**	***Total***
2015	PK: Sindh Agricultural Growth Project	76.4			76.4
2015	Enhanced Nutrition for Mothers and Children	36.2			36.2
2015	PK AF for Sindh Water Sector Improvement	138.0			138.0
2015	PK Sindh Public Sector Management Reform	50.0			50.0
2015	Punjab Skills Development	50.0			50.0
2015	PK-Sindh Barrages Improvement Phase I Project	188.0			188.0
2015	PK Sindh Irrigated Agri. Productivity Enhancement	187.0			187.0
2015	PK Fiscally Sustainable and Inclusive Growth DPCII	500.0			500.0
2015	Disaster Resilience Improvement	125.0			125.0
FY15 Total Approved		**1350.6**	**0.0**	**0.0**	**1350.6**
2016	FATA TDPs Emergency Recovery Project	75.0			75.0
2016	Power Sector Reform: Second Dev. Policy Credit	500.0			500.0
2016	WCAP AF	35.0			35.0
2016	Punjab Competitiveness PforR		100.0		100.0
2016	National Immunization Support Project	50.0			50.0
2016	Punjab Education III		300.0		300.0
2016	Fiscally Sustainable and Inclusive Growth DPC III	500.0			500.0
2016	Policy Based Guarantee - Growth DPC III		105.0		105.0
2016	Sindh Resilience/DRM - (IDA SUF)	100.0			100.0
2016	Balochistan Integrated Water Resource Mgmt.	200.0			200.0
2016	Governance Support Project for KP & FATA			12.7	12.7
2016	Balochistan Disaster Management Project (BDMP)			5.0	5.0
2016	Revitalizing Health Services in KP			10.2	10.2
2016	FATA Emergency Rural Roads Project (FATA ERRP)			16.0	16.0
FY16 Total Approved		**1460.0**	**505.0**	**43.9**	**2008.9**
2017	Tarbela 4 AF[14]		390.0		390.0
2017	Punjab Tourism for Growth Project (IDA SUF)	50.0			50.0
2017	National Social Protection Project PforR (IDA SUF)	100.0			100.0
2017	DPC in Finance and Markets (partly IDA SUF)	301.6			301.0
2017	Governance and Policy Project for Balochistan			16.0	16.0
2017	Governance and Policy Project for the FATA			14.0	14.0
2017	FATA Rural Livelihoods and Community Infra			8.10	8.10
2017	Economic Revitalization of KP & FATA			19.0	19.0
2017	KP Southern area Development Project			4.0	4.0
FY17 Total Approved		**451.0**	**390.0**	**61.1**	**902.1**

Pipeline in FY17Q4

2017	Financial Inclusion (IDA SUF)	137.3			137.3
2017	Karachi Neighborhood Improvement (IDA SUF)	86.0			86.0
2017	AF PK Punjab Irrigated Agri Pro		130.0		130.0
2017	Sindh Enhancing Response to Stunting	61.70			61.70

[14] *Supplemented with AIIB co-financing of $300m*

2017	Governance and Policy Project for KP			10.0	10.0
2017	Sindh Multi-sector Sanitation			5.0	5.0
2017	AF Mother and Child Nutrition KP			14.78	14.78
FY17 Q4 Total		**285.0**	**130.0**	**29.78**	**444.78**

FY18 Tentative Pipeline *IDA & IBRD will be determined based on further dialogue with the Government*		
FY	**Project**	**IDA/IBRD Total Financing**
2018	Transmission Modernization Project	425.0
2018	Peshawar-Torkham Expressway	125.0[15]
2018	FATA TDP AF	114.0
2018	Punjab Strengthening Markets for Agri & Rural Transform (SMART) PforR	300.0
2018	PFM/Accountability to Support Service Delivery PforR	200.0
2018	Reforms for Accelerating Growth DPC	300.0
2018	Sindh Barrage Improvement Project AF	250.0
2018	Supporting Host Communities in Pakistan	200.0
2018	*Punjab Cities Program PforR*	*200.0*
2018	*Pakistan Solar and Renewables Project*[16]	*150.0*
2018	*Pakistan Housing Finance*	*150.0*
2018	*Punjab Public Management Reform Program AF*	*110.0*
2018	*Tertiary Education Support Program II*	*200.0*
2018	*KP Hydro Project*	*200.0*
FY18 TOTAL		**2924**

FY19-20 Potential Projects *The list will be further refined in consultation with the Government*
Dasu AF
Gas Restructuring and Infrastructure Project PforR
Energy Efficiency Financing/Guarantee
Sindh Social Protection
Sindh Health Reforms (for lagging districts)
Pakistan Hydromet system modernization
Pakistan Fisheries Development and Export project
Islamabad Water Supply project
Regional Ecological Integrity and CC
Provincial T&C Project (KP) PforR
Capital markets and insurance development project
Growth DPC 5
Pakistan Population project
Energy Markets & Climate Change DPC/DPG
Federal Revenue Mobilization PforR
DDO Disaster Resilience
Punjab Social Protection
Sindh Education + Skills
Punjab Revenue Mobilization PforR
Sindh Jobs and Competitiveness PforR
KP Urban Project
KP Agriculture and Rural Development Project
KP Own-source revenue Project

[15] *Total project cost is $375m, remaining $250m to be financed out of regional IDA*

[16] *Total project cost is $300m, $100m from Green Climate Fund (GCF)*

KP Tourism Project
Karachi Water Supply and Sanitation Project
Floating solar
DISCO Efficiency improvement
Transmission Phase 2 and Co-financing
Thahkot and Pattan hydros
Punjab Skills and employability
Balochistan Education
Sindh Agriculture and Rural Economy Transformation PforR

IFC Pakistan Investment Commitments (FY15-17)

As of April 2017

Projects	FY 15	FY 16	FY 17 (YTD)		FY 15	FY 16	FY 17 (YTD)
IFC commitment (US$ M)					**Mobilization (US$ M)**		
Infrastructure & Natural Resources (Long Term Finance)							
Dawood TGL	29.5				44		
Gulpur Hydro	50				154.5		
Gul Ahmed	14.9				36.4		
Metro Power						22.5	
CSAIL	125						
Elengy Terminal	14.5	20				30	
Karot Hydro			100				
PIBT II	6.7						6.2
Triconboston			66				172
Total- Infra	**240.6**	**20**	**166**		**234.9**	**52.5**	**178.2**
Financial Sector (Long Term Finance)							
Habib Bank Limited	161				64		
Bank Alfalah	67						
NRSP	0.79						
Abraaj Capital			20				
Total- Financial Sector	**228.79**		**20**		**64**		
Manufacturing Agribusiness & Services (Long Term Finance)							
Numba Yaakiba	15						
Coca Cola Pakistan			80				
Friesland Campina		45	100				
Total -MAS	**15**	**45**	**180**				
Total Long Term (LT) IFC (US$M)	**484.4**	**65**	**366**				
Total Mobilization (US$M)	**298.9**	**52.5**	**178.2**				
Total LT (IFC+ Mobilization) (US$M)	**783.3**	**117.5**	**544.2**				
Short Term (ST) (US$M)	***434.6***	***424***	***283***				
GTFP (12 banks)	*416*	*424*	*283*				
GTSF (Levis Int.)	*18.6*	-	-				
TOTAL (LT+ Mob+ ST)	**1,217.9**	**541.5**	**827.2**				
TOTAL- Cumulative (FY15-17)			**US$ 2,587 M**				

IFC Advisory Portfolio

PAKISTAN ADVISORY SERVICES PORTFOLIO FY17				
Project Name	**WBG Collaboration**	**Budget (US$ m)**	**Business Area**	**Project Description**
Pakistan Credit Bureau & MF	Y	0.7	F&M	IFC is supporting Pakistan Microfinance Network to improve financial literacy of MFIs and build their capacity in credit reporting. WB policy reforms supported the enactment and passing of Credit Bureau law

HBL Rural Business Advisory	N	0.5	FIG	The Project is supporting HBL to expand its outreach in the rural/agri sector by conducting qualitative and quantitative market research to better understand customer needs and accordingly design products
NRSP Microfinance Bank	N	0.2		The Project supported NRSP to design a strategy and business plan to introduce a new line of digital financial services that can deliver a full range of competitive products through cost-effective and convenient alternate delivery channels
United Bank Limited SME Banking & Supply Chain Financing Advisory	N	0.6		The Project is supporting UBL to expand outreach to Small and Medium Enterprises (SME) by enhancing its' SME banking and supply chain financing services
Khushhali Housing	N	0.2		The Project is supporting Khushhali Bank to develop and pilot a micro-housing loan product that will facilitate the middle income households to obtain housing finance
Meezan Bank SME and SCF Advisory Project	N	0.5		The Project will support Meezan Bank to expand outreach to SMEs by enhancing its' SME banking and supply chain financing services
Pakistan Dairy Sector Development	N	1.2	MAS	The Project is supporting the capacity building of farmers in the supply chain of Nestle to improve milk supply and production
Punjab Energy	Y	1.5	T&C	The Project is supporting efforts to promote energy efficiency in Punjab through energy conservation interventions focused on standards and labelling of energy efficient equipment
Punjab Investment Climate	Y	1.9		The Project is supporting Government of Punjab to develop and implement a coherent provincial investment policy and improve the quality and transparency of regulatory governance in Punjab
Pakistan-Regional Trade Facilitation	Y	1.3		The Project objective is to improve trade logistics including regional integration with focus on streamlining customs clearance procedures to increase trade flows
MENA Renewable Energy Development Program*	N	2.3	CAS- Energy	The Program supported individual companies in adopting more efficient practices for production by undertaking cleaner production assessments and providing implementation support for resource-efficient practices and technologies. The target sectors include agriculture, textile and food processing
Lighting Pakistan	N	3.9		Lighting Pakistan was launched in 2015 to promote the development of a sustainable, clean, and affordable commercial market for modern solar lighting projects, targeting the off grid market. In aims to increase access to lighting and associated services for 1.5 million people by 2018.
MENA Regional Resource Efficiency Program	N	4.0		The Program will (i) advise specific companies on adopting and investing in resource efficient solutions; and (ii) work with groups of companies/stakeholders on market/sector level to address market barriers and facilitate replication of advanced solutions across the market.
Pakistan Sugar Project	N	0.09	MAS	The advisory is geared at capacity building of value chain farmers of two sugarcane mills in Coca-Cola's supply chain to improve sugarcane production and farmer livelihood
Jamshoro Power Limited	Y	1.7	CAS- PPP	IFC was appointed as the Lead Transaction Advisor to the Privatization Commission (PC) for the privatization/restructuring of Jamshoro Power Company Limited (Generation Company) and Gujranwala Electric Power Company Limited (Distribution Company). *The privatization program has been scaled back due to political headwinds-hence these mandates are currently suspended*
Gujranwala Power Distribution Company	Y	1.9		
Pakistan/Afghan CG Project	N	1.1	ESG - CG	The Corporate Governance project has been active in Pakistan since 2006 to improve the capacity building of board directors and senior managers and develop the market for CG products and services.
Environmental and Social Standards in the Hydropower Sector in Pakistan	N	2.0	ESG – E&S	The Project will support to increase the share of new private sector investments in the hydropower sector by promoting international E&S industry practices of standards in the Jhelum and Poonch Water basin
Total no. of projects = 18		**Total Funds = US$ 26.3 m**		**Projects operationally closed but yet to complete a PCR*

MIGA – Outstanding Exposure to Pakistan (as at April 2017)

Management Sector	Effective Date	Expiry Date	Investor Name	Project Name	Business Sector	Host Country	Investor Country	Gross Exposure ($USD)
AGS	05/31/2013	05/30/2028	Stora Enso South Asia Holdings AB	Packages/ SE Joint Venture - working name Project Lizard	Manufacturing	Pakistan	Sweden	34,966,597
EEI	06/29/2012	06/28/2032	Korea Water Resources Corporation	Star Hydro Power Limited	Infrastructure	Pakistan	Korea, Republic of	148,500,000
EEI	06/30/2015	06/29/2030	Daelim Industrial Co., Ltd.	Gulpur Hydropower	Infrastructure	Pakistan	Korea, Republic of	14,880,105
EEI	06/30/2015	06/29/2030	Lotte Engineering & Construction Co. Ltd.	Gulpur Hydropower	Infrastructure	Pakistan	Korea, Republic of	4,960,035
EEI	06/30/2015	06/29/2030	Korea South-East Power Co., Ltd.	Gulpur Hydropower	Infrastructure	Pakistan	Korea, Republic of	62,827,110
FINCAP	06/23/2011	06/22/2026	Habib Bank AG Zurich	Habib Bank AG Zurich New Branches	Financial	Pakistan	Switzerland	79,661,439
Grand Total	6 Contracts							345,795,286

Results Area 1: Energy

1. **Reduced load shedding and cost of electricity production.** The WBG interventions have contributed to reducing load shedding to 5.8 hours in FY16 from 8 hours in FY14. At the same time, the cost of generation has fallen to 11.2 cents from 12 cents/kWh in FY14 (not accounting for oil price changes). The WBG has facilitated 8152 MW of generation capacity, including significant mobilization of commercial and private capital led by IDA and IFC, that are expected to come on stream by 2020. The Bank initiated the unbundling of the gas sector and creation of a two-tier market to allow import of liquefied natural gas, and IFC invested in Pakistan's first liquefied natural gas terminal. The WBG is supporting the diversification of the generation mix toward more renewables and continued improvement of the market. IFC is providing off-grid access to clean energy to 400,000 people through Lighting Pakistan. In the next phase, efforts will be focused on distribution, transmission, and renewable energy.

2. **Improved financial sustainability of the electric power sector.** Between FY14 and FY16, power sector subsidies have fallen to 0.7 percent of GDP from 1.8 percent, while bill collection has increased to 94.6 percent from 89.1 percent. A mechanism to maintain national uniform tariffs in DISCOs has been implemented. Circular debt continues to threaten the viability of the sector, risking the achievement of the outcomes indicator. Privatization of DISCOs and electricity generating companies has stalled, despite work done by the Bank on regulatory aspects and by IFC on transactions.[17] The continued independence of the regulator, NEPRA, is an important prerequisite for sound governance and viability of the sector and would further strengthen market sentiments for DISCO privatization when the program recommences.

Results Area 2: Private Sector Development

3. **Improved business environment for private sector.** Pakistan emerged as one of the top ten reformers in 2016 in Doing Business. The Distance to Frontier on Doing Business improved from 49.48 to 51.77 in FY16. The number of days to open a business has fallen to 18, the halfway point for this indicator. Other achievements are secure transactions and credit bureau laws; improvements in tax filing; and automation of land records in Karachi and Lahore, of cargo clearance procedures, and of business registration. Work is progressing on the remaining 10 Doing Business reforms at federal and provincial levels.

4. **State-owned enterprise (SOE) restructuring and privatization program shows limited gains.** While five[18] privatization transactions were completed, they were primarily in the banking sector and thus had limited development impact. Other key results include setting up of seven Special Economic Zones. Further expansion of the WBG program in this area requires enhanced political space and commitment. The WBG will continue with a scaled down approach unless the pace picks up after the 2018 elections

5. **Increased productivity in farms in selected irrigation schemes.** The milestones are aligned with the CPS program scope, but not with the indicator, as the programs do not support improvement of yields in major crops. The indicator has now been revised. Over 2 million hectares of land have been provided with improved irrigation and drainage services in Sindh, Punjab, and Baluchistan, benefitting over 380,000 farmers. IFC supported the

[17] IFC was engaged as the Financial Advisor for the restructuring and privatization of Gujranwala Distribution and Jamshoro Generation companies.

[18] The strategic sale of the National Power Construction Corporation was undertaken, and four capital market transactions were Habib Bank, United Bank, Allied Bank, and Pakistan Petroleum.

acquisition of Engro Foods by Friesland Campina, the largest foreign direct investment inflows in FY17. It also invested in Coca-Cola for expanding and improving supply chain linkages. Going forward, WBG is ramping up agriculture and rural reforms in Punjab and KP, with a focus on creating markets for high-value crops.

6. **Improved business skills for youth.** The program has exceeded targets, with over 80,000 trained, including over 75,000 beneficiaries in Sindh and Punjab.[19] IFC's Business Edge and CG programs trained over 5000 individuals (16% women) and over 700 directors and managers. An integrated employability and skills framework for operations in Punjab is being implemented through multiple WBG interventions.

7. **Improved trade tariff and ports/border logistics.** The average statutory tariff rate decreased to 13.4 percent in FY16 from 14.4 percent, and the occupancy at Karachi port stands at 56 percent. The average waiting time at Wagah Border has been reduced to 3.5 hours from 6.5 hours in FY13, surpassing the target of 20 percent reduction to 5.2 hours. IFC facilitated the upgrading of the International Bulk Terminal and is developing a pipeline on oil refining logistics. Despite this, export performance has weakened over the past three years, suggesting that further efforts will be needed.

Results Area 3: Inclusion

8. **Increased financial inclusion for MSMEs and women.** There has been strong progress on the indicator for number of bank accounts achieved; gender-disaggregation of information on accounts is ongoing.[20] The National Financial Inclusion Strategy was developed through a RAS and aligned with the Universal Financial Access 2020 goals. Microloans to over 600,000 beneficiaries and the opening of 100,000 MSME deposit accounts (three-quarters for women) were facilitated. IFC invested in two large banks with sizable SME portfolios (HBL and Bank Alfalah) and supported the trade activities of businesses including MSMEs through short-term trade finance facility with 12 local banks. The WBG is supporting the public and private sectors in digital financial, gender, housing, and agriculture financing, SME banking, and sustainable energy and supply chain financing.

9. **Reduced vulnerability for groups at risk.** Basic cash transfers have expanded to 5.43 million beneficiaries (women-headed households) under the Benazir Income Support Program (BISP). Conditional cash transfers benefiting 1.3 million primary school children have been rolled out in 32 districts against the original target of 25. There has also been uptake of poverty survey data at both organizational and provincial levels for targeted service delivery. Progress on girls' enrollment is off track, as the net enrollment rate at the primary level has fallen by a percentage point to 62 percent. A multi-GP team is examining causes and the way forward, looking at supply- and demand-side constraints and at population growth and poverty, with a view to realigning WBG support.

10. **Increased resilience to disasters in targeted regions.** Disaster risk management plans have been operationalized for Balochistan, and are under preparation in Sindh and Punjab. Multi-hazard risk assessments for three major urban areas have been completed, and a federal-level National Risk Information Platform has been established and operationalized. Progress has been limited in the operationalization of early warning systems, which are projected for completion in the remaining period. A PPP-led hydromet effort is under consideration.

Results Area 4: Service Delivery

11. **Improved public resource management.** There has been good progress. The federal tax to GDP revenue ratio has increased from 9.3 percent of GDP in FY13 to 11.4 percent in FY16 and is budgeted at 11.8 percent for FY17. Provincial tax collections have increased slightly from 0.7 percent of GDP to 1.0 percent through support of tax

[19] 38% find employment after training in Sindh. Punjab data will be available in 2018.
[20] The indicator does not measure unique accounts because of lack of data.

policy and administrative reforms. Provinces have increased their budget allocations to non-wage recurrent education and health expenditures by 22 percent in FY16 against the target of 20 percent. The quality and timeliness of government accounting, auditing, and reporting at federal and provincial levels against PEFA scores will be measured in the coming fiscal years.

12. **Improved access to maternal and child health services.** There has been good progress on all three indicators. In Punjab, 59 percent of births are attended by a skilled birth attendant, against the target of 60 percent, according to latest Multiple Indicator Cluster Survey. The Pakistan Social and Living Standards Measurement Survey shows that the contraceptive prevalence rate has increased to 32 percent, against the target of 30 percent, and that full immunization in rural areas has increased by two percentage points to 56 percent. Health and multisectoral nutrition interventions are expanded in all provinces, and a new indicator has been added.

13. **Increased school enrollment and adoption of education quality assessment (off track).** Primary gross and net enrollment rates have decreased by one percentage point since 2013. Multiple factors may have contributed to this stagnation in enrollment outcomes, including poor school infrastructure, lack of learning resources, and poor quality of teaching, in addition to demand-side constraints. The reliability of household survey data will be reviewed over the remaining period of the CPS to determine the validity of the enrollment outcomes. The PLR proposes the use of the more predictable school participation rate[21] instead of net enrollment to track enrollment outcomes in the country. Student achievement tests continue to be administered annually in both Sindh and Punjab.

14. **Adoption of performance and transparency mechanisms in selected institutions.** Grievance redress mechanisms for municipal services are being implemented by city district governments in all provinces. Right to Information Acts have been passed and corresponding implementing mechanisms established in KP, Sindh, and Punjab. The program also supports the development and improvement of 18 service delivery units and 5 cities in Punjab; and management information systems have been developed in Punjab and Sindh for compliance with provincial procurement regulations. The Land Records Management Information System has contributed to ease of doing business in Lahore. A complaints case management system developed under the Social Safety Net project has had almost 3 million cases filed and resolved by July 2016. Similar mechanisms will continue to be mainstreamed across the portfolio.

Cross-cutting Areas

15. **Collaboration has been deepened across global practices and client institutions to address the cross-cutting themes that influence results and provide the foundation for the IDA18 special themes**:

[21] School participation rate is defined as the share of children enrolled in school within a specific age cohort. It includes late entrants into the school system (a common issue in Pakistan). Net enrollment rate takes into consideration whether the right child is enrolled in the "right" grade for his/her age. School participation rate is better suited to tracking out-of-school children and allows for better forecasting.

a) The Country Gender Action Brief was launched along with the Gender and Social Inclusion Platform to operationalize the WBG Gender Strategy. The Platform, focusing on women's economic empowerment, provides operational and analytical support (including client capacity building) for project preparation and supervision. In FY15-17, 60 percent of delivered projects were gender informed. Additionally, joint initiatives under T&C through complementary instrument mix (AS/PforR) have incorporated gender specific Disbursement Linked Indictors to improve business regime and working conditions for women entrepreneurs/employees in Punjab.

b) Projects are informed by climate change considerations; with estimated climate co-benefits of 30 percent. Energy operations and investments continue to focus on a more sustainable generation mix. A technical assistance project is supporting implementation of the Nationally Determined Contribution, and a climate change law was recently passed. Operations to build resilience are under preparation or implementation, particularly to address serious issues of water stress, focusing on urban, agriculture, water, fisheries, forestry and financial sectors.

c) IDA and trust fund operations are helping improve peace- and state-building in KP, FATA and Balochistan. The MDTF has benefited 5.7 million people through operations on jobs, livelihoods, and governance. An operation supporting temporarily displaced persons following military operations in FATA is being considered for additional support. IDA and upcoming MDTF operations in KP, FATA, and Balochistan continue to be informed by a fragility/stability lens.

d) Gains in regional connectivity remain limited by the geopolitics of South Asia. Two investment operations, CASA-1000 and the Central Asia Gateway (under preparation), continue to make progress, albeit slowly. The Pakistan Trade and Investment Policy Trust Fund aims to support capacity for regional connectivity.

Figure 2: Results in KP, FATA and Balochistan: Focus of FCV Operations