Program Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 17-Apr-2020 | Report No: PIDA29097
**BASIC INFORMATION**

### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
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<tbody>
<tr>
<td>Pakistan</td>
<td>P170568</td>
<td>Securing Human Investments to Foster Transformation (SHIFT) DPC Series (P170568)</td>
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<tr>
<th>Region</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
<th>Financing Instrument</th>
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<tr>
<td>SOUTH ASIA</td>
<td>21-May-2020</td>
<td>Education</td>
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<tr>
<th>Borrower(s)</th>
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### Proposed Development Objective(s)

The development objective of the proposed series is to (i) strengthen CRVS, health and education systems essential for HC accumulation; (ii) recognize the contribution of women to economic productivity; and (iii) improve national safety nets to respond to shocks in a more efficient manner.

### Financing (in US$, Millions)

**SUMMARY**

| Total Financing | 500.00 |

**DETAILS**

<table>
<thead>
<tr>
<th>Total World Bank Group Financing</th>
<th>500.00</th>
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<tr>
<td>World Bank Lending</td>
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### Decision

The review did authorize the team to appraise and negotiate
B. Introduction and Context

Country Context

Periodic macroeconomic crises and a low human capital basis have constrained the country’s growth prospects. Over the last two decades, economic growth in Pakistan has averaged at 4.4 percent a year, below the South Asian annual average of 6.3 percent. Low investment in human capital, slow progress of structural reforms, low private investment, and slow export growth due to an overvalued currency, among others, have hindered growth prospects. With a population growth rate of 2.4, the country has seen a limited per capita real growth rate.

The country was making good progress in stabilizing its economy and implementing much needed structural reforms including in human capital. However, the global COVID-19 pandemic is impacting day to day life in Pakistan and will have significant negative impacts on the economy, decelerate progress towards stabilization, and jeopardize efforts towards human capital accumulation. To curtail the spread of the virus, most of the country has been placed under a partial lockdown, international flights and domestic rail travel have been suspended, and educational institutions across the country have been closed. The closure of all non-essential businesses and domestic supply chain disruption are significantly affecting the services and manufacturing sectors which account for nearly 80 percent of total GDP. The impact of the ongoing economic disruption is expected to contract GDP by 1.3 percentage points in FY20. In sum, COVID-19 sets back Pakistan’s economy.

Relationship to CPF

The proposed DPF series supports the World bank Group’s Pakistan Country Partnership Strategy (CPS) FY15-20, in particular Results Areas 3 and 4 – Service Delivery and Inclusion, respectively. Policy reforms in the series support CPS objectives on improved resources management; improved access to maternal and child health service; increased school enrollment and adoption of education quality assessment. Enhancing inclusion of women across sectors and increasing economic opportunities and productively engaging women are also objectives of CPS’s Results Area 3, and so is the case for the safety nets reform. SHIFT is also aligned and informed by the World Bank’s Pakisn@100 – Shaping the Future report.

C. Proposed Development Objective(s)

The development objective of the proposed series is to (i) strengthen civil registration and vital statistics, health and education systems essential for human capital accumulation; (ii) recognize the contribution of women to economic productivity; and (iii) improve national safety nets to respond to shocks in a more efficient manner.

Key Results

SHIFT is expected to contribute to: (i) Improvements in the quality of civil registration and vital statistics and thus increase birth and death certification rates and the ability of the country to better plan for human capital accumulation; implementation of Pakistan universal health coverage policy and thus, to improve health outcomes in the medium term, along with increase sustainability of core sub-systems such as immunization; improved quality of education. (ii) Increase engagement and recognition of women’s participation in economic activities. (iii) Improve targeting of safety net programs and expansion of education and nutrition cash transfers to help the poor and vulnerable cope with the potential negative impact of the fiscal adjustment and of the COVID-19 pandemic.
D. Project Description

The policy reform program under SHIFT is anchored in the program of the Government of Pakistan and organized in three Pillars as follows:

- **Pillar A** supports policies on improving quality of civil registration and vital statistics; universal health coverage and progressive integration of vertical programs in the health sector starting by national immunization; and improving equity and quality in basic education. These policies address the objectives under Government programs as follows: (i) Ehsaas Pillars I and III; (ii) federal and provincial education sector strategies.
- **Pillar B** supports policy actions aimed at recognition of women’s home-based work, and women’s participation in the labor force through appropriate working conditions. These policies are anchored in Government’s Ehsaas program Pillar IV and included in provincial governments’ blueprints.
- **Pillar C** supports policy actions to improve targeting, update the National Socio-Economic Registry and make it a dynamic database, and expand Conditional Cash Transfers. Such policies are included under Government’s Ehsaas program Pillar II. The pillar also supports the Ehsaas Emergency Program to respond to the COVID-19 pandemic.

E. Implementation

Institutional and Implementation Arrangements

The policy reform laid under SHIFT will be implemented by the Federal and provincial governments. Core implementing agencies include the federal Ministries of Education, Health, Labor, and Planning, BISP, and the National Database and Registration Authority. At the provincial level, the departments of Education, Health, and Labor will also implement the reforms, along with Union Councils.

F. Poverty and Social Impacts, and Environmental, Forests, and Other Natural Resource Aspects

Poverty and Social Impacts

**SHIFT supports reforms that are inherently pro-poor and aims at enhancing human capital.** The DPF series also promotes women’s engagement in the economy which has been a challenge in Pakistan. These reforms should foster poverty reduction, social inclusion, and gender equality in the mid- to long-term. The reforms in each of the pillars are supported by considerable analytical work (by the Bank and others). Thus, in order to properly assess potential unintended social effects in the short-term and provide continuous technical advice to Government of Pakistan, the Bank is planning just-in-time assessments and continuous policy dialogue to accompany the series.

Environmental, Forests, and Other Natural Resource Aspects

**The actions supported under the proposed DPF series are not likely to cause significant effects on the environment, forests, or other natural resources.** While it is not significant, hospital wastes generated as the result of policy actions in Pillar A would envisage potential adverse environmental and health effects on the community and working personnel if the hospital wastes such as waste vaccines, sharps and syringes, and infectious non-sharp wastes are not adequately handled, segregated, stored, transported, treated and disposed. Support is being provided to the country authorities through technical assistance to help strengthen their capacity on medical waste management.
G. Risks and Mitigation

The overall risk rating is assessed to be high. Macroeconomic risk is high, as the impacts of COVID-19 will weaken ongoing stabilization efforts and medium-term structural reforms and add additional COVID-19 related shocks. The government has committed to staying the course and will be supported by the World Bank, IMF and ADB to ensure this. IMF recently approved a US$1.4 billion Rapid Financing Instrument for bridge financing. Political risks are high because COVID-19 response adds uncertainty in the relations among the federating units. In addition, elite capture will continue to be challenging with more demands placed for concessions that can erode fiscal space. These risks are partly mitigated through the active engagement World Bank has across the federating units and through other ongoing and planned projects which will finance interventions on a sustained basis to achieve implementation results. Institutional capacity risks are substantial because of weak federal-provincial coordination and technical capacity which may be exacerbated in the context of government’s measures to contain the spread of the COVID-19 virus. These risks are mitigated, in part, through provision of technical assistance for implementation and the World Bank’ extensive engagement with the provinces on reforms that require policy changes at their levels. In addition, this operation will be complemented by another DPF that focuses on fiscal management and competitiveness of the real sectors. Finally, the risk posed by the COVID-19 pandemic is also high. The authorities continue to implement measures to contain the outbreak with international support.

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