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EVALUATION REPORT - FINAL

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ABBREVIATIONS AND ACRONYMS

CB	Capacity Building
CFC	Citizens Facilitation Center
CSP	Community Support Programme
DPs	Development Partners
DSC	Devolution Support Committee
DYS	Digital Youth Summit
EFF	Extended Financing Facility (IMF)
EQ	Evaluation Question
ERKF	Economic Revitalization of KP and FATA
EU	European Union
EUD	European Union Delegation
EUR	Euro (currency)
ET	Evaluation Team
FATA	Federally Administrated Tribal Area
FD	Finance Department
GDP	Gross Domestic Product
GoB	Government of Balochistan
GoKP	Government of Khyber Pakhtunkhwa
GoP	Government of Pakistan
GPP	Governance and Policy Project (Balochistan and KP)
HBW	Home Based Workers
HDI	Human Development Index
IMF	International Monetary Fund
IPC	Inter-Provincial Coordination
JC	Judgement Criteria
KP	Khyber Pakhtunkhwa
KPPG	Khyber Pakhtunkhwa Provincial Government
LG	Local Government
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MTR	Mid-Term Review
P&DD	Planning and Development Department
PDO	Project Development Objective
PFM	Public Financial Management
PFMSPP	Public Finance Management Support Programme Pakistan
PIM	Public Investment Management
PIU	Project Implementation Unit
PKR	Pakistani Rupee
PMR	Performance Monitoring Report

PPP	Public Private Partnership
PSDP	Public Sector Development Programme
SADP	Southern Area Development Project
SC	Steering Committee
SDG	Sustainable Development Goal
SME	Small and Medium Enterprise
SSU	Shared Services Unit
STS	Sales Tax on Services
TA	Technical Assistance
TDPERP	Temporarily Displaced Persons Emergency Recovery Project
ToC	Theory of Change
TPMA	Third-Party Monitoring Agent
USD	United States Dollar
WB	World Bank

EXECUTIVE SUMMARY

The Phase 1 of the Multi-Donor Trust Fund (MDTF) for Khyber Pakhtunkhwa (KP), Federally Administered Tribal Areas (FATA) and Balochistan was basically about rebuilding and infrastructure development – roads, health centers, schools. Therefore, the MDTF was originally established to support the reconstruction, rehabilitation, reforms, and other interventions needed in the aftermath of the militancy crisis in Pakistan. Its aim was to build peace and create the conditions for sustainable development. However, it has also helped address an array of emergencies in Pakistan such as the 2022 floods and the COVID-19 pandemic during Phase 2.

Phase 2 focus went to development issues and commenced in April 2017 and continues the drive towards reconciliation, peacebuilding, and enhancing state–citizen trust by focusing on three pillars: (i) Growth and Job Creation; (ii) Improved Service Delivery; and (iii) Policy Reform and Improved Governance. Under these, the MDTF has three corresponding results areas: (i) Enhanced productivity and job creation (through entrepreneurship and skilled labour); (ii) Improved livelihoods and access to basic services; and (iii) Enhanced transparency and accountability in public service delivery, and effective resource management.

Phase II projects were:

1. Governance and Policy Project (GPP) Balochistan
2. Governance and Policy Project KP
3. Governance and Policy Project Merged Areas
4. Economic Revitalization of KP and FATA (ERKF)
5. Digital Jobs in Khyber Pakhtunkhwa
6. KP- Southern Area Development Project (SADP), closed
7. Rural Livelihoods and Community Infrastructure Project (RLCIP), closed
8. Community Support Program (CSP)
9. Balochistan Livelihoods and Entrepreneurship project (BLEP)
10. Citizens Facilitation Center (CFC)

The summary of findings and achievements in the various evaluation categories are given below. The findings build on MDTF bi-annual monitoring reporting and limited Evaluation Team (ET) direct monitoring in stakeholder and beneficiaries' meetings in Islamabad and Peshawar. The Government of Balochistan civil servants were not very forthcoming on outputs and outcomes of the MDTF. Therefore, findings on Balochistan are almost all of them taken from the MDTF monitoring reports.

Relevance and Coherence:

The MDTF through GPP in KP and Balochistan has implemented reforms which will contribute in enhancing accountability, transparency and will improve resource management. In order to promote accountability and transparency in public service delivery the project assisted government of Khyber Pakhtunkhwa in establishing two important institutions i.e., Office of the Commissioner of Right to Information and Right to Services. The project assisted in developing the relevant laws i.e., the Right to Information Act and Right to Service Delivery Act, on one hand and on the other assisted the government by providing equipment and other necessary items for operationalization of the offices of both the Commissions.

Pakistan has experienced major transitions since 2018. With the historic passage of the Thirty-First Amendment to the Constitution by the National Assembly on May 24, 2018, the seven agencies of the FATA have been officially merged with the province of KP as tribal districts. The merger impacted implementation of the MDTF as well. Administrative uncertainties due to the merger led to challenges for project timelines.

To adapt to the changing context, on November 12, 2020, the MDTF Steering Committee approved a two year, no cost extension of the programme with a revised end disbursement date of December 31, 2022. In preparation for the Steering Committee decision on the two years, no cost extension, a “Extension to Close: Project by Project Plan to Complete MDTF Activities by June 30, 2022” was prepared. This document is a follow up to this plan and provides status of implementation for recipient executed projects under the MDTF. However, after further delays the MDTF is now scheduled to terminate in June 2023 and formally close down by December 2023.

Effectiveness:

One of the key moments during phase 2 was the integration of FATA into KP. This meant a lot of disruption in the implementation of the programmes. However, it is now working well.

In 2019 there was a no cost extension. The active donors in phase 2 have been Germany, EU and Australia. WB has also contributed USD 1,89 million for the programme of BOP, and PIM, PFM and tax (Own Source Revenues) USD 35 mill in Baluchistan.

COVID response – simply had to respond to the crisis as needs were many. Sector inputs were there already in the health sector. MDTF was also linked to all levels of government and could easily respond with in kind contributions for ventilators, masks, equipment, medicine through its network. The PIU/PMU in Peshawar part of the programme costs. Did procurement and programme oversight and implementation.

There are currently five active government executed projects being implemented under the MDTF, worth a commitment of USD 67 million. Two projects, ERKP and Digital Jobs in Khyber Pakhtunkhwa, closed in FY21–22 and the FATA Temporarily Displaced Persons Emergency Recovery Project (TDP ERP) has utilized 100 percent of MDTF financing. While active projects address more than one pillar of the MDTF Round II, they may be categorized as follows: one project worth USD 15 million in Growth and Job Creation; one project worth USD 13 million in Improved Service Delivery; and three projects worth USD 39 million in Policy Reform and Improved Governance. The MDTF SC has approved in December 2022 an allocation of USD 3.5–5 million to be directed towards the TDP ERP. This will bring the total commitment in active projects under the MDTF to approximately USD 71 million.

Efficiency:

The MTR reported in 2021 the following outputs/outcomes of the MDTF phase II:

The extra time has also allowed increased availability of funds under the MDTF for achievement of results in KP and Balochistan. Financing allocated under the MDTF (Round I and Round II) for development in the two provinces has increased to USD 253 million compared to USD 206 million in November 2019. Also, of the total allocated amount of USD 206 million in November 2019, USD 159 had been disbursed to the Governments of KP and Balochistan. In comparison, the two year no cost extension has allowed disbursement to equal USD 213 million of the current USD 253 million allocation.

The MDTF Steering Committee (SC) approved in December 2022 an allocation of USD 3.5–5 million to be directed towards the Temporarily Displaced Persons Emergency Recovery Project (TDP ERP). This

will bring the total commitment in active projects under the MDTF to approximately USD 71 million. It's not sure at this junction if all the allocated funds will be utilised by the effective end of MDTF in June 2023.

Likely Impact:

Over the course of the past 10 years, MDTF has generated impact affecting change at both the grassroots and policy levels. The projects implemented under the three program pillars – Policy Reform and Governance, Growth and Job Creation and Service Delivery – have supported good governance, citizen engagement and economic growth.

Since its initiation, the MDTF has benefited more than 6.24 million individuals, including beneficiaries at the community level, business owners and civil servants, including more than 5.0 million women, men, girls and boys who have benefited from better service delivery. In addition, the MDTF has helped the provinces in substantially improving public resource management.

The two-year no-cost extension helped the MDTF continue to deliver results in KP and Balochistan under extraordinary and unprecedented organisational and implementation challenges caused by the COVID-19 pandemic. For example, the Economic Revitalization of Khyber Pakhtunkhwa (ERKP) project has helped create 16,425 direct jobs (15,349 for men and 1,076 for women). Similarly, the Governance and Policy Projects of KP and Balochistan have helped nearly triple the collection of Sales Tax on Services (STS). The two-year no-cost extension was particularly useful in that it allowed the MDTF to be a first responder to COVID-19 in Pakistan.

The MDTF helped address the emergency through provision of health equipment. This included procurement of 55 ventilators, 19,000 N-95 masks, 1,500 canes for sanitizers, 25,000 gloves, 10,000 face shields, 1 million surgical masks, 60,000 viral transport medium kits, and five automated RNA extraction machines. Moreover, the ERKP project supported small and medium enterprises (SMEs) impacted by COVID-19 through provision of matching grants (MGs).

Sustainability:

Sustainability is a difficult question after any development project/programme intervention. Some costs of the newly created structures in KP and Balochistan have been picked up by the provinces. As stated above, many SMEs supported and jobs created by MDTF projects but it is difficult to assess the sustainability of these outputs. Will it be sustained is another question but systems have been put in place, like (business process outsourcing) BPO, IT training and refurbishment, call centers, community and women groups, and small-scale enterprise support.

But the imbalance is still there in Pakistan in terms of recurrent and development expenditures and how these are distributed and managed in the budgeting process of provinces. Allocation to local government very small when it comes to development budget. This limits sustainable financing of needed services and infrastructure at the local levels.

The SC and the Advisory Committee have been crucial for programme management. An Advisory Committee meeting of the MDTF took place on August 18, 2022. The main decision point at this meeting was that the SADP refund will be expedited so that funding could be reallocated. The SC met on December 15, 2022 and agreed with the allocation of up to USD 5 million proposed for the FATA TDP ERP. The SC acknowledged the progress made in the frameworks of the accelerated implementation plan. It was planned that the SC meet once more before July 2023.

Many of the service delivery and community programmes implemented in KP will in future be taken over and continued by the WB itself in its development assistance programme.

One of the lessons is that it takes considerable time for projects in the public sector to become operational because of delays in establishing administrative arrangements, hiring of key staff, opening of assignment account and delays in procurement. As such, the targets and budget for the first years of the project/programme must take this into account. In the case of MDTF we are talking about huge amounts of funds that had to be allocated to many slightly diverging projects focusing on governance reforms at the center of government, service delivery interventions to civil society and private sector as well as complex community interventions. These types of projects, or interventions, are notoriously hard to implement at all levels of governance and take long time to reach maturity in disbursement.

Recommendations

- 1) In future any similar support for a MDTF should have the same focus on service delivery as the present MDTF. However, it simply is not possible to do everything at the same time. Both in a post-disaster and post-conflict situation, the most urgent need is often service delivery: providing the needy population with the basics.
- 2) External factors can change quite rapidly, and in a considerable number of cases have been towards deterioration. These constraints to MDTF performance should thus be understood and tracked actively, since there are a number of choices that an MDTF may opt for as circumstances change.
- 3) MDTF shows that it is very hard to set realistic benchmarks or reference levels at the outset of a MDTF. Establishing that benchmark is the critical issue in all forms of impact analysis. Moving towards outcome and impact indicators is often more demanding and costly. This is one issue that needs to be better addressed in future MDTFs.
- 4) MDTF did engage with government on the need for embedding training of civil servants – technical and soft skills development – on a permanent basis through training academies/colleges. Worldwide experience suggests that measures to ensure sustainability of training needs be identified and to be built in on the onset of the reform process.
- 5) While funding for MDTFs should ensure that funding is available for various pillars as is the case with this MDTF focusing on governance, productivity/ job creation, and service delivery, more focus on performance indicators as a means of securing tangible results before more funds are disbursed is crucial for delivering needed aid.
- 6) There is an emerging understanding regarding "best practice" MDTF design. There are also "lessons learned" regarding how to improve MDTF performance, including ensuring Secretariats are well staffed and established early and that national commitments are followed up on.

1. INTRODUCTION

In the aftermath of the militancy crisis in Pakistan, the MDTF for KP, FATA and Balochistan was established in August 2010 to support the reconstruction, rehabilitation, reforms and other interventions needed to build peace and create the conditions for sustainable development. The MDTF has been supporting a wide range of crucial project interventions aiming at restoring social and productive infrastructure, improving livelihoods, combating poverty, addressing governance issues and building citizen-state trust in KP, FATA and Balochistan. From the very beginning the MDTF was jointly funded by the governments of Australia, Denmark, Finland, Germany, Italy, Norway, Netherlands, Sweden, Switzerland, Turkey, UK, and the USA as well as by the European Union and the World Bank (WB).

The first phase of MDTF projects was implemented from August 2010 to March 2017. They focused on helping the provinces come out of a severe crisis and take strides towards conflict prevention and peacebuilding. Subsequently, MDTF II commenced in April 2017 and continued the drive towards reconciliation, peacebuilding, and enhancing citizen-state trust by focusing on effective service delivery, good governance and economic growth. Several bureaucratic delays and crisis (e.g., COVID 19) has led to delays in finalising the MDTF funding in a timely manner.

This evaluation report presents an overview of the findings of MDTF II achievements, effectiveness, efficiency and sustainability (it only touches on the issue of likely impacts) of MDTF II till February 2023 (the end date being June 2023). The report is based primarily on desk review of secondary information and data available about MDTF projects, focusing on projects implemented during MDTF II. The desk review was supplemented with meetings with stakeholders and field work at federal and provincial level (KP) as well as online meetings with Balochistan officials to validate key findings and fill any gaps in the available information.

The Evaluation Team (ET) was provided with all relevant data before and during the Inception phase of relevant Programme interventions and other documentation. In addition to studying the documentation, the ET also interviewed key informants with relevant knowledge on the chosen interventions, as well as informants offering broader insights into the evolution of the development context in the country.

Fieldwork included discussions with civil servants at federal and provincial levels to verify key aspects of institutional and organisational development, as well as staff capacity building initiatives and the likely impact and changes this has led to in terms of overall institutional improvements and intervention impacts.

The ET drafted 8 overall evaluation questions (EQs) and related judgement criteria (JCs) (see Annex 2 for detailed answers to all EQs) that follow the standard OECD DAC evaluation criteria of relevance/coherence, efficiency, effectiveness, sustainability and likely impact. The findings and conclusions of the evaluation have been drawn in relation to the EQs and a broader assessment of the findings from the fieldwork.

The target stakeholders of the MDTF have been:

- Federal Government and federal institutions, in particular, Economic Affairs Division;
- KP Government and provincial institutions, in particular, Finance Department, Planning & Development Department and line departments;
- Government of Balochistan and provincial institutions, in particular, Finance Department, Planning & Development Department and line departments;
- District authorities and local government in KP and Balochistan provinces

- Civil servants and Government staff, in particular, those directly involved in the implementation of the Programme;
- Civil society and population in general as beneficiaries of Programme interventions.

The ET consisted of:

1. Mr Hans Bjørn Olsen, Team Leader, PFM and Governance Specialist
2. Mr Wajid Usmani, Local Governance and PFM Specialist

The assignment Mission commenced work mid-February 2023 through desk-based work for the Inception phase. The field mission commenced on 20th February through a briefing meeting at the EUD offices in Islamabad and continued until 10th March. The evaluation is managed by EUD in Islamabad under the coordination of the relevant Programme Manager.

The Terms of Reference (ToR) are shown in Annex 1.

2. THE DEVELOPMENT CONTEXT

2.1 Macroeconomic indicators

Pakistan, with an estimated population of about 230 million, is the world's fifth most populous country. In recent years, it has achieved continued gross domestic product (GDP) growth and substantially reduced poverty. Growing fiscal and external imbalances may, however, erode these gains if not addressed. The national poverty headcount declined from 64.3 percent in 2001-02 to 29.5 percent in 2017-18. Nevertheless, inequality persists and the country continues to rank low on the human development index (HDI), at 161 out of 191 countries in the 2022 HDI. Macroeconomic, political, and security conditions, natural disasters, and continuing unreliable power supply constrain the country's achievement of poverty reduction and achievement of public service delivery goals.

Following several upward as well as downward economic cycles over the last 25 years, Pakistan's economy is once again under strain. Public-sector deficits and losses in state-owned companies ballooned in recent years as successive governments have been unable to increase revenues. Government borrowing to cover the fiscal gaps gave rise to a heavy debt and a growing share of the budget for servicing debt. Interest payments alone now absorb around 25 percent of the government revenue, leaving the Government with little money for much-needed spending on development, like public health, education or infrastructure.

The budget deficits together with the central bank's focus on keeping a constant exchange rate until recently and the lack of structural reforms, have led to a steady loss of competitiveness and a surge in the trade deficit. Despite the foreign borrowing, the central bank is continuously having to dip into its reserves to finance imports, dropping to precariously low levels in recent months. Unbalanced policies skewed growth towards consumption, while the difficult business environment continued to discourage productive investment and job creation while fostering a large informal economy.

Pakistan has also embarked on an ambitious structural reform programme but with mixed results. There were early successes in taxation reform, the financial sector, the business environment (at both the national and provincial levels), and the electricity sector. However, e.g., the taxation area remains largely unexploited with only 1.9 million taxpayers registered in 2020. The tax-to-GDP ratio, at 12.4 percent, is one of the lowest in the world. Circular debt cleared earlier has piled up again nearly to its 2013 levels.

There have been efforts to reduce the electricity regulator's independence. Progress in improving development outcomes have been mixed and investment levels remain very low, at around 15 percent of GDP (both public and private). Maintaining macroeconomic stability and further progress in structural reforms will be necessary to accelerate growth and ensure it is inclusive and sustainable.

Strengthening the tax administration is of paramount importance for the GoP. The authorities recognize that tax administration reforms and enforcement efforts need to complement their tax policy measures. Leveraging TA (including from the IMF and World Bank), the authorities plan over the medium term to: (i) introduce a centralized, risk-based compliance function; (ii) update IT and automation; (iii) use third-party data, cross-checks, and analysis; (iv) simplify registration and filing processes; (v) modernize and target audit practices; and (vi) bolster the large taxpayer office (LTO).

The economy of Pakistan is officially reported as having a debt-to-GDP ratio of 78.0%, indicating that Pakistan's current debt level is USD 271 Billion. In the long-term, the Pakistan Government Debt to GDP is projected to trend around 80.0 percent in 2023 and 2024, according to the latest figures. Pakistan owes USD 11.3 billion to the Paris Club, about USD 27 billion to multilateral donors, USD 5.7 billion to International Monetary Fund (IMF), and USD 12 billion to international bonds such as Eurobond and sukuk (source: State Bank of Pakistan).

Pakistan remains one of the lowest performers in the South Asia Region on human development indicators, especially in education and stunting. The Net Enrolment Rates in education have been increasing in Pakistan but still lag behind other South Asia countries. Infant and under five mortality rates represent a similar story. Gender disparities persist in education, health and all economic sectors. Pakistan has one of the lowest female labour force participation rates in the region. The spending on health, nutrition, and education, now totalling 3 percent of GDP, is significantly lower than most other countries. Increased allocation will only be possible after increasing government revenues.

Service delivery is the responsibility of subnational governments, whose capacity varies, but the Federal Government needs to play an assertive stewardship role as increased financing has to be accompanied by meaningful improvements in quality of services. A strategy to greatly improve development outcomes would, therefore, need to combine efforts to increase the level of public spending as well as improving its quality, with a focus on provincial level capacity. This is the situation that MDTF was created to address in terms of lack of funding for key services at provincial level as well as securing more inclusiveness in development funding.

Over the past years, greater decision-making authority has been assigned to provincial governments. The Eighteenth Constitutional Amendment has devolved a number of key functions to the provinces. In total, functions in 17 federal ministries have been devolved, including Agriculture, Education, Environment, and Health. In addition, a greater share of revenues has been passed to the provinces through the National Finance Commission Award in order to enable them to perform these functions. As expected, the devolution has posed institutional and capacity challenges at the provincial level and meeting these challenges will require concerted efforts to enhance sub-national PFM capacity and institutional development, which varies across provinces.

A key element to address these capacity challenges was, and is, creating a more transparent business and investment climate, including by: (a) streamlining regulations; (b) simplifying the process to pay taxes; (c) bringing greater transparency and accountability in public spending; (d) reforming the energy sector including the automatic implementation of regulatory decisions; and (e) improving governance at state-owned enterprises.

The EU, together with other international partners such as the WB and IMF, have been working closely with the government to implement these policies and reforms, sending a strong signal to the international community that underlying issues can be resolved and economic prospects can be improved. The IMF and other IFIs, key bilateral lenders, including China, Saudi Arabia and the UAE committed to providing financing amounting to over USD 38 billion during the period 2019-22. The IMF is currently looking at helping yet again the Pakistan Government out of a situation with dwindling USD reserves need for import guarantees. New commitments are being sought by the IMF for the coming years at the moment. This level of support should also encourage additional financing and investment from the private sector. However, several IMF-supported programmes were not completed in the past or when completed the policies were quickly reversed. This is why the present Government must try to overcome entrenched resistance to reforms and rebuild public trust.

2.2 Institutional context

The Constitution of Pakistan establishes the state as a federal parliamentary republic, with a two-tier system consisting of a federal and four provincial governments. The provinces are administratively divided into Divisions, Districts and Tehsils (sub-districts). While constitutionally these are not envisaged as a distinct third tier of government, the decentralisation of political, administrative, and financial responsibility to local governments (LGs) is laid down in the Constitution.

However, authority for most of the broad-based taxes remains with the federal government, and provinces are heavily dependent on revenue transfers (57.5% transferred from Federal to Provincial level). Development expenditures are mainly made through vertical programmes designed and implemented by higher levels of government, such as provincial departments, federal ministries/agencies, or grants given to national and provincial members of parliament leading to ad hoc and fragmented development. Almost one-fifth to one-third of the provincial government's annual capital expenditure is made on urban infrastructure and services, with limited involvement of LGs in its planning and delivery. The numerous specialized service delivery entities with weak financial sustainability are putting Provinces on a financially unsustainable path.

The 18th Amendment in 2010 removed any federal jurisdiction for local government affairs. While no federal ministry exists to deal with local government affairs directly, other intergovernmental coordination mechanisms can be used to explore such issues, such as (i) the Council of Common Interest, and (ii) the Federal Ministry for Inter-Provincial Coordination (IPC). The IPC is the institutional focal point for facilitating general coordination between the federal government and the provinces in economic, cultural, and administrative fields, and for promoting uniformity of approach in policymaking and implementation in all fields of common interest.

Since 2018, an experience sharing platform called Inter-Provincial Meetings on Local Governance has allowed the four provincial governments to discuss local government issues and to share experiences on issues such as participatory development planning and the 2019 legal changes. Until mid-2020, six such interprovincial meetings have taken place on a rotating basis.

Within the provincial governments, the cabinet is usually the focal point for consultations and consensus-building between different provincial departments. It can also establish committees for specific issues, when needed. Provincial-level bodies like the finance commissions and the local government commissions normally involve representatives from different key departments and are therefore another platform to forge consensus between the departments concerned.

During 2017 and 2018, KP had established a Devolution Support Committee (DSC) consisting of the Local Government, Finance, and P&D Departments. The DSC was meant as a fast-track mechanism to decide on local government issues involving the mandates of these three departments. Due to frequent changes of senior officials and a shift in political focus to the preparation of the new legislation, the DSC was discontinued after 2018. Balochistan have only ad hoc coordination mechanisms.

Compared with other levels of government, empirical evidence on the performance of the current local governments, the quality and quantity of service delivery, or the level of citizen satisfaction is inconclusive, patchy, and hard to generalise. Making a sound assessment of local government performance is challenging, given the often unclear and overlapping mandates of levels of government (exemplified by the various local development authorities which are run by the provinces but in most cases engage in functions assigned to local governments), the lack of continuity of the local government systems, and the strong role of members of the provincial and national assemblies.

The legislation on local governments does not stipulate or prescribe any mandatory, formal interaction between local governments and civil society organisations. An effort was made through citizen community boards under the 2001 Local Government Ordinances, but this approach was not adopted again in subsequent legislation.

Local council associations had been established in all four provinces following the 2001 local government reforms and were re-activated following the local government elections in 2015/2016. A national Association for the Development of Local Government was founded in 2016, drawing together the four provincial associations. However, aside from political advocacy, the institutional capacity of these associations is limited.

Furthermore, their legitimacy to speak on behalf of local governments as a distinct level of government and administration in the provinces has not yet been fully accepted by the provincial governments. The current absence of elected local representatives exacerbates this situation as the office bearers of the associations are regarded as having lost their seats (and therefore their public role).

Since independence, local government reforms have primarily been associated with periods of military rule in Pakistan, and, as argued by scholars¹, used as a means to legitimize a non-representative and undemocratic center and depoliticize the political process. In contrast, during their time in power, democratically elected governments have been reluctant to devolve powers to local governments, preferring to run them through unelected administrators instead.

In 2015, local government elections were held under a democratically elected government for the first time in Pakistan's history. Local government elections were set to be repeated in 2020 but delayed because of COVID-19. LG elections have been held in 2022 for Islamabad and KP, Balochistan and Punjab Provinces and in Sindh in early 2023.

3. FINDINGS

The main findings of the ET are summarised in the following sections in terms of the evaluation criteria of coherence/relevance, effectiveness, efficiency, likely impact and sustainability. A more detailed

1 Cheema, Khwaja and Qadir (2005); Tahira (undated); Zaidi (2015)

answers to the EG+Qs and JCs of the evaluation are given in Annex 2. An overview of the total MDTF is given in the table below.

Table 1 Programme Overview

Name:	Multi-Donor Trust Fund I & II (MDTF)
Location:	The programme had three locations: (i) Khyber Pakhtunkhwa (KP) Province of Pakistan, based in the provincial Department of Planning and Development. Peshawar; (ii) Balochistan Province of Pakistan, based in the provincial department of Planning and Development Quetta, and (iii) and in Phase I, the Federally Administered Tribal Areas (FATA – later integrated into KP Province).
Value:	MDTF I – Total USD 283.9 million: This includes USD 274.6 million pledged and received by donors and USD 10.7 million in investment income. USD 1.4 million has been returned leading to a net contribution paid-in figure of USD 273.2 million
Duration:	MDTF I – 2010-2017; MDTF II – 2017-2023
Key stakeholders:	KP Province: Department of Planning and Development Finance, Industries, and P&DD. Balochistan Province: Department of Finance and P&DD. Federal Government: The Economic Affairs Division (EAD)
Objective:	The overall objective was, and is, to contribute to the improvement and better delivery of public services and to reduce the impact of poverty and social inequality
Results of the programme:	Results Area 1: Enhanced productivity and job creation (through entrepreneurship and skilled labour) Results Area 2: Improved livelihoods and access to basic services Results Area 3: Enhanced transparency and accountability in public service delivery, and effective resource management
Key outputs of the programme:	The key result of the programme is to support the authorities in implementing their reforms: <ul style="list-style-type: none"> • Number of jobs created by the MDTF-supported enterprises and entrepreneurs • Number of SME beneficiaries of the matching grants • Number of community/farmer groups (CBOs/EIGs) established or revitalized • Number of infrastructure schemes completed and O&M transferred to local communities • Number of households benefiting from livelihood interventions • Number of individuals benefiting from rural development interventions • Public Officials participating in project trainings/ Number of officials certified in public resource management skills (Modified) • Increased % of sales tax on services (STS) collection from baseline.

3.1 Findings Coherence and Relevance

Three key result areas (objectives) for MDTF II were:

- 1) Enhanced public transparency and accountability in public service delivery and effective resource management
- 2) Improved livelihood and access to basic services
- 3) Enhanced productivity and job creation through entrepreneurship and skilled labour.

The Programme has made significant progress in achieving these objectives by providing technical assistance to government institutions such as Planning and Development Department, Finance Department, Khyber Pakhtunkhwa Revenue Authority, Board of Revenue and Provincial Ombudsman, which are complemented by strengthening citizen engagement through matching grants and grants to start ups.

The Programme through Governance and Policy Project in KP and Balochistan has implemented reforms which will contribute in enhancing accountability, transparency and will improve resource management. In order to promote accountability and transparency in public service delivery the project assisted government of Khyber Pakhtunkhwa in establishing two important institutions i.e., Office of the Commissioner of Right to Information and Right to Services. The project assisted in developing the relevant laws i.e., the Right to Information Act and Right to Service Delivery Act, on one hand and on the other assisted the government by providing equipment and other necessary items for operationalization of the offices of both the Commissions.

Pakistan, especially the regions supported by the MDTF, has experienced major transitions since 2018. With the historic passage of the Thirty-First Amendment to the Constitution by the National Assembly on May 24, 2018, the seven agencies of the Federally Administered Tribal Areas (FATA) have been officially merged with the province of Khyber Pakhtunkhwa as tribal districts. The merger impacted implementation of the MDTF as well. Administrative uncertainties due to the merger led to challenges for project timelines.

To adapt to the changing context, on November 12, 2020, the MDTF Steering Committee approved a two year, no cost extension of the program with a revised end disbursement date of December 31, 2022. In preparation for the Steering Committee decision on the two years, no cost extension, a “Extension to Close: Project by Project Plan to Complete MDTF Activities by June 30, 2022” was prepared. This document is a follow up to this plan and provides status of implementation for recipient executed projects under the MDTF.

The first round of MDTF projects was implemented from August 2010 to March 2017, which focused on helping the provinces come out of crisis and take strides towards conflict prevention and peacebuilding. Subsequently, Round II commenced in April 2017 and continues the drive towards reconciliation, peacebuilding, and enhancing citizen-state trust by focusing on effective service delivery, good governance and economic growth. The report covers below listed Round II projects, out of which two have ended, while another three kicked off in December 2019.

- 1) Governance and Policy Project (GPP) Balochistan
- 2) Governance and Policy Project KP
- 3) Governance and Policy Project Merged Areas
- 4) Economic Revitalization of KP and FATA (ERKF)
- 5) Digital Jobs in Khyber Pakhtunkhwa

- 6) KP- Southern Area Development Project (SADP), closed
- 7) Rural Livelihoods and Community Infrastructure Project (RLCIP), closed
- 8) Community Support Program (CSP)
- 9) Balochistan Livelihoods and Entrepreneurship project (BLEP)
- 10) Citizens Facilitation Center (CFC)

The ET finds that the MDTF interventions have been both coherent and relevant in relation to Government of Pakistan (GoP) and the provincial governments overall policy and governance goals over the past 10-15 years.

3.2 Findings Effectiveness

Several delays over the years have contributed to the delay in implementation of MDTF. The extra time needed for implementation has allowed for adaptation of MDTF interventions to evolving needs and operational climates of the two provinces, particularly in Khyber Pakhtunkhwa. The main reason for the delays has been:

- While the merger of the former FATA with the KP province was and is a positive step, it has created new challenges, and delays in decision making due to administrative uncertainties. Frequent replacements of key civil servants in the provinces related to MDTF implementation have also created delays. This was further exacerbated by the COVID-19 pandemic which impacted growth, enterprises, and access to services as well as administrative delays.
- Balochistan, the poorest of Pakistan's four provinces, has also been marred by continued unrest in the last decade. While richest in natural resources, the province is the least economically developed. Seventy percent of the population resides in rural areas spread across a vast and difficult terrain. The long-standing disparity in growth rates has led to a wide divergence in standards of living between Balochistan with the rest of the country.

To adapt to the changing context, on November 12, 2020, the MDTF Steering Committee approved a two year, no cost extension of the programme with a revised end disbursement date of December 31, 2022 (which is now extended to June 2023). In preparation for the Steering Committee decision on the no cost extension, a "Extension to Close: Project by Project Plan to Complete MDTF Activities by June 30, 2022" was prepared.

The two year no cost extension of MDTF in was particularly useful in that it allowed the MDTF to facilitate the provinces in responding to the COVID-19 crisis. The MDTF was also able to quickly adapt to the emergency through provision of health equipment. This included procurement of ventilators, masks, face shields, surgical masks, viral transport medium kits, and automated RNA extraction machines. Moreover, the ERKP project was supporting COVID-19 impacted SMEs through provision of matching grants.

KP (FATA) Support

In order to manage the resources effectively the MDTF assisted two important institutions of KP Government i.e., Planning and Development Department and Department of Finance. The MDTF furthermore assisted Planning & Development Department in establishing Public Private Partnership (PPP) Cell, Directorate of Monitoring & Evaluation and in building capacity of the department in public investment management (PIM). The PPP cell is assisting Government of KP in finding alternate resources for implementing the development projects as the Government is facing serious cash

shortages. Similarly, the Monitoring Directorate is assisting the provincial government in ensuring that the resources of development projects are being utilized appropriately, and the projects are being completed within their allotted time frames as well as achieving their intended objectives.

With the assistance of GPP, the department developed a manual of Development Project. The manual covers the complete planning cycle and provides guidance on all the areas of project planning starting from project conceptualisation to project evaluation. The MDTF also assisted in developing the Public Investment Management framework.

With the assistance of GPP Project, the KP Province established four important units namely the Corporate Governance Unit, Debt Management Unit, Risk Management Unit and Performance Management Unit in the Finance Department. All these units are providing much needed services to KP Government, which were previously not available. Professionals were employed in all these units and assisted the KP government in making important decisions such as what should be the optimum borrowing rate and what mode of financing should be adopted to finance the provincial government operations. The Risk Management Unit and Debt Management Unit are now being absorbed by the Government of KP. All the professionals will be paid salary according to the Management Pay Scales, which will enable the KP government in retaining these professionals.

Balochistan Support

The ET could not meet with the provincial authorities and repeated attempts to talk via video conference and mobile phone led to very little concrete discussion on the impact of MDTF in Balochistan. Therefore, the findings on Balochistan are mainly taken from the MDTF half-yearly monitoring reports and the 2021 Mid-Term Review (MTR). One of the major interventions of GPP Balochistan is the digitization of entire project life cycle allowing all the tasks that were previously being performed manually to be completed using computers. This includes all phases of the project life cycle from the initial project concept to the final project evaluation.

In Balochistan immature PFM systems and low-capacity levels increase the need for overall reforms. The Provincial government is cognisant of the low base of current governance and PFM systems and human resource capacity.

MDTF MTR reported in 2021 that the provinces have recorded substantial increase in government revenue as tracked through increase in Sales Tax on Services (STS) and the number of filers. For instance, the Balochistan Revenue Authority has been able to increase the number of registered sales taxpayers that filed returns from 158 in FY 2016/17 to 6,085 in FY19/20. Similarly, sales tax collection has increased from PKR 2.2 billion to 4.6 billion (100% + increase) over the same period. In KP, there has been a 43 % increase in STS collection between 2015-16 and 2018-19 (PKR 7.3 to 10.4 billion)

Similarly, the GPPs have initiated various activities to establish adequate structure and functions for PFM systems. In Balochistan under financial management reforms, the project has helped establish a Tax Policy Unit, a Risk Assessment & Investment Management Unit, an Internal Audit Unit, a Debt Management Unit and a China Pakistan Economic Corridor Unit.

In terms of institutional development and capacity building, the GPPs have so far trained around 338 individuals in PFM. The GPP Balochistan has piloted the Professional Accreditation Programme developed in collaboration with the Association of Chartered Certified Accountants and rolled out at the Pakistan Audit and Accounts Academy. The Accreditation Programme was designed to promote a structured approach towards capacity building of government officials in PFM. Two batches of trainees had at the time of the MTR completed pilot training on the standard modules of the PFM-PAP curriculum

in Balochistan. The GPP for Merged areas had also developed a PAP curriculum with trainings planned from December 2019 onwards.

3.3 Findings Efficiency

The MDTF continued to achieve results towards under its three results areas of (i) Enhanced productivity and job creation (through entrepreneurship and skilled labour); (ii) Improved livelihoods and access to basic services; and (iii) Enhanced transparency and accountability in public service delivery, and effective resource management.

With a revised end disbursement date of December 31, 2023, focus going forward will be on continued expedited implementation. The accelerated implementation remains in effect given its success in improving rates of utilization. Since its launch in August 2021, this plan has helped increase utilization by over 50 percent, from 75.1 million (August 31, 2021) to 115.4 million (December 31, 2022). A key part of efforts going forward will be to continue this trend towards more results under the MDTF. An additional focus area will be completion of programming of any un-programmed funds to ensure the MDTF achieves full potential in results by its revised closing date. Lastly, a key focus for the final year of implementation will be to plan for sustainability of MDTF activities beyond its closing date.

The MDTF project implementation has continued to monitor and address risks to its completion plan. Two key factors going forward is the impact of the overall funds available for MDTF projects due to rupee depreciation and project staff continuity. The MDTF Secretariat has been working with the GoKP and GoB to ensure funds are utilized in a manner to maximize achievement of results and to try and maintain continuity in project staffing.

There will also be a continued effort to enhance monitoring and evaluation efforts under the MDTF. In its last year of implementation, the MDTF will focus on trying to further capture the scale of results achieved in its over 10-year-long engagement. A third-party monitoring agent (TPMA) has been hired to assist in this task. Procurement of the third-party monitoring agent was carried out in an exclusive manner with terms of references circulated to development partners from the donor community and government counterparts and feedback received incorporated. Additionally, the results framework of the MDTF, in response to demand from the donors, was revised. Feedback was sought on the results framework over a period of six months following the bi-annual report of July 2022. The revised framework was presented for discussion at the December 2022 Advisory and SC meetings where it received no objections. M&E reporting under MDTF did improve following the recruitment of the agent.

In addition, outstanding donor contributions (USD 4 million) were also attained to channel towards results under the MDTF. For example, combining unspent funds from the Southern Area Development Project and the Rural Livelihood and Community Infrastructure Project with outstanding donor contributions allowed USD 12 million in additional financing for the Citizen Centric Service Delivery Project. This project, with leveraged funds from the International Development Association, has been able to reach approximately over 700,000 families through its provision of the Child Wellness grant.

The extra time has also allowed increased availability of funds under the MDTF for achievement of results in Khyber Pakhtunkhwa and Balochistan. Financing allocated under the MDTF (Round I and Round II) for development in the two provinces has increased to USD 253 million compared to USD 206 million in November 2019. Also, of the total allocated amount of USD 206 million in November 2019, USD 159 had been disbursed to the Governments of Khyber Pakhtunkhwa and Balochistan. In

comparison, the two year no cost extension has allowed disbursement to equal USD 213 million of the current USD 253 million allocation.

3.4 Findings Likely Impact

The MTR reported in 2021 the following outputs/outcomes of the MDTF phase II:

- (i) Over the course of the past 10 years, MDTF has generated impact affecting change at both the grassroots and policy levels. The projects implemented under the three program pillars – Policy Reform and Governance, Growth and Job Creation and Service Delivery – have supported good governance, citizen engagement and economic growth.
- (ii) Since its initiation, the MDTF has benefited more than 6.24 million individuals, including beneficiaries at the community level, business owners and civil servants, including more than 5.0 million women, men, girls and boys who have benefited from better service delivery. In addition, the MDTF has helped the provinces in substantially improving public resource management.

The two-year no-cost extension helped the MDTF continue to deliver results in KP and Balochistan under extraordinary and unprecedented organisational and implementation challenges caused by the COVID-19 pandemic. For example, the Economic Revitalization of Khyber Pakhtunkhwa (ERKP) project has helped create 16,425 direct jobs (15,349 for men and 1,076 for women). Similarly, the Governance and Policy Projects of KP and Balochistan have helped nearly triple the collection of Sales Tax on Services (STS). The two-year no-cost extension was particularly useful in that it allowed the MDTF to be a first responder to COVID-19 in Pakistan.

The MDTF helped address the emergency through provision of health equipment. This included procurement of 55 ventilators, 19,000 N-95 masks, 1,500 canes for sanitizers, 25,000 gloves, 10,000 face shields, 1 million surgical masks, 60,000 viral transport medium kits, and five automated RNA extraction machines. Moreover, the ERKP project supported small and medium enterprises (SMEs) impacted by COVID-19 through provision of matching grants (MGs).

Disruptions caused by COVID-19 nevertheless slowed down implementation of the MDTF. In August 2021, an accelerated implementation plan was approved for the duration of September through November by the Advisory Committee of the MDTF; this was subsequently extended through December by the MDTF SC. In doing so, the SC agreed to review progress during its next meeting in January 2022. As a result, between August 31, 2021 and December 31, 2021, disbursements grew by 11 percent, reaching nearly 80 percent of allocated funds, and fund utilization grew by 20 percent. Total disbursements for the eight MDTF projects reached USD 108.45 million (79 percent of allocated funds) from USD 98.05 million (71 percent of allocated funds) in September 2021.

Despite this, however, it was projected that some projects may still have unspent funds and not realize their full potential by June 2022 and a further extension of the end date of the MDTF was agreed to December 2023. To address this, a completion plan for active MDTF projects was developed. Based on this, on January 20, 2022, the MDTF SC approved a one-year no-cost extension to the end disbursement date of the fund, taking it to December 31, 2023. The accelerated implementation plan continues to be in effect, and utilization and disbursement continue to improve.

By December 31, 2022, disbursement equalled USD 129.13 million (94 percent of the committed USD 138 million for phase 2, including the recently closed projects of ERKP and Digital Jobs in Khyber

Pakhtunkhwa) and utilization at USD 115.14 million (89 percent of committed USD 138 million, including the recently closed projects of ERKP and Digital Jobs in Khyber Pakhtunkhwa).

There are currently five active government executed projects being implemented under the MDTF, worth a commitment of USD 67 million. Two projects, ERKP and Digital Jobs in Khyber Pakhtunkhwa, closed in FY21–22 and the FATA Temporarily Displaced Persons Emergency Recovery Project (TDP ERP) has utilized 100 percent of MDTF financing. While active projects address more than one pillar of the MDTF Round II, they may be categorized as follows: one project worth USD 15 million in Growth and Job Creation; one project worth USD 13 million in Improved Service Delivery; and three projects worth USD 39 million in Policy Reform and Improved Governance. The MDTF SC has approved in December 2022 an allocation of USD 3.5–5 million to be directed towards the TDP ERP. This will bring the total commitment in active projects under the MDTF to approximately USD 71 million

KP (FATA) Support

The ET's field observations in KP found the following issues:

To strengthen the state citizen trust, two projects were initiated by the Provincial Government including the Economic Revitalization in Khyber Pakhtunkhwa (ERKP) and Digital Jobs.

Economic Revitalization Project was conceived to

- ✓ offset the detrimental impact of militancy and natural calamities
- ✓ rehabilitate and upgrade the affected businesses
- ✓ rebuilt institutional capacity



- ✓ create enabling environment for investment mobilization

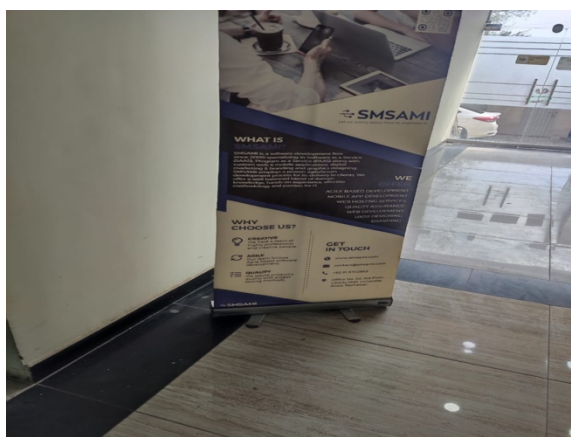
Total budget of the second phase of the Project was USD 19 million. The Project successfully disbursed the sum. The project through Small and Medium Enterprise Development Authority disbursed matching grants to 1,780 entities in KP and newly merged districts of which 236 were owned by the female entrepreneurs against a target of 965 SMEs. The size of the grants varies between PKR 1-2.5 million PKR. The grants were disbursed to the SMEs who fulfilled strict criteria of the Programme. Every grantee was required to match the grant and it was identified that in many cases the grantee contribution was larger than the grant provided by the Programme. As all these grantees were serious in rehabilitation of their respective business, therefore, the grant provided was utilized for procurement of machinery and equipment, raw material, or to enhance their manufacturing or trading facilities. Matching grant approach brought significant improvements in the

living standards of the SME owners and the employees attached to their businesses. It was identified that the Programme was advertised appropriately throughout the province and as a result a number of owners of SMEs were able to apply for the grant. However, it was noted that the terms and conditions

for accessing the grant programme was very difficult and SMEs had to work very hard to complete all the formalities.

The Programme also provided 2 snow blowers and four-wheel excavators to Galiyat Development Authority. Now the roads to Nathiagali and other adjacent areas remain open during the winter. As a result, a large number of tourists visited these areas in the winter season as well and as a result the hotels and other business remained functional in the winter season as well.

The Project sponsored the digital youth summit for the year 2020-21. One of the participants of this summit started his business after attending the summit. The business was incubated in the Swabi Durshal center. The start-up was a success which also received seed fund of PKR 1 million (about USD 6,000) from the digital job intervention. The earning of the business significantly grew, as the grant was utilized for the purpose of buying machinery, stocks of raw material and providing training to its staff.



KP Digital Job project established two fully equipped business process outsourcing facilities in Peshawar and Abbottabad. There are 350 seats in Peshawar and 200 seats in Abbottabad. Out of these 350 seats in Peshawar only 138 seats are occupied and all the seats in Abbottabad are vacant at the moment. As a result, the facilities are in deficit of PKR 16.8 million per annum (roughly USD 60,00). It seems that the facility was developed without determining the commercial and financial feasibility of the project. The facility is large with high fixed costs, and until 220 seats are occupied, the facility will remain in deficit and KPIT board

has to finance the facility from its own resources.

Digital jobs intervention provided seed fund to start ups in the province. The aim of these seed funding is to promote the young entrepreneurs from the marginalized economies of KP in the digital economy. Seven female entrepreneurs were included in the total 17 start-ups which were provided with seed funding. All these start-ups utilized their grant for procuring machinery and stocks, and were able to enhance their revenues by two to three times.

The project imparted training to 3,000 females on various IT courses which included graphic designing, blogging and content writing, digital tool and productivity, social media marketing and word press design and development. As a result, 30 jobs created and the women are earning on average PKR 25,000 per month. The Project is furthermore implementing the Khuddar Programme under which 1,200 youth with disabilities are trained on digital marketing skills.

3.5 Findings Sustainability

The project experienced several delays including those due to the situation created by COVID-19.

KP (FATA) Support

One achievement was the development of Public Financial Management Law. GPP provided technical assistance in revising the law. The law will assist the Provincial Government in effectively managing its resources. The law was enacted by the KP Government in the current financial year.

GPP project assisted Khyber Pakhtunkhwa Revenue Authority (KPRA) as sales tax on services as one of the focus areas of the Programme. The Programme assisted KPRA by providing both financial,

equipment and human resources. Human resources provided by GPP established the operational and legal frameworks for the KPRA. Tax facilitation centers were established in different regions of the province which enhanced collection of sales tax on services considerably. Tax facilitation centre of Mardan and Peshawar are being absorbed by the KP Provincial Government.

One of the highlights of the Programme was the implementation of the E-stamping in the province. The necessary infrastructure for issuance of judicial papers has been established and is being tested at Peshawar. After the successful test in the pilot district the system will be launched in the province by the end of this financial year.

The Project is the initiative for introducing E-procurement processes in KP Public Procurement Regulatory Authority. The website of the Authority is established and all the provincial government departments are utilizing this website for issuing the tenders and processing the procurement. The initiative is a success as it provides complete trial of the procurements of the provincial entities which ensure transparency.

Further, the Project conducted capacity building of the provincial anti-corruption department. With the assistance of the MDTF, the department is establishing a dash board to monitor the progress of the cases registered with the department. It is expected that the dash board will be functional by the end of the current financial year.

In order to effectively manage the development projects a comprehensive Public Investment Management action plan consisting of long-, medium- and short-term measures were developed. However, the implementation of this action plan was not satisfactory due to many reasons which were beyond the control of the Project. Some of the short-term actions such as amendment in the budget call circular, development of the planning manual and development of the decision support system were initiated. Apart from the decision support system the rest are completed while the support system will be completed soon.

Finally, MDTF supported the successful completion of the first ever perception survey about the services delivered by Provincial Government. Based on the results of this survey, the office of the Commissioner of Right to Services was established. GPP provided the online hearing system to this office. The Commission is effectively utilizing the provided system.

There was no mechanism to avoid overlaps among the services offered by various donors. However, the donors interact with each other and try to avoid duplication of efforts and resources.

Attention needs to be paid to the institutional and organisational prerequisites for sustainability of reform. Measures to ensure sustainability need to be considered and incorporated as part of the commencement phase the reform process. This is not easily achieved, given the constraints on hiring highly skilled economists and other professionals from outside into the public service. An important step towards addressing this issue is to look to embed training of civil servants on a permanent basis through the Civil Service Training Academies and the three types of training for civil servants: initial training, mid-career training, and senior management courses. There is also a need to look at investing in the development of softer skills that complement PFM technical capacity development skills. These may include negotiation, project management and leadership skills.

GPP successfully launched the capacity building programmes in the areas of procurement and supply chain management in collaboration with the Institute of Management Sciences. The institute offers a diploma programme in procurement and supply chain management. The first batch of the trained officers and officials is now part of various provincial government departments. The Institute of Management

Sciences is offering a course to general public and this is part of the regular programmes offered by the Institute.

Another important initiative was the capacity building course offered in collaboration with the Association of Chartered Certified Accountants for the public finance. This will be offered to general public as well through the Institute of Management Sciences and hence this initiative will also continue in the near future.

Improving PIM in the province continues to be a strong focus of the project. The project's approach is comprehensive, targeting both public and private investment. The ICT system for automation of development and monitoring of the PSDP has been completed and deployed. The PSDP system will henceforth improve the efficiency in project assessment, formulation, implementation, and monitoring. A draft PIM framework and action plan have been submitted for Cabinet approval. The project has furthermore supported an actuarial evaluation of pension scheme liability that includes projection of pension scheme payments for the next five years. The pension evaluation has resulted in three proposed pension reform options, which are being considered for implementation.

Balochistan Support

To support private investment, the project has helped develop a PPP framework. This includes support to the PPP Act, which has been approved by the Balochistan Cabinet. This aims to improve the legal and regulatory environment for private sector participation in public infrastructure and service delivery projects through a transparent and comprehensive framework that comprises policy, legal, institutional, financial, and regulatory components. Going forward, the project will support implementation of the PPP Act. As of end of December 2022, the forming of a PPP Board as well as the PPP Unit and Authority have been finalized and are now operational. The PPP framework is working towards enhancing private sector investment in the province through multiple channels, including through a project development facility advising on legal, technical, financial, and environmental considerations of investment; funding through potential tax exemptions; in-kind support (licenses, clearances, utilities, land, and infrastructure facilities); and guarantees to address risks.

4. LESSONS AND RECOMMENDATIONS

Lessons learned

One of the lessons is that it takes considerable time for projects in the public sector to become operational because of delays in establishing administrative arrangements, hiring of key staff, opening of assignment account and delays in procurement. As such, the targets and budget for the first years of the project/programme must take this into account. In the case of MDTF we are talking about huge amounts of funds that had to be allocated to many slightly diverging projects focusing on governance reforms at the center of government, service delivery interventions to civil society and private sector as well as complex community interventions. These types of projects, or interventions, are notoriously hard to implement at all levels of governance and take long time to reach maturity in disbursement.

Efficiency in project fund disbursement can be undermined by a lack of sufficient donor coordination, as well as the need for a more strategic and engaged Steering Committee from the being of the programme. The Programme was facing coordination issues with other donor projects, especially in the engagement with P&DD on PFM and Public Investment Management. There is little evidence that the World Bank's Governance and Policy Project (GPP) had any coordination in Balochistan with the EU funded SPP-PFM. A programme targeting exactly the same civil servants in the FDD and P&DD in terms of PFM

training. However, it seems the Government of Balochistan was unable to develop an approach to coordinate between the two programmes, which has led to a confusing situation in implementation of activities. Similarly, GPP is trying to impart training to the DDOs, which will be a duplication of efforts as the EU PFM SPP already imparted capacity building training to the DDOs Province wide.

Operating in areas of fragility can be very challenging. The MDTF offers lessons for similar programmes. These include need for flexibility in approach as situations on the ground can shift and impact implementation. Additionally, projects must be developed in close collaboration with the Government counterparts. It was important to include the Government counterparts as part of strategic dialogue through chairing of the Advisory and Steering Committees. This has ensured buy-in of key stakeholders and helped move projects forward.

MDTF has shown that support to subnational government and civil society are not mutually exclusive. Rather, both are needed, not in isolation from each other, but in a coordinated way. Where programmes such as public financial management or civil service reforms, or sectoral interventions that involve the local public sector and have important implications for intergovernmental systems, exist in parallel, local government concerns need to be integrated. However, the development partners supporting MDTF should also bring their own experiences and other project support to the table so that effective coordination of interventions take place. Good development partner support is aligned to partner country strategies and, to the extent possible, tries to work with and use countries' institutions and systems. It is also harmonized in the sense that development partners coordinate their interventions and act on the basis of complementarity and division of labour. These principles may not dominate current development discourse as much as they did 10–15 years ago. Nevertheless, they have lost none of their validity, and they also apply to aid delivered to promote various reforms.

The crucial point is that it must be conceptualized and delivered with awareness of the necessary linkages between the different parts of the reform, and of the support that other development partners provide for other reform elements. Development partners must work together in pursuing overall government development objectives and ensure that their combined support is consistent and reflects a holistic understanding of the reforms.

The lack of country leadership also hampers harmonization among development partners. One might think that development partners can drive harmonization of e.g., decentralisation programming. However, development partners themselves often have competing priorities and interests. This concerns both the constellations and behaviour of different departments within one development agency, and the development community active in a country collectively. One institution's priorities, mandate, and perspectives on governance and decentralisation and/or PFM reforms may conflict or be incompatible with those of other agencies. For example, if a development partner views governance reforms primarily through the lens of public financial management or civil service reform, its support is likely to emphasize national standards and control. If the approach is driven by a particular interest in a sector instead, it is likely that the agency equates decentralisation with deconcentration under a national ministry, rather than with strengthening local government responsibility in that sector. Local accountability, governance, and fiscal autonomy will be emphasized by development partners promoting a civil society or local government perspective but this needs active government leadership and this seems to have been lacking at crucial times during the implementation of MDTF.

In each geographic location the MDTF functions within a narrow reform setting. The government's support (legal, procedural, informal) to effect reforms is limited due to resistance to reforms and tenuous due to high levels of governmental staff turnover amongst counterparts across the board. With the

success of any intervention and reform programme dependent on the degree to which those affected by such reforms accept the reforms, the MDTF slowly built such acceptance. The strategy adopted by the MDTF was to focus on incremental reform change, supported with significant capacity development. Overall, the ability of government to implement and sustain these reform initiatives is low, with key counterparts not being in place. The MDTF's approach to capacity development is a key strategy to try to overcome the low levels of ability. There has been a lot of groundwork done to significantly improve the provincial government systems and measurable results are beginning to emerge and will hopefully contribute to increased public service delivery.

The historic KP-FATA merger led to many uncertainties and challenges in project implementation. As a result, some projects were delayed while others had to be restructured. The GPP for Merged Areas has been restructured with USD 8 million of its initial budget being reallocated to GPP KP. Similarly, ERKF activities in Merged Areas were picked up after being stalled considerably as a result of the merger.

The MDTF tried to rectify this situation by setting up a shared services unit (SSU) equipped with staff that could step in and execute activities on behalf of the Project Implementation Units if staffing issues arose. The GPP KP has set up a SSU to provide support as needed in KP and newly merged areas while the GPP Balochistan later tried setting up a SSU that can provide support to projects in Balochistan.

Recommendations

- 1) In future any similar support for a MDTF should have the same focus on service delivery as the present MDTF. In terms of priorities, a post-crisis situation often presents the parties with dilemmas: it simply is not possible to do everything at the same time. Both in a post-disaster and post-conflict situation, the most urgent need is often service delivery: providing the needy population with the basics, either to cope with the consequences of the natural disaster, or provide a visible benefit to the end of the conflict ("the peace dividend"). This is a strength of the MDTF for KP and Balochistan.
- 2) The external factors that an MDTF must take into account are: (i) the needs to be addressed, (ii) political commitment by the national actors, (iii) the capacities available to deliver against the needs, (iv) the security situation and its likely dynamics, and (v) the international political context of support for the MDTF. External factors can change quite rapidly, and in a considerable number of cases have been towards deterioration. These constraints to MDTF performance should thus be understood and tracked actively, since there are a number of choices that an MDTF may opt for as circumstances change.
- 3) MDTF shows that it is very hard to set realistic benchmarks or reference levels at the outset of a MDTF. Establishing that benchmark is the critical issue in all forms of impact analysis. This can also be viewed as an attribution problem, that is, to determine whether an output/outcome/impact is a result of the intervention or other external factors. The MDTF did have a focus on output numbers but input- or activity-based measures are generally poor indicators of the final impact. For example, a good policy approved by the parliament (an outcome) will have no or limited impact, if not properly implemented. There is, however, a problem: Moving towards outcome and impact indicators is often more demanding and costly. This is one issue that needs to be better addressed in future MDTFs.
- 4) MDTF did engage with government on the need for embedding training of civil servants – technical and soft skills development – on a permanent basis through training

academies/colleges. Worldwide experience suggests that measures to ensure sustainability of training needs be identified and to be built in on the onset of the reform process.

- 5) While funding for MDTFs should ensure that funding is available for various pillars as is the case with this MDTF focusing on governance, productivity/ job creation, and service delivery, more focus on performance indicators as a means of securing tangible results before more funds are disbursed is crucial for delivering needed aid. Donors should start small, with a well-designed performance-based mechanism (clear performance criteria, a credible reference level, and backed with sufficient funding), rather than putting all the funds into scattered interventions with little measurable outcome in the medium to longer term.
- 6) There is an emerging understanding regarding "best practice" MDTF design. There are also "lessons learned" regarding how to improve MDTF performance, including ensuring Secretariats are well staffed and established early and that national commitments are followed up on. There are grounds for believing that MDTFs have a comparative advantage in rebuilding core public administration functions and funding capacity development in the public sector but that they need to be better coordinated with other on-going donor/government interventions.

ANNEXES

A.1 Terms of Reference

(See attached PDF)

A.2 Evaluation Questions and Judgement Criteria

MDTF II

Evaluation Questions and Judgement Criteria

Relevance and Coherence

EQ 1: To what extent is the MDTF II consistent with, and relevant to the policy and programme framework within which the project is placed, and the Pakistan Government's development policy and sector policies?

JC 1.1: Considering other related activities undertaken by Government or other donors, at the same level or at a higher level, are the results and impacts likely to result in mutually reinforcement of outcomes through MDTF support.

In the aftermath of the militancy crisis in Pakistan, the Multi-Donor Trust Fund for Khyber Pakhtunkhwa (KP), Federally Administered Tribal Areas (FATA) and Balochistan (MDTF) was established in August 2010 to support the reconstruction, rehabilitation, reforms and other interventions needed to build peace and create the conditions for sustainable development. Since then, the Fund has been supporting a wide range of crucial projects to restore social and productive infrastructure, improve livelihoods, combat poverty, address governance issues and build state citizen trust in KP, FATA and Balochistan. MDTF is jointly funded by Australia, Denmark, the European Union, Finland, Germany, Italy, Sweden, Switzerland, Norway, Netherlands, Turkey, United Kingdom, and the United States of America. It continues to help the target regions recover from the impact of crisis and reduce the potential for renewed crises.

The first round of MDTF projects was implemented from August 2010 to March 2017, which focused on helping the provinces come out of crisis and take strides towards conflict prevention and peacebuilding. Subsequently, Round II commenced in April 2017 and continues the drive towards reconciliation, peacebuilding, and enhancing state-citizen trust by focusing on three pillars: i) Growth and Job Creation; ii) Improved Service Delivery; and iii) Policy Reform and Improved Governance.

Pakistan, especially the regions supported by the MDTF, has experienced major transitions during 2018. With the historic passage of the Thirty-First Amendment to the Constitution by the National Assembly on May 24, 2018, the seven agencies of FATA have been officially merged with the province of Khyber Pakhtunkhwa as tribal districts. The merger impacted implementation of the MDTF as well. Administrative uncertainties due to the merger led to delays in project timelines. To make up for the time lost due to this, and additional reasons, on November 12, 2020, the MDTF Steering Committee approved a two year no cost extension of the program with a revised end disbursement date of December 31, 2022.

There are currently 8 active projects being implemented under the MDTF worth a commitment of USD 126 million. While these projects address more than one pillar of the MDTF Round II, they may be categorized as follows: 3 projects worth USD 59 million in Growth and Job Creation; 2 projects worth USD 28 million in Improved Service Delivery; and 3 projects worth USD 39 million in Policy Reform and Improved Governance. Two projects in area of Improved Service Delivery have closed.

The MDTF was originally established to support the reconstruction, rehabilitation, reforms, and other interventions needed in the aftermath of the militancy crisis in Pakistan. Its aim was to build peace and create the conditions for sustainable development. However, it has also helped address an array of emergencies in Pakistan such as the 2022 floods and the COVID-19 pandemic.

Pakistan experienced heavy monsoon rains between June and September 2022. According to the recently concluded Post-Disaster Needs Assessment (PDNA) (launched October 28, 2022), the floods killed over 1,700 people and adversely affected more than 33 million. They caused widespread destruction of housing and human settlements: in the 94 calamity-hit districts, approximately 780,000 houses were destroyed and more than 1.27 million were partially damaged. The floods continue to have a profound impact on physical infrastructure, lives, and livelihoods.

The MDTF's Balochistan Livelihoods and Entrepreneurship Project (BLEP) is supporting livelihood enhancement activities to help respond to the 2022 floods emergency. Approximately 8,000 beneficiaries are now targeted through this activity. Additionally, 100 farmers have been targeted for support through installation of tunnel farming systems.

The MDTF was also one of the first responders to the COVID-19 pandemic in Pakistan, providing urgently needed resources. Through the ERKP project, the MDTF quickly mobilized funding for the purchase of emergency health equipment (Figure 2). In addition, the ERKP project was restructured to help SMEs impacted by COVID-19. A total of 132 SMEs affected by COVID-19 were supported through the provision of Matching Grants.

EQ 2: What is the quality of the analysis of strategic options, of the justification of the recommended implementation strategy, and of management and coordination arrangements?

JC 2.1: The realism in the choice and quantity of inputs (financial, human and administrative resources).

JC 2.2: The appropriateness of the recommended monitoring and evaluation arrangements.

The MDTF continued to achieve results towards under its three results areas of (i) Enhanced productivity and job creation (through entrepreneurship and skilled labour); (ii) Improved livelihoods and access to basic services; and (iii) Enhanced transparency and accountability in public service delivery, and effective resource management.

With a revised end disbursement date of December 31, 2023, focus going forward will be on continued expedited implementation. The accelerated implementation remains in effect given its success in improving rates of utilization. Since its launch in August 2021, this plan has helped increase utilization by over 50 percent, from 75.1 million (August 31, 2021) to 115.4 million (December 31, 2022). A key part of efforts going forward will be to continue this trend towards more results under the MDTF. An additional focus area will be completion of programming of any un-programmed funds to ensure the MDTF achieves full potential in results by its revised closing date. Lastly, a key focus for the final year of implementation will be to plan for sustainability of MDTF activities beyond its closing date.

The MDTF project implementation will continue to monitor and address risks to its completion plan. Two key factors going forward is the impact of the overall funds available for MDTF projects due to rupee depreciation and project staff continuity. The MDTF Secretariat will work with the GoKP and GoB to ensure funds are utilized in a manner to maximize achievement of results and to try and maintain continuity in project staffing.

There will also be a continued effort to enhance monitoring and evaluation efforts under the MDTF. In its last year of implementation, the MDTF will focus on trying to further capture the scale of results achieved in its over 10-year-long engagement. A third-party monitoring agent (TPMA) has been hired to assist in this task. Procurement of the third-party monitoring agent was carried out in an exclusive manner with terms of references circulated to development partners from the donor community and government counterparts and feedback received incorporated. Additionally, the results framework of the MDTF, in response to demand from the donors, was revised. Feedback was sought on the results framework over a period of six months following the bi-annual report of July 2022. The revised framework was presented for discussion at the December 2022 Advisory and SC meetings where it received no objections. M&E reporting under MDTF did improve following the recruitment of the agent.

Effectiveness (what are the results achieved so far):

EQ 3: To what extent planned benefits have been delivered and whether intended beneficiaries participated in the intervention?

JC 3.1: Ascertain whether behavioural patterns have changed in the beneficiary organisations or groups at various levels including the political level of decision-making (both Federal and Province): How has behaviour been influenced by the project?

MDTF Phase 1 was basically about rebuilding and infrastructure development – roads, health centers, schools etc. Therefore, the MDTF was originally established to support the reconstruction, rehabilitation, reforms, and other interventions needed in the aftermath of the militancy crisis in Pakistan. Its aim was to build peace and create the conditions for sustainable development.

MDTF Phase 2 focus went to development issues and commenced in April 2017 and continues the drive towards reconciliation, peacebuilding, and enhancing state–citizen trust by focusing on three pillars: (i) Growth and Job Creation; (ii) Improved Service Delivery; and (iii) Policy Reform and Improved Governance. Under these, the MDTF has three corresponding results areas: (i) Enhanced productivity and job creation (through entrepreneurship and skilled labour); (ii) Improved livelihoods and access to basic services; and (iii) Enhanced transparency and accountability in public service delivery, and effective resource management. However, it has also helped address an array of emergencies in Pakistan such as the 2022 floods and the COVID-19 pandemic.

Key moment in phase 2 was the integration of FATA into KP. This meant a lot of disruption in the implementation of the programmes. However, now it's working well. Many KP programmes now being continued by the WB itself. In 2019 there was a no cost extension. The active donors in phase 2 have been Germany, EU and Australia. WB has also contributed USD 1,89 million for the programme of BOP, and PIM, PFM and tax (OSR) USD 35 mill in Balochistan.

There are currently five active government executed projects being implemented under the MDTF, worth a commitment of USD 67 million. Two projects, ERKP and Digital Jobs in Khyber Pakhtunkhwa, closed in FY21–22 and the FATA Temporarily Displaced Persons Emergency Recovery Project (TDP ERP) has utilized 100 percent of MDTF financing. While active projects address more than one pillar of the MDTF Round II, they may be categorized as follows: one project worth USD 15 million in Growth and Job Creation; one project worth USD 13 million in Improved Service Delivery; and three projects worth USD 39 million in Policy Reform and Improved Governance. The MDTF SC has approved in December

2022 an allocation of USD 3.5–5 million to be directed towards the TDP ERP. This will bring the total commitment in active projects under the MDTF to approximately USD 71 million.

COVID response – it was a case that MDTF simply had to respond to the crisis as needs were many. Sector inputs were there already in the health sector. MDTF was also linked to all levels of government and could easily respond with in kind contributions for ventilators, masks, equipment, medicine through its network. The PIU/PMU in Peshawar part of the programme costs. Did procurement and programme oversight and implementation.

Sustainability – a difficult question. Some costs of the newly created structures in KP and Balochistan have been picked up by the provinces. However, a lot of SMEs and jobs created. Will it be sustained is another question but systems in place, like (business process outsourcing) BPO, IT training and refurbishment, call centers, community groups, women small scale enterprises etc.

But the imbalance is still there in Pakistan in terms of recurrent and development expenditures and how these are distributed and managed in the budgeting process of provinces. Allocation to local government very small when it comes to development budget.

The Steering Committee (SC) and the Advisory Committee have been crucial for programme management. An Advisory Committee meeting of the MDTF took place on August 18, 2022. The main decision point at this meeting was that the SADP refund will be expedited so that funding can be reallocated. The SC met on December 15, 2022 and agreed with the allocation of up to USD 5 million proposed for the FATA TDP ERP. The SC acknowledged the progress made in the frameworks of the accelerated implementation plan. It is planned that the SC meet once more before July 2023.

EQ 4: To what extent did the MDTF II inputs contribute to production of objectively verifiable changes in staff and institutional competences (legal, financial, data processing, management...)? How did external factors affect such changes?

JC 4.1: Programme action plan is developed and implemented for KP and Balochistan Province.

The overall MDTF phase I and II inputs or donor contributions are given below in table 2. A massive USD 233 million was given by 13 donors and disbursed during the period of 2010-2017 but not fully utilised. During Phase II the Phase I unspent funds continued to be spent as well as the new allocation from 3 donors namely Germany, Australia and the EU.

Table 2 MDTF Donor Contribution Phase 1

Donor	Total (USD)
Australia-Department of Foreign Affairs	37,755,118.95
Germany - Kreditanstalt für Wiederaufbau (KfW)	26,177,920.00
Swedish International Development (SIDA)	4,999,970.00
United Kingdom - DFID	61,863,895.00
United States - USAID	25,000,000.00
Netherlands - Minister for Foreign Affairs (DGIS)	5,000,000.00
Norway - Ministry of Foreign Affairs	4,414,557.13
Swiss Agency for Development	9,242,712.86
Swiss Ministry of Foreign Affairs	5,388,800.00
Denmark - Royal Ministry of Foreign Affairs	18,896,894.82
Finland - Ministry for Foreign Affairs	9,989,520.80
Turkey - The Undersecretariat	5,000,000.00

EU-Commission of the European Union	19,935,000.00
Total	233,664,389.56

Table 3 MDTF Donor Contribution Phase 2

Donor	Total (USD)
Australia-Department of Foreign Affairs	11,047,200.00
Germany - Kreditanstalt für Wiederaufbau (KfW)	18,307,500.00
EU-Commission of the European Union	11,525,060.00
	40,879,760.00

The MDTF total resources equal approximately **USD 283.9 million** (Table 4). This includes USD 274.5 million pledged and received by donors and US\$10.8 million in investment income. Since inception, approximately USD 1.4 million has been returned leading to a net contribution paid-in figure of US\$273.2 million and a total net resources figure of approximately USD 284 million. Of the USD 284 million, approximately USD 253 million has been awarded to government executed activities and USD 25 million has been awarded to World Bank executed activities. As of July 2022, USD 242 million has been disbursed in government executed activities (Table 5) and USD 24 million in World Bank executed activities.

Table 4; MDTF Contributions Received and Investment Income(USD)

FY	Contribution Paid-in	Investment Income	Total
Total (Minus Return²)	273,168,653.12	10,794,485.89	283,963,139.01
2023	0.00	295,084.82	295,084.82
2022	0.00	63,833.37	63,833.37
2021	4,460,060.00	259,274.47	4,719,334.47
2020	0.00	1,887,663.37	1,887,663.37
2019	4,258,200.00	3,022,482.13	7,280,682.13
Prior to FY18	265,825,889.56	5,266,147.73	271,092,037.29

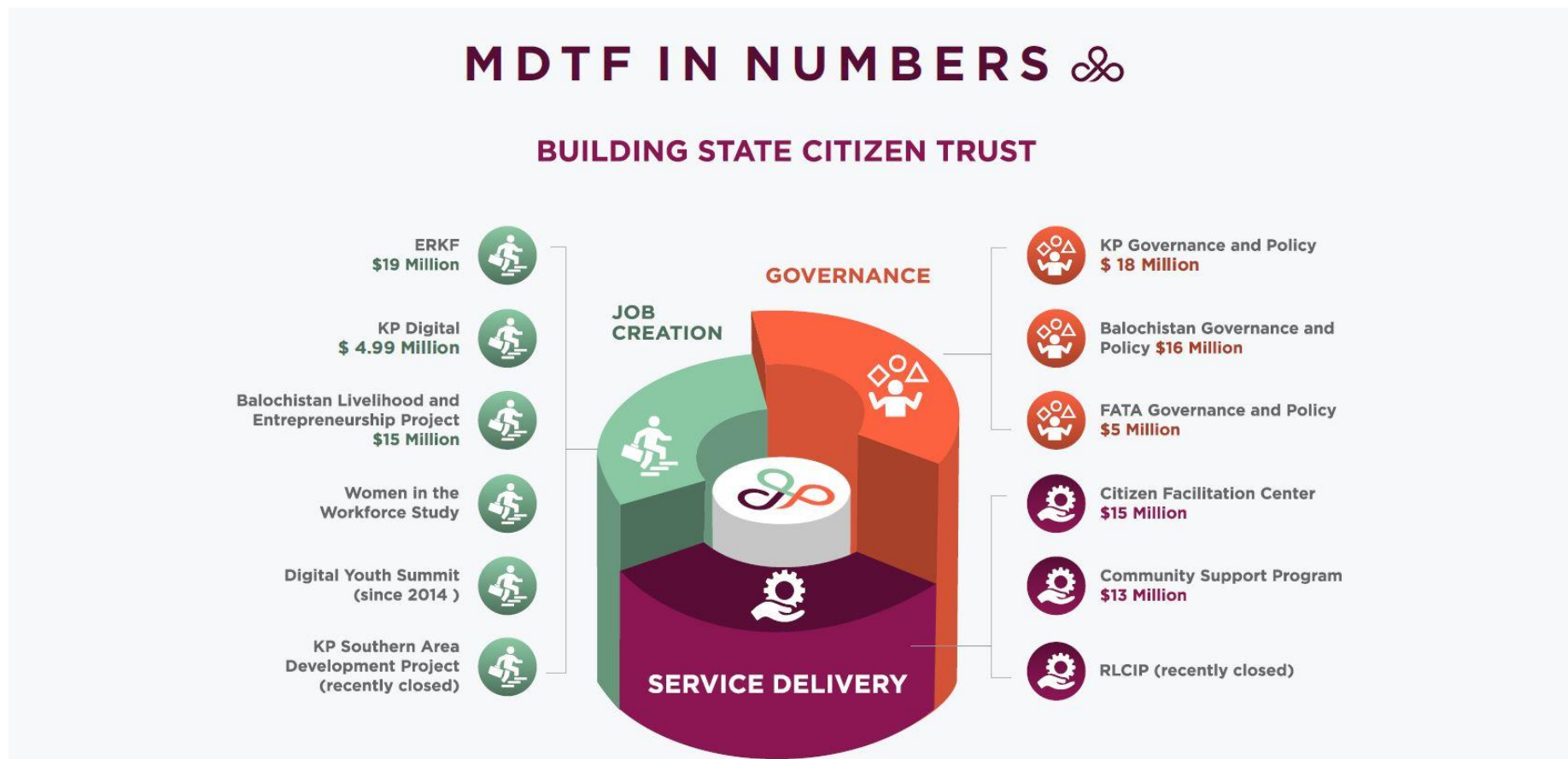
Table 5: Active Recipient Executed Activities Under MDTF Round II (as of December 31, 2022)

Project	Allocated (USD)	Disbursed (USD)	Status
Khyber Pakhtunkhwa Southern Area Development Project3	16,133,374.00	16,133,374.00	Closed
FATA Rural Livelihoods and Community Infrastructure Project4	12,966,879.76	12,681,379.81	Closed
Khyber Pakhtunkhwa Emergency Roads Project	26,100,000.00	26,100,000.00	Closed
Governance Support Project for Khyber Pakhtunkhwa and FATA	12,524,383.48	12,524,383.48	Closed

Evaluation of Multi-Donor Trust Fund for Pakistan (MDTF II)

Revitalizing Health Services in Khyber Pakhtunkhwa Project	5,710,955.19	5,710,955.19	Closed
FATA Urban Centers Project	6,786,510.62	6,786,510.62	Closed
Balochistan Disaster Management Project	4,767,292.51	4,767,292.51	Closed
Promoting Girls Education in Balochistan Project	9,192,395.13	9,192,395.13	Closed
FATA Emergency Rural Roads Project	15,981,471.61	15,981,471.61	Closed
Competitive Industries Project for Khyber Pakhtunkhwa	4,930,226.43	4,930,226.43	Closed
Economic Revitalization of Khyber Pakhtunkhwa Project	39,000,000.00	39,000,000	Closed
Digital Jobs in Khyber Pakhtunkhwa	4,990,000.00	4,990,000.00	Closed
Governance and Policy Project FATA	5,000,000.00	4,588,929.87	Active
Governance and Policy Project Balochistan	16,000,000.00	15,647,418.06	Active
Governance and Policy Project Khyber Pakhtunkhwa	18,000,000.00	16,803,029	Active
Community Support Project	13,000,000.00	10,816,339	Active
Citizen Centric Service Delivery Project5	27,000,000.00	27,000,000.00	Active
Balochistan Livelihoods and Entrepreneurship Project	15,000,000.00	10,410,458	Active
Total	253,083,488.73	241,676,525.81	

Figure 1 MDTF Interventions in numbers 2021



Efficiency (qualitative review of use of resources and collaboration with other implementers)

EQ 5: To what extent have costs of the MDTF II been justified by the benefits?

JC 5.1: Operational work planning and implementation (input delivery, activity management and delivery of outputs), and management of the report (M&E).

A brief assessment of MDTF Round II projects is given below:

- The Governance and Policy Project (GPP) Balochistan was built on the achievements of the Governance Support Project (GSP) to deepen institutional reforms, and target specific outcomes in the Government's development priorities, which are expected to contribute to the Sustainable Development Goals (SDGs). The Project Development Objective (PDO) is to strengthen the capacity for Sales Tax on Services collection and improve accountability in public financial management and public service delivery in the education and irrigation sectors in Balochistan. The Governance and Policy Project Merged Areas was launched in 2017 with an initial commitment of USD 14 Million. However, with the KP-FATA merger in May 2018, the KP government became responsible for all the functions hitherto under the purview of the FATA Secretariat. This rendered some of the planned project activities irrelevant. As a result, the scope of the project was revisited with the revised PDO "to strengthen the capacity of staff in the Merged Areas to manage public resources, and improved accountability in the delivery of public services". The total project budget was also reduced to USD 5.0 million.
- The Economic Revitalization of Khyber Pakhtunkhwa and Federally Administered Tribal Areas (ERKF) Project was designed to support the Government of Pakistan in the economic recovery and revitalization of the crisis-affected areas of KP and FATA by creating sustainable employment opportunities through rehabilitation of small and medium enterprises (SMEs), investment mobilization, and institutional capacity building. ERKF became operational in October 2011 and was extended under Round II. The Project Development Objective (PDO) is to support the Government of Pakistan in creating sustainable employment opportunities, generating private sector investment, and laying the foundation for the future development of selected economic sectors in KP and FATA.
- The Digital Jobs in Khyber Pakhtunkhwa project was developed with the PDO to promote inclusion of women and youth in the digital economy. The project is being implemented through the Khyber Pakhtunkhwa Information Technology Board (KPITB), which is a semi-autonomous public body, with the mandate to promote IT and IT related development in the province. The Digital Jobs KP project aims to support the KPITB in the creation of digital jobs, specifically through (i) establishing linkages between the demand and supply of labour for outsourcing; and (ii) promoting inclusion of disadvantaged youth and women in the digital economy in Khyber Pakhtunkhwa.
- KP-Southern Area Development Project (SADP) was developed for the recovery and rehabilitation of three crisis effected southern districts of KP (D.I. Khan, Lakki Marwat and Tank). The project was implemented by the Local Government & Rural Development Department. The project's aimed to strengthen the capacity of the targeted communities and to improve their livelihoods through creating opportunities for them and providing them access to social and productive infrastructure through their active involvement. However, delays in implementation caused primarily by staffing issues led to the closure of the project in December 2019.

- The Rural Livelihoods and Community Infrastructure Project (RLCIP) was developed in December 2011, to address the recovery and rehabilitation needs in erstwhile FATA as a result of the militancy crisis. With a focus on community driven development, the project's objective was "to improve livelihoods and access to basic service infrastructure in selected Agencies in FATA". While the project was considerably active during Round I of the MDTF, project activities stalled in MDTF II leading to project closure in December 2019.
- The Community Support Program (CSP) has been developed to improve access to local infrastructure and strengthen social cohesion along the CASA corridor and newly merged areas. With a focus on Community Driven Development (CDD) the project is intended to serve as a foundation for the Government of KP's Qabail Led Development Project.
- The Balochistan Livelihoods and Entrepreneurship project (BLEP) has been developed to create employment opportunities for rural communities and achieve sustainability of enterprises in selected districts of Balochistan. The BLEP is an integrated service delivery and economic growth project which includes enterprise and livelihood development.
- Building upon the FATA Temporarily Displaced Persons Emergency Recovery Project, the **Citizens Facilitation Center (CFC)** project aims "to support the early recovery of families affected by the crisis, promote child health, and enhance citizen-centred service delivery in the tribal districts of KP Province". The project will enhance citizen-centred service delivery through the establishment of CFCs in population centers to serve the entire population of the tribal districts

According to the MDTF reporting MDTF continues to achieve results towards under its three results areas of (i) Enhanced productivity and job creation (through entrepreneurship and skilled labour); (ii) Improved livelihoods and access to basic services; and (iii) Enhanced transparency and accountability in public service delivery, and effective resource management.

With a revised end disbursement date of December 31, 2023, focus going forward will be on continued expedited implementation. The accelerated implementation remains in effect given its success in improving rates of utilization. Since its launch in August 2021, this plan has helped increase utilization by over 50 percent, from 75.1 million (August 31, 2021) to 115.4 million (December 31, 2022). A key part of efforts going forward will be to continue this trend towards more results under the MDTF. An additional focus area will be completion of programming of any un-programmed funds to ensure the MDTF achieves full potential in results by its revised closing date. Lastly, a key focus for the final year of implementation will be to plan for sustainability of MDTF activities beyond its closing date.

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There will also be a continued effort to enhance monitoring and evaluation efforts under the MDTF. In its last year of implementation, the MDTF will focus on trying to further capture the scale of results achieved in its over 10-year-long engagement. A TPMA has been hired to assist in this task. Procurement of the TPMA was carried out in an exclusive manner with terms of references circulated to development partners from the donor community and government counterparts and feedback received incorporated. Additionally, the results framework of the MDTF, in response to demand from the donors, was revised. Feedback was sought on the results framework over a period of six months following the

bi-annual report of July 2022. The revised framework was presented for discussion at the December 2022 Advisory and SC meetings where it received no objections.

JC 5.2: Management of risk has been adequate, i.e., whether flexibility has been demonstrated in response to changes in circumstances?

The MTR has raised some critical and valid points, which donors have discussed since 2015:

- These are: (i) Gender mainstreaming; (ii) broadening the gender mainstreaming impact beyond the specific focus in ERKF and Digital Jobs project; (iii) Youth empowerment and limited impact on youth despite this being a focus.
- Government’s commitment and staff turnover leading to frequent transition of government staff in key positions; Steering and Advisory Committee should support this; How is this support envisaged?
- Consolidated Results Framework not having been properly developed at the outset of the MDTF.
- Plans for revising the consolidated result framework took time.
- What is the way forward? Will there be an action plan out of this MTR and its recommendations? This is rather unclear at this moment.
- Completion of the MDTF – still taking time to utilise all the allocated funds before the new end date of June 2023.
- A work plan for the utilization of remaining funds and implementation of projects ahead of the MDTF closure – this was finally agreed in December 2022 with a simplified overview on remaining activities.
- Opportunities for donor engagement in M&E haven’t really been explored during implementation in either phase 1 or 2.

A number of these donor concerns were addressed from 2021 moving forward.

Likely Impact of interventions

EQ 6: To what extent have the objectives of the project been achieved as intended in the Results Framework?

JC 6.1: Facilitated/constrained by project management, by co-ordination arrangements, by the participation of relevant stakeholders? Facilitated/constrained by external factors and any unintended or unexpected impacts?

Table 6 Key Achievements of MDTF II

Key Achievements under MDTF II
<p>Pillar 1: Policy Reform and Governance</p> <p><u><i>The Governance and Policy Project (GPP) Balochistan</i></u></p> <ul style="list-style-type: none"> • The project has assisted the BRA in increasing the Number of STS taxpayers that filed tax returns from 158 in FY16/17 to 6,085 in FY19/20; • The project has contributed to over 100 % increase in STS collection between 2016-17 and 2019-20 (PKR 2.2 to 4.6 billion) • The project has helped establish a Tax Policy Unit, a Risk Assessment & Investment Management Unit, an Internal Audit Unit, a Debt Management Unit and a CPEC Unit.

- The project is supporting the actuarial assessment of post-retirement benefits of Balochistan Government employees and establishment of an active pension fund management system.
- Progress has also been made towards the development of a Public Investment Management framework and action plan.
- In terms of capacity building 9 officials participated in Professional Accreditation Program (PAP), 202 officials (45 women) trained in project management, financial management, procurement, leadership and M&E.
- About 143 Drawing Disbursing Officers (DDOs), including 79 women (55% percent) have participated in a Public Financial Management training financed by the project.
- The project has contributed to digitization and transparency of PSDP processes.
- Center of Excellence for Results Based Management (CERBM) has been established.
- During the FY 2018/19 the Ombudsman resolved 54% more cases related to complaints in the education sector.
- Information Cell for Press Information and Public Relations Department is being established.

The Governance and Policy Project Khyber Pakhtunkhwa

- Khyber Pakhtunkhwa Revenue Authority (KPPRA) registered 1,136 new taxpayers in 2019, a 41 percent increase over 2018.
- With support from the project, Debt Management Unit, Corporate Governance Unit, and a Tax Policy Unit have been established to support the Finance Department.
- Tax Facilitation Centers have been established in Peshawar and Abbottabad.
- The Public Financial Management (PFM) Accreditation Program to enhance the skills of government officials in managing public finances has commenced at the Pakistan Audit and Accounts Academy with 10 participants from KP joining a pilot course.
- In terms of capacity building, about A total of 105 government officials including 26 women have been trained on Gender Mainstreaming, Planning, Project Management and Monitoring & Evaluation, and Public Financial Management.
- The project assisted the government in preparing a Public Investment Management Action Plan.
- A Performance Management and Reforms Unit (PMRU) has been established to support increased engagement with citizens through the Citizens' Portal.
- The project has assisted in the geo-tagging of over 600 public assets.
- The GPP KP has also supported preparation of a five-year provincial strategy - Sustainable Development Strategy (SDS).

The Governance and Policy Project Merged Areas

- Project is supporting P&D Department in geo-tagging of schemes approved in the ADP and public infrastructure assets of education, health and water supply schemes in merged areas. Roughly 20% of the projects in the merged areas have been geotagged through the GPP.
- Curriculum has been developed for PFM Professional Accreditation Program (PFM-PAP) and 13 officials will soon participate in training.
- Extension of the Rights to Public Service Commission to the merged areas is being supported.
- On the capacity building front, 96 officials (8 women) have been trained in contract management and public procurement, 105 government officials including 26 women have been trained on gender mainstreaming, planning, project management and monitoring & evaluation, and public financial management and the first batch of 23 planning officials (including 2 women) have participated in training at the Pakistan Institute of Management (PIM) Lahore.

Pillar 2: Growth and Job Creation

The Economic Revitalization of KP and FATA (ERKF) Project

- As of January 31, 2020, the total number of disbursed matching grants is 2,298 (PKR 2 billion, US\$11.2 million). Of these, 88 cases were disbursed to the women owned SMEs.
- Revenue and employment have increased as a result of rehabilitation and upgradation grants with the creation of 11,600 direct jobs.
- The total upgradation grants under the project since 2011 are 425
- The project has supported the Tourism Department for development of master plans of 4 Tourist Destinations (Kumrat, Kalam, Naran, Galiyat) and preparation of maps, brochures and flyers etc. The Tourism MIS and a mobile app were launched by the Senior Minister for Tourism on July 3, 2019.
- 50 Tourist guides/operators have been trained in Chitral and Naran.

The Digital Jobs in Khyber Pakhtunkhwa project

- The project has established the first fully equipped and functional BPO facility with 350 workstations in its Peshawar office.
- Contracts have been signed with two BPO operators so far to utilize 210 workstations.
- Incubation of 14 women led start-ups in five major cities of KP is being done.
- The project has developed 5 digital skills courses and trained 8,570 youth. This has resulted in the creation of digital income generating opportunities for 1,045 (including 104 women) participants.

Pillar 3: Service Delivery

Southern Area Development Project (SADP)

- 1390 CBOs and EIGs have been created with 34,338 members, including 13,024 women.
- 1,166 Community Action Plans (CAPs) been developed and 366 CPI schemes constructed.
- Livelihood activities, particularly vocational trainings have been a major benefit for the women and youth. Since 2017, the project set up 28 Youth Internship Programs and 21 Vocational Training Programs, with the latter benefitting around 315 women and girls.

Citizen Centric Service Delivery Program

- The CFCs provide TDP families with cash grants and promote child health. Additional services include Vital Registration Services (VRS), Civil Registration Management Services (CRMS), NADRA e-Sahulat. There are currently 15 centers developed under the project, which have facilitated around 360,000 TDP families and more than 400,000 women.
- The Citizen Facilitation Centers (CFCs) established under the project has provided a mechanism to fill the gap left by the conflict and weak public service delivery infrastructure.
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JC 6.2: Contribution to wider service delivery and to cross-cutting issues such as gender, environment and conflict prevention.

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The MDTF's Balochistan Livelihoods and Entrepreneurship Project (BLEP) is supporting livelihood enhancement activities to help respond to the 2022 floods emergency. Approximately 8,000 beneficiaries are now targeted through this activity. Additionally, 100 farmers have been targeted for support through installation of tunnel farming systems.

The MDTF was also one of the first responders to the COVID-19 pandemic in Pakistan, providing urgently needed resources. Through the ERKP project, the MDTF quickly mobilized funding for the purchase of emergency health equipment (Figure 2). In addition, the ERKP project was restructured to

help SMEs impacted by COVID-19. A total of 132 SMEs affected by COVID-19 were supported through the provision of MGs.

Gender Issues

The MDTF has undertaken activities across its three focus areas of Economic Revitalization, Service Delivery, and Governance. These activities have focused on three broad areas. First in creating an enabling environment by the creation of physical spaces for women to access services and participate in the economy. Second, through investing in women to enable them to participate in the economy, government, and access services through skills training and community mobilization. Third, by facilitating women's participation in the economy through provision of grants and incubation services.

The MDTF has contributed to creation of spaces for women to access services and participate in the economy. The MDTF has supported creation of e-work/co-working spaces. This includes operationalizing two BPOs, one Durshal Access Centre, and six Durshal Community Innovation Labs. Through the Durshals, the project helped support 25 women-led start-ups (18 through incubation and seven through provision of seed funding), which resulted in the creation of more than 1,000 direct and indirect jobs. Moreover, these women-led start-ups generated more than PKR 14 million in terms of revenue. The MDTF has also supported the establishment of 40 CFCs in the Newly Merged Areas and select areas of KP. Efforts to facilitate women's participation include allotting women-only days at CFCs and hiring more female staff, including Lady Health Visitors, to facilitate health awareness sessions.

The MDTF has worked towards investing in women to help enable them to participate in the economy and government and to access services. The MDTF has trained 4,284 women with modules focusing on digitally employable skills such as social media marketing, graphic designing, and Word Press website design. This number also includes trainings focused on digitally employable skills for 1,300 persons with disabilities in the province, 541 of which were women. Of the 4,284 trained, 1,631 reported that they generated income from online sources or jobs in the IT/digital sector. Through work in the CFCs, the MDTF has also supported a total of 387,681 women to register for CNICs. This enables them to become direct beneficiaries of CWGs and other social safety net programs and avail a host of services provided to citizens, such as registering for a passport, opening bank accounts, purchasing a mobile SIM, availing other support through other social protection programs if eligible and vote.

The MDTF has also supported community level mobilization for women. For example, WSCs have been formed alongside the CDCs under CSP. Till date a total of 167 WSC have been formed. Of these, 111 are in Khyber, 35 in Peshawar, and 21 in Nowshera, collectively representing a total of 280,016 women (of which 177,161 in Khyber, 60,222 in Peshawar, and 42,633 in Nowshera).

The MDTF has supported women's participation in the economy through provision of grants and business incubation services. The MDTF has disbursed MGs through ERKP to 236 women-owned enterprises. Similarly, the Digital Jobs in Khyber Pakhtunkhwa project has supported 25 women-owned enterprises, 18 through incubation and seven through provision of seed funding.

The MDTF has also supported analytical work on women's economic participation and empowerment by funding the Women in the Workforce study and the Home-Based Workers Survey. The multimethod Women in the Workforce study aims to investigate the patterns and challenges that govern urban female labour force participation (FLFP). Notes analysing women's labour market outcomes and sexual harassment in Peshawar have been published, and notes on the Female Labour Force Participation and Sexual Harassment in Public Spaces in Quetta have been finalized and will be published soon. The data collection efforts under the Women in the Workforce Study have been designed to overcome

shortcomings in mainstream data collection, primarily through eliminating the use of proxy respondents to answer for women's economic contribution. This approach has resulted in higher estimates of FLFP in Peshawar when compared with the labour force survey and results from Quetta indicate a similar pattern. Robust estimates of FLFP and its correlates are expected to support policy efforts that are more responsive to the barriers women face and more cognizant of the "invisible" economic contributions of women, especially vulnerable home-based workers (HBWs).

HBWs, the majority of whom are women, are largely left without legal and social protection (i.e., minimum wage, workplace rights, employment protection, and pension and social security coverage). The lack of robust national data collection on the status of HBWs in Pakistan has been an active challenge for development and the implementation of responsive policies.

The HBW survey supported by the MDTF covered two districts in KP province and two in Balochistan. As both provinces have passed the law for HBWs, the survey aims to measure, collect, and analyse systematic and comprehensive data on conditions and challenges of HBWs to identify implementable actions to improve their working conditions. The survey has collected data for approximately 22,300 workers—13,000 HBWs and 9,300 other types of workers—to allow for a comparison of outcomes between HBWs and regular workers, both within and across households. This is the largest rigorous quantitative survey of HBWs in Pakistan conducted to date, which also covered extremely remote regions (particularly in Balochistan's Kharan district, which is 300+ kilometres away from the provincial capital Quetta) that are typically excluded from any large-scale study of workers and labour markets.

The survey data collection completed in all districts preceded by census (listing) of selected blocks, hiring and training of survey teams. Data cleaning was done and the analysis of the data begun. The survey's qualitative aspect aims to deep dive into the specific issues faced by different groups of HBWs. 11 focus group discussions with 106 HBWs, including women HBWs, transgender HBWs, and male and female HBWs with disabilities, have been conducted in KP and Balochistan. 63 key informant interviews have also been conducted with various stakeholders (government, civil society, United Nations, microfinance banks, and other development partners) for the qualitative aspect and the team is now working on finalizing the quantitative study. The qualitative and quantitative data findings will be available by May 2023.

Youth Engagement

Discussions were held for an additional Digital Youth Summit (DYS) prior to the closing of the MDTF. The DHS returned after a year of absence due to COVID-19 and a successful event was held in November 2021. This was attended by over 8,000 people while over 29,000 were connected online through all parts of the country. The MDTF-sponsored DHS is a technology focused conference that takes place annually in Peshawar and engages youth from all over KP. Since its inception in 2014, the DHS has quickly become one of the premier tech conferences in Pakistan. It is differentiated by its focus on youth empowerment, its ability to attract high-profile domestic and international attendees and speakers, and its unique venue at Peshawar, which is one of the oldest living cities in the world. Events planned for FY22 will also engage youth in Balochistan and connect youth in both MDTF targeted provinces to their peers nationally.

The DHS aims to bring together "the next generation of digital innovators in Pakistan" and typically attracts three audiences: tech industry leaders from Pakistan and abroad; the nascent start-up community; and young people looking to network, learn, and be inspired. The summit therefore draws participants from the private sector, investors, government, civil society, youth groups, and academia.

DYS 2019 was organized around four issue areas: Digital Economy, Digital Inclusion, Gender, and Citizen Engagement.

Sustainability

EQ 7: The degree of ownership of objectives and achievements, e.g., how far all stakeholders were consulted on the objectives from the outset, and whether they agreed with them and continue to remain in agreement?

JC 7.1: Whether the beneficiary institutions at provincial level have strengthened policies and priorities which are affecting the project positively or adversely?

Prioritizing and Responding to the Community Needs – the Pakistan CSP is extending support to the communities in the target areas of Khyber, Peshawar, and Nowshera districts to identify local development needs and address them through sub-grants for priority community infrastructure. These sub-projects are identified and implemented through organized communities as CDCs to help meet local needs of the communities. The CSP has successfully used the citizen engagement models for construction and rehabilitation of community infrastructure schemes that are responsive to local needs in the Col of the CASA-1000 transmission line in Khyber, Peshawar, and Nowshera districts.

Delivering Services and Infrastructures through Community-Driven Development – In addition to the schemes directly identified and implemented through the CDCs, the CSP has successfully executed 17 goodwill schemes,⁶ while special projects are also in the pipeline. While the goodwill schemes were focused on rehabilitation and improvement of existing infrastructure in selected health and education facilities in the project's target areas, the special projects will target a dense cluster of communities within the Col, such as off-grid power solutions and flood protection work. The CSP has successfully adopted and implemented the community-driven development model, which enables a process of dialogue with communities, collates requests from the community representatives (CDCs), fosters better coordination with the relevant line departments, facilitates local development needs assessment, and builds consensus among the stakeholders to address their development needs.

The projects are being implemented under three program pillars: i) Policy Reform and Governance, ii) Growth and Job Creation and iii) Service Delivery.

Under policy reform and governance, the MDTF worked on improving delivery and efficiency of the core government departments and increasing transparency and accountability. In Balochistan alone, MDTF supported Balochistan Revenue Authority increased the number of sales taxpayers that filed tax returns from 158 in FY16/17 to 3,514 in FY19/20; and sales tax collection increased by 100%. Further, towards institutional development, it helped establish a Tax Policy Unit, a Risk Assessment & Investment Management Unit, an Internal Audit Unit, a Debt Management Unit and a China Pakistan Economic Corridor (CPEC) Unit. In KP, the Center of Excellence for Results Based Management (CERBM) has been established to accelerate the implementation of several activities including geo-mapping of public assets, impact evaluation, and developing a real-time dashboard for reporting and monitoring. The GPPs have supported the Government in developing effective grievance redress mechanisms and expanding outreach to citizens. The GPP Balochistan has also advanced in formulation of a citizen-engagement strategy for service delivery; which will include: (i) citizen pre-budget consultations; (ii) engagement with Balochistan Ombudsman; (iii) collaboration with Anti-Corruption Establishment; and (iv) engagement with Public Accounts Committee.

Under growth and job creation, the MDTF has supported the creation of more than 12,000 jobs and provided Matching Grants (MGs) to around 2,300 Small and Medium Enterprises (SMEs). Community grants and livelihoods support interventions under MDTF projects such as the SADP have been a source of major benefit, especially for the women and youth. Technological advancement has also been a key to stimulating economic growth. The KP Digital Jobs project established the first fully equipped and functional BPO facility with 350 workstations in its Peshawar office and signed contracts with two BPO operators for expanding BPO facilities.

Under service delivery, the MDTF projects have benefitted around 11,8232 individuals at the grassroots level and constructed around 595 Community Physical Infrastructure (CPI) schemes. Moreover, citizen engagement for improving service delivery has been a major focus of GPP projects. This is primarily through efforts for greater accountability in public services through citizen engagement. Citizen Facilitation Centers to be operationalized in newly merged areas (Of these, 6 are operational) – Facilities include issuance of birth, marriage, divorce, and death certificates; financial services like atm machines, mobile top-ups, and utility bill Payments; and health services like immunization.

In terms of gender mainstreaming, the projects supported under Round II are being implemented with a distinct focus on gender. Here, all outcome level results indicators are designed to measure progress for both male and female beneficiaries. Under the results area “Enhanced productivity and job creation”, 756 new jobs were created by the MDTF-supported enterprises for women across KP, which is 70% of the total target. Similarly, women have benefitted through improved livelihoods and access to basic services where 21 Vocational Training Centers trained 315 young girls in income generation activities. Through SADP, the MDTF successfully involved women in community development by forming 372 Women Community Based Organizations (WCBOs) and 208 Economic Interest Groups (EIGs) with a total membership of 13,204. Women’s participation in the WCBOs has enabled them to participate in community work, take lead in decision making and needs prioritization in their communities. Lastly, the CFCs supported by GPP Merged Areas project facilitated around 360,000 TDP families and more than 400,000 women.

As for efficiency, the MDTF projects largely managed to achieve or exceeded targets without spending all the allocated funds which indicates high level of efficiency and cost effectiveness. While the detailed report gives a project-by-project breakdown, the overarching factors responsible for negatively impacting disbursement include frequent transfers of key government counterpart officials, staffing delays, and the KP-FATA merger.

On sustainability, the overall approach employed for the MDTF projects made these government led initiatives which instilled greater ownership by the state. Promoting local ownership encouraged the demand/pull from the government through identification of needs, their input in design and the implementation mechanism which ensured that the government plays a central role in planning and implementation of all activities. Furthermore, the concept of integrated sustainability was adopted in all the governance projects where the activities were designed to result in a “new normal” that remains in place even after the assistance ends. However, while the outcome is encouraging as majority of the projects are likely to sustain the systems and capacities that have been built, in the government systems these are ambitious goals. Such demand/pull and ownerships are rare and time consuming and is also perhaps one of the major reasons for slow burn rate in the three GPP projects.

At the grassroots, some of the crucial impacts and changes brought about by the MDTF are likely to sustain, while others such as the ERKF may serve as model interventions for other programs to build upon. Many of the community groups created by projects, such as by SADP, may sustain and continue

to contribute towards development of their communities after MDTF. Likewise, the social and productive infrastructure built by the project through community organizations, and livelihood interventions will continue to benefit the communities. Similarly, for ERKF, the businesses sustained and upgraded by matching grants will continue to benefit the overall goal of economic growth and job creation in KP and merged districts.

Moving into the final few years of implementation, there have been several lessons learnt. The historic KP-FATA merger led to many uncertainties and challenges in project implementation. As a result, some projects were delayed while others had to be restructured to adjust to new administrative realities. Staffing has been a major issue faced by the projects resulting in delays in procurement. As a lesson learned it has been agreed to set up a shared services unit (SSU) equipped with staff that can step in and execute activities on behalf of the Project Implementation Units (PIU) if staffing issues arise.

Additional recommendations for the projects to consider are:

In the Round II's Result Framework (RF) the linkage between indicators and the intended impacts has not been explicitly specified, making it currently difficult to envisage the progress towards the intended impacts. This may require RF to be amended suitably to better reflect project development objectives and the output indicators.

One of the major reasons for holdups in MDTF round II projects has been frequent transfers of government staff in key positions, followed by prolonged delays in filling of these positions. To minimize recurrence of this in future, it may be explored if Steering and Advisory committees can play a role in managing this challenge. In addition, the possibility of introducing a condition in the Grant Agreements, that the respective government will ensure that key positions in projects do not remain vacant beyond a reasonable period – say 45 days - may also be explored.

While youth focused programming has been a key focus in KP; in Balochistan and the merged areas there has been limited support for the youth so far. Moreover, additional efforts can be made in KP as well for engaging the youth in effective policy reform and service delivery, in addition to economic empowerment. This may be remedied in future.

EQ 8: To what degree has the beneficiaries been able to adapt to and maintain the technology acquired without further assistance?

JC 8.1: Financial sustainability, e.g., whether the products or services being provided are affordable for the intended beneficiaries and are likely to remain so after funding will end and whether enough funds are available to cover all costs (including recurrent costs) and continued to do so after funding will end.

Administrative challenges in onboarding major contractors, resulting in delay in field activities:

- There was a delay in hiring the Social Mobilization Partner and M&E firms, two major contracts under the project, due to a procurement issue. Not having the SMP signed resulted in delays in social mobilization activities and infrastructure work on the ground. Both contracts have now been signed and work will accelerate in July 2021.
- Additional Designated Account requirement: As the project is financed out of three different sources (Including two windows under the MDTF), it needed opening of three DAs. All the DAs became active in July 2021.

Impact of COVID-19:

- Administrative delays: The project made significant progress in the institutional setup and team composition and in performing initial field activities. However, COVID-19 has resulted in delays in signing key project contracts and procurements due to the slowdown of provincial administration.
- Fieldwork activities affected. The administrative delays due to government slowdown has delayed the launch of infrastructure works on the ground. Initial social mobilization and goodwill schemes have already started, but there will be a major disbursement uptick only after the SMP work intensifies on the ground (expected July-September 2021).
- Pakistan has a long history of weak tax revenue mobilization, with repeated efforts to raise revenue failing to achieve its goal in a sustainable manner. This mainly owes to a very narrow tax base, the extensive use of tax concessions and exemptions which undermines competitiveness and growth, weaknesses in revenue administration, low taxpayer compliance on the back of high informality, and vulnerabilities to corruption. The inherent challenges to boost revenues are further exacerbated by Pakistan's fiscal federalism model, which leads to significant fragmentation and inefficiencies in revenue administration (for instance, there are more than ten tax administrations in Pakistan).

A.4: List of Documents Consulted

- 1) Admin Agreement – EU/MDTF – October 2017
- 2) Annex 2 Provisions to contract – EU/MDTF – October 2017
- 3) Annex 3 Results Framework – MDTF – October 2017
- 4) MDTF MTR July 2020
- 5) MDTF Bi Annual Report February.2021
- 6) MDTF Implementation Status – Acceleration Plan, August 2021
- 7) MDTF Results Framework January 2022
- 8) MDTF II (final) Brochure 2022
- 9) MDTF Bi Annual Report – January 2023
- 10) WB January 2011 – Economic Revitalization of Khyber Pakhtunkhwa Project PID
- 11) WB September 2012 – Khyber Pakhtunkhwa Southern Area Development Project EPP
- 12) WB December 2012 – FATA Rural Livelihoods and Community Infrastructure EPP
- 13) WB August 2015 – Citizen Centric Service Delivery Project PAD
- 14) WB June 2016 – Governance and Policy Project FATA PID
- 15) WB August 2016 – Governance and Policy Project Khyber Pakhtunkhwa PID
- 16) WB January 2017 – Governance and Policy Project Balochistan PAD
- 17) WB August 2017 – Citizen Centric Service Delivery Project PAD additional
- 18) WB March 2018 – Digital Jobs in Khyber Pakhtunkhwa PAD
- 19) WB February 2020 – Balochistan Livelihoods and Entrepreneurship Project PAD
- 20) WB January 2021 – Community Support Program PAD

A 5: Latest Results Framework

MDTF - Consolidated Results Framework																										
MDTF - Consolidated Results Framework	Indicators	MDTF II Project (s)	Base - line Value FY16	Frequency of Data Collection	Source(s) of data	Year 1			Year 2			Year 3			Year 4			Year 5			Year 6 -			Year 7 - Mid-Year		
						FY17			FY18			FY19			FY20			FY21			FY22			FY22-23		
						Targ ets	Achieve ments	% Achie ved	Targ ets	Achieve ments - 12- month update	% Achie ved	Targ ets	Achieve ments	% Achie ved	Targ ets	Achieve ments	% Achie ved	Targ ets	Achieve ments	% Achie ved	Targ ets	Achieve ments	% Achie ved	Targ ets	Achieve ments	% Achie ved
IMPACT																										
	Impact 1: Trust between government and citizens (Citizen-State-Trust - CST) is enhanced in MDTF areas (positive assessment in percentage)	Cross-project	33 %	Twice during lifetime of MDTF Round II (baseline and endline)	Surveys										7% over baseline			7% over baseline			7% over baseline					
	Impact 2: Percentage of beneficiary households who reflect satisfaction with MDTF activities (including improved access to social infrastructure and enhanced income)	Cross-project	64 %	Twice during lifetime of MDTF Round II (baseline and endline)	Surveys										20% over baseline	Proxy: TPMA Survey - 80% beneficiaries' rate ERKF as 'excellent' and said it has helped increase their trust level in the government of Khyber Pakhtunkhwa		20% over baseline	Proxy: TMPA Survey: 92% of beneficiaries satisfied with services at Citizen Facilitation Centers		20% over baseline	Proxy: TMPA Survey: 92% of beneficiaries satisfied with services at Citizen Facilitation Centers				
OUTCOMES																										

Evaluation of Multi-Donor Trust Fund for Pakistan (MDTF II)

Results Area 1: Enhanced productivity and job creation (through entrepreneurship and skilled labor)	1.1: Number of jobs created by the MDTF-supported enterprises and entrepreneurs	ERKF & KPDP	8,843 M: 8,717 F: 126	Semi-annual	WB Supervision and project monitoring	9,600 M: 9,379 F: 221	9,000 M: 8,874 F: 126	94 % M: 95 % F: 57 %	13,010 M: 12,248 F: 762	9,111 M: 8,973 F: 138	70% 73% 18%	13,500 M: 13,185 F: 315	12,002 M: 11,246 F: 756	81% 81% 70%	18,500 M: 16,685 F: 1,815	11,600 M: 11,400 F: 200	62% 68% 11%	18,500 M: 16,685 F: 1,815	13891 M: 12797 F: 1,096	75% 77% 60%	18,500 M: 16,685 F: 1,815	16725 M: 15649 F: 1076	90% 93% 59%	18,500 M: 16,685 F: 1,815	16725 M: 15649 F: 1076	90% 93% 59%			
	1.2: Number of SME beneficiaries of the matching grants	ERKP	1,601 M: 1,569 F: 32	Semi-annual	WB Supervision and project monitoring	1,750 M: 1,663 F: 87	1,691 M: 1,659 F: 32	96 % M: 99 % F: 37 %	2,100 M: 1,995 F: 105	1,688 M: 1,649 F: 39	80% 83% 37%	2,450 M: 2,328 F: 122	2,122 M: 2,046 F: 76	86% 88% 62%	2,500 M: 2,375 F: 125	1,873	74%	2,700 M: 2,550 F: 150	2840 M: 2631 F: 209	105% 104% 131%	3,000 M: 2,800 F: 200	3513 M: 3282 F: 261	117% 117% 131%	3,000 M: 2,800 F: 200	3513 M: 3282 F: 261	117% 117% 131%			
	1.3: Percentage of matching grants beneficiaries operational at the project completion	ERKP	0	Once at EOP	WB Supervision and project monitoring										75	75	100%	75	75	100%	75	75	100%	75	75	100%			
	1.4: Number of enterprises using the Tourism Management System developed by the project	ERKP	0	Semi-annual	WB Supervision and project monitoring					15	0	-	30	0	50	-	-	50	1000 registered	-	50	-	-	-	-	-	-	-	-
	1.5: Number of part-time and assignment based/"Gig" jobs created (Added)	KPDP			WB Supervision and project monitoring										5000	1090	22%	*no isr		5000	5881 M: 4250 F: 1631	118%	5000	5881 M: 4250 F: 1631	118%	5000	5881 M: 4250 F: 1631	118%	
	1.6: Number of Business Development Facilities developed (Added)	BLEP	0	Semi-annual	WB Supervision and project monitoring																18	-	-	18	-	-			

Evaluation of Multi-Donor Trust Fund for Pakistan (MDTF II)

Results Area 2: Improved livelihoods and access to basic services	2.1: Number of community/ farmer groups (CBOs/EIGs) established or revitalized	SADP, RLCIP, CSP	1,033 M: 796 F: 237	Semi-annual	WB Supervision and project monitoring	1,567 M: 1,207 F: 360	1,033 M: 796 F: 237	66 % M: 66 % F: 66 %	1,751 M: 1,361 F: 390	1530 M: 1,049 F: 481	87% 77% 123%	1,751 M: 1,361 F: 390	142 M: 43 F: 99	8% 3% 25%	1,751 M: 1,361 F: 390	1,466	1,751 M: 1,361 F: 390	1672 F: 556	95%	1,917	1,838	96%	1,917	1,838	96%
	2.2: Number of infrastructure schemes completed and O&M transferred to local communities	SADP, RLCIP, CSP	475	Semi-annual	WB Supervision and project monitoring	600	475	79 %	685	576	84%	763	19	3%	763		834	586	70%	1034	603	58%	1034	603	58%
	2.3: Number of households benefiting from livelihood interventions	SADP, RLCIP	8,888 M: 6,055 F: 2,833	Semi-annual	WB Supervision and project monitoring	9,331 M: 6,314 F: 3,017	8,888 M: 6,055 F: 2,833	95 % M: 96 % F: 94 %	11,116 M: 7,596 F: 3,520	13,387 M: 8,354 F: 5,033	120% 110% 143%	12,900 M: 8,877 F: 4,023	2,070 M: 994 F: 1,076	16% 11% 26%		12,900 M: 8,877 F: 4,023	12,889	99%	12,900 M: 8,877 F: 4,023	12,889	99%	12,900 M: 8,877 F: 4,023	12,889	99%	
	2.4: Number of individuals benefiting from rural development interventions	SADP & RLCIP	227,760 M: 160,403 F: 67,357	Once at EOP	WB Supervision and project monitoring							363,000 M: 243,800 F: 119,200	118,232 M: 57,781 F: 60,451	32% 23% 50%		363,000 M: 243,800 F: 119,200	942,624 M: 455,053 F: 487,571	260%	363,000 M: 243,800 F: 119,200	942,624 M: 455,053 F: 487,571	260%	363,000 M: 243,800 F: 119,200	942,624 M: 455,053 F: 487,571	260%	
	2.5: Number of fully functional Citizen Facilitation Centers established (Whole Project) (Added)	FATA TDP/CF	0	Semi-annual	WB Supervision and project monitoring												27	27	100%	33	40	121%	33	40	121%

Evaluation of Multi-Donor Trust Fund for Pakistan (MDTF II)

	2.6: Beneficiary mothers of children between 0-2 years receiving the Child Wellness Grant (Whole Project) (Added)	FATA TDP/CF	0	Semi-annual	WB Supervision and project monitoring												900000	732616	81%	1100000	820094	75%	1100000	820094	75%	
Results Area 3: Enhanced transparency and accountability in public service delivery, and effective resource management	3.1: Number of agencies and FRs where citizens are involved in monitoring service delivery (agricultural sector)	GPP FATA	1	Annual	Survey data, M&E Directorate, P&DD				2	1	50%	6	1	17%	10											
	3.1: Complaints from citizens of Merged Areas not resolved within stipulated timelines for services under the RTS Act (Percentage) (Added)	GPP FATA	0	Semi-annual	RTPS Commission										10	15	94%	10	12.5	97%	10	6.5	104%	10	6.69	104%
	3.2: Number of districts where schools and irrigation facilities are monitored with regular beneficiary feedback (Dropped)	GPP Balochistan	5	Annual	Survey data, M&E Directorate, P&DD																					

Evaluation of Multi-Donor Trust Fund for Pakistan (MDTF II)

3.2: Complaints resolved by the Office of the Balochistan Ombudsman (Percentage) (Added)	GPP Balochistan		Annual	Provincial Ombudsman Office Balochistan							*this indicator was changed in this year			70	55	79%	70	79	113%	70	54	77%	70	To be updated annually
3.3 Number of districts where citizens' feedback on WSS services is collected and disseminated (Dropped)	GPP KP	0	Annual	RTPS Commission, M&E Directorate	2	2	100%	5	2	40%	15	2	13%	25	2	8%								
3.3 Complaints resolved through Pakistan Citizen Portal (Percentage) (Added)	GPP KP		Annual	Survey data							*this indicator was changed in this year			75	60	80%	75	84	112%	75	94	125%	75	To be updated annually
3.4: Public Officials participating in project trainings/ Number of officials certified in public resource management skills (Modified)	GPP KP, FATA & Balochistan	0	Annual	WB Supervision and project monitoring	50 M: 45 F: 5	0	0%	180 M: 161 F: 19	0	-	400 M: 355 F: 45	338 M: 257 F: 81	85% 72% 180%	650 M: 575 F: 75	281 M: 237 F: 44	43% 93% 58%	650 M: 575 F: 75	1464 M: 1261 F: 203	225%	1250 M: 1000 F: 250	2884 M: 2209 F: 675	231%	1250 M: 1000 F: 250	To be updated annually
3.4 Number of officials certified in public resource management skills (Modified)	GPP KP, FATA & Balochistan	-	Annual	WB Supervision and project monitoring																				
3.5: Increased % of sales	GPP Balochistan	PKR 2.2	Annual	BRA reports	5% (PKR)	109% (PKR 4.6bn)	209%	15% (PKR)	225% (PKR 7.16 bn)	325%	25% (PKR)	303% (PKR 8.87bn)	403%	40% (PKR)	354% (PKR 10bn)	454%	75% (PKR)	311% (PKR 9.04bn)	411%	100%	673% (PKR 17bn)	773%	100%	To be updated annually

Evaluation of Multi-Donor Trust Fund for Pakistan (MDTF II)

	tax on services (STS) collection from baseline. Absolute values in brackets		billio n			2.3b n)			2.5b n)			2.8bn)			3.1b n)			3.9b n)			(PKR 4.4)			(PKR 4.4)		
	GPP KP	PKR 7.3 billio n	Annual	FD, KPRA Budget reports/ financial stateme nts	5% (PKR 7.7bn)	40% (PKR 10.2bn)	140%	15% (PKR 8.4bn)	48% (PKR 10.8bn)	148%	25% (PKR 9.1bn)	43% (PKR 10.41bn)	143%	35% (PKR 9.9bn)	135% (PKR 17.19bn)	235%	45% (PKR 10.6bn)	160% (PKR 19bn)	260%	55% (PKR 11.32)	263% (PKR 26.5bn)	363%	55% (PKR 11.32)	To be updated annually		

