



Completion Report

Project Number: 41545-013
Loan Numbers: 2484/2645
March 2014

Pakistan: Sindh Growth and Rural Revitalization Program

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Asian Development Bank

CURRENCY EQUIVALENTS

Currency Unit		–	Pakistan rupee/s (Pre/PRs)	
			At Appraisal (11 Nov 2008)	At Program Completion (30 Jun 2010)
PR	1.00	=	\$0.0124	\$0.100
\$	1.00	=	PRs80.7500	PRs85.83

ABBREVIATIONS

ADB	–	Asian Development Bank
ADP	–	Annual Development Plan
AGS	–	Accountant General of Sindh
APM	–	agriculture produce market
BOR	–	Board of Revenue
BHU	–	basic health unit
CPA	–	core policy area
DAC	–	departmental accounts committee
EBAT	–	Employees Benefit Administration Task Force
GIS	–	geographic information system
GOS	–	Government of Sindh
GPF	–	general provident fund
M&E	–	monitoring and evaluation
MTBF	–	medium-term budget framework
MTFF	–	medium-term fiscal framework
NGO	–	nongovernment organization
PAC	–	public account committee
PDF	–	project development facility
PDD	–	Planning and Development Department
PPHI	–	People's Primary Health Institute
PPP	–	public–private partnership
PPRA	–	Public Procurement Regulatory Authority
PMES	–	project monitoring and evaluation system
PMU	–	project monitoring unit
RMU	–	risk management unit
RRP	–	Report and Recommendation to the President
SAFWCO	–	Sindh Agricultural and Forestry Workers Coordinators Organization
SBOS	–	Sindh Bureau of Statistics
SGPIF	–	Sindh Government Provident Investment Fund
SPF	–	Sindh Pension Fund
SRSO	–	Sindh Rural Support Organization
SSC	–	Sindh Seed Corporation
TA	–	technical assistance

NOTES

- (i) The fiscal year (FY) of the government ends on 30 June. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2009 ends on 30 June 2009.
- (ii) In this report, "\$" refers to US dollars.

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BASIC DATA

A. Loan Identification

1.	Country	Pakistan
2.	Loan Number	2484-PAK, 2645-PAK
3.	Program Title	Sindh Growth and Rural Revitalization Program
4.	Borrower	Islamic Republic of Pakistan
5.	Executing Agency	Planning and Development Department, Sindh
6.	Amount of Loan	Loan 2484-PAK – SDR 64,938,000 Loan 2645-PAK – SDR 81,100,000
7.	Program Completion Report Number	PCR: PAK 1438

B. Loan Data

1.	Appraisal	
	Loan 2484	
	– Date Started	11 August 2008
	– Date Completed	22 August 2008
	(Fact-finding)	
	Loan 2645	
	– Date Started	11 January 2010
	– Date Completed	27 January 2010
2.	Loan Negotiations	
	Loan 2484	
	– Date Started	15 September 2008
	– Date Completed	16 September 2008
	Loan 2645	
	– Date Started	18 May 2010
	– Date Completed	19 May 2010
3.	Date of Board Approval	
	Loan 2484	11 December 2008
	Loan 2645	24 June 2010
4.	Date of Loan Agreement	
	Loan 2484	17 December 2008
	Loan 2645	24 June 2010
5.	Date of Loan Effectiveness	
	Loan 2484	
	– In Loan Agreement	17 December 2008
	– Actual	26 December 2008
	– Number of Extensions	0
	Loan 2645	
	– In Loan Agreement	24 July 2010
	– Actual	30 June 2010
	– Number of Extensions	0
6.	Closing Date	
	Loan 2484	
	– In Loan Agreement	30 April 2009
	– Actual	22 January 2009
	– Number of Extensions	0

Loan 2645	
– In Loan Agreement	31 December 2010
– Actual	30 June 2010
– Number of Extensions	0

7. Terms of Loan
- Loan 2484
- | | |
|----------------------------------|----------------------------------|
| – Interest Rate | 1% grace period; 1.5% thereafter |
| – Maturity (number of years) | 24 years |
| – Grace Period (number of years) | 8 years |

Loan 2645	
– Interest Rate	1% grace period; 1.5% thereafter
– Maturity (number of years)	24 years
– Grace Period (number of years)	8 years

8. Disbursements

a. Dates

i. Loan 2484

Initial Disbursement	Final Disbursement	Time Interval
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26 December 2008	26 December 2008	0
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Effective Date	Original Closing Date	Time Interval
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26 December 2008	30 April 2009	4 months
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ii. Loan 2645

Initial Disbursement	Final Disbursement	Time Interval
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30 June 2010	30 June 2010	0
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Effective Date	Original Closing Date	Time Interval
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30 June 2010	31 December 2010	6 months
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b. Amount ('000)

i. Loan 2484	SDR 64,938	\$100,230
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Category	Original Allocation	Amount Canceled	Last Revised Allocation	Amount Disbursed	Undisbursed Balance
SDR	64,938	0	64,938	64,938	0
01	100,000	0	100,230	100,230	0

ii. Loan 2645 SDR 81,100 \$119,662

Category	Original Allocation	Amount Canceled	Net Amount Available	Amount Disbursed	Undisbursed Balance
SDR	81,100	0	81,100	81,100	0
01	120,000	0	119,662	119,662	0

C. Program Data

1. Program Cost (\$'000)

Cost	Appraisal Estimate	Actual
Foreign Exchange Cost		
Loan 2484	100,000	100,230
Loan 2645	120,000	119,662
Total	220,000	219,892

2. Program Performance Report Ratings

Implementation Period	Ratings	
	Development Objectives	Implementation Progress
Loan 2484		
From 31 December 2008 to 22 January 2009	Satisfactory	Satisfactory
Loan 2645		
From 30 June to 31 December 2010	Satisfactory	Highly satisfactory

D. Data on Asian Development Bank Missions

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members ^a
Loan 2484				
Consultation	12–15 December 2007	2	8	a,b,c,d
Reconnaissance	12–17 May 2008	11	66	a,c,d,e,f,g
Fact-finding	23 June–4 July 2008	6	60	a,b,c,d,e,f
Appraisal	11–22 August 2008	5	60	a,c,e,f,g
Program completion report	17–21 May 2013	1	5	h

^a a = senior public resource management specialist (mission leader), b = consultant, c = advisor, d = senior private sector development specialist, e = fiscal management specialist, f = social security specialist, g = various TA consultants, h = financial sector economist (mission leader).

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members ^b
Loan 2645				
Fact-finding	11–27 June 2010	11	102	a,b,c,d,e,f
Consultation 1	1–4 March 2010	6	24	a,b,d,g
Consultation 2	16–21 April 2010	5	30	a,b,g,h, i
Consultation	7–11 December 2011	11	30	a,b,c,d
Program completion report	17–21 May 2013	1	5	j

^b a = senior economist (mission leader), b = social security specialist, c = principal social development specialist, d = TA 7201 consultant team, e = senior economist (fiscal management), f = senior counsel, g = economic officer (PRM), h = senior project officer (Health & Rural Development), i = economic officer (HQ), j = financial sector economist (mission leader).

I. PROGRAM DESCRIPTION

1. The Sindh Growth and Rural Revitalization Cluster Program supported acceleration and improved sustainability of economic growth in Sindh Province in Pakistan. This was to be achieved by reforming provincial public expenditure management, and improving the business environment for rural economic activity as well as private sector participation in infrastructure and social services. The expected employment generation effect from these reforms was to help reduce poverty,¹ starting with rural Sindh.² The program cluster, in the indicative amount of \$380 million equivalent, was to comprise three single-tranche subprograms. Three core policy areas (CPAs) were included in the program cluster: CPA 1—promotion of private sector participation, CPA 2—strengthening of public expenditure management, and CPA 3—revitalization of the rural economy.

2. Subprogram 1 for \$100 million equivalent was approved in November 2008 together with the overall cluster program and a technical assistance (TA) grant of \$800,000. Subprogram 1 supported the start-up phase of the reform agenda. Subprogram 2 was approved in June 2010, to build on the reforms initiated under Subprogram 1. Subprogram 2 was implemented and approved during a period of reduced fiscal space, which heightened the potential relevance of the program. In addition to the financial resources attached to both subprograms, the reforms under CPA 1 and CPA 2 were explicitly intended to alleviate fiscal constraints to Sindh's significant rural development investment plans. The report and recommendation of the president (RRP) of subprogram 2 indicated the cluster program would attract private sector investment, and create fiscal space through public financial management reforms. (footnote 2, para. 5)

3. Subprogram 3 was not approved, although progress could be observed across a number of CPAs. As tentatively defined in subprogram 2 through indicative triggers, the reforms that were to be achieved in subprogram 3 represented the culmination of most of the reform processes supported by the cluster. Benefits to the Sindh economy from key institutional and regulatory changes supported in subprograms 1 and 2 were conditional on effective implementation of subprogram 3. The macroeconomic circumstances surrounding the September 2011 discontinuation of the \$11.3 billion Stand-By Arrangement with the International Monetary Fund (which Pakistan had entered into in 2008) made it challenging for the main international development partners to provide programmatic support to the country, and prevented subprogram 3 from being approved. Appendix 2 includes the status of all indicative triggers for subprogram 3; section II.B below discusses the related achievements.

II. EVALUATION OF DESIGN AND IMPLEMENTATION

A. Relevance of Design and Formulation

4. The program was to be consistent with the draft country strategy (2007–2011) of the Asian Development Bank (ADB), emphasizing the need to build up an economy based on increased private sector participation and balanced urban and rural economic development. Subprogram 2 referred to consistency with ADB's country partnership strategy 2009–2013,³ but no specific links were provided. Sindh's development objectives during the implementation of

¹ Gender mainstreaming at policy and project design levels was expected to ensure benefits would accrue to both men and women in Sindh.

² ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan for Subprogram 2 to the Islamic Republic of Pakistan for the Sindh Growth and Rural Revitalization Program Cluster*. Manila.

³ ADB. 2009. *Country Partnership Strategy: Pakistan, 2009–2013*. Manila.

subprograms 1 and 2 were reflected in the Sindh Vision 2030, which emphasized the need to enable competitiveness in agriculture, business, and industry.⁴

5. According to subprogram 1, the program cluster advocated for the need in Sindh for (i) the public sector doing less, but acting strategically to attract greater private sector participation, (ii) the public sector doing things better, such as managing resources effectively and with greater accountability, and (iii) revitalizing rural growth in a strategic manner by facilitating the unfettered operation of agricultural markets, among other reforms.⁵ The development objectives were expressed very generally. In addition, the outputs proposed in the cluster program—in the absence of complementary reforms in each CPA—were likely to have had limited potential to achieve the impact statement for the cluster.

6. The reform activities that give the rural growth theme to the cluster program were grouped in CPA 3, targeting agriculture growth as a necessary condition for rural development in Sindh. But agriculture growth requires the public sector to be more effective in public services, while the activities that can be better performed by the private sector. Agriculture development faces pervasive information and coordination challenges related to input technology and soil and productive knowledge upgrading, for which effective public sector interventions have always been of crucial importance.⁶ Reforms supported under subprogram 2 (CPA 3) to remove protection in agriculture product markets (para. 34) or improve the quality and management of land records (para. 30) could be expected to improve rural access to finance and the functioning of agriculture product markets. But the program's rationale that such reforms, if complemented by a reduction in public sector involvement, will lead to fundamental agriculture productivity improvements points to important weaknesses in the formulation process of the program design.

7. Most reforms in CPAs 1 and 2 are justified on their own merits, especially if complemented by other specific reforms. But between these CPAs, the only reform agenda with the potential to directly impact rural development in Sindh was the implementation of a rural investment plan, the development of which was to be supported under subprogram 2 (CPA 2). If properly designed and effectively implemented, with support from the proposed subprogram 3, one of the main identified impediments to rural growth and revitalization in Sindh—the lack of irrigation infrastructure—could have started to be addressed.

8. Therefore, at appraisal the relevance of the package of cluster program reforms to rural growth and revitalization in Sindh was partial and conditional on full completion of the entire cluster. Given that subprogram 3 was not processed, the cluster's relevance at completion is partial. The reform agenda underwent few changes between subprograms 1 and 2, but the impact and outcome statements, targets and indicators for the cluster program were modified,

⁴ ADB. 2008. *Report and Recommendation of the President to the Board of Directors: Proposed Program Cluster and Loan for Subprogram 1 to the Islamic Republic of Pakistan for the Sindh Growth and Rural Revitalization Program Cluster*. Manila, para. 12.

⁵ RRP for subprogram 1, page 4. The RRP for subprogram 1 (footnote 4, para. 14) articulated the development needs of Sindh as follows: (i) development should not be focused in isolated urban or rural pockets—, Sindh should grow in a cohesive, province-wide manner; (ii) attention should be paid to stimulating rural growth; (iii) rural growth should be supported by strong agricultural growth; (iv) strong growth requires the private sector to play a critical role in generating wealth, with an enabling environment created to attract private investment to build the province's social and physical infrastructure; and (v) to improve development impacts, Sindh should significantly enhance public expenditure efficiency.

⁶ For example, T. Reardon et al. 2013. *The Transformation of Rice Value Chains in Bangladesh and India: Implications for Food Security*. *ADB Economics Working Paper Series* No. 375. Manila. It is simplistic to state that agriculture growth requires (i) less public sector involvement, with the exception of attracting private sector participation in public infrastructure; or (ii) unfettered operation of agriculture markets.

possibly to reflect new macroeconomic circumstances and improve the link to the outputs supported under the program. The design and monitoring framework (DMF) (Appendix 1) corresponds to the expectations and logical framework as approved in subprogram 2.

B. Program Outputs

9. **Core policy area 1—promotion of private sector participation.** CPA 1 aimed to reduce direct involvement by the government in commercial activities. Under subprogram 1, steps were taken to gradually reduce fiscal losses from state-owned enterprises (footnote 4, para. 59). A stocktaking exercise was undertaken during subprogram 1 to determine the number of public sector corporations and gather information on their financial performance. In subprogram 2, only four public sector enterprises from industry and agriculture sectors were chosen for pilot restructuring: three pilot industrial estates in Kotri, Larkana, Nooriabad; and the Sindh Seed Corporation (SSC). The Government of Sindh (GOS) also drafted a restructuring policy for the three pilot industrial estates, and their articles and memoranda of association were revised to improve governance by the respective boards of directors. The GOS submitted amendments to the Sindh Seed Corporation Act of 1976 to the Provincial Assembly.⁷ In June 2010, when subprogram 2 was approved, there was an expectation that the three industrial estates and the SSC would be restructured by the time of approval of subprogram 3. To date, the restructuring policy has yet to be approved, and none of the four entities chosen for pilot restructuring were actually restructured. It appears there was little government ownership for these reforms.

10. The other reforms under CPA 1 promoted private sector provision of infrastructure and social services through public–private partnerships (PPPs). The cluster program was to support the introduction and development of PPP policy, institutional, regulatory, financial, and concession-management frameworks in Sindh. Subprogram 1 initiated this effort with the Finance Department development of a concept paper outlining the main steps to be undertaken in developing PPP frameworks. Under subprogram 2 a PPP law was drafted and enacted, and a PPP policy was developed to provide operational guidance. The policy and law incorporated environmental and social safeguards and gender provisions to ensure sound project design and inclusive implementation. Guidelines for a project development facility (PDF) and a viability gap fund were also developed to support PPPs, and provincial government procurement rules were amended to include PPPs. The PPP and risk management units were formed, but their operation (especially in terms of risk-management) appears to have been limited and dependent on further capacity development and TA, which subprogram 3 was expected to support.

11. Subprogram 2 CPA 1 defined clear indicative triggers for subprogram 3. These included the development of a PPP pipeline based on transport sector mapping, the formal notification by the PPP Policy Board of PPP policy, PDF Guidelines, a PPP Procurement Manual and PPP selection criteria, incorporation of Equator Principles and gender equity provisions. Finance Department development of an integrated analysis and reporting system for contingent liabilities in PPP (and non-PPP) projects and the engagement of staff qualified in environment and social management of projects were also included as indicative triggers. As an assurance in subprogram 2 approval, a capacity development plan was to be developed and PPP nodes established at key departments. Subprogram 3 and related TA was not provided. However and promisingly, the project monitoring unit (PMU) reports that most related indicative triggers for subprogram 3 in this reform agenda have been achieved to date, with the exceptions of the PPP

⁷ To provide for private sector-led management to generally improve corporate efficiency and the provision of certified seeds.

Procurement Manual and of the hiring of staff qualified in environment and social management of projects.

12. Ongoing policy dialogue between ADB and GOS has shown that the capacity of the PPP and risk management units to appraise, manage and report on fiscal contingent liabilities is fairly limited. The benefits to Sindh depend on the establishment of a proper risk management system and of a PPP pipeline development framework based on proper economic analysis, as well as project prioritization that addresses Sindh's main infrastructure constraints. These reforms were crucial to ensure that only PPPs that maximize value-for-money to taxpayers are pursued. Technical and financial support under subprogram 3 would have been essential in finalizing these arrangements. It is nonetheless encouraging that the involved agencies kept pursuing the objectives of this reform agenda after subprogram 2 was completed. To date, of the nineteen projects referred to the PPP unit by different departments, five have gone into execution phase, with one already in operation.⁸

13. **Core policy area 2—strengthening of public expenditure management.** This CPA aimed to improve the quality and cost efficiency of public investments. A major determinant for the accumulation of projects and for the significant budgetary problems in Sindh —identified during the program design stage— was the perception by different departments that there were no firm budget constraint.⁹ Subprogram 1 supported a number of measures to instill budget discipline across different departments by clearly conveying the budget limits of each department at the outset of the budget process and the planning year. To reduce project overhang and the accumulation of projects, it was also important to overcome the past and pervasive use of token allocations. Thus, the Planning and Development Department (PDD) informed the different departments that it would cancel all projects that have received token allocations for 2 consecutive years, and institutionalized this discipline in an effort to force departments that wished to pursue such projects to resubmit them as new project proposals.

14. These subprogram 1 measures enabled subprogram 2 to (i) introduce medium-term development planning and performance-based budgeting, (ii) follow up on implementation of the recommended limits for department development budgets by the budget ceiling committee for FY2011, and (iii) cancel twice-tokenized projects in FY2010 and dictate that the process be discontinued. Subprogram 2 also introduced a metric to assess how resources were allocated to ongoing projects, and instituted a requirement that GOS achieve a ratio of 60:40 for ongoing-to-new schemes in the annual development plan (ADP) as a policy condition. The related indicative trigger for subprogram 3 was for the GOS to achieve a 70:30 ratio. The PDD has reported the ratio was 42:58 in the FY2012 budget, and 70:30 in the FY2013 budget, but would return to 60:40 in FY2014 as a result of an allowed resurgence in “throw-forwards” (see footnote 9). Progress in meeting other related indicative triggers for subprogram 3 is mixed, possibly

⁸ The Hyderabad Mirpurkhas Dual Carriage project is in operation (construction was finalized in September 2012). The four PPP projects in the execution phase are: (i) the Jhirk Mulla Katiyar Bridge project, which achieved financial closure in March 2013 and is expected to complete construction in mid 2014; (ii) National Institute of Child Health Security Management and Fire Safety project, expected to become operational in July 2014; (iii) the Sindh Nooriabad Power projects; and (iv) the Run of the River Hydro project (in the investor solicitation stage).

⁹ Subprogram 1 RRP (footnote 4, para. 24) states: “the large number of schemes in the annual development plan and relatively small allocation per scheme builds up throw forward in the development portfolio, stretches the implementing capacity of departments, and results in under-spending of budget allocations. The consequent two seemingly contradictory phenomena – throw forward and under-spending – seriously undermine the benefits of public investment”. “Throw forward” in the public financial management context of Pakistan refers to the practice of carrying over budget allocations to following years.

because of the lack of clarity on subprogram 3 timing, and the lack of review missions and technical discussions normally associated with the preparation of subprogram approvals.¹⁰

15. A second set of reforms under this CPA targeted the establishment of computerized monitoring and evaluation (M&E) systems at PDD. M&E system software had been developed by the federal Planning Commission with previous TA support, and adoption of the system by PDD was initiated under subprogram 1. The Planning Commission pro-forma approval template was modified in 2006 to include performance indicators used by the Government of Pakistan, and Sindh decided under subprogram 1 to adopt the new template. During the subprogram 2 period, business process reengineering of M&E systems in GOS continued with introduction of a comprehensive automated monitoring system—the Project Monitoring and Evaluation System (PMES). Some capacity-building initiatives were also implemented to train PDD M&E staff, and an action plan was developed to enhance the capacity of the Sindh Bureau of Statistics. The indicative trigger for subprogram 3 was the roll out of the results-based M&E framework in the departments of Agriculture, Livestock and Fisheries, Irrigation and Power, and Works and Services,¹¹ but little progress was made.

16. The third reform agenda under this CPA involved improvements in public resources management in the provincial administration through enhanced internal controls, audit compliance and legislative oversight. The strengthening of audit and oversight functions was expected to improve compliance with financial and accounting provisions, thereby reducing waste and leakage. Two fundamental constraints were identified during the design phase: (i) the significant backlog of departmental accounts committee (DAC) meetings still to be held, and (ii) the related audit observations that needed to be settled (footnote 4, para. 27). This backlog basically eroded accountability for public resource use across the provincial administration. Subprogram 1 required the commitment by various line departments (including Agriculture, Livestock and Fisheries, Irrigation and Power, and Works and Services) to convene regular DAC meetings, in order to ensure a progressive reduction in the backlog of audit observations to be settled. In addition, a notification by the Provincial Assembly Secretariat under subprogram 1 established a new public accounts committee (PAC).

17. Subprogram 2 required that the audit backlog be reduced, and that the PAC meet at least quarterly. In addition, to improve internal controls, the Sindh Public Procurement Regulatory Authority (PPRA) Act was enacted, and PPRA rules adopted that were aimed at greater transparency in public procurement. Subprogram 2 also required the PPRA to post tenders on its website. A number of key expectations for subprogram 3 were formed at the time of subprogram 2 approval. For example, the PAC was to continue providing timely legislative oversight on public investments while streamlining its business process, and adopting a customized management information system to ensure audit backlogs are systematically

¹⁰ One indicative trigger for subprogram 3, and an important reform, was for the PDD to adopt criteria for the identification of schemes that required feasibility studies prior to inclusion in the ADP. But in the absence of preparation for subprogram 3, no TA to develop such criteria was provided, leaving PDD unsure what was required. Another indicative trigger for subprogram 3 required PDD to ensure that gender-disaggregated data are solicited in the PC-1 pro-forma, and this has been complied with.

¹¹ Third party evaluation of large development schemes was also to be initiated in subprogram 3, with the resulting evaluation reports published on the SBOS website to improve transparency. SBO data retrieval activities were also to be restructured in order to systematize the collection and analysis of gender-disaggregated data. Some of these expectations were met, even in the absence of subprogram 3. Training was delivered to 70 officers and project directors across several ministries to ensure reporting through the PMES, but this did not become routine, despite repeated reminders, until a simplified version of the PMES was developed.

cleared following DACs. Although subprogram 3 was never prepared, some progress was made along these reform areas.¹² However, the lack of subprogram 3 reduced momentum.¹³

18. The fourth set of reforms included in CPA 2 involved revision of public sector employee benefit policies, financing, administration and delivery. It included a wide range of reforms, mainly concentrating on public sector employee benefits. The GOS is the largest employer in the province; it retains more than 400,000 employees, and pays monthly pensions to about 100,000 pensioners and their surviving dependants. A two-tiered old-age protection system was in place before the program cluster, consisting of a pension scheme with an unfunded defined benefit and a general provident fund with a notional defined contribution.¹⁴ The preparation work and policy dialogue for this cluster program supported improving the (i) financing framework for GOS employee benefits; (ii) record-keeping, administration, and service delivery of pensions and other benefits; and (iii) the policy framework for employee benefits, arguing that establishing an efficient system for managing employee benefits was essential in order to create fiscal space, reduce contingent liabilities, and improve public sector employee welfare.¹⁵

19. Most employee benefits are paid from the GOS budget on a pay-as-you-go basis,¹⁶ and these expenditures were growing rapidly at the time of program cluster design. The GOS had established the Sindh Pension Fund (SPF) in 2002 with seed funding, which was to receive subsequent government allocations on an annual basis. In 2007, the GOS approved the creation of the Sindh General Provident Investment Fund (SGPIF) to support the development of the defined contribution layer of the old-age protection system. Under subprogram 1 (in FY2008), the GOS transferred PRs3 billion to the SPF to fulfill the annual budget allocation obligation, and PRs2 billion to the SGPIF as seed money.¹⁷ Under subprogram 1, a draft strategy and action plan was prepared for the establishment of a Fund Management House.

20. The commitment to fund annual allocations from the provincial budget was also fulfilled under subprogram 2, and a financing strategy was vetted by the Finance Department for FY2011 onwards. A professionally managed investment unit for both SPF and SGPIF was established as an interim arrangement, while the drafting of a Sindh Fund Management House Act took place. The promulgation of this act was an indicative trigger for subprogram 3, but after an extensive review of the draft law by the Finance and Law departments the Law Department expressed reservations, which stopped the Sindh chief minister from submitting the draft law to the Provincial Assembly. A subsequent attempt to turn the act into an ordinance has also been unsuccessful, and there was little pressure to make the issue a priority. Arguably, the processing of subprogram 3 could have resolved the impasse. A second related indicative trigger for subprogram 3—for the GOS to proceed with its annual transfers to SPF and SGPIF, in accordance with its financing strategy—has been accomplished. In 2008, the SPF had a value of PRs12.888 billion, which has now increased to PRs55.263 billion; the current value of

¹² The PMU reports that more than half of the backlog of audit observations related to projects from the Agriculture Department have been settled. The Sindh PPRA has regularly posted procurement plans, tenders, and purchase orders on its website, and issued a notification on PPP procurement provisions.

¹³ For example, discussions with the GOS revealed confusion about the meaning of an indicative trigger for subprogram 3 requiring an “update to the strategy for conducting full internal controls”.

¹⁴ In addition, the GOS also provides an array of employee benefits: a benevolent fund to help defray the costs of life events; group life insurance provided through the State Life Insurance Company; an additional in-service death benefit paid from a self-funded pool; and healthcare coverage and leave salary in case of sickness.

¹⁵ The linkages with rural growth needs in Sindh or with a rural growth agenda are very indirect, and arguably reliant on a possible positive impact on general fiscal space.

¹⁶ Life insurance death benefits are paid from the State Life Insurance Company as the underwriter of the policies.

¹⁷ The SGPIF would be supplemented annually by a budget transfer of PRs2 billion and the net receipts of general provident fund contributions from civil servants.

the SGPIF is PRs28.876 billion.¹⁸ Other important institutional improvements to the system for public sector employee benefits were also achieved under subprograms 1 and 2.¹⁹

21. The SPF and SGPIF and funds are largely invested in GOP long-term bonds and held to maturity, which has yielded significant interest income since 2003. However, the long-term bonds are issued to finance Sindh government budget gaps. It is thus unclear, even on inter-temporal terms, what fiscal space gains can be realized from these reforms, which was the basis on which the cluster program rationalized a link to rural growth and revitalization.²⁰

22. **Core policy area 3—revitalization of the rural economy.** CPA 3 has a direct linkage to the underlying development agenda of the cluster program as reflected in the DMF. There was a strategic concern with the lack of development in the Sindh rural economy, in which 50% of the province's population resides (30% of whom live below the official poverty line). A redefinition of provincial priorities was articulated in the Sindh Development Strategy. More than 70% of rural residents in Sindh depend on agriculture, which had experienced very low growth in productivity over the previous decade. Even though the rural non-farm economy could play an important role in rural development, productivity improvements in agriculture were considered crucial. A number of impediments to rural growth were identified at the program cluster design stage; this CPA identified four impediments and corresponding reform agenda.

23. The first set of reforms aimed to sustain an increase in rural public investment on the basis of an investment plan with a multiple-year forward-planning perspective. It was crucial to integrate the investment planning into the provincial medium-term fiscal framework. Subprogram 1 supported the drafting of a public sector rural investment plan, which was circulated for inter-departmental consultation. The GOS also increased the ADP allocation in FY2009 to rural areas by 28% and provided an assurance that under subprograms 2 and 3, the rural investment plan would be implemented and rural investment targets would continue to be achieved. In subprogram 2, a medium-term fiscal framework was developed for FY2009–FY2012, with a commitment for annual increases in provincial rural investments of at least 10%. This target was met. The development of medium term budget frameworks for the line departments that are key to rural development was also initiated in subprogram 2, and continued afterward in accordance with an indicative trigger for subprogram 3. The PMU has reported that all key indicative triggers for subprogram 3 related to this reform area were achieved, including the key requirement for the GOS to increase public investments in rural areas by at least 10% in FY2012 (compared to FY2011). However, Pakistan has suffered from double digit inflation in the last few years, making a 10% nominal increase in public investment a poor benchmark of progress toward addressing chronic public underinvestment in rural areas.

¹⁸ Both figures are as of 31 January 2014.

¹⁹ For example, the Finance Department and the Accountant General of Sindh (AGS) established an Employee Benefit Administration Task Force to coordinate and drive the record-keeping improvement challenge. The AGS completed data entry for all available civil service payroll records and historical records of civil servants and pensioners into the new software system, and established one-window pension facilitation cells in three districts to improve benefit delivery. However, further rollout has been pending since 2011. Automation and integration of this system with payroll processing for all civil servants was also one of the indicative triggers for subprogram 3 (as well as amendments to procedures and business processes to enable such automation). But in the absence of a preparation effort for subprogram 3, the PMU had difficulties keeping these reforms on track and coordinating with the AGS (which was not an implementing agency of the cluster program). The Finance Department issued a notification for the restructuring of the task force in August, 2011, but there was little drive for reform.

²⁰ The establishment of the SPF was a recognition that the defined-benefit rules in place would imply significant pay-as-you-go fiscal costs in the future. In order to meet these future liabilities, the GOS established this capitalization fund for annual top-ups, so that it could be tapped in future to help meet liabilities as they would come due. This inter-temporal expenditure smoothing reduces fiscal space in initial periods but expands it at a later stage.

24. A second group of reforms were to improve the functioning of land markets and address fundamental impediments.²¹ CPA3 sought to clarify land titling through the computerization of land records. Under subprogram 1, the GOS adopted a policy framework and approved the budget allocations to implement a computerized land record and titling regime throughout the province. The planning commission also approved a land administration and revenue management information system project, which would develop a geographic information system of land records. Important preparatory work was already implemented under subprogram 1, as the Board of Revenue (BOR) initiated the recruitment of management and staff for this project and obtained legal opinions regarding the legal status of computer-generated title deeds and transfers.

25. Under subprogram 2, the BOR established the project management unit and institutionalized the preparation of annual action plans by March of each year. The GOS also issued a time-bound action plan to survey and map rural towns. When evaluated against the explicit objectives of this specific reform agenda, subprograms 1 and 2 displayed little progress, as did past efforts to implement land registration reform in Sindh. When subprogram 2 was approved (June 2010), the implementation of land record computerization and e-passbook issuance were made indicative triggers for subprogram 3, as was the submission of amendments to the Land Revenue Act to the Provincial Assembly by March 2011. Questions have arisen subsequently (triggered by the Law Department) whether such amendments are needed, and no submission has taken place. Shortly after subprogram 2 approval, the project staff housed at the Reforms and Special Projects wings of BOR initiated work to develop the Land Administration and Revenue Management Information System (LARMIS),²² but progress was slow until mid-2011.

26. As in other cluster program reform areas, the absence of preparation work and TA for subprogram 3 slowed institutional development momentum. But progress has been rapid since the end of 2011 in this crucial area. In December 2011, the computerization of land records and implementation of the geographic information system (GIS) was initiated, covering the entire province at once, rather than in pilot *talukas* (or *tehsils*) (local administrative divisions). This happened despite some price escalations in project components that had been approved to implement the LARMIS and GIS. The software required for scanning and indexing revenue records and for data entry of scanned land records has subsequently been developed. Nine data entry labs have been established. All the major land revenue record forms (of all 27 districts of Sindh) have been scanned, while the records of 100 of the 121 *talukas* have been indexed and provided to the data entry labs. Data entry is underway at all nine data entry labs simultaneously, and the civil works for the establishment of the Data and Disaster Recovery Center (at BOR) is also close to completion.²³ The data entry records will be validated by the district revenue administration prior to beginning operation in the facilitation centers.

²¹ An archaic, paper-based system for maintaining land records at the Board of Revenue disproportionately empowered the *tapedar* (the lowest-level revenue functionary) to maintain exclusive custody of land records, and lent itself to corruption. Land titles were in different languages with annotations made directly in the original records, and were thus relatively easy to tamper with. The insecure land titling served as a disincentive to investment and land transactions and impeded access to credit, as banks were reluctant to take land as collateral.

²² Components were: (i) development of software for computerization of Sindh Revenue Records, (ii) scanning and indexing of revenue records, (iii) data entry of land revenue records; (iv) development of a dedicated website for accessing provincial land records, (v) construction and supervision of facilitation centers, (vi) data and disaster recovery centers; and (vii) development of a geographic information system for Sindh Province and establishment of geographic information system lab in the project management unit.

²³ The contract for supply, commissioning and installation of hardware, equipment, design and networking of the data and disaster recovery center was awarded. In addition, a dedicated website to store computerized revenue records and provide services to the general public has been developed. The website will enable the provision of electronic

27. Significant progress has also been made on the GIS, which was designed to handle general land information and land use, ownership and land ownership transfer (transaction) data.²⁴ The progress stemmed from political pressure resulting from a push by the Supreme Court of Pakistan to computerize land records.²⁵ This pressure stemmed from concerns over the extremely costly backlog of legal cases across the country, the majority of which pertain to land-related disputes, but it served to generate ownership for reforms; as a result the cluster program implementing agencies have made significant progress in enacting reforms that had been unsuccessfully attempted several times since 2000.

28. This CPA also attempted to reduce entry barriers and agriculture market distortions. Under previous legislation a license was required from the provincial government to establish agriculture product markets. The markets were managed by market committees that determined the dealers and brokers that could operate in the market. The committees, made up of government-appointed registered commission agents, had monopolistic control over the wholesale transactions of produce in any given area. The government involvement in the operation of wholesale markets increased the possibility of collusion between intermediaries and management, to the disadvantage of farmers. There was evidence that rent seeking and corruption were fairly pervasive (i.e., in the collection of market fees, issuance of trader licenses, and allotment of shops). There were also markets directly administered by Agriculture Department officials, which weakened the administrative role of such markets. Sindh had 71 such markets, with six operated by committees and the remainder administered by Agriculture Department officials.

29. Under subprogram 1 the GOS reviewed ways of enabling private sector management or divestment of government-owned agriculture markets. Subprogram 1 supported the submission to the Sindh chief-minister of a summary note proposing the amendment (or repeal) of the Sindh Agriculture Produce Markets Act (1939) to eliminate restrictions on private sector establishment and management of wholesale and bulk agriculture markets. Under subprogram 2, the GOS submitted amendments to this act to the Provincial Assembly, proposing (i) the removal of exclusive territory protection for agriculture produce market (APMs), and (ii) private sector establishment and management of APMs. Subprogram 2 also started the incorporation of existing public APMs as companies, through a notification to at least seven of the largest market committees for APMs removing all market administrators of an APM and appointing more broad-based market committees to oversee the transition to company status. In the absence of preparation for subprogram 3, much of the reform momentum was lost. Although the provincial assembly passed the Wholesale Agriculture Produce (Development & Regulation) Act in 2010,

Fahad Advisory Research and Development and scanned records in various languages (i.e. Sindhi, Urdu and English). Construction of 22 district facilitation centers (of the 27 planned, one per district) has begun, as has the staffing process for the facilitation centers.

²⁴ The GIS lab is now fully operational (with technical staff, hardware and software). After the district level cadastral map of Sindh was fully digitized by consultants, the GIS lab completed the digitization and geo-referencing of all 5,979 *dehs* (smaller administrative units within a *taluka* or *tehsil*) of Sindh. Ongoing work is close to digitalizing all 5,979 *dehs* up to survey number level. The work that is necessary to integrate GIS data with the Land Administration and Revenue Management Information System has also been initiated. This will enable public access to satellite viewing of property records.

²⁵ For example, on January 6, 2012, the Supreme Court of Pakistan "... directed land revenue departments of all provinces to fortnightly submit a progress report on the computerization of land record (...) Punjab and Sindh governments were also directed to provide technical assistance to Balochistan and Khyber Pukhtunkhawa (KP) governments for the computerization of its land record. Representatives of Sindh, Punjab, KP and Balochistan told the court they needed one, two, three and five years, respectively, to upgrade the record. This annoyed the judges who said the statements of the officials were like 'ridiculing the judiciary'..." [*Daily Times*. 2012. Supreme Court wants speedy computerization of land record. January 7.]

and the drafting of subsidiary legislation is being supported by United States Agency for International Development TA, only 22 market committees have been notified so far. No APM has been incorporated into a company and registered with the SECP to date.

30. The program cluster proposed to facilitate PPPs in rural service delivery. Social services in rural Sindh have long been characterized by high absenteeism on the part of staff and generally low quality of delivery. During the 2000s, several large nongovernment organization (NGO) programs implemented rural development projects supported by the federal and provincial governments and international donors.²⁶ These NGOs achieved substantial success in organizing rural communities, building local infrastructure, and delivering social services.²⁷ The sustainability (financial viability and governance) of these alternative models of service delivery—and the rural support organizations—is not assured, but their potential had been increasingly recognized. The objective of the fourth set of reforms under the CPA was to improve social service delivery by supporting the introduction of alternative models. Accordingly, subprogram 1 supported the expansion of GOS partnerships with NGOs for the management of basic health units (BHUs), under the People's Primary Health Initiative (PPHI). The expansion to 16 districts was expected to continue during subprogram 2. Subprogram 1 also supported the adoption of minimum service standards under the PPHI, and the preparation of a partnership with a number of rural support programs to carry out empowerment and social mobilization programs.²⁸

31. During subprogram 2, the PPHI management contract was expanded to include 18 of 27 Sindh districts, and a GOS committee (led by the Health Department) updated, improved and expanded (to include maternal and child health) the minimum service delivery standards that had been developed under subprogram 1. Third-party monitoring work was initiated to assess performance of the PPHI and other public health providers on the basis of measurable and objectively verifiable standards. An indicative trigger for subprogram 3 was for a comprehensive third-party assessment to take stock of PPHI performance, public and private health care providers, and of beneficiary satisfaction with BHU services. The expectation was that beneficiary feedback and minimum service delivery standards benchmarks would be used in the development of a results-based health sector strategy and framework, with key performance indicators and a structured monitoring mechanism; these became indicative triggers for subprogram 3. The PMU reports these objectives were met, despite the lack of preparatory work for subprogram 3. It is difficult to ascertain the effectiveness and preparation of these strategic frameworks, but stakeholders indicated that subprogram 3 processing (including the design and associated TA work) would have added crucial impetus.²⁹

C. Program Costs and Disbursements

32. The cluster program was approved in November 2008, with a single-tranche subprogram 1 reflecting the reforms accomplished from April 2007 to October 2008. Disbursement of \$100 million equivalent from Special Funds Resources occurred in December 2008 (with loan

²⁶ In Sindh, the most notable of these are the National Rural Support Program, Sindh Rural Support Organization, Sindh Agricultural and Forestry Workers Coordinating Organization, and Thardeep Rural Development Program.

²⁷ For example, the People's Primary Health Initiative (PPHI) has achieved significant improvement in primary health service in 10 districts of Sindh through enhanced accountability and incentives for service providers.

²⁸ Including the National Rural Support Program, Sindh Rural Support Organization, Sindh Agricultural and Forestry Workers Coordinating Organization, and Thardeep Rural Development Program.

²⁹ This is a reform area for which additional support could have assisted in solidifying progress and institutionalization of PPPs in social service delivery. The development of a proper framework to institutionalize contract management in these specific sectors could increase the sustainability of NGO-managed public service delivery.

effectiveness). Subprogram 2 was provisionally established at \$80 million and subprogram 3 at \$120 million. Both were expected to be submitted to the ADB Board of Directors about 18–24 months after effectiveness of the previous subprogram. Subprogram 2 was approved in June 2010, for \$120 million equivalent, 18 months after Subprogram 1 effectiveness. Loan effectiveness and disbursement for Subprogram 2 also took place in June 2010. Subprogram 3 was expected to be approved in December 2011 (18 months after effectiveness of subprogram 2), reflecting the reforms undertaken between July 2010 and December 2011.

D. Program Schedule

33. The only delay that this cluster program suffered pertains to subprogram 3, which was never processed due to the IMF program being discontinued.

E. Implementation Arrangements

34. Implementation arrangements were broadly adequate to deliver the cluster program and achieve proposed outcomes, including the limited changes that took place in terms of division of responsibilities between Sindh PDD and the Finance Department. The Sindh PDD acted as the executing agency of the cluster program, but its role changed between the implementation of subprograms 1 and 2. In addition to being responsible for overall program administration, disbursements, and the maintenance of program records through the PMU, the PDD was at first also responsible for coordinating implementation of policy actions by various departments. To ensure line department ownership and implementation effectiveness, two subprogram management units were also set up: an economic reform unit in the Finance Department, and a project management unit for the computerization of land records in the BOR. These two subunits coordinated with the PMU on implementation. The major cluster program implementing agencies were the BOR and the Finance, Agriculture, Livestock and Fisheries, Industries, Works and Services, and Irrigation and Power departments.

35. In subprogram 2, while the PDD continued to monitor implementation of policy actions by various departments, undertaking program administration and maintaining program records through the PMU, the Finance Department coordinated the activities of major implementing agencies. These minor changes reflected the experience accumulated during subprogram 1 and the prospective challenges implied in the reform agenda set for subprograms 2 and 3.

F. Conditions and Covenants

36. There were no delays in meeting the conditions of effectiveness in both Subprogram 1 and Subprogram 2. Appendix 3 lists the status of compliance with loan covenants and assurances included in both subprograms.

G. Related Technical Assistance

37. A TA grant was approved under the cluster program (November 2008) for \$800,000 (the government contributed an additional \$200,000), with an original implementation period of two years. This TA closed on 31 December 2013. Eleven individual consultants were engaged in support of subprogram 2 reforms (seven international consultants for a total of 13 person-

months, and four national consultants for a total of 43 person-months). A separate TA completion report will be prepared and finalized on completion of those activities.³⁰

H. Performance of the Borrower and the Executing Agency

38. Subprograms 1 and 2 were approved and made effective without delay. The executing and implementing agencies demonstrated their capacity to deliver key activities, as reflected in the achievement of both policy programs in November 2008 and June 2010. Significant progress was made in achieving the reform objectives contained in the indicative triggers for subprogram 3 (set in June 2010). Subprogram 3 was not processed or approved, but this resulted mainly from constraints to ADB's programmatic support resulting from discontinuation of the International Monetary Fund Stand-By Arrangement. The assessment of the executing authority's capabilities at the time of appraisal of both subprograms was generally accurate, and the executing authority's overall performance was *satisfactory*. Although the performance of the implementing agencies differed, their performance was *satisfactory*.

I. Performance of the Asian Development Bank

39. ADB's performance in program cluster implementation can be assessed on the basis of two arguments. On the one hand, subprograms 1 and 2 were implemented without major changes or delays, with only slight adjustments in the pace of some of the reform agendas in each CPA. Monitoring of the implementation of these two subprograms was effective. There was some stakeholder discontent with particular TA inputs for policy work on implementation of indicative triggers for subprogram 3. However, it is difficult to know whether ADB's performance in administering the TA could have been improved, especially because uncertainty over the continuation of the cluster program reduced the frequency of review missions prior to the (scheduled) subprogram 3 implementation.

40. On the other hand, and as discussed in paras. 22–31, targeted project assistance in 2012 to support objectives within the indicative triggers for subprogram 3 could have avoided loss of reform momentum in some areas, and crucially increased the likelihood of success of the cluster program outcomes. The reform agendas supported by the three cluster program CPAs were broad, and in many of them the benefits from institutional developments supported under subprograms 1 and 2 were conditional on the subprogram 3 results. Targeted project assistance for reform support could have maintained the reform momentum. ADB performance is rated *partly satisfactory*, primarily as a reflection of this portfolio management consideration.

III. EVALUATION OF PERFORMANCE

A. Relevance

41. The cluster program is rated *partly relevant*. It is unclear how the set of policy reforms included in CPAs 1 and 2 (and to a lesser extent, CPA 3) could have been expected to have a relevant impact on the rural growth and revitalization of Sindh. This is especially true when considering the impact of subprogram 1.³¹ The macroeconomic circumstances that affected

³⁰ The TA grant assisted the government to implement the cluster program. Major TA activities included the design of a road map for PPP development in the province, identifying options for instituting private management or government divestiture from a number of public sector entities, introducing a computer-assisted M&E system, carrying out employee benefits analysis, and assisting in the computerization of land records.

³¹ The original impact statement for the cluster program—higher and sustained economic growth and reduced poverty and rural–urban inequality in Sindh—was to be assessed through three indicators: (i) annual average provincial

Pakistan during 2009–2010 resulted in a revised subprogram 2 impact statement for the cluster program, which reduced the targets set by the performance indicators.³² The fundamental weaknesses highlighted in para. 6 regarding the expected results of the reform package supported by the cluster program remain. The CPAs supported a number of important reforms, but when taken collectively it is difficult to understand the expectation that the reform measures in the program, if effectively implemented, would engender substantial improvements in the hitherto relatively low rates of long-term economic growth (footnote 4, para. 111).

B. Effectiveness in Achieving Outcome

42. The cluster program is rated *effective* when measured against the modified outcome statement from subprogram 2—improved efficiency and delivery of selected services in Sindh.

C. Efficiency in Achieving Outcome and Outputs

43. The cluster program is rated *efficient*. Most performance targets at the outcome level were broadly achieved, even in the absence of subprogram 3, although the implementing agencies took more time to achieve partial compliance with the indicative targets for subprogram 3 that were set at the time of subprogram 2 approval. ADB and the executing and implementing agencies actively pursued the implementation of the cluster program, which was managed efficiently. In view of the circumstances under which a significant number of indicative triggers for subprogram 3 were achieved, the cluster program was efficient.

D. Preliminary Assessment of Sustainability

44. The cluster program is *less likely to be sustainable*. The sustainability of the different CPAs supported under the cluster program is mixed. In some reform agendas (paras. 12 and 14) sustainability crucially depends on follow-up international donor support (i) for capacity development that is crucial for Sindh provincial agencies to effectively operate the new institutional processes that have been introduced, or (ii) to complete the institutional architecture initiated under the program for which additional international donor support is now crucial to restart reform support and realize benefits. Second, in other reform agendas (paras. 14 and 33), progress continued despite the lack of processing of subprogram 3, primarily because other pressures maintained reform momentum and assisted in overcoming difficulties. For the latter, sustainability is likely; for the former, sustainability is conditional and thus less likely.

E. Impact

45. The reform efforts supported in the three CPAs represent a significant contribution to various different institutional challenges of Sindh, and from that perspective, this cluster program does have potential for development impact, but not as defined in the impact statement.

GDP growth maintained at 7%, (ii) doubling of average per capita income and expenditure of rural households by 2015, and (iii) annual decline in rural poverty incidence of at least one percentage point by 2015.

³² The revised impact statement for the cluster program included during Subprogram 2 approval—inclusive and balanced economic growth with reduced poverty and rural–urban inequality in Sindh—was accompanied by new indicators: (i) average annual provincial GDP growth rate at least equal to the national growth rate (planned at 2% in FY2010), (ii) rural poverty incidence declining from 2007 to 2012 (i.e., from the beginning to completion of the program), and (iii) gender-responsiveness made a selection criteria for development projects in Sindh from 2012.

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS

A. Overall Assessment

46. The cluster program is rated *less than successful*. The cluster program was not implemented as conceived, because subprogram 3 was never processed. On the other hand, subprograms 1 and 2 were implemented effectively, without delays, and reform progress continued in a number of important reform areas that had been tentatively set for subprogram 3. Despite delays, a number of these reforms were implemented and most outcome targets and indicators included in the latest DMF were broadly achieved.

B. Lessons

47. A major lesson from implementation of this program cluster is the importance of reform momentum and of programmatic assistance for sustaining the momentum. However, the experience with some reforms in CPAs 1 and 3 is a reminder that when sufficient political pressure is exerted, financial and technical capacity constraints can sometimes be overcome, even in the absence of programmatic support (as would have been provided through subprogram 3). This calls for greater effort during the design and implementation stages to assess the political and economic context, which can determine whether or not a reform effort will succeed.

48. A second, related lesson is that, beyond the arguments already made on general relevance (para. 8), the reform agendas chosen for program cluster support should be carefully selected during program design. Subprogram 1 had 25 policy conditions, while subprogram 2 had 38 policy conditions. The large number of implementing agencies and reform areas complicates program coordination. When reviewing the implementation of this cluster program, too often it seemed that quantity of policy actions was a substitute for the low number of consequent reforms that could be achieved within the indicative time-span.

49. Most of the benefits associated with the reforms supported under the cluster program were conditional on the final reforms to be supported under a subprogram 3, which never eventuated. To the extent that this caused reform momentum to be lost (paras. 10, 15, and 17) or take a risky direction (para 12), this approach risked delaying (at a minimum) or wasting years of reform effort (TA, financial resources and government commitment). The decision to cancel subprogram 3 processing could have been accompanied by an immediate effort to (i) identify reform areas that were making progress in meeting their respective indicators, but at risk of losing momentum; and (ii) provide TA or resources on (for example) a project basis. This would probably have resulted in additional, more sustainable development results. Improving the investment climate in rural areas and increasing private sector participation is a long-term endeavor that merits ongoing reform efforts, using different assistance modalities if necessary.

C. Recommendation

50. **Additional assistance.** In relation to the third lesson (para. 49), there is a need and an opportunity to follow up with project assistance in support of the final subprogram 3 reforms on which the ultimate effectiveness of institutional development efforts implemented to date (in the different CPAs) depends. Project assistance can be effective to support important institutional reforms, for example, PPP development to promote private sector participation. Project preparation is ongoing to provide such support.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Inclusive and balanced economic growth with reduced poverty and rural–urban inequality in Sindh	Average annual provincial GDP growth rate equal to at least national growth rate (i.e. planned at 2% in FY2010) Rural poverty incidence declining from 2007 to 2012, i.e. from beginning to completion of the program Gender-responsiveness made a selection criteria for development projects in Sindh from 2012	Economic and statistical reports by federal and GOS entities World Bank, International Monetary Fund, and ADB financial and economic publications Multiple indicator cluster survey and Pakistan Social and Living Standards Measurement Survey reports	Assumptions Sustained recovery of the Pakistan economy Inclusive and balanced growth of Sindh economy Continued commitment to reforms by provincial and federal governments Risks Political instability hinders investor confidence Poor security situation and law and order adversely affects economic activity Vested interest groups resist reforms
Outcome Improved efficiency and delivery of selected services in Sindh	Measurable progress made on 5 PPP projects (e.g., identification, pre-feasibility, bidding, financial closure) in Sindh by FY2011 Delays in ADP approval process halved in FY2010 Wider geographical coverage (at least 5 additional districts) and improved provision of basic health service delivery in FY2010 compared with 2008 (subprogram 1) WDD empowered to: (i) coordinate all gender cells in line departments; (ii) contribute to sector policies and development expenditures, based on gender-disaggregated data from BOR, EBAT, SBOS, and PC-1 forms, Pension and general provident fund managed in line with international best practices by FY2011	Economic and statistical reports by federal and GOS entities ADB, World Bank, and International Monetary Fund financial and economic publications GOS annual budgets and ADP performance reports Third party evaluation of primary health care (February–August 2010) ADB consultations with key stakeholders and consultation reports	Assumptions Political and macroeconomic stability Continued commitment to reforms by GOS and effective leadership in line departments Risks Poor security situation Lack of transparency in administration and transactions Implementation delays due to weak public sector capacity

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Key Outputs PPPs introduced in infrastructure and social service provision, (supplementing public resources with private resources) Reduced government involvement in commercial activities Improved public expenditure management Mechanism for gender mainstreaming in development planning introduced Improved transparency of development expenditure Improved employee benefits management (towards an affordable and sustainable benefit package) Increased and sustained rural investments	PPP unit and RMU formed and began operations by March 2010, with 6 staff (including 2 from the private sector) One PPP project implemented, and feasibility studies for at least 3 potential PPP projects prepared by the end of FY2010 Articles and memorandum of association drafted to establish a new entity to manage and operate at least 3 industrial estates 100% of twice-tokenized schemes cancelled and practice of tokenization discontinued by end FY2010 Allocation ratio of 70:30 for strategic sectors and 60:40 for overall ADP ongoing and new schemes maintained from FY2010 onwards; 100% approval of new schemes for FY2010 reached by February 2010 Secretary, WDD included as member of PDWP, and coordination procedure between WDD and departmental gender cells notified by May 2010 Develop capacity to monitor development expenditure in M&E Cell (March 2010) and Sindh PPRA Authority (May 2010) through staffing and training Data on 50 schemes entered in PMES, by May 2010 PPRA posted 100% of available tenders on their website, by the end of FY2010 PRs3 billion transferred to SPF and PRs2 billion to SGPIF, by May 2010 Investment unit established for SPF and SGPIF with at least 3 staff from private sector, by May 2010 At least 90% of all available civil service payroll records and 100% of historical records of civil servants and pensioners entered in SAP R/3 by mid-May 2010 Investment in rural areas increased by at least 10% between FY2010 and	Appointment notifications GOS's tender documents and approved contracts and agreements GOS draft articles and memorandum of association GOS annual budget statements, budget call circulars GOS ADP analysis and evaluation reports PDD notification M&E Cell and PPRA organograms and notification for appointment PMES screen shots PPRA website Bank statements of SPF and SGIPF accounts Notification of staff appointments GOS payroll records print outs GOS's ADP BOR road map	Assumptions Buy-in and sufficient, capacity for reforms in PDD, Finance Department, and relevant line departments Quality consultancy services delivered Adequate TA support Risks Resistance from vested interests in the public sector Weak reform management capacity in government agencies Rapid turnover of program management staff Delay in consulting service recruitment and poor quality of consultant outputs

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>(towards reduction of the urban-rural divide)</p> <p>Land records computerized (towards clear land ownership)</p> <p>Market barriers removed (towards more open APMs)</p> <p>Health service delivery contracted out (towards more accessible and high quality services)</p>	<p>FY2011</p> <p>Development of MTBF initiated in Irrigation and Power and Education, key departments in rural economy (March 2010)</p> <p>Land records will be computerized in tandem with the rural investment strategy (accurate information on land titles will be accessible to poor landowners, enabling access to agricultural support services)</p> <p>New APM Law (to corporatize the markets and broaden the representative base of market committees) submitted to the Provincial Assembly by May 2010</p> <p>Coverage and quality of primary health care improved, with PPPs active in at least 18 of 23 districts by May 2010</p> <p>Independent citizens' satisfaction survey commissioned on basic health service delivery by PPHI and public health providers by March; results published by August 2010</p>	<p>BOR progress reports</p> <p>GOS's draft APM law</p> <p>Memorandums of understanding between the GOS and its private sector partners</p> <p>Third party evaluation results based on exit interviews, household surveys of end users</p>	
Activities with Milestones			Inputs
<p>Core Policy Area 1: Promote private sector participation by the GOS</p> <p>1.1 Staff PPP unit and begin staffing RMU (March 2010)</p> <p>1.2 Enact PPP Law (March 2010; with TA resources)</p> <p>1.3 Draft procurement manual and VGF guidelines (April 2010; TA resources)</p> <p>1.4 Draft articles and memorandum of association for new entity to restructure and manage Kotri, Larkana, and Nooriabad, industrial estates by May 2010 (TA resources)</p> <p>1.5 Draft revisions to Sindh Seed Corporation Act 1976 by April 2010 (TA resources)</p> <p>Core Policy Area 2: Improve public expenditure management by the GOS</p> <p>2.1 Issue expenditure ceilings for departmental development budgets (May 2010)</p> <p>2.2 Discontinue twice tokenization practice (FY2010).</p> <p>2.3 Include Secretary, WDD in PDWP as a permanent member (May 2010)</p> <p>2.4 Develop a coordination mechanism among WDD and line departments' gender cells (May 2010)</p> <p>2.5 Customize PMES for Sindh and enter data on 50 schemes (May 2010; TA resources)</p> <p>2.6 Start third party evaluation of ADPs by engaging an evaluation team (February 2010)</p> <p>2.7 Prepare action plan to restructure SBOS (May 2010)</p> <p>2.8 Fully staff M&E Cell (March 2010)</p> <p>2.9 Verify departments reduced audit backlogs (April 2010)</p> <p>2.10 Enact PPRA Law, notify PPRA rules (March 2010)</p> <p>2.11 Fully staff PPRA (May 2010)</p> <p>2.12 Capitalize SPF with PRs3 billion and SGPIF with PRs2 billion (May 2010)</p> <p>2.13 Recruit chief investment officer and actuarial support staff for Sindh Fund Management House investment unit (May 2010)</p>			<p>Subprogram 2: loan of \$120 million</p> <p>TA 7201 resources (balance of \$800,000 for associated TA for cluster Loan 2484: Sindh Growth and Rural Revitalization, 2008)</p> <p>ADB staff resources</p>

Activities with Milestones	Inputs
<p>Core Policy Area 3: Revitalize the rural economy by the GOS</p> <p>3.1 Formulate medium term fiscal framework for 2009–2012, and initiate MTBF in irrigation and power and education departments (March 2010)</p> <p>3.2 Prepare time-bound action plan for complete survey and mapping of rural towns (April 2010; TA resources)</p> <p>3.3 Finalize draft and submit APM Law to Provincial Assembly (May 2010; TA resources)</p> <p>3.4 Sign management contracts for basic health care units in 18 of 23 districts (May 2010)</p> <p>3.5 Interdepartmental commission (comprising health, finance, planning and development, and population welfare departments and PPHI) to develop minimum service delivery standards for primary health care, including maternal and child healthcare (April 2010)</p>	

ADB = Asian Development Bank; ADP = annual development plan; APM = Agriculture Produce Markets; BOR = Board of Revenue; EBAT = Employee Benefit Administration Task Force; GDP = gross domestic product; GOS = Government of Sindh; M&E = monitoring and evaluation; MTBF = medium-term budget framework; PDD = Planning and Development Department; PDWP = Provincial Development Working Party; PMES = project monitoring and evaluation system; PPHI = people's primary health initiative; PPP = public-private partnership; PPRA = Public Procurement Regulatory Authority; RMU = Risk Management Unit; SBOS = Sindh Bureau of Statistics; SGPIF = Sindh General Provident Investment Fund; SITE = Sindh Industrial and Trading Estate; SPF = Sindh Pension Fund; TA = technical assistance; VGF = viability gap fund; WDD = Women Development Department.

Source: Asian Development Bank.

PROGRAM FRAMEWORK

Objectives	Actions under Subprogram 1 (Apr 2007–Dec 2008)	Actions for Subprogram 2 (January 2009–June 2010)	Indicative Triggers for Subprogram 3 (July 2010–March 2012)	Status of Indicative Triggers of Subprogram 3
Core Policy Area 1: Promote private sector participation				
Promote private and public partnerships	FD to have prepared a concept paper outlining a framework for developing provincial PPPs and for establishing a PPP Unit	<p>FD to have operationalized PPP Unit and RMU</p> <p>GOS to have finalized drafts of (i) PPP policy, (ii) PDF guidelines, incorporating Equator Principles and gender equity provisions</p> <p>GOS to have enacted the PPP Law</p> <p>PPP unit to have drafted PPP procurement manual and VGF guidelines</p>	<p>1.1 PPP pipeline to be defined based on transport sector mapping.</p> <p>1.2 PPP Policy Board to notify: (i) PPP Policy, (ii) PDF Guidelines, (iii) PPP Procurement Manual, and (iv) PPP selection criteria incorporating equator principles and gender equity provisions.</p> <p>1.3 FD to develop an integrated record keeping and analysis system of all contingent liabilities for PPP and non-PPP projects.</p> <p>1.4 Staff qualified in environment and social management of projects engaged.</p> <p>1.5 Departmental PPP nodes set up.</p>	<p>Complied with.</p> <p>Partly complied with.</p> <p>Complied with.</p> <p>Not complied with.</p> <p>Partly complied with.</p>
Improve efficiency of public enterprises	<p>GOS to have notified the establishment of a Public Enterprise Working Group, and FD to have assessed past financial performance of public enterprises</p> <p>GOS to have committed to introduce private management into or to divest the Sindh Small Industrial Estate Corporation, Sindh Industrial Trading Estate Company, Sindh Seed Corporation, and Sindh Agriculture Market Committees; and to have taken steps to review and identify options for doing so</p>	<p>GOS to have identified Kotri, Larkana, and Nooriabad for restructuring and developed a restructuring policy (including mother body, separate boards of management for the 3 estates)</p> <p>Agriculture Department to have submitted to Provincial Assembly the amended Sindh Seed Corporation Act 1976 to provide for an empowered private sector board</p>	<p>1.6 GOS to strengthen Industries Department to effectively regulate corporatized entities and assert ownership rights.</p> <p>1.7 GOS to restructure Kotri, Nooriabad, and Larkana industrial estates, based on the restructuring policy.</p> <p>1.8 GOS to restructure SSIC with empowered board of directors and management.</p>	<p>Not complied with.</p> <p>Not complied with.</p> <p>Partly complied with.</p>

Objectives	Actions under Subprogram 1 (Apr 2007–Dec 2008)	Actions for Subprogram 2 (January 2009–June 2010)	Indicative Triggers for Subprogram 3 (July 2010–March 2012)	Status of Indicative Triggers of Subprogram 3
		of directors and management		
Core Policy Area 2: Improve public expenditure management				
Improve efficiency of public investment	<p>GOS to have formed a Budget Ceiling Committee to recommend the budget ceilings for each line department, and PDD to have notified departments that the Committee will recommend ADP ceilings for FY2010 by December 2008 and instructed departments to prioritize proposals in line with budget ceilings</p> <p>PDD to have issued a standing instruction to line departments to cancel all projects that received token allocations or have not been approved for 2 consecutive years, starting from budget for FY2009/10</p> <p>PDD to have issued a standing instruction requiring departments from FY2009/10 onwards to secure approvals for new schemes to be included in the current FY ADP by 30 April of such FY, and to consider schemes approved after 30 April as new schemes in the next FY</p> <p>PDD to have excluded from the FY2008/09 ADP those schemes that had zero utilization of funds during the previous FY</p>	<p>Budget Ceiling Committee to have recommended global limits for departments' development budgets for FY2011 and line departments to have complied with the ceilings</p> <p>GOS to have cancelled twice tokenized projects in FY2010 budget, and have notified twice that tokenization be discontinued</p> <p>PDD to have reviewed and increased departmental project approval ceilings</p> <p>GOS to have achieved an ongoing-to-new-scheme-ratio of 70:30 in strategic sectors and a 60:40 ratio for the overall ADP</p> <p>Departments to have secured approvals for 100% of new schemes for FY2010 by 30 April 2010; and to have secured approval for 20% of the new schemes to be included in the FY2011 ADP by 30 April 2010</p> <p>PDD to have established a project feasibility facility to support sound project development</p> <p>GOS to have included the</p>	<p>2.1 GOS to achieve a 70:30 ratio of ongoing to new schemes.</p> <p>2.2 Departments to secure approval of the remaining 70% of schemes in ADP 2011 by September 2010 and 10% by December 2010. GOS to ensure all schemes are approved by April 2011 for FY2012 and to adopt the practice in following FYs.</p> <p>2.3 PDD to adopt criteria for identifying schemes that require detailed feasibility studies prior to their inclusion in the ADP.</p> <p>2.4 PDD to ensure gender-disaggregated data are solicited in the PC1 pro forma.</p> <p>2.5 GOS to strengthen the human resource and technical capacity of WDD.</p> <p>2.6 GOS to have included WDD as lead department for gender-mainstreaming in the rules of business.</p>	<p>Partly complied with.</p> <p>Partly complied with.</p> <p>Not complied with.</p> <p>Complied with.</p> <p>Complied with.</p> <p>Complied with.</p>

Objectives	Actions under Subprogram 1 (Apr 2007–Dec 2008)	Actions for Subprogram 2 (January 2009–June 2010)	Indicative Triggers for Subprogram 3 (July 2010–March 2012)	Status of Indicative Triggers of Subprogram 3
		Secretary of the WDD as a permanent member of PDWP; and to have adopted coordination procedures among WDD and line departments		
Improve monitoring and evaluation	<p>PDD to have initiated actions to adopt the computerized M&E framework developed by GOP</p> <p>PDD to have reviewed 5 randomly selected projects that suffered from delays in execution to identify systematic blockages</p>	<p>PDD to have operationalized results-based M&E framework; and information entered in the PMES for 50 schemes</p> <p>PDD to have commenced third-party evaluations of ADP schemes</p> <p>PDD to have developed an action plan to enhance the capacity of SBOS</p> <p>PDD to have fully staffed M&E cell</p>	<p>2.7 PDD to extend results-based M&E framework to include Agriculture, Livestock and Fisheries, Irrigation and Power, Works and Services departments.</p> <p>2.8 GOS to notify rules for third party evaluations and complete evaluations for at least 20 schemes (over PRs 300 million).</p> <p>2.9 GOS to enhance SBOS's capacity to effectively deliver on its mandate.</p> <p>2.10 PDD to strengthen M&E Cell's technical capacity.</p>	<p>Complied with.</p> <p>Partly complied with.</p> <p>Partly complied with.</p> <p>Complied with.</p>
Improve audit compliance, legislative oversight, and internal control	<p>Departments of Agriculture, Livestock and Fisheries, Irrigation and Power, and Works and Services to have committed to hold DAC meetings at least quarterly, and to settle or refer to public accounts committee advance and draft audit observations for FY2005 and FY2006 by Dec 2008, and for FY2007 and FY2008 by December 2009. Such departments to have scheduled DAC meetings for FY2009</p> <p>Provincial Assembly Secretariat to have notified the</p>	<p>DACs to have reduced audit backlog as indicated in subprogram 1</p> <p>Public accounts committee to have met at least quarterly</p> <p>Sindh PPRA Law enacted and Authority adequately staffed. Revised PPRA rules notified</p> <p>PPRA to have posted tenders on their website</p>	<p>2.11 Key departments including health, departments to eliminate backlog of advance audit paras.</p> <p>2.12 GOS asses and formulate improvements to the current public auction rules/procedures for moveable assets.</p> <p>2.13 GOS to update the strategy for conducting full internal controls for all departments.</p> <p>2.14 SPPRA to post procurement plans, tenders, and purchase orders on their website</p>	<p>Partly complied with.</p> <p>Complied with.</p> <p>Not complied with.</p> <p>Complied with.</p>

Objectives	Actions under Subprogram 1 (Apr 2007–Dec 2008)	Actions for Subprogram 2 (January 2009–June 2010)	Indicative Triggers for Subprogram 3 (July 2010–March 2012)	Status of Indicative Triggers of Subprogram 3
	establishment of the new public accounts committee		2.15 SPPRA to notify PPP procurement provisions in the PPRA rules.	Complied with.
Improve financing of employee benefits: pensions, GPF, benevolent fund, group life and other death benefits	For FY 2008, FD to have transferred PRs3 billion to SPF and PRs2 billion to SGIPF, all from the GOS budget FD to have prepared a draft strategy and action plan for the establishment of a Fund Management House	For FY2010, FD to have transferred PRs3 billion to SPF and PRs2 billion to SGPIF, and have vetted a financing strategy for FY2011 onwards for GOS to adopt FD to have established a professionally managed investment unit for SPF and SGPIF, and to have prepared an outline for Sindh Fund Management House Act	2.16 For FY2011, FD to transfer funds to SPF and to SGIPF in line with the financing strategy. 2.17 SFMH Act to be promulgated in 2010; and Sindh Fund Management House to be operationalized with unified Board in 2011.	Complied with. Not complied with.
Improve record-keeping, administration, and service delivery of pensions and other employee benefits	FD and Accountant General of Sindh Office to have established an EBAT Accountant General, Sindh to have completed data entry for at least: 156,000 civil servants in the SAP R/3 payroll module 24,000 pensioners in the SAP R/3 pension module 29,000 wage history records in the SAP R/3 GPF module	AG Sindh to have completed entry of all available civil service payroll records and historical records of civil servants and pensioners in SAP R/3; and to have tested accuracy and accessibility of all these data (including a gender filter) AG Sindh to have established one-window pension facilitation cells to improve employee benefit delivery	2.18 EBAT to confirm accuracy and accessibility of data in S/R3, with automated payroll for all civil servants, updated current monthly pensions and missing GPF records. 2.19 EBAT to review and recommend amendments in procedures and business processes to support automated systems. 2.20 FD and AG Sindh to institutionalize subprogram 2 service delivery initiatives.	Not complied with. Not complied with. Complied with.

Objectives	Actions under Subprogram 1 (Apr 2007–Dec 2008)	Actions for Subprogram 2 (January 2009–June 2010)	Indicative Triggers for Subprogram 3 (July 2010–March 2012)	Status of Indicative Triggers of Subprogram 3
Improve pension and other employee benefits policy		FD to have completed a diagnostic study of employee benefits package (including pensions) and to have created a Task Force to review reform options FD to have recruited actuarial support staff for the SFMH investment unit to support financial analyses of all employee benefits	2.21 GOS to report on all employee benefits in line with international accounting standards in the budget.	Complied with.
Core Policy Area 3: Revitalize the Rural Economy				
Institutionalize GOS commitment to rural revitalization	GOS to have established an Executive Committee chaired by the chief secretary to formulate and recommend rural revitalization strategic directions and reform agenda	The Executive Committee to have recommended priorities for rural revitalization agenda to CM, for submission to Cabinet	3.1 PDD to finalize and implement rural revitalization agenda.	Complied with.
Increase and sustain rural investment	PDD to have prepared a draft public sector rural investment plan for inter-departmental consultation GOS to have increased the FY2009 ADP allocation for rural areas by at least 15% from the previous FY, and committed to increase provincial public investment in rural areas by at least 15% per annum between FY 2010–FY 2011	FD to have developed MTFF for FY2009–FY2012 for GOS fiscal operations; and to have committed to increase provincial public investment in rural areas by at least 10% per annum for FY2011 and FY2012, in line with GOS investment plan in rural areas PDD to have increased ADP for FY 2010 allocations for rural areas in line with MTFF FD to have initiated development of MTBF for Irrigation and Power and Education Departments	3.2 GOS to increase investment in rural areas by at least 10% per annum between FY 2011–FY 2012. 3.3 Agriculture and Livestock and Fisheries Departments to be included in the MTBF. 3.4 FD to integrate the current and development budgets for departments in the MTBF. 3.5 PDD to reconcile ADP allocations with rural revitalization priorities and MTFF.	Complied with. Complied with. Complied with. Complied with.
Improve land records	GOS to have approved planning commission	BOR Advisory Committee	3.6 to roll out land record	Partly complied with.

Objectives	Actions under Subprogram 1 (Apr 2007–Dec 2008)	Actions for Subprogram 2 (January 2009–June 2010)	Indicative Triggers for Subprogram 3 (July 2010–March 2012)	Status of Indicative Triggers of Subprogram 3
	<p>proforma approvals for carrying out preservation of records, computerization, and development of geographic information system of land records</p> <p>BOR to have commenced recruitment of the program management unit Project Director and management consultants for the computerization of land records and establishment of the land administration and revenue management information system</p> <p>BOR to have obtained a legal opinion from the Law Department regarding the legal status of computer generated title deeds, mutations (transfers), e-Pass Books, and other related changes</p>	<p>established and to have approved an Action Plan up to 2010. BOR to have institutionalized annual action plan preparation by March of every FY thereafter</p> <p>BOR to have established the program management unit with the project director and management consultant appointed</p> <p>GOS to have notified a time-bound action plan to implement a complete survey and mapping of rural towns, in line with GOS investment plan in rural areas</p>	<p>computerization (with gender filter) as outlined in the 3 PC1s and to initiate a roll out of e-passbook issuance by December 2011.</p> <p>3.7 GOS to submit the amended draft Land Revenue Act to the Provincial Assembly by March 2011.</p>	Complied with.
Eliminate market distortions and barriers to private sector entry	<p>GOS to have undertaken a review to identify ways of enabling private sector management or divestment of government-owned agriculture markets, and establishing markets</p> <p>Agriculture Department to have submitted to CM a summary for amending or repealing the Sindh Agriculture Produce Markets Act (1939) to eliminate restrictions limiting private sector's establishment in and management of wholesale and bulk markets</p>	<p>GOS to have notified at least 7 of the largest market committees for APMs</p> <p>Agriculture Department to have submitted APM Bill to the Provincial Assembly to corporatize APMs</p>	<p>3.8 GOS will notify all APMs.</p> <p>3.9 Agriculture Department to incorporate at least 3 APMs registered with SECP.</p> <p>3.10 GOS to notify and implement policy to enhance capacity of Agriculture Department to effectively regulate the sector, corporatized entities, and assert ownership rights.</p> <p>3.11 Agriculture Department to formulate an agriculture marketing policy.</p>	<p>Partly complied with.</p> <p>Partly complied with.</p> <p>Not complied with.</p> <p>Not complied with.</p>

Objectives	Actions under Subprogram 1 (Apr 2007–Dec 2008)	Actions for Subprogram 2 (January 2009–June 2010)	Indicative Triggers for Subprogram 3 (July 2010–March 2012)	Status of Indicative Triggers of Subprogram 3
Enter into partnerships for service delivery and rural empowerment with non-governmental organizations Enhance citizens' voices through regular citizens' satisfaction surveys	GOS to have expanded the primary health care management partnership for managing BHUs under PPHI from 10 to 16 districts	GOS to have expanded its primary health care management partnerships to 18 districts	3.12 GOS to develop health sector strategy.	Complied with.
	Health Department to have notified minimum service delivery standards to be adopted by PPHI in BHUs	GOS to have started a third-party evaluation to assess performance of PPHI and other public health providers, and to measure citizen satisfaction	3.13 GOS to integrate curative and preventive health care at BHU level including delivery of vertical health programs.	Complied with.
	GOS to have taken steps to enter into a partnership with a consortium of NGOs to carry out rural empowerment and social mobilization programs	GOS to have notified revised minimum service delivery standards for primary health care, including maternal and child health	3.14 Health Department to develop health sector result-based framework with key performance indicators and a structured monitoring mechanism.	Complied with.
			3.15 GOS to conduct third-party evaluation to assess performance of PPHI, public and private health care providers and to measure citizen satisfaction on service delivery.	Complied with.

ADP = Annual Development Plan, AG = accountant general, APM = agriculture produce market, BHU = basic health unit, BOR = Board of Revenue, CM = Chief Minister, DAC = departmental accounts committee, EBAT = Employees Benefit Administration Task Force, FD = Finance Department, FY = fiscal year, GOS = Government of Sindh, GPF = general provident fund, M&E = monitoring and evaluation, MTBF = medium-term budget framework, MTFF = medium-term fiscal framework, NGO = nongovernment organization, PC1 = Planning Commission Proforma 1, through which the submission of new project proposals to the Public Sector Development Programme in Pakistan is done, PDD = Planning and Development Department, PDF = project development facility, PDWP = Provincial Development Working Party, PMES = project monitoring and evaluation system, PPHI = People's Primary Health Institute, PPRA = Public Procurement Regulatory Authority, PPP = public-private partnership, RMU = risk management unit, SAP R/3 = an enterprise resource planning software produced by SAP AG, a German multinational software corporation, designed to coordinate all the resources, information, and activities needed to complete different business processes in an organization, SBOS = Sindh Bureau of Statistics, SECP = , SFMH = Sindh Fund Management House, SPF = Sindh Pension Fund, SPPRA = Sindh Public Procurement Regulatory Authority, SSIC = Sindh Small Industries Corporation, VGF = viability gap fund, WDD = Women Development Department.

Source: Asian Development Bank.

**LOAN 2484-PAK: SINDH GROWTH AND RURAL REVITALIZATION PROGRAM –
SUBPROGRAM 1**

Table A3.1: Status of Compliance with Subprogram 1 Loan Covenants and Loan Agreement

Covenant	Loan Agreement	Status of Compliance
The Borrower shall, and shall cause Sindh to, carry out the Program with due diligence and efficiency and in conformity with sound administrative, financial, environmental, private sector participation, public expenditure management and rural economic practices.	Section 4.01 (a)	Complied with.
In the carrying out of the Program, the Borrower shall, and shall cause Sindh to, perform all obligations set forth in Schedule 5 to this Loan Agreement and the Schedule to the Program Agreement.	Section 4.01 (b)	Complied with.
(a) The Borrower shall maintain records and documents adequate to identify the Eligible Items financed out of the proceeds of the Loan and to record the progress of the Program.	Section 4.02 (a)	Complied with.
The Borrower shall enable ADB's representatives to inspect any relevant records and documents referred to in paragraph (a) of this Section.	Section 4.02 (b)	Complied with.
(a) As part of the reports and information referred to in Section 6.05 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning (i) the Counterpart Funds and the use thereof; and (ii) the implementation of the Program, including the accomplishment of the targets and carrying out of the actions set out in the Policy Letter.	Section 4.03 (a)	Complied with.
Without limiting the generality of the foregoing or Section 6.05 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB quarterly reports on the carrying out of the Program and on the accomplishment of the targets and carrying out of the actions set out in the Policy Letter.	Section 4.03 (b)	Complied with.
Project Implementation and Other Matters		
<u>Continuity and Coordination of Reforms.</u> The Borrower shall, and shall cause Sindh to, ensure that all policies adopted and actions taken under the Program, as set forth in the Policy Letter and the Policy Matrix, shall continue to be in effect for and beyond the duration of the Program.	Schedule 5, para. 1	Complied with.
The Borrower shall ensure that adequate information be made available to Sindh to facilitate implementation of policies and actions in the Program that are connected with, or can be affected by, federal initiatives.	Schedule 5, para. 2	Complied with.
<u>Policy Actions and Dialogue.</u> The Borrower shall, and shall cause Sindh (a) to keep ADB informed of, and exchange views on, the progress made in carrying out the Program; and (b) to engage in policy dialogue with ADB, in a timely manner, on problems and constraints encountered during Program implementation and on appropriate measures to overcome or mitigate such problems and constraints.	Schedule 5, para. 3	Complied with.

Covenant	Loan Agreement	Status of Compliance
The Borrower shall, and shall cause Sindh (a) to keep ADB informed of policy discussions with other multilateral or bilateral agencies that have implications for implementation of the Program; (b) to provide ADB with an opportunity to comment on any resulting policy proposals; and (c) to take ADB's views into consideration before finalizing and implementing any such proposals.	Schedule 5, para. 4	Complied with.
<u>Use of Counterpart Funds.</u> The Borrower shall ensure that Sindh uses the Counterpart Funds to provide necessary budget appropriations in support of programs and activities in line with the Program objectives.	Schedule 5, para. 5	Complied with.

ADB = Asian Development Bank

Table A3.2: Status of Compliance with Subprogram 1 Program Agreement

Covenant	Loan Agreement	Status of Compliance
Sindh shall carry out the Program with due diligence and efficiency, and in conformity with sound administrative, financial, environmental, private sector participation, public expenditure management and rural economic practices.	Section 2.01 (a)	Complied with.
In the carrying out of the Program and operation of the Program facilities, Sindh shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to Sindh, and the schedule to this Project Agreement.	Section 2.01 (b)	Complied with.
Sindh shall make available, promptly as needed, the funds, facilities, services, equipment and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Program.	Section 2.02	Complied with.
Sindh shall maintain, or cause to be maintained, records and accounts adequate to identify the items of expenditures financed out of the Counterpart Funds as specified in paragraph 7 of Schedule 5 to the Loan Agreement, to disclose the use thereof in the Program, to record the progress of the Program (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.	Section 2.03	Not complied with.
ADB and Sindh shall cooperate fully to ensure that the purposes of the Loan will be accomplished.	Section 2.04 (a)	Complied with.
Sindh shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Program, the performance of its obligations under this Program Agreement, or the accomplishment of the purposes of the loan.	Section 2.04 (b)	Complied with.
ADB and Sindh shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Program and the Loan.	Section 2.04 (c)	Complied with.
Sindh shall furnish to ADB all such reports and information as ADB shall reasonably request concerning: (i) the Counterpart Funds and the use thereof; (ii) the	Section 2.05 (a)	Not complied with.

Covenant	Loan Agreement	Status of Compliance
Program; (iii) the administration, operations and financial condition of Sindh to the extent relevant to the Program; and (iv) any other matters relating to the purposes of the Loan.		
Without limiting the generality of the foregoing, Sindh shall furnish to ADB and the Borrower an annual report on its budget performance not later than six months after the conclusion of each Financial Year and quarterly and annual reports on the implementation of the Program during the Program period. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems and proposed program of activities and expected progress during the following period.	Section 2.05 (b)	Not complied with.
Promptly after the completion of the Program, but in any event not later than three (3) months thereafter or such later date as ADB may agree for this purpose, Sindh shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and implementation of the Program, including its cost, the performance by Sindh its obligations under this Program Agreement and the accomplishment of the purposes of the Loan.	Section 2.05 (c)	Draft PCR report submitted.
Sindh shall enable ADB's representatives to inspect the Program facilities and relevant records and documents relating to the Program, including the application of Counterpart Funds as specified in paragraph 7 of the Schedule to this Program Agreement.	Section 2.06	Complied with.
Sindh shall, promptly as required, take all action within its powers to implement and carry out the Program.	Section 2.07 (a)	Complied with.
Sindh shall at all times conduct its business in accordance with sound administrative, financial, environmental and public resource management practices.	Section 2.07 (b)	Complied with.
Except as ADB may otherwise agree, Sindh shall apply the Counterpart Funds to the financing of expenditures on the Program in accordance with the provisions of the Loan Agreement and this Program Agreement, and shall ensure that all expenditures financed out of such proceeds are used exclusively in the carrying out of the Program.	Section 2.08	Complied with.
Program Implementation and other matters		
<u>Program Management</u> Sindh shall appoint PDD as the Program Executing Agency to be responsible for the overall implementation of the Program, including coordinating the implementation of policy actions by various departments, Program administration, disbursements, and maintenance of program records.	Schedule 6, para. 1	Complied with.
A Steering Committee, chaired by the Additional Chief Secretary (Development) and comprising the Secretaries from all the Program implementing agencies, shall oversee Program implementation. The Steering Committee shall meet quarterly and post its major	Schedule 6, para. 2	Not complied with.

Covenant	Loan Agreement	Status of Compliance
decisions on the website for the Program, to be established within one month of the Effective Date. ADB may be invited to participate in the Steering Committee meetings as an observer.		
With respect to the rural revitalization core policy area under the Program, Sindh shall establish an Executive Committee chaired by the Chief Secretary to provide overall policy guidance and oversight for such area.	Schedule 6, para. 3	Complied with.
The Program implementing agencies shall be FD, the BOR, the Agriculture Department, the Industries Department, the Health Department, the Works and Services Department, the Irrigation Department, and the Livestock and Fishery Department. A focal person shall be appointed in each of the IAs, except in FD and BOR.	Schedule 6, para. 4	Complied with.
PDD shall establish a PMU. The PMU shall coordinate the activities of the Program implementing agencies. The PMU shall also be the secretariat to the Steering Committee. An Economic Reform Unit in FD and a Project Management Unit in BOR for the computerization of land records and establishment of the land administration and revenue management information system shall be established, and will coordinate with the PMU. The PMU shall be responsible for day-to-day Program implementation activities.	Schedule 6, para. 5	Complied with.
Sindh shall ensure that the PMU Director proposed for selection is communicated to, and mutually agreed with, ADB, and that such Director will not be replaced without the mutual consent of Sindh and ADB to ensure stability in Program management and effective Program implementation.	Schedule 6, para. 6	Complied with.
<p><u>Counterpart Funds</u></p> <p>Except as ADB may otherwise agree, Sindh shall ensure that the Counterpart Funds are used to provide necessary budget appropriations in support of the following priority programs and projects:</p> <p>(i) \$65,000,000 equivalent for increasing rural investment and improving rural service delivery;</p> <p>(ii) \$1,000,000 equivalent for GOS-managed demand driven Advisory TA-related activities during the Program Cluster implementation period; and</p> <p>(iii) \$34,000,000 equivalent for computerization of land records, computerized performance-based monitoring and evaluation, seed capital for the Viability Gap Fund and the Project Development Fund, and restructuring and adjustment costs relating to public sector enterprise divestment or restructuring.</p>	Schedule 6, para. 7	Complied with.
To help bring about successful implementation of rural investment schemes, Sindh shall ensure that budgetary allocations for such schemes are sufficient and funds are available in a timely manner. With respect to carrying out rural empowerment and social mobilization programs, subject to execution of a memorandum of understanding between GOS and a consortium of NGOs comprising the National Rural Support Program, the Sindh Rural Support Organization, Sindh Agricultural and Forestry Workers'	Schedule 6, para. 8	Complied with.

Covenant	Loan Agreement	Status of Compliance
Coordinating Organization and Thardeep Rural Development Program, Counterpart Funds shall be channeled through such NGOs.		
<u>Consultation</u> Sindh shall keep the ADB informed of, and shall consult with the ADB on (i) proposed amendments to the Agricultural Produce Markets Act (1939) to eliminate restrictions limiting the private sector in establishing and managing wholesale and bulk markets; and (ii) proposals for restructuring or divestiture of the Sindh Small Industrial Estate Corporation, Sindh Industrial Trading Estate Company, Sindh Seed Corporation, and Sindh Agricultural Market Committees.	Schedule 6, para. 9	Complied with.
<u>Advisory TA</u> Sindh shall ensure that in carrying out the policy measures and activities included under the Policy Matrix, due consideration is given to the findings and recommendations of the Advisory TA. Sindh shall take into account ADB comments on the findings and recommendations of the Advisory TA when formulating policy measures for this and upcoming programs in Sindh.	Schedule 6, para. 10	Complied with.
<u>Counterpart Financial and Human Resources</u> Sindh shall ensure that the necessary financial and human resources are provided for computerizing land records and improving monitoring and evaluation of the Annual Development Plans. The specific amount of financial resources and number and composition of human resources shall be included in the action plans for these two activities to be agreed by Sindh and ADB.	Schedule 6, para. 11	Complied with.

ADB = Asian Development Bank, BOR = Board of Revenue, FD = Finance Department, GOS = Government of Sindh, NGO = nongovernment organization, PDD = Planning and Development Department, PMU = program management unit, TA = technical assistance

**LOAN 2645-PAK: SINDH GROWTH AND RURAL REVITALIZATION PROGRAM
–SUBPROGRAM 2**

Table A4.1: Status of Compliance with Subprogram 2 Loan Covenants and Loan Agreement

Covenant	Loan Agreement	Status of Compliance
The Borrower shall, and shall cause Sindh to, carry out the Program with due diligence and efficiency and in conformity with sound administrative, financial, environmental, private sector participation, public expenditure management and rural economic practices.	Section 4.01 (a)	Complied with.
In the carrying out of the Program, the Borrower shall, and shall cause Sindh to, perform all obligations set forth in Schedule 5 to this Loan Agreement and the Schedule to the Program Agreement.	Section 4.01 (b)	Complied with.
The Borrower shall maintain records and documents adequate to identify the Eligible Items financed out of the proceeds of the Loan and to record the progress of the Program.	Section 4.02 (a)	Complied with.
The Borrower shall enable ADB's representatives to inspect any relevant records and documents referred to in paragraph (a) of this Section.	Section 4.02 (b)	Complied with.
(a) As part of the reports and information referred to in Section 6.05 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning (i) the Counterpart Funds and the use thereof; and (ii) the implementation of the Program, including the accomplishment of the targets and carrying out of the actions set out in the Policy Letter.	Section 4.03 (a)	Complied with.
Without limiting the generality of the foregoing or Section 6.05 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB quarterly reports on the carrying out of the Program and on the accomplishment of the targets and carrying out of the actions set out in the Policy Letter.	Section 4.03 (b)	Complied with.
Project Implementation and Other Matters		
Continuity and Coordination of Reforms. The Borrower shall, and shall cause Sindh to, ensure that all policies adopted and actions taken under the Program, as set forth in the Policy Letter and the Policy Matrix, shall continue to be in effect for and beyond the duration of the Program.	Schedule 5, para. 1	Complied with.
The Borrower shall ensure that adequate information be made available to Sindh to facilitate implementation of policies and actions in the Program that are connected with, or can be affected by, federal initiatives.	Schedule 5, para. 2	Complied with.
Policy Actions and Dialogue. The Borrower shall, and shall cause Sindh (a) to keep ADB informed of, and exchange views on, the progress made in carrying out the Program; and (b) to engage in policy dialogue with ADB, in a timely manner, on problems and constraints encountered during Program implementation and on appropriate measures to overcome or mitigate such problems and constraints.	Schedule 5, para. 3	Complied with.

Covenant	Loan Agreement	Status of Compliance
The Borrower shall, and shall cause Sindh (a) to keep ADB informed of policy discussions with other multilateral or bilateral agencies that have implications for implementation of the Program; (b) to provide ADB with an opportunity to comment on any resulting policy proposals; and (c) to take ADB's views into consideration before finalizing and implementing any such proposals.	Schedule 5, para. 4	Complied with.
<u>Use of Counterpart Funds.</u> The Borrower shall ensure that Sindh uses the Counterpart Funds to provide necessary budget appropriations in support of programs and activities in line with the Program objectives.	Schedule 5, para. 5	Complied with.

ADB = Asian Development Bank

Table A4.2: Status of Compliance with Subprogram 2 Program Covenants and Program Agreement

Covenant	Loan Agreement	Status of Compliance
Sindh shall carry out the Program with due diligence and efficiency, and in conformity with sound administrative, financial, environmental, private sector participation, public expenditure management and rural economic practices.	Section 2.01 (a)	Complied with.
In the carrying out of the Program and operation of the Program facilities, Sindh shall perform all obligations set forth in the Loan Agreement to the extent that they are applicable to Sindh, and the schedule to this Project Agreement.	Section 2.01 (b)	Complied with.
Sindh shall make available, promptly as needed, the funds, facilities, services, equipment and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Program.	Section 2.02	Complied with.
Sindh shall maintain, or cause to be maintained, records and accounts adequate to identify the items of expenditures financed out of the Counterpart Funds as specified in paragraph 5 of Schedule to this Program Agreement, to disclose the use thereof in the Program, to record the progress of the Program (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.	Section 2.03	Not complied with.
ADB and Sindh shall cooperate fully to ensure that the purposes of the Loan will be accomplished.	Section 2.04 (a)	Complied with.
Sindh shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Program, the performance of its obligations under this Program Agreement, or the accomplishment of the purpose of the Loan.	Section 2.04 (b)	Complied with.
ADB and Sindh shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Program and the Loan.	Section 2.04 (c)	Complied with.
Sindh shall carry out the Program with due diligence and efficiency, and in conformity with sound administrative, financial, environmental, private sector participation,	Section 2.01 (a)	Complied with.

Covenant	Loan Agreement	Status of Compliance
public expenditure management and rural economic practices.		
Sindh shall furnish to ADB all such reports and information as ADB shall reasonably request concerning: (i) the Counterpart Funds and the use thereof; (ii) the Program; (iii) the administration, operations and financial condition of Sindh to the extent relevant to the Program; and (iv) any other matters relating to the purposes of the Loan.	Section 2.05 (a)	Not complied with.
Without limiting the generality of the foregoing, Sindh shall furnish to ADB and the Borrower an annual report on its budget performance not later than six months after the conclusion of each Financial Year and quarterly and annual reports on the implementation of the Program during the Program period. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems and proposed program of activities and expected progress during the following period.	Section 2.05 (b)	Not complied with.
Promptly after the completion of the Program, but in any event not later than three (3) months thereafter or such later date as ADB may agree for this purpose, Sindh shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and implementation of the Program, including its cost, the performance by Sindh its obligations under this Program Agreement and the accomplishment of the purposes of the Loan.	Section 2.05 (c)	Draft PCR report submitted.
Sindh shall enable ADB's representatives to inspect the Program facilities and relevant records and documents relating to the Program, including the application of Counterpart Funds.	Section 2.06	Complied with.
Sindh shall, promptly as required, take all action within its powers to implement and carry out the Program.	Section 2.07 (a)	Complied with.
Sindh shall at all times conduct its business in accordance with sound administrative, financial, environmental and public resource management practices.	Section 2.07 (b)	Complied with.
Except as ADB may otherwise agree, Sindh shall apply the Counterpart Funds to the financing of expenditures on the Program in accordance with the provisions of the Loan Agreement and this Program Agreement, and shall ensure that all expenditures financed out of such proceeds are used exclusively in the carrying out of the Program.	Section 2.08	Complied with.
Program Implementation and other matters		
<u>Program Management</u> Sindh shall appoint PDD as the Program Executing Agency to be responsible for the overall implementation of the Program, including coordinating the implementation of policy actions by various departments, Program administration, disbursements, and maintenance of	Schedule, para. 1	Complied with.

Covenant	Loan Agreement	Status of Compliance
program records. Sindh shall appoint FD, BOR, Departments of Agriculture; Industries and Commerce; Irrigation and Power; Health; Livestock and Fisheries; and Works and Services as the implementing agencies.		
<u>Continuity and Coordination of Reforms</u> Sindh shall ensure that all policies adopted and actions taken under the Program, as set forth in the Policy Letter and the Policy Matrix, shall continue to be in effect for and beyond the duration of the Program.	Schedule para. 2	Complied with.
<u>Policy Actions and Dialogue</u> Sindh shall (a) keep ADB informed of, exchange views on, the progress made in carrying out the Program; and (b) engage in policy dialogue with ADB, in a timely manner, on problems and constraints encountered during Program implementation and on appropriate measures to overcome or mitigate such problems and constraints.	Schedule para. 3	Complied with.
Sindh shall (a) keep ADB informed of policy discussions with other multilateral or bilateral agencies that have implications for implementation of the Program; (b) provide ADB with an opportunity to comment on any resulting policy proposals; and (c) take ADB's views into consideration before finalizing and implementing any such proposals.	Schedule para. 4	Complied with.
<u>Use of Counterpart funds</u> Sindh shall use the Counterpart Funds to provide necessary budget appropriations in support of programs and activities in line with the Program objectives.	Schedule para. 5	Complied with.
<u>PPP Policy and PDF guidelines</u> Sindh shall ensure that the PPP Policy and the Project Development Fund guidelines incorporate adequate provisions to ensure that (a) national law and international best practice standards for environment and social compliance, as prescribed in the Equator Principles, are followed; and (b) gender inclusive mitigation and development measures are adopted in PPPs.	Schedule para. 6	Complied with. PPP unit was established in FD, PPP law has been enacted and work is in progress on various PPP projects.
<u>Human Resources</u> Sindh, through FD, shall prepare, by 31 October 2010, a capacity development plan, with an indicative budget for its implementation, for undertaking environmental and social review and audits of PPP projects.	Schedule para. 7	Being complied with. Work is in progress. Advertisements have been placed in the national newspaper for recruitment of relevant people.
<u>Restructuring Policy</u> Sindh shall ensure that, by 30 July 2010, the Industries and Commerce Department adopts the policy for restructuring Kotri, Nooriabad and Larkana industrial estates, including provisions on establishing a mother body for managing and developing Kotri, Nooriabad and Larkana industrial estates with separate boards of management for the three estates.	Schedule 6, para. 8	Not complied with. No progress although PMU moved a summary which was duly approved by the chief minister. Sindh will act on this.
<u>Financing Strategy</u> Sindh shall ensure that GOS (a) refines its financing strategy for pension and general provident fund to provide	Schedule 6, para. 9	Complied with.

Covenant	Loan Agreement	Status of Compliance
for long-term targets in line with actuarial estimates for FY2010/2011 onwards; and (b) approves the strategy by 31 December 2010.		
<u>Review and Evaluation of the Program</u> Sindh shall (a) prepare progress reports and an annual report on Program implementation for submission to ADB and regularly update the Program website; and (b) prepare an annual report on its budget performance not later than 6 months 'after the conclusion of each Financial Year.	Schedule , para. 10	Not complied with.
Sindh shall (a) undertake review of the Program, with the participation of ADB, for the design of subprogram 3 for the Program Cluster based on experiences gained under the Program; and (b) pursuant to the review, submit a report to ADB recommending any revisions to the indicative reforms for subprogram 3.	Schedule 6, para. 11	Not complied with.

ADB = Asian Development Bank, GOS = Government of Sindh, PDD = Planning and Development Department, PDF = project development facility , PPP = public-private partnership

STATUS OF COMPLIANCE WITH THE GENDER ACTION PLAN

Core Policy Area	Actions for SP2 (January 2009–June 2010)	Indicative triggers for SP3 (July 2010–March 2012)	Status on indicative triggers
Core policy area 1: Promote private sector participation	GOS to have finalized drafts of (i) PPP policy, (ii) PDF guidelines, incorporating equator principles and gender equity provisions.	GOS to adopt PPP policy and PDF guidelines, incorporating equator principles and gender equity provisions	Complied with. The PPP Policy Board issued notifications regarding the PPP Policy, PDF guidelines, PPP procurement manual, and PPP selection criteria, all incorporating equator principles and gender equity provisions
Core policy area 2: Improve public expenditure management	GOS to have included the secretary of the Women Development Department (WDD) as a permanent member of PDWP	<p>GOS to have developed coordination procedures among WDD and line departments, and to have included WDD as lead department for gender mainstreaming in the rules of business</p> <p>PDD to ensure gender disaggregated data are solicited in the PC1 pro forma</p> <p>GOS to strengthen human resource and technical capacity of WDD</p>	<p>Complied with.</p> <p>GOS notified (i) the Secretary of the WDD as a permanent member of PDWP and (ii) line departments to consult the WDD before framing their policies (Notification No. SO(CIV)SGA&CD/4-1/09)</p> <p>Complied with.</p> <p>PDD revised PC-1 pro forma to capture gender-disaggregated project data</p> <p>WDD has also notified the following committees for data collection:</p> <ul style="list-style-type: none"> (i) six Steering Committees of ADP projects of the WDD (ii) Convention on the Elimination of Discrimination Against Women (iii) Provincial Watch Committee Sindh, which facilitated and monitors the implementation of the Protection Against Harassment of Women at Workplace Act 2010 <p>Complied with.</p> <p>Capacity building of the staff of the WDD is an ongoing activity</p>
	Sindh accountant general to have completed entry of all available civil service payroll records	EBAT to confirm accuracy and accessibility of data in SAP/R3	Partly complied with. Gender-disaggregated statistics on employment and

Core Policy Area	Actions for SP2 (January 2009–June 2010)	Indicative triggers for SP3 (July 2010–March 2012)	Status on indicative triggers
	and historical records of civil servants and pensioners in SAP R/3		employee benefits are available to policy-makers, but rolling-out of the one-window pension facilitation cells has been pending since 2011
Core policy area 3: Revitalize the rural economy	GOS to have notified revised minimum service delivery standards for primary health care including maternal and child health care	Health Department to develop health sector results-based framework with key performance indicators and a structured monitoring mechanism	Partly complied with. GOS developed minimum service delivery standards, and a monitoring mechanism was established at provincial and district levels to inform the development of a health sector results-based framework
	GOS to have conducted a third-party evaluation to assess performance of PPHI and public health providers, and to measure citizen satisfaction	GOS to facilitate third-party evaluation to assess performance of PPHI, and public and private health care providers to measure citizen satisfaction	Partly complied with. Third party monitoring activities are reported to be ongoing, collecting gender-disaggregated data on usage, coverage, access to services and beneficiary analyses.

ADP = Annual Development Plan, EBAT = Employee Benefit Administration Task Force; GOS = Government of Sindh, PDD = Planning and Development Department; PC-1 = Pakistan Planning Commission development project template; PDF = Project Development Facility; PDWP = Provincial Development Working Party; PPHI = People's Primary Health Institute, PPP = public-private partnership; SAP R/3 = software by SAP AG (third generation); WDD = Women Development Department.

Source: Asian Development Bank

SUMMARY OF ACHIEVEMENTS AGAINST THE DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Status
Impact Inclusive and balanced economic growth with reduced poverty and rural–urban inequality in Sindh	Average annual provincial GDP growth rate equal to at least national growth rate (i.e. planned at 2% in FY2010) Rural poverty incidence declining from 2007 to 2012, i.e. from beginning to completion of the program Gender-responsiveness made a selection criteria for development projects in Sindh from 2012	Likely achieved Likely not achieved Not achieved
Outcome Improved efficiency and delivery of selected services in Sindh	Measurable progress made on 5 PPP projects (e.g., identification, pre-feasibility, bidding, financial closure) in Sindh by FY2011 Delays in ADP approval process halved in FY2010 Wider geographical coverage (at least 5 additional districts) and improved provision of basic health service delivery in FY2010 compared with 2008 (subprogram 1) WDD empowered to: (i) coordinate all gender cells in line departments; (ii) contribute to sector policies and development expenditures, based on gender-disaggregated data from BOR, EBAT, SBOS, and PC-1 forms, Pension and general provident fund managed in line with international best practices by FY2011	Achieved Achieved Likely achieved Likely achieved Likely achieved
Key Outputs PPPs introduced in infrastructure and social service provision, (supplementing public resources with private resources) Reduced government involvement in commercial activities Improved public expenditure management Mechanism for gender mainstreaming in development planning introduced Improved transparency of development	PPP unit and RMU formed and began operations by March 2010, with 6 staff (including 2 from the private sector) One PPP project implemented, and feasibility studies for at least 3 potential PPP projects prepared by the end of FY2010 Articles and memorandum of association drafted to establish a new entity to manage and operate at least 3 industrial estates 100% of twice-tokenized schemes cancelled and practice of tokenization discontinued by end FY2010 Allocation ratio of 70:30 for strategic sectors and 60:40 for overall ADP ongoing and new schemes maintained from FY2010 onwards; 100% approval of new schemes for FY2010 reached by February 2010 Secretary, WDD included as member of PDWP, and coordination procedure between WDD and departmental gender cells notified by May 2010 Develop capacity to monitor development expenditure in M&E Cell (March 2010) and Sindh PPRA Authority (May 2010) through staffing and training	Achieved Achieved Achieved Achieved Party achieved Achieved Partly achieved

Design Summary	Performance Targets and Indicators with Baselines	Status
expenditure	Data on 50 schemes entered in PMES, by May 2010	Achieved
	PPRA posted 100% of available tenders on their website, by the end of FY2010	Achieved
	PRs3 billion transferred to SPF and PRs2 billion to SGPIF, by May 2010	Achieved
Improved employee benefits management (towards an affordable and sustainable benefit package)	Investment unit established for SPF and SGPIF with at least 3 staff from private sector, by May 2010	Achieved
	At least 90% of all available civil service payroll records and 100% of historical records of civil servants and pensioners entered in SAP R/3 by mid-May 2010	Achieved
	Investment in rural areas increased by at least 10% between FY2010 and FY2011	Likely achieved
Increased and sustained rural investments (towards reduction of the urban-rural divide)	Development of MTBF initiated in Irrigation and Power and Education, key departments in rural economy (March 2010)	Likely achieved
	Land records will be computerized in tandem with the rural investment strategy (accurate information on land titles will be accessible to poor landowners, enabling access to agricultural support services)	Partly achieved
Land records computerized (towards clear land ownership)	New APM Law (to corporatize the markets and broaden the representative base of market committees) submitted to the Provincial Assembly by May 2010	Achieved
Market barriers removed (towards more open APMs)	Coverage and quality of primary health care improved, with PPPs active in at least 18 of 23 districts by May 2010	Achieved
Health service delivery contracted out (towards more accessible and high quality services)	Independent citizens' satisfaction survey commissioned on basic health service delivery by PPHI and public health providers by March; results published by August 2010	Partly achieved

ADB = Asian Development Bank, ADP = annual development plan, APM = agriculture produce markets, BOR = Board of Revenue, EBAT = Employee Benefit Administration Task Force, FY = fiscal year, GDP = gross domestic product, M&E = monitoring and evaluation, MTBF = medium-term budget framework, PC-1 = Pakistan Planning Commission development project template, PDWP = Provincial Development Working Party, PMES = project monitoring and evaluation system, PPHI = people's primary health initiative, PPP = public-private partnership, PPRA = Public Procurement Regulatory Authority, RMU = Risk Management Unit, SAP R/3 = software by SAP AG (third generation), SBOS = Sindh Bureau of Statistics, SGPIF = Sindh General Provident Investment Fund, SPF = Sindh Pension Fund, VGF = viability gap fund, WDD = Women Development Department.

Source: Asian Development Bank.