This action is funded by the European Union

**ANNEX II**

of the Commission Implementing Decision on the financing of the annual action programme in favour of Pakistan for 2019 part 1

**Action document for the ‘Public Financial Management Support Programme II’**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and the action programme/measure in the sense of Articles 2 and 3 of Regulation (EU) No 236/2014.

<table>
<thead>
<tr>
<th>1. Title/basic act/CRIS number</th>
<th>Public Financial Management Support Programme II (PFM II), CRIS number: ACA/2019/041-482, financed under the Development Cooperation Instrument</th>
</tr>
</thead>
</table>
| 2. Zone benefiting from the action/location | Asia, Islamic Republic of Pakistan  
The action will be carried out at federal level (Islamabad) and in the provinces of Sindh and Balochistan. |
| 3. Programming document | Addendum N°1 to Multi-annual Indicative Programme between the European Union and Pakistan for the period 2014 – 2020¹ |
| 4. SDGs | Main SDG(s) on the basis of section 4.4: 1 and 5  
Other significant SDG(s) on the basis of section 4.4 SDGs 4, 16 and 17 |
| 5. Sector of intervention/thematic area | Good governance, human rights and rule of law  
DEV. assistance: YES² |
| 6. Amounts concerned | Total estimated cost: EUR 13 000 000  
Total amount of EU budget contribution EUR 13 000 000. |
| 7. Aid modality(ies) and | Project modality  
**Direct management** through:  
- Procurement |

¹ C(2018)4741 of 20 July 2018  
² Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.
### Implementation modality(ies)

| 8a) DAC code(s) | 15111 — Public finance management  
| 15110 — Public sector policy and administration |

| b) Main delivery channel | 50000 Others — (52000 includes ‘for profit’ consultants and consultancy firms) |

### 9. Markers (from CRIS DAC form)

<table>
<thead>
<tr>
<th>General policy objective</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Principal objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation development/good governance</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>Aid to environment</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Gender equality and Women’s and girls’ empowerment</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>Trade development</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Reproductive, maternal, new born and child health</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RIO Convention markers</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Principal objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biological diversity</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Combat desertification</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Climate change mitigation</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Climate change adaptation</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

### 10. Global Public Goods and Challenges (GPGC) thematic flagships

| Not applicable |

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4 When a marker is flagged as significant/principal objective, the action description should reflect an explicit intent to address the particular theme in the definition of objectives, results, activities and/or indicators (or of the performance / disbursement criteria, in the case of budget support).

5 Please check the minimum recommended criteria for the gender marker and the Handbook on the OECD-DAC Gender Equality Policy Marker. If gender equality is not targeted, please provide explanation in Section 4.5.Mainstreaming.
SUMMARY
In setting out its ambitions for a ‘New Pakistan’ (Naya Pakistan, PTI manifesto 2018), the Government of Pakistan (GoP) aims to reduce the impact of poverty and social inequality in a context of continued financial constraints focusing on the following key deliverables:

- through legislative reform to address the right to information and to services;
- bring accountability to the core of government;
- empowering people at the grassroots through strengthening local government;
- to promote gender parity by effectively implementing initiatives to increase women’s access to education, healthcare, economic opportunity and legal protection.

More particularly, and contributing to the enabling background targeted by the new government, this action, the Public Finance Management Support Programme II, supports the key deliverables above by contributing to improved inclusive service delivery through enhanced efficiency and effectiveness in public finances in Pakistan, at federal and provincial, Sindh and Balochistan levels. Building on the achievements of and lessons learned from the EU’s ongoing public finance management (PFM) support programme and those of other partners, it will aim specifically to:

(1) implement comprehensive PFM reform processes in Sindh and Balochistan provinces;

(2) consolidate at federal level the medium-term budgetary framework (MTBF) process, including the development of macro-fiscal policies, development planning and policy, and performance monitoring capabilities; and

The action is to be implemented over 5 years (2019-2024), thus allowing for improved practices and results to be sustainably absorbed by GoP services. It will deliver results using technical assistance and capacity development, aiming also to improve coordination between institutions.

1 CONTEXT ANALYSIS
1.1 Context description
Despite economic and geo-political uncertainties, in recent decades Pakistan has experienced rapid GDP growth and has substantially reduced poverty, from 34.6% of the population living below the poverty line in 2002 to less than 10% in 2014. Nevertheless, inequality remains high. But as the world’s 15th largest aid recipient and the world’s sixth most populous nation (over 207 million people (2017)) the country continues to rank low (147/188) on the human development index, and, its ranking is 143 out of 144 on the gender gap index taking into consideration economic, educational, health-based and political indicators.
Major gender disparities persist, despite the fact that gender equality is enshrined in the Constitution. Discrimination and violence against women are culturally deeply rooted. The degree of discrimination and deprivation of rights varies between urban and rural settings and among the different provinces. The provinces targeted by this intervention are particularly regressive. Even though women in Pakistan are in general disadvantaged, in Balochistan they are nearly invisible in public spaces whereas their presence in the labour market is limited. They are often deprived from education, health, information on their rights and access to justice.

At 3% of GDP, spending on health, nutrition, and education is significantly lower than in most other countries. Persisting high levels of malnutrition, poor literacy, and a lack of marketable skills remain structural impediments to economic and social development, fuelling a vicious circle of low productivity, continuing poverty and high birth rates. Political, and security conditions, natural disasters, and an unreliable power supply also continue to limit the country’s ability to achieve the goals of reducing poverty and sharing prosperity. The manifesto of the newly elected government demonstrates a clear commitment to increase spending on primary services by targeting healthcare and education for all, including women and vulnerable groups. Though, this objective maybe hampered because of re-emerging macro-economic imbalances, growing high again budget and current account deficits and depleting foreign exchange reserves to a level below two month imports. As a consequence, gains of economic growth may erode, increasing the country’s vulnerabilities to external and domestic shocks. In this context, the option to go to the IMF for another loan is currently analysed by the Government taking into account the successful completion of 2013-2016 IMF External Fund Facility (EFF).

Especially since the constitutionally enshrined (2011) process of devolution from the federal level to the provinces gained momentum, Pakistan’s provincial governments have played a pivotal role in improving the delivery of basic services to the population. However, they lack sufficient financial resources to do so effectively. As GoP has been intensifying its efforts to improve domestic revenue mobilisation, their impact is expected to be felt only in the medium to long term. This makes more effective financial management on the spending side even more pressing. Successful PFM governance reforms at federal and provincial levels, initiated and set up under the EU’s ongoing PFM support programme (PFM-SPP, see § 1.3.), have yet to be fully institutionalised and rolled out further. Only then will they have the desired impact on fiscal space, on improving administrative autonomy at local levels, and on ensuring that existing and additional resources are used more efficiently and effectively. Overall, human

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6 Pakistan is a patriarchal society where Sharia law, conservative interpretation of Koran, gender stereotypes and customary practices discriminate against women who are considered second-class citizens. Women are exposed to discrimination, physical and psychological violence in all life cycle stages, with less access and control over resources and limited participation and decision making power in public life.

7 Examples include the macro-forecasting model used at federal level, or the green book on results-based budgeting.
rights will be targeted through improved PFM governance and more efficient financial systems, resulting in improved service delivery.

Ongoing and future programmes funded by the EU require sound financial systems, in particular if funded through budget support. This is why the proposed action will fully complement and operate in close synergy with a number of other EU interventions, and enhance the overall coherence of EU action in Pakistan. In the medium to long term, support to PFM reform is expected to allow for further EU budget support operations and to encourage other donors to join the reform process and ensure their operations remain on-budget.

1.2 Policy framework (global, EU)

Support to partners in the area of good governance, including public finance management, is a key pillar of the EU’s Global Strategy and an essential element of the EU Consensus on Development, which is at the basis of worldwide EU action on the SDGs. The current action is also embedded within the EU-Pakistan Engagement Plan and the EU Multiannual Indicative Programme (MIP) 2014-2020. Under the MIP it is agreed that cooperation between the EU and Pakistan in the areas of PFM will continue. Furthermore, a number of budget support actions are either ongoing or planned at provincial level\(^8\), and these require solid public finance systems, which the current action aims to support.

The action is aligned to the EU results framework (indicator 14 of level 2) and is in line with the EU rights-based approach and with the new European Consensus on Development by means of financial tracking and data monitoring of SDG implementation. In practice, this translates into code markers embedded in the charts of accounts, including gender sensitive codes, as part of gender responsive budgeting (GRB). Improved PFM will result in improved service delivery, thus targeting human rights (access to adequate standards of living, to food, to property, to own an income by work, etc.), in support of Pakistan’s ambition to achieve the SDGs. The expected results of the action will support SDG-related programmes in Sindh and Balochistan, in particular through the adoption and roll-out of results-oriented budgeting, performance monitoring and effective coordination of the national development goals.

1.3 Public policy analysis of the partner country/region

Pakistan’s Vision 2025, the country's long-term development strategy to become an inclusive upper middle income country, has been the overall policy strategy guiding previous governments. It sets out the aspiration to take the country into the top 25 largest economies by 2025 and into the top 10 by 2047. It integrates Agenda 2030 and the Sustainable Development Goals, including gender equality and women’s development, into Pakistan’s national policies.

\(^8\) The EU’s portfolio in Sindh comprises an education budget support programme (EUR 50 million) and two important projects in the fields of nutrition (PINS – EUR 60 million) and rural development (SUCCES – EUR 80 million). In Balochistan there is no budget support, but there are projects in the fields of education (EUR 20 million) and rural development (EUR 45 million) where budget support is envisaged. In the governance focal sector, the Public Finance Management Support (PFM SPP of EUR 16.3 million) is ongoing at federal level and in Sindh since 2014, while in Balochistan support was initiated in 2016.
In relation to PFM, the Constitution of Pakistan, which comprises the principle of gender parity, lays down the basic PFM principles and methods. This set of rules is completed by a number of laws and reforms in public administration, fiscal and macro-economic management, on privatisation of public enterprises, policy driven budgeting, on better audit systems as regards the promotion of more public accountability, which is further emphasized in successive Government policy documents.

The credibility of Pakistan’s commitment to improve its PFM is re-affirmed by the new government’s manifesto ‘Naya Pakistan’ (2018) which focuses on issues such as improved e-governance practices in public administration, legislative reforms to improve transparency (e.g. right to information), and reforms to government procurement procedures to ensure better value for money and transparency. The National Accountability Bureau (NAB), established in 1999, is helping the GoP achieve its ambition of increasing transparency and accountability and addressing corruption where it occurs. The National Accountability Ordinance, the Pakistan Penal Code, the Prevention of Corruption Act, the Anti-Money Laundering Act and the National Anti-Corruption Strategy are the legal acts on which the NAB’s work to combat fraud and corruption in the country is based.

Several legal texts and provisions underpin public finance management reform in Pakistan:

- the 18th amendment to the Constitution devolves the responsibilities for policy development and service delivery to Pakistan’s provinces;
- the medium-term budgetary framework (MTBF) is an approach to budgeting that integrates policy-making, planning and budgeting within a medium-term framework;
- the Fiscal Responsibility and Debt Limitation Act aims to eliminate revenue deficit and reduce public debt; and
- the 7th National Finance Commission Awards regulate inter-governmental fiscal transfers between the federal level and the provinces.

Recent Public Expenditure and Financial Accountability (PEFA) assessments and government analyses supported by the EU’s ongoing PFM support programme (PFM SPP, see below) and other donors’ technical assistance have identified progress, but also continuing systematic weaknesses and missing links. The insights thus gained have formed the basis for a number of federal and provincial strategies for PFM reform. These aim to improve equity, enhance fiscal discipline, increase efficiency in the use of financial resources, and enhance transparency and accountability for better service delivery and economic

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9 PEFA 2012 for Federal, PEFA 2013 for Sindh province, draft PEFA 2016 for Balochistan province.
The federal and provincial strategies cover the entire budgetary cycle and focus on six pillars of intervention:

(i) fiscal sustainability and debt management, including public investment and public private partnerships;
(ii) revenue mobilisation;
(iii) enhanced budget planning, budget implementation and monitoring\(^{12}\), including development and capital budget, service delivery and result based management;
(iv) transparency, oversight and accountability;
(v) institutional framework; and
(vi) vertical integration\(^{13}\).

The strategies are being put into practice through 10-year action plans with outputs sequenced in time (short, medium and long term) and aligned to the strategic priorities. PFM reform steering committees will monitor their implementation at the provincial and federal levels. Additional factors enabling the reforms include sustainable learning programmes and fully integrated, easily accessible information systems.


The current PFM programme has been instrumental in supporting the government at federal and provincial levels in the design of the above-mentioned PFM reform strategies and action plans. For example, the Government of Balochistan prepared a PFM Reform Strategy, which was adopted on 14 May 2018, laying the basis for a future PFM Act. Its implementation will become keystone in the efforts of the authorities to improve the scope of budgeting, budgetary reporting, transparency levels, allocation of budgetary resources, and, ultimately, efficiency of service delivery.

PFM II is meant to further support this process and to assist the finance, planning and line ministries and departments in rolling out the action plans and implementing the reform strategies at district and sub-district level.

There is no recent national gender action plan, but gender (and SDGs) is mainstreamed in the PFM reform strategies through code markers in the chart of accounts and elaborating costed sector strategies for line departments where specific SDGs’ and gender targets, which can be inserted in support of the government priorities.

1.4 Stakeholder analysis

The key duty bearers for public finance management in Pakistan are the Ministry of Finance and the Planning Commission at federal level, and the finance and planning departments and

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\(^{12}\) This key entry point to start the work on gender responsive budgeting and ensuring that services delivering is done following a rights based approach and in particular that services are available, acceptable accessible for all population (in particular women and people living in the most vulnerable situations).

\(^{13}\) For the federal PFM reform strategy only.
other key line departments and districts in Sindh and Balochistan Provinces. These are the main drivers of PFM reform processes. All these core institutions suffer from a high turnover of key personnel and skills gaps that limit their capacity for strategic management and PFM reform. All of these stakeholders were consulted on the proposed action.

Other government and institutional PFM stakeholders, many with a key role in the GoP’s fight against corruption, include the Auditor-General of Pakistan; the Controller-General, the Accountant Generals; District Accounts Offices; spending divisions and departments; the State Bank of Pakistan; the Public Procurement Regulatory Authority; the Federal Board of Revenue; the National Economic Council (visions statements, five-year plans); federal and provincial line ministries and cabinets, including those involved in matters related to human rights, women empowerment\(^\text{14}\), health, nutrition, education; and for oversight, the National and Provincial Assemblies and the Senate of Pakistan. In addition, the Army has an important role in ensuring a secure context for service delivery by the GoP.

Sustainable capacity building of key stakeholder is targeted by the proposed action. Within this context, civil servant academies or relevant training institutes and provincial Research and Learning wings within the department of Planning and Reform will play a significant role in developing the appropriate curriculum that will provide the civil servant with the required expertise in PFM areas.

Citizens’ direct involvement as rights holders in the budget procedure is still weak, and will be addressed by the proposed action. The population at large, not least women and children, and vulnerable groups including the disabled are expected to benefit, notably through improved resource allocation and delivery of public services.

A number of civil society organisations (CSOs) are active in the field of PFM as they advocate for the right to information, more accountability, transparency, and oversight. These organisations include Transparency International\(^\text{15}\) and the Omar Asghar Khan Development Foundation\(^\text{16}\). The newly elected government aims to include civil society in the decision making processes. This opens a window of opportunity to advance PFM Reform strategies at provincial and federal levels for more transparency in budget preparation and in-year execution.

Development partners active in the field of PFM in Pakistan include the World Bank, the UK Department for International Development, the Asian Development Bank, the United

\(^{14}\) Gender specific institutions exists such the Provincial Departments of Women’s Development, the National Commission on the Status of Women (NCSW), the Provincial Commissions on the Status of Women, the Ombudsperson for Sexual Harassment at Workplace, the Women’s Parliamentary Caucuses or the Parliamentary Standing Committee on Women’s Development National commitments on Gender Equality also exists, such as the National Plan of Action for Women (1998) or the National Policy on the Development and Empowerment of Women (2002), but above all the new elected PTI government manifesto (July 2018) is targeting SDG’s implementation and gender parity for the benefit of the poorest and most discriminated groups.

\(^{15}\) http://www.transparency.org.pk/.

States Agency for International Development, United Nations agencies (UNDP, UN Women), and the German International Cooperation Agency (GIZ). The synergies and complementarities of the proposed action with these, as well as with the other EU project stakeholders, are set out in Chapter 3.2.

Following the recent economic developments and the possibility being examined by the government to ask for an Extended Fund Facility from the International Monetary Funds (IMF), the later institution may be called to play a pivotal role in a near future as IMF loan conditionality's will tend to re-shape the macroeconomic, public finance and public sector spheres.

The Ministry of Foreign Affairs and the Ministry of Interior play an increasingly important role in giving their agreement on any proposals from foreign donors and granting (or not) authorisations which are crucial in implementing programmes (no objection certificates, visas, etc.). As such, they are important stakeholders.

1.5 Problem analysis/Priority areas for support

Priority areas for support under the proposed action will support achievement of three budget outcomes, namely:

(i) aggregate fiscal discipline,

(ii) strategic allocation of resources in compliance with public policy objectives, and

(iii) efficient delivery of public services.

The following list of interdependent PFM challenges was identified, building on the baseline set by the latest available PEFA assessments. These challenges are regrouped under five to six pillars of intervention each of which refers to a relatively self-contained sphere of PFM systems and processes as defined in the respective federal and provincial PFM reform strategies. The names of the pillars differ in each PFM strategy as detailed in footnote but they can be grouped as follows:

(i) fiscal sustainability and debt management, including public investment and public private partnerships;

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17 Dating back to 2012 for federal, 2013 for Sindh and 2017 for Balochistan. The next PEFA assessments are expected by the end of 2019.

18 5 to 6 pillars of intervention, and cross cutting themes. Pillars of the PFM reform strategies are as follows.

(ii) revenue mobilisation;
(iii) enhanced budget planning, budget implementation and monitoring, including development and capital budget, service delivery and result based management;
(iv) transparency, oversight and accountability;
(v) institutional framework; and
(vi) vertical integration (for the federal PFM Reform Strategy).

Support to the government will focus mainly on pillars (i), (iii), (iv) and (vi).

For the Federal Government, there are three key weaknesses: i) credibility of the budget as there are significant divergences between approved budgets and executed budgets due to frequent changes made in the budget during the year and incomplete implementation of the development budgets; ii) fiscal sustainability as capacity in the Ministry of Finance and the Ministry of Planning in macro-forecasting and modelling is insufficient and there are weak controls over budget execution and iii) weak public investment management planning, lack of alignment of budget with strategic plans and weak performance information for service delivery.

In Sindh, there is a need to consolidate reforms. Key challenges include i) budget credibility as supplementary grants and re-appropriations are used without ex-ante approvals and there is no consolidated record of expenditure arrears; ii) weak predictability and control in budget execution including cash planning problems as more than 80 percent of Sindh government funds are comprised of federal government transfers; and iii) little synchronisation of the budget with sector strategies and availability of development funds as the multi-budget framework only covers the recurrent budget.

In Balochistan, very weak institutional capacity is reflected across the government with a fragmented public investment management regime, weak budgetary processes, severely inadequate coverage of internal controls, especially for local funds, lack of automation and outdated manuals and guidelines. Almost all areas of PFM in Balochistan obtain very low PEFA scores. Thus support is needed to continue building the basic systems for budget preparation, presentation, and execution, and for cash management over the next 3 to 5 years.

Against this background, the proposed action will further strengthen and consolidate the reforms supported under the ongoing programme as highlighted below:

- Under pillar (i) — fiscal sustainability and debt management, including public investment and public private partnerships – PFM II will invest in consolidating macro-fiscal modelling and revenue forecasting capacities within the government at federal and provincial levels.

- Under pillar (iii) — enhanced budget planning, budget implementation and monitoring, including development and capital budget, service delivery and result based management, the project will also address budget reliability and the need to reverse the incremental approach to budget planning. Better alignment to national,
provincial development goals and sector policy objectives should be ensured. PFM II aims at deepening the work started under the ongoing PFM programme to enhance capacities in a larger number of ministries, departments, and lower tiers. Better alignment to costed sector strategy plans should also include availability of information on service delivery particularly with regard to women and vulnerable groups;

PFM II will support the incorporation of SDGs and gender code markers in the charts of accounts as well as SDGs and gender awareness raising actions during elaboration of sector policy strategies, as part of gender responsive budgeting. Therefore, PFM II will address the information gap and will allow for informed decisions and the design of actions targeting women and vulnerable groups;

- The proposed action also includes activities under pillar (v) - *institutional framework* - wherein a number of public financial management regulations have to be adopted and enforced; namely, a PFM act, rules related to delegation of powers, financial rules, budget rules, etc., need to be either updated or drafted before being formally adopted. PFM II aims to assist the government on this task;

- On pillar (vi) - *vertical integration* - of the PFM reform strategies, a more coherent interface between Federal Government activities and provincial budgeting for service delivery is needed. PFM II will assist the Federal Government to effectively use its convening powers established within the framework of the 18th Amendment of the Constitution to promote appropriate interfaces with provinces on PFM issues such as fiscal policy coordination, accounting and reporting, budgeting, etc.

Interventions under pillars (ii) — *revenue mobilisation* and (iv) — *transparency, oversight and accountability* will be limited due to the involvement of other donors or implementation of other EU projects under these dimensions (see Section 3.2).

Regarding **gender aspects**, gender responsive budgeting is tackled in the federal and provincial PFM reform strategies mostly to improve the presentation of gender-disaggregated indicators in the budget documents. Under the proposed action, gender aspects will be integrated more deeply as GoP intends to streamline SDG’s commitments into its costed sector strategies. In addition, discussions are ongoing between UN Women and the GoP regarding ways to further roll out gender responsive budgeting.

The proposed action is fully in line with the GoP’s priorities and will build on ongoing PFM reform efforts and complement other donor support. Moreover, enhancing accountability and transparency, streamlining public procurement and PFM processes, enhancing the quality of the information included in the budget and accounting systems used as well at federal as provincial levels (classification, definition of accounts), building the capacity of PFM actors, as supported by the federal and provincial PFM reform strategies and by a number of donor-funded initiatives, are crucial in reducing opportunities for corruption. Regarding the right to information, PFM is making the system functioning and it is a commitment from the government (Naya Pakistan Manifesto) to report to citizen on the government execution.
### 2 Risks and Assumptions

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current political support to PFM reform may lose momentum.</td>
<td>L</td>
<td>The EU will strengthen the PFM dialogue with finance and development planning authorities at the highest level.</td>
</tr>
<tr>
<td>Loss of champions / key reform agents could jeopardise/slow down reform efforts</td>
<td>M/H</td>
<td>Maintain engagement and discussion with a wide range of PFM stakeholders in government.</td>
</tr>
<tr>
<td>Proliferation / fragmentation of PFM support interventions amongst development partners could slow down PFM reform efforts</td>
<td>L</td>
<td>Strengthen PFM coordination amongst development partners and support the focal ministry / department(s) with an effective technical assistance structure.</td>
</tr>
<tr>
<td>Reform programme is not well internalised by the government and remains confined at a pilot stage, not addressing the local government demands</td>
<td>M/H</td>
<td>The reform process will seek to broaden capacity development efforts at district level to help improve key service delivery.</td>
</tr>
<tr>
<td>Basic capacity gaps in PFM institutions might jeopardise/slow down reform efforts</td>
<td>M</td>
<td>Strong coordination with other PFM reform initiatives by other development partners to ensure that capacity gaps will be addressed, furthermore inclusion of a sustainable learning component to the proposed action.</td>
</tr>
<tr>
<td>Security climate (conflict) and environmental fragility</td>
<td>M</td>
<td>The action seeks to improve the PFM systems as governance tool so that funds are reaching their &quot;targets&quot; and fiscal rule allocate budget in a transparent manner. Digitalisation helps to move from paper to electronic (in case of disaster, electronic back up are usually available) Macro forecasting model, targeted by the action, incorporates expenditures that may arise from potential disasters.</td>
</tr>
</tbody>
</table>

### Assumptions:
- The GoP will support PFM reforms by improving the legal and regulatory framework and the PFM Reform Strategy will formally be adopted by the Finance Minister in the Federal Government.
- The Ministry of Finance/Departments will continue to work in partnership with the Planning & Development Commission / Departments to execute their mandate as the coordinating team of PFM reform activities.
- The governance structure to oversee PFM reform implementation will be implemented.
- No major external shocks will diminish the government’s focus on implementing PFM reform.

### 3 Lessons learnt and Complementarity

#### 3.1 Lessons learnt

Lessons learnt on PFM reform are derived from past and ongoing programmes, notably the ongoing PFM SPP, for which a mid-term review has recently been carried out; from
programmes in support of PFM reform funded by the World Bank and the UK Department for International Development; as well as from recent PEFA assessments.

*Capacity and accountability:* The recent PFM-SPP mid-term review (2018) stressed the unanimous appreciation for the programme from the government services benefiting from it. The review further welcomed the close collaboration between the technical assistance provided by PFM SPP and the GoP, but made clear that there is a need to remain attentive to the risk of substitution which could make the action and its results less sustainable.

A general underlying challenge, where only little progress has been made, is the limited accountability of the public services across the targeted provinces. This is demonstrated by the administration's reluctance to act on malpractice. Hence, the perceived ‘inability’ to enforce disciplinary measures becomes an invisible obstacle to improving accountability and in general explains the slowness to implement PFM reforms. The absence of a strong accountability system sometimes results in a political bias in the allocation of resources. In this context, P&D in Sindh Province, and the Planning Commission at federal level have started to adopt measures to improve the performance management and domestic accountability of public officers. Balochistan is yet to develop a framework to address this matter. The proposed action would support these measures by designing, under the pillar of capacity building and training, human resource development and capacity development plans to strengthen institutional performance. The action also proposes to change the training approach to a three-year sustainable training programme with the goal of building sustainable capacity through a counterpart-owned and led training and development programme, which will be integrated into the civil servant curricula of relevant training institutes.

*Legal framework:* The MTR proposed a number of legal and regulatory reforms to be addressed by a follow-up PFM programme (PFM II) to embed the achievements reached by PFM SPP in the overall PFM legal framework. These include developing a budget strategy paper in Sindh and at federal level (and its approval by Cabinet), a Green Book on the budget process in the targeted provinces, a business planning and consolidation programme budgeting module at federal level.

*Governance and coordination:* The MTR concluded that PFM reforms have to take into account the complexity of Pakistan’s intergovernmental setting, not least the far-reaching nature of devolution of many key competences from the federal to the provincial level. Pakistan’s regulatory framework leads to a complex PFM architecture at federal, provincial and local levels with a key role for some federal institutions. This creates the double challenge of a centralised PFM in which accounting and auditing functions are carried out at federal level, coupled with decentralised service delivery where budgeting and expenditure management are the responsibility of the provincial government. Moreover, certain transactions in the provinces are still processed at federal level. This has a direct bearing on provincial governments’ capacity for service delivery, including within the rural development

19 E.g. payroll and pensions are executed by Provincial Accountant Generals, who are all employees of the federal Controller General of Accounts.
and education sectors. Fostering efficient vertical coordination is thus essential and has much to gain from a strengthened PFM legal framework.

The proposed action PFM II will take these lessons learned into account by:

✓ Supporting the implementation of adopted PFM reform strategies and action plans: while PFM SPP assisted in developing the strategies, PFM II will ensure they are implemented and rolled out, and that the reform plans are adequately managed and monitored;

✓ Sequencing reforms: the necessary technical aspects must be in place and embedded in the PFM processes before an advanced level of reform can be achieved. For example, at federal level the gradual move to programmatic budgeting follows development of an output-based budgeting system in IFMIS (accounting system) and the introduction of an output-based monitoring system;

✓ Supporting coordination at various levels: PFM II will ensure that the implemented strategies deliver on coordination at horizontal level (between finance and planning); vertically (federal, provincial, districts); and among donors;

✓ Building capacity in a sustainable manner: PFM SPP provided a number of training courses, seminars and workshops to numerous departments at all levels, while PFM II will further assist in the implementation of a sustainable and permanent learning framework as described above.

3.2 Complementarity, synergy and donor coordination

To ensure complementarity and synergy on PFM, the proposed action is designed to tie in with ongoing and planned donors’ interventions and other EU interventions:

The World Bank supports two PFM programmes: the Programme for Results (PforR) 2018-21 (USD 400 million) and the Governance and Policy Programme 2017-20 (USD 19 million). The PforR supports public investment management, procurement, payroll and pension payment systems, external audit, legislative scrutiny, and social accountability. This complements other ongoing health and education operations financed by the World Bank across provinces totalling USD 982 million, as well as our ongoing PFM programme. The proposed action will continue to build on the shared responsibilities with the World Bank in support of the implementation of the PFM reform strategies.

The World Bank is also implementing a technical assistance project 2017-18 (USD 4.9 million) aimed at strengthening tax systems and building tax policy analysis capacity in the Federal Board of Revenue.

Lastly, the Bank is negotiating with the National Accountability Bureau a programme to strengthen audit, fraud and anti-corruption capacities.

The UK Department for International Development currently provides assistance by means of the 2013-2018 Sub-National Governance programme (GBP 38.1 million). This is a flagship programme supporting PFM, planning and local government reform in the provinces of Punjab and Khyber Pakhtunkhwa, areas not covered by the EU-funded PFM programme.
The Asian Development Bank is targeting the GoP’s reform programmes to improve general governance and providing technical support focusing on public private partnerships and on capacity development in the fields of financial management and audit.

Other development partners supporting PFM reform include USAID, which is supporting capacity development primarily within the Accountant General, and GIZ whose 2010-2020 Support for Good Governance programme provides for support in KP’s local government, Rural Development Department and Provincial Disaster Management Authority.

Likewise, the United Nations Development Programme and other UN agencies (UNDP, UN Women) have provided for interventions aimed at developing institutional and technical capacities in policy design and planning, or are negotiating them with the GoP. These interventions encompass components of gender disparity, nutrition, climate change, and other challenges in human development as agreed with commitments to achieve SDGs and other international conventions.

Within the EU portfolio the projects SUBAI — Support to democratic institutions in Pakistan – (Ctr. No 376 125), and Democratic Local Governance for Development in Pakistan (Ctr. No 380 916) aim at reinforcing the oversight capacity of civil society organizations local authorities and Parliament in matters of PFM. By empowering millions of citizens through rural support programmes (DGCD, BRACE, SUCCESS) the aim is to increase the voice of grass-root citizens demanding better state services.

These interventions support aspects of procurement, investments (including public private partnerships), revenue mobilisation, budget oversight, fraud. These aspects will therefore not form part of the proposed action.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The overall objective is to help improve inclusive service delivery in the provinces of Sindh, Balochistan and at federal level.

The specific objective and expected results of this action are as follows:

Specific objective: To strengthen public financial management as well as provincial and sector strategies in Sindh, Balochistan and the federal government:

Output 1 Enhanced capacities at the federal level in annual and multi-annual policy based budgeting, in planning public investments, in more predictable and controlled budget execution, in performance reporting systems including information on SDG and gender linked service delivery performance;

Output 2 Enhanced capacities at the Sindh level in annual policy based budgeting, in more predictable and controlled budget execution, including strengthened cash plans and better internal controls, as well as a plan to limit arrears and in performance reporting systems including information on SDG and gender linked service delivery performance;
Output 3 Enhanced capacities at the Balochistan level in annual budget planning, more predictable and controlled budget execution, including strengthened cash plans and better internal controls, in increased automated processes and better use of financial management systems and in performance reporting systems including information on SDG and gender linked service delivery performance.

In relation to the expected outputs in PFM, activities at the three levels include indicatively:

- advice on drafting legal and regulatory framework and reform related documents;
- support the development of a government-owned and led training and development programme, which will be integrated into the civil servant curricula of relevant training institutes;
- on-the-job training on new or revised budget planning, execution and reporting processes and tools; including on costing of sector strategies and streamlining of development goals and gender parity priorities;
- support the development of the structure and the capacities to monitor the PFM reforms;
- enhancement of capacities to prepare costed provincial development strategy and sector plans in sectors where the EU is providing support including streamlining of development goals and gender parity priorities

4.2 Intervention logic

The action seeks to contribute to improved service delivery and achieve better SDG outcomes by addressing the critical elements of the PFM systems at provincial and federal level in line with government priorities. The proposed action builds on the lessons learned and the importance of sequencing the reforms, starting from the legal framework and ensuring that the necessary technical aspects must be in place and embedded in the PFM processes before an advanced level of reform can be achieved. Furthermore, this will be complemented by a sustainable learning component mainstreamed in the entire intervention.

The logical framework therefore builds around strengthening key components of the federal and provincial PFM reform strategies and action plans:

- Planning and budgeting will be re-organised using a programmatic and performance-oriented approach. Policies aimed specifically at reducing poverty can thus be translated into better targeted budget allocations to specific social needs at the local level. The action will seek to improve planning and budgeting processes on several fronts: programme budgeting will be piloted in selected ministries; the methodology for costing sector strategies will be institutionalised; and investment plans will be better aligned to development objectives;
- Challenges in budget execution will be addressed through improved internal controls, cash planning and performance monitoring;
- PFM systems at district level will be strengthened: performance-based budgeting will be piloted in selected districts at the level of service delivery units.
4.3 Mainstreaming

With regard to PFM, cross-cutting aspects, such as gender, nutrition, and environmental aspects will be addressed by:

1) mainstreaming the SDGs through code markers in the Chart of Accounts, the IFMIS (financial management information system) and programme-based budgeting;

2) integrating of SDGs in the costing of sector strategies; and

3) advocacy through sectoral policy dialogue.

Furthermore, the action will closely coordinate and complement the programme of UN Women, which is in the process of development of a gender budgeting support programme. The code markers embedded to the chart of accounts will allow for expenditure tracking of gender aspects throughout budget cycles, thus enable the design of targeted actions by UN Women and informed decision taking by the GoP.

Inclusivity (ensuring participation of vulnerable groups in the development efforts of Pakistan) will be tackled by providing assistance to sector costing. The need to ensure that projects are designed inclusively is very important given the government’s SDG commitments, which touch on a range of themes and on each of the 17 SDGs. The SDG localisation agenda is centred in the relevant planning units at provincial and federal levels and will require synergies and coordination with finance units. The proposed action therefore aims to tackle the issue of budget fragmentation. Vulnerable groups, such as women and children of poor households particularly in rural areas will benefit from improved budget processes as it will contribute to availability and improved quality of services at grass root level.

4.4 Contribution to SDGs

This intervention is highly relevant for Pakistan’s ambitions in achieving the 2030 Agenda. It contributes primarily, as already mentioned in chapter 4.3, to the progressive achievement of SDG 1 (No poverty), and 5 (Gender equality) while also contributing to SDG 4 (Quality education), 16 (Peace, justice and strong institutions), and 17 (Partnerships for the goals).

More particularly, under SDG 1 – No poverty, poverty is more than the lack of income or resources to ensure a sustainable livelihood. People live in poverty if they lack basic services such as healthcare, security, and education and social protection systems need to be implemented. The proposed action is contributing to this aim by strengthening the public financial management systems in view to improve inclusive service delivery, so that funds are allocated in line with the policy frameworks and sector strategies, are executed in an effective manner within a predictable and controlled budget to which are attached monitored performance indicators.

In the same line, SDG 4 – Quality education and 16 – Peace, justice and strong institutions will also benefit from the proposed action. Obtaining a quality education is the foundation to creating sustainable development and for quality education to be provided to the children of
impoverished families, investment is needed in educational scholarships, teacher training workshops, school building and improvement of water and electricity access to schools. To tackle the challenges of SDG 16 and pave the way for the provision of access to justice for all and for building effective, accountable institutions at all levels, more efficient and transparent regulations are to be put in place but also comprehensive and realistic government budgets. Enhanced budget planning, more predictable and controlled budget execution, improved cash planning and performance monitoring are contributing to these aims.

Finally, even though SDG5 – Gender equality is a stand-alone goal, it plays an important role for the achievement of other SDGs. Gender inequality, if not addressed, is perpetuating poverty, impacting negatively better education and better income. The proposed action provides a focus on this particular goal through mainstreaming of SDG's, including therefore SDG 5, in the Chart of Accounts (code makers), integrating them in the costing of sector strategies, and enhancing budget performance reporting systems that includes information on SDG's and gender linked service delivery performance.

As for SDG 17 – Partnerships for the goals, a successful sustainable development agenda requires partnerships between governments, the private sector and civil society. Under this umbrella, long-term investments, including foreign direct investment, are needed in critical sectors. These include sustainable energy, infrastructure and transport, as well as information and communications technologies. The public sector will need to set a clear direction. Review and monitoring frameworks, regulations and incentive structures that enable such investments must be retooled to attract investments and reinforce sustainable development. The proposed action is contributing to the aims of SDG 17, as it is meant to enhance capacities in annual and multi-annual policy based budgeting, as well as in planning public investments.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of the entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements.
5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures\(^\text{20}\).

The PFM component will be delivered in direct management through procurement of services. The proposed approach of providing technical assistance to the Government of Pakistan (Ministry of Finance, Ministry of Planning and their departments, as well as line ministries, departments and districts) is considered the most appropriate to the requirements of the Government and for rolling out the PFM reform strategies and related action plans at federal and provincial levels. The current PFM SPP project, which is currently being carried out, has proved to be efficient in meeting its objectives through the procurement of services and well received by the GoP.

5.3.1 Procurement (direct management)

The components of the action within the specific objective mentioned under Section 4 are proposed to be implemented in direct management through provision of technical assistance (services) to concerned government authorities for the amount indicated in Section 5.5.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

<table>
<thead>
<tr>
<th>Specific objective: To strengthen public financial management as well as provincial and sector strategies in Sindh, Balochistan and the federal government composed of</th>
<th>EU contribution (EUR)</th>
<th>Indicative third party contribution (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12 700 000</td>
<td>N.A</td>
</tr>
</tbody>
</table>

\(^\text{20}\) www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.
**Procurement (direct management) – cf. section 5.3.1**

<table>
<thead>
<tr>
<th>Procurement – total envelope under section 5.3.1</th>
<th>12 700 000</th>
<th>N.A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation, (cf. section 5.8), Audit (cf. section 5.9) / Expenditure verification</td>
<td>150 000</td>
<td>N.A.</td>
</tr>
<tr>
<td>Communication and visibility (cf. section 5.10)</td>
<td>100 000</td>
<td>N.A.</td>
</tr>
<tr>
<td>Contingencies</td>
<td>50 000</td>
<td>N.A.</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>13 000 000</strong></td>
<td><strong>N.A.</strong></td>
</tr>
</tbody>
</table>

5.6 **Organisational set-up and responsibilities**

Reviewing and monitoring progress in the implementation of PFM reform activities at federal level will be entrusted to the Ministry of Finance in collaboration with the Ministry of Planning. At provincial level, the Finance Department will be responsible in collaboration with the Planning Department. Regular reporting to all stakeholders, including implementing agencies, line ministries, civil society, etc. will be conveyed through quarterly steering committees convened either by the Ministry or Department of Finance, the Ministry or Department of Planning, or by the Commission (EU Delegation in Islamabad).

In addition to the quarterly steering committees, bilateral meetings may be organised by the relevant departments, ministries, the EU Delegation and the implementing partner to conduct high level policy dialogue, to monitor progress in the overall programme, implementation, to identify and address bottlenecks as well as areas where technical assistance could provide additional support. Frequent steering committees at federal and provincial levels coupled with bilateral meetings at highest levels will allow for robust and continued policy dialogue.

5.7 **Performance and results monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix.

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for
independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the nature of the action, a mid-term evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

A mid-term evaluation is foreseen: It will be carried out for problem solving, learning and necessary re-orientation purposes, in particular with respect to the timely and comprehensive implementation of the PFM reform strategies and correlated action plan.

The Commission shall inform the implementing partner at least 3 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

Gender sensitive monitoring and evaluation, should be conducted by using indicators that are disaggregated by a minimum sex, age and disability (preferably also further by ethnicity, race, income etc). Any evaluation should be gender sensitive and assess implementation of rights-based approach working method principles transparency, participation and non-discrimination/equality in terms of implementation of the project and project outcomes. An active and meaningful participation of stakeholders should be ensured in the entire evaluation process.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.
In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and contribution agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Implementation shall take place in direct management through procurement of services. Services will be contracted by the EU Delegation possibly as part of a larger contract of the EU Delegation dedicated to a joint communication and visibility activities covering all sectors of cooperation and using budget allocations under different decisions. For these services procurement will be launched indicatively in the 2nd quarter of 2020.
### APPENDIX — INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)\(^{21}\)

<table>
<thead>
<tr>
<th>Impact (Overall Objective)</th>
<th>Results chain: Main expected results (maximum 10)</th>
<th>Indicators (at least one indicator per expected result)</th>
<th>Sources of data</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
|                           | To help improve inclusive service delivery in the provinces of Sindh, Balochistan and at federal level | **Public expenditure** on essential services (education, health and social protection) in percent of GDP and real growth rate  
**Proportion** of government recurrent and capital spending to sectors that benefit women, the poor and vulnerable groups\(^{22}\)  
**Number** of schooled children, disaggregated by sex, by province  
Average student-per-teacher ratio disaggregated by province  
**Percent of population** having access to health care, disaggregated by sex, by age and by province | Pakistan Economic Survey, Donor reports: UNICEF EMIS, WHO and World Bank | **Not applicable** |
| Outcome(s) (Specific Objective(s)) | Specific Objective: To strengthen public financial management as well as provincial and sector strategies in Sindh, Balochistan and the federal government: | **PEFA PI-2** Composition of expenditure outturn  
**PEFA PI 14** Macroeconomic and fiscal forecasting  
**PEFA PI 15** Fiscal strategy  
**PEFA PI-16** Medium-term perspective in expenditure budgeting  
**PEFA PI-11.2** Investment project selection  
**PEFA PI-11.3** Investment project costing  
**PEFA PI-11.4** Investment project monitoring  
**PEFA PI-13.1** Recording and reporting of debt and guarantees  
**PEFA PI-20.1** Information on revenue collections  
**PEFA PI-21.2** Cash forecasting and monitoring  
**PEFA PI 21.3** Information on commitment ceilings  
**PEFA PI-22.2** Expenditure arrears monitoring  
**PEFA PI-24** Quality and timeliness of in -year budget reports  
**PEFA PI – 25.1** Segregation of duties | PEFA reports, Independent assessment by EU (provided that no PEFA repeat assessment is conducted) Economic Survey reports Annual financial statements World Bank reports | PFM Reform Strategy remain high on the government agenda |

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\(^{21}\) Mark indicators aligned with the relevant programming document mark with ‘*’ and indicators aligned to the EU Results Framework with ‘***’.

\(^{22}\) GAPH – objective 5 - Results for women and girls measured and resources allocated to systematically track progress.
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Main expected results (maximum 10)</th>
<th>Indicators (at least one indicator per expected result)</th>
<th>Sources of data</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output.1</td>
<td>Enhanced capacities at the federal level in annual and multi-annual policy based budgeting, in planning public investments, in more predictable and controlled budget execution, in performance reporting systems including information on SDG and gender linked service delivery performance;</td>
<td><strong>Number</strong> of dedicated economic and financial policy and planning team, officials trained on PFM matters related to MTBF, macro-economic and fiscal framework and estimates as well as program budgeting disaggregated by sex</td>
<td>Government PFM reform review reports</td>
<td>PFM Reform Strategy remain high on the government agenda</td>
</tr>
<tr>
<td>Output.2</td>
<td>Enhanced capacities at the Sindh level in annual policy based budgeting, in more predictable and controlled budget execution, including strengthened cash plans and better internal controls, as well as a plan to limit arrears and in performance reporting systems including information on SDG and gender linked service delivery performance;</td>
<td><strong>Number</strong> of dedicated economic and financial policy and planning team, officials trained in PFM matters related to budget preparation, budget implementation, elaboration of cash and work plans, elaboration and costing of Sector Strategies, including SDG’s priorities) disaggregated by sex and level of government</td>
<td>Government PFM reform review reports</td>
<td>PFM Reform Strategy remain high on the government agenda</td>
</tr>
<tr>
<td>Output.3</td>
<td></td>
<td><strong>Number</strong> of dedicated economic and financial policy and planning team, officials trained (and retained in the job) in</td>
<td>Government PFM reform review reports</td>
<td>PFM Reform Strategy remain high on the government agenda</td>
</tr>
</tbody>
</table>

23 GAPII – objective 5 - Results for women and girls measured and resources allocated to systematically track progress.

24 GAPII – objective 5 - Results for women and girls measured and resources allocated to systematically track progress.
<table>
<thead>
<tr>
<th>Results chain:</th>
<th>Indicators</th>
<th>Sources of data</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main expected results (maximum 10)</strong></td>
<td>PFM matters related to budget preparation, budget implementation, elaboration of cash and work plans, elaboration and costing of Sector Strategies, including SDG's priorities disaggregated by sex <strong>Number</strong> cohorts having undertaken a newly developed degree or certificate course in PFM in a training institute, at provincial level <strong>Number</strong> of line departments where cash flow forecasts are prepared with the support of the action <strong>Number</strong> of costed sector development plans and strategies prepared and implemented, including SDG's priorities disaggregated by sex(^{25}) and by age with the support of this action</td>
<td>Budget reports Annual financial statements Audit reports Planning, Finance, line department reports Donor reports (e.g. World Bank)</td>
<td>government agenda</td>
</tr>
<tr>
<td>enhanced capacities at the Balochistan level in annual budget planning, more predictable and controlled budget execution, including strengthened cash plans and better internal controls, in increased automated processes and better use of financial management systems and in performance reporting systems including information on SDG and gender linked service delivery performance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{25}\) GAPII – objective 5 - Results for women and girls measured and resources allocated to systematically track progress.