



USAID'S KHYBER PAKHTUNKHWA REVENUE MOBILIZATION ACTIVITY

ANNUAL PERFORMANCE REPORT

Contract No. 72039120C00003

Period of Performance: 08/22/2020 - 09/30/2021

Date of Report submitted to USAID: 10/31/2021

DISCLAIMER: This report is made possible by the support of the American people through the United States Agency for International Development (USAID). The contents are the sole responsibility of Chemonics International Inc. and do not necessarily reflect the views of USAID or the United States Government.

TABLE OF CONTENTS

| | |
|------------------------------------------------------------------------------|-----------|
| ACRONYMS | 2 |
| 1. ACTIVITY OVERVIEW | 3 |
| 2. EXECUTIVE SUMMARY | 4 |
| 3. ACTIVITY IMPLEMENTATION PROGRESS | 6 |
| Implementation Progress Details..... | 6 |
| 4. IMPLEMENTATION CHALLENGES | 17 |
| 5. ACTIVITY MONITORING, EVALUATION, AND LEARNING PLAN (AMELP) UPDATES | 20 |
| 6. INTEGRATION OF CROSS-CUTTING ISSUES AND USAID INITIATIVES | 22 |
| 7. LESSONS LEARNED | 22 |
| 8. PLANNED INTERVENTIONS FOR NEXT YEAR, INCLUDING UPCOMING EVENTS | 23 |
| 9. STATUS OF AWARD DELIVERABLES | 23 |
| ANNEX 1: PROGRESS ON PERFORMANCE AND CONTEXT INDICATORS FROM MEL PLAN | 25 |
| ANNEX 2: SUCCESS STORIES | 29 |
| ANNEX 4: PHOTOGRAPHS | 34 |
| ANNEX 5: LIST OF SUB-CONTRACTORS/ SUB-AWARDEES | 38 |
| ANNEXURE 6: QUARTERLY PROGRESS REPORT JULY – SEPTEMBER 2021 | 38 |

ACRONYMS

| | |
|---------|--------------------------------------------------------|
| ACS | Additional Chief Secretary |
| AWP | Annual Work Plan |
| CISSP | Certified Information System Security Professional |
| CoR | Contracting Officer Representative |
| FBR | Federal Board of Revenue |
| DA | Diagnostic Assessment |
| GAP | Gender Action Plan |
| GoKP | Government of Khyber Pakhtunkhwa |
| GPP | Governance and Policy Program |
| GST-S | General Sales Tax on Services |
| IBA | Institute of Business Administration |
| KP | Khyber Pakhtunkhwa |
| KP P&DD | Khyber Pakhtunkhwa Planning and Development Department |
| KPRA | Khyber Pakhtunkhwa Revenue Authority |
| KPRM | Khyber Pakhtunkhwa Revenue Mobilization Activity |
| MEL | Monitoring, Evaluation and Learning |
| NOC | No Objection Certificate |
| P&DD | Planning and Development Department |
| PIDE | Pakistan Institute of Development Economics |
| QASP | Quality Assurance and Surveillance Plan |
| SRB | Sindh Revenue Board |
| SDPI | Sustainable Development Policy Institute |
| STAR | Stock Take and Review |
| TADAT | Tax Administration Diagnostic Assessment Tool |
| TOR | Terms of Reference |
| USAID | United States Agency for International Development |
| WB | World Bank |

I. ACTIVITY OVERVIEW

| | |
|--------------------------------------------------------------|----------------------------------------------------------------------------------|
| Activity Name: | Khyber Pakhtunkhwa Revenue Mobilization (KPRM) Activity |
| Activity Start Date and End Date: | August 12, 2020 – August 11, 2022 (with options to extend until August 11, 2024) |
| Name of Prime Implementing Partner: | Chemonics International Inc. |
| Contract Number: | 72039120C00003 |
| Major Counterpart Organizations engaged or supported: | Khyber Pakhtunkhwa Revenue Authority (KPRM) |
| Geographic Coverage (Provinces and districts) | Khyber Pakhtunkhwa Province |

2. EXECUTIVE SUMMARY

This Annual Performance Report presents the performance of KPRM activity during Year I (Aug 22, 2020 – Sep 30, 2021) of its implementation. Though KPRM faced several programmatic and operational challenges in year I such as obtaining NOC from the government, working in the wake of the COVID-19 pandemic, and late approval of the work plan by the government (KP P&DD), KPRM was able to kickstart the project in quick succession immediately after the approval of Work Plan. Following the approval of the work plan by the KP P&DD, KPRM had only three months for implementation but was still able to complete several planned activities.

At the beginning of the year, the procurement and administration team led the process of identifying an office and finalizing the space during the second quarter and completed the required procurements for the office. Security upgrades of the office were completed and the office was made ready for use in July. Most of the technical staff hiring was completed by the end of the second quarter, but additional support staff was onboarded in the third quarter, and the revenue management specialist was onboarded in the last week of September. 100% of the staff was onboarded by the end of the year.

During quarter II of the activity, KPRM commenced work on several management deliverables including the project mobilization plan, year one work plan, MEL Plan, Gender Action Plan (GAP), and the Branding and Implementation Plan (BIP). KPRM also initiated a solicitation process for sub-contractors for the IT Stock Take and Review (STAR) of KPRA, Diagnostic Assessment of KPRA, and subcontractor for the implementation of the public outreach awareness campaign. At the beginning of the third quarter approval for year I work plan Monitoring, Evaluation, and Learning Plan and the Gender Action Plan was approved by USAID. The Quality Assurance and Surveillance Plan (QASP) was initially submitted on July 16, 2021, following review and feedback by USAID was re-submitted on September 24, 2021.

The KPRM Steering Committee (PSC) was formed on July 01, 2021, with Additional Chief Secretary Khyber Pakhtunkhwa (ACS-KP) in the chair and its members included Secretary Planning and Development Department, Secretary Finance Department, Secretary Excise Taxation and Narcotics Control Department, Director General KPRA, Chief International Development, Chief Rural Development, Chief of Party KPRM and Representative of USAID. The first meeting of the PSC was on July 02, 2021, in which the annual work plan of KPRM for the year I was approved.

Highlights of major tasks accomplished during the year I of the activity are as follows.

System for GST on services improved Year I work plan comprised of three inception activities including Diagnostic Assessment (DA) of KPRA, Stock Take and Review (STAR) of KPRA IT systems and applications, and Political Economy Analysis (PEA). By the end of September 2021, the PEA has been completed while the remaining two inception activities are in progress.

The Diagnostic Assessment (DA) of KPRA is underway and the final report of the DA is expected to be shared in November. On August 05, 2021, KPMG organized an orientation session for the staff of KPRA for broadening their understanding of DA tools. A total of 60 KPRA staff including 3 female staff attended the event.

Stepnex (An IT firm hired for STAR of KPRA IT systems and applications) has started work on the assignment. After holding initial meetings with the KPRA staff in early July, Stepnex started work on assessing the current state of KPRA IT systems and proposing solutions for the future IT state of KPRA. Until the end of the Year I Stepnex has started work on the initial draft of the STAR report and is expected to submit the report in October 2021.

AWARENESS OF GST ON SERVICES INCREASED

KPRM onboarded No Limits, a media firm, following a competitive process for the communication campaign in August. The firm has started work on the production of videos after a series of meeting with government officials and KPRM staff. To date, the firm has produced five videos including motivational messages from the Director-General of KPRA and Finance Minister KP. Lastly, the KPRM team completed work on the first draft of the concept note for the SMS campaign on awareness of stop filers and non-filers. The concept note is being reviewed by KPRM internally and is expected to be finalized by the end of October. For the SMS campaign to engage the stop filer and non-filers, KPRM is awaiting the required data of the stop filers and non-filers from KPRA. The majority of the work under this activity including the airing of videos produced and the SMS campaign will continue in Year II of the activity.

CAPACITY OF KPRA STAFF IMPROVED

Since the inception of the activity, KPRA has sent several requests regarding IT needs and staff training including training on IT security, data analytics, data visualization, and data center management. KPRM has started work on organizing training in the second quarter, but in June all the activities of KPRM were put on hold until the approval of the work plan by the KP P&DD. Soon after the approval of the work plan by KP P&DD, KPRM resumed work on arranging training for KPRA staff. In line with the work plan activities 1.5 (ii) and 2.1 (i), KPRM staff organized a series of two training for 32 staff members of Tax Facilitation Centers on Communication Reporting and Conflict Management in September. Similarly, 3 key staff members of the KPRA also received training from the Center of Excellence in Journalism Karachi during the last quarter of Year I. Moreover, owing to the requests from KPRA regarding staff training on IT security, KPRM organized training on Instructed Certified Information Systems Security Professional (CISSP) for KPRA staff from September 6, 2021, to September 10, 2021, at Riphah Institute of Systems Engineering (RISE). In the last week of the Year, 5 staff members of KPRA completed two days of beginner-level SAP ERP training for professionals on Financial Controls (FICO).

EXPOSURE/EXPERIENCE EXCHANGE VISITS FOR KPRA STAFF (PEER TO PEER LEARNING)

KPRM organized a successful experience sharing visit (peer-to-peer learning) for 10 staff members of KPRA HR and Administration Department, IT Department, Collectorate, Corporate and Finance sections to Sindh Revenue Board (SRB) from September 01 – September 03. The visit aimed to give a tour of the SRB ERP to the visiting team to know how the ERP is being used and also to see how the in-house developed software of the SRB is being utilized to support the organization in collecting sales tax on services efficiently. The visiting team found the visit very useful and it increased their knowledge on how business process automation improved the efficiency of tax collection, transparency, and accountability.

COORDINATION FRAMEWORKS WITHIN/ACROSS TAXATION SYSTEMS IMPROVED

The Political Economy Analysis (PEA) consultant, onboarded during the third quarter, initiated work on the review of the available material soon after he was onboarded, and developed a work plan and questionnaire for data collection for the PEA in June. At the beginning of the third quarter, he held meetings with other donor-funded projects supporting KPRA and with the concerned government departments. The PEA consultant completed his task in the last quarter, and on August 25, 2021, the final report of the consultant was shared with USAID.

Smooth implementation of activities during the year I also required careful observing and dealing with challenges like COVID 19, transfer and postings of staff, lesser time for implementation of activities.
COVID – 19 Restrictions

COVID -19 remained a challenge during the reporting period and the KPRM office was operational with limited staff attendance. As per the instructions from Chemonics Business Risk Department, only 30 %

of the staff is attending the office on a rotation basis. Sufficient measures have been put in place including wearing face masks all the time, fumigation of the office space, and maintaining maximum social distancing to avoid contact with one another. Meetings are taking place virtually or in-person (under inevitable circumstances) with strict adherence to COVID SOPs. Chemonics Business Risk Department is closely monitoring the situation and decisions are taken accordingly.

PERSONAL CHANGES AND COORDINATION WITH KPRA

The focal person for the activity, Director Admin, was replaced in the third week of June. KPRM team was able to orient the new Director Admin and continue its close coordination with KPRA. . KPRM is also coordinating activities with other donors supporting KPRA to develop synergies and avoid duplication of activities.

LATE APPROVAL OF THE WORK PLAN

KPRM was able to quickly get the NOC from the government and commenced work, but in June, KPRA informed KPRM to put activities on hold until KP P&DD approval of the work plan. The work plan was approved on July 02, 2021, in the first meeting of the Project Steering Committee formed for KPRM. Owing to the late approval of the work plan by the KP P&DD most of the work was shifted to Year II of the activity.

3. ACTIVITY IMPLEMENTATION PROGRESS

IMPLEMENTATION PROGRESS DETAILS

OBJECTIVE I: VOLUNTARY COMPLIANCE WITH GST ON SERVICES INCREASED

Objective I of the KPRM focuses on expanding the tax net and increasing revenue through increased voluntary compliance with General Sales Tax on Services (GST-S). This is achieved through the provision of support to the KPRA’s communication campaign for raising awareness on registration and compliance with KPRA. Under Objective I, support will also be provided to improve the existing systems of the KPRA and provide taxpayers with additional information about the KPRA taxpayer registration, online payment of taxes, and other services.

Details of the activities and progress made during this reporting period are discussed in detail under their respective intermediate results (IRs) below.

IR 1.1 SYSTEMS FOR GST ON SERVICES IMPROVED

ACTIVITY 1.1 DIAGNOSTIC ASSESSMENT (DA) OF KPRA

| Activity Status | Ongoing |
|-------------------|------------------------------------------------------------------------------|
| Progress | Delayed |
| As per schedule | Yes/with a slight revision to timeline (initial TL was 30 th Sep) |
| Expected End date | November 2021 |

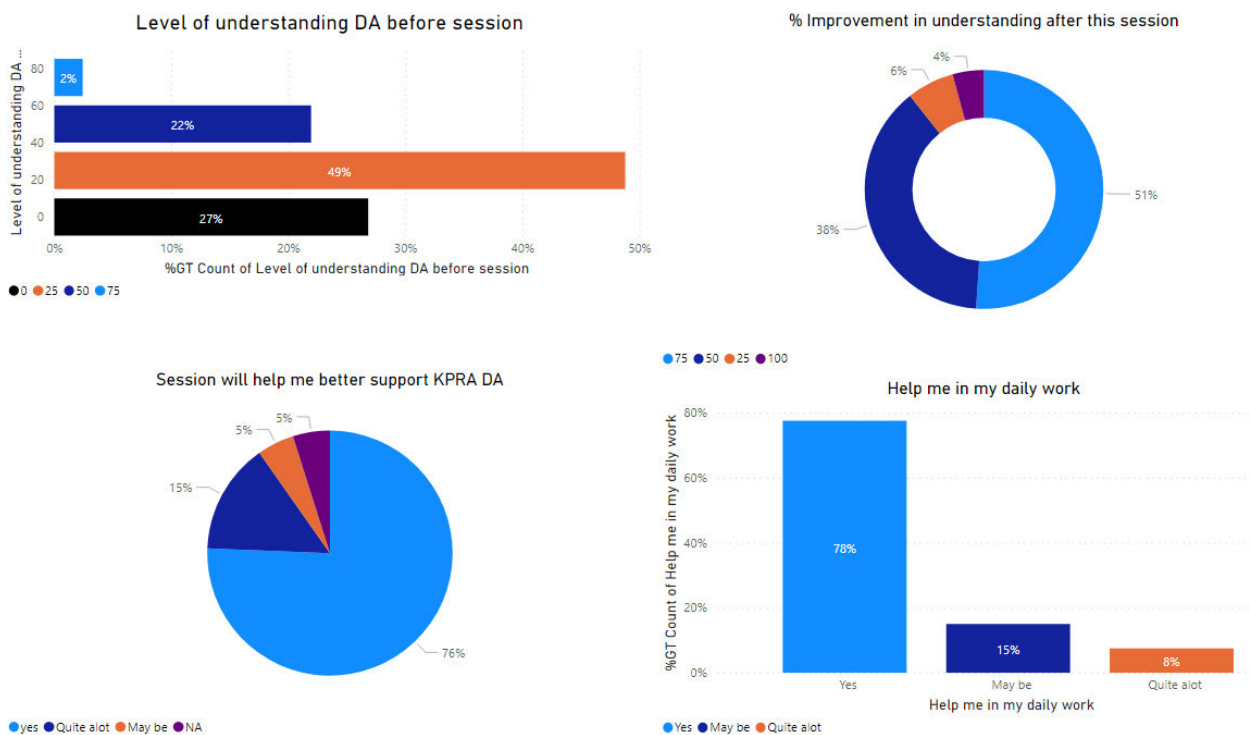
As an inception activity of the KPRM, Chemonics is required to conduct a DA of KPRA to inform the development of priority interventions and solutions for KPRA. Soon after receiving the notice to proceed, KPRM commenced negotiation with subcontractor KPMG on conducting the DA and situational analysis of KPRA to address areas including analysis of GST-S with year-by-year revenue collection and special emphasis on revenue collected by KPRA.

During the second quarter of the activity, KPRM prepared a scope of work for the DA and shared it with KPMG. The budget and timelines for the DA were finalized after negotiations with KPMG. KPMG completed work on the initial phase of the activity including a desk review of documents, design of methodology, and questionnaires in the second quarter (May 2021).

An orientation session was organized for KPRA staff on August 05, 2021, to broaden KPRA's understanding of DA tools, especially IMF TADAT and OECD Maturity Models. The orientation session was also intended to motivate KPRA staff for later obtaining detailed training on DA tools and improve their technical capacities and KPRA performance. A total of 60 staff members attended the session. During the session, they were briefed on the purpose and scope of DA as well as the tools of DA. Both pre and post-session survey information was taken from participants to understand the impact of the orientation.

The analysis of the pre-session feedback showed that only 2% of the participants had 75% understanding of the DA and DA tools while 22% of the participants said that they had 50% understanding of the DA and DA tools. 49% of the participants had only 25% understanding and 27% of respondents had zero understanding of DA. The post-session data when analyzed showed that 51% of the participants had gained 75% understanding of DA and 38% had gained 50% understanding of the DA.

Regarding support for KPRA DA, 76% of the participants stated that the session will help them in better supporting the KPRA DA and 78% of the respondents stated that the session will help in the performance of their daily work.



KPMG completed the development of the customized tools at the end of September. However, the timeline for DA was revised in August due to late approval of the work plan by the KP P&DD and also due to 4 members of the KPMG team testing positive for COVID 19 in August. KPMG was able to replace the infected staff members and work has been resumed on the activity. As per the newly agreed timelines, KPMG will submit the preliminary results of the DA on October 11th and the draft report in November 2021.

ACTIVITY 1.2 STOCK TAKE AND REVIEW (STAR) OF KPRA IT SYSTEMS

| Activity Status | Ongoing |
|-------------------|-----------------------------------------------------------|
| Progress | Delayed |
| As per schedule | Yes (revised schedule Initial TL was 3 rd Sep) |
| Expected End date | December 2021 |

During year I of the activity, KPRM worked with the ICT Directorate of KPRA to plan its future state, mapping the capacity of KPRA, policy and technology changes needed to improve compliance. The Stock Take and Review (STAR) of KPRA aims to identify IT modules for automation and the related gaps. Furthermore, the activity will also provide recommendations for overcoming the existing gaps and future state of IT. KPRM held two meetings with KPRA in April 2021 to understand their current systems and assess the needs for improvements. Using the information, KPRM completed the scope and initiated a solicitation process for hiring an IT firm to carry out the Stock Take and Review (STAR) of existing IT systems of KPRA. Following a competitive selection process and successful negotiations to maximize cost savings and efficiency, Stepnex was finally selected in June 2021.

Upon receiving the approval of the KPRM Work Plan from KP P&DD, Stepnex held an initial meeting with KPRA on July 08 2021 in which the scope of work and an outline of the STAR methodology was presented to KPRA. Stepnex completed work on the detailed methodology which also included recommendations for the STAR and presented it to KPRA on August 06, 2021. KPRA staff provided very valuable feedback on the priorities for each module which includes Finance, HR Case management, and Notice management. As part of the STAR, Stepnex has nominated and worked with focal persons within each department of KPRA on existing workflows and manual processes for audit, notice management, adjudication, litigation, etc. Stepnex has also worked on the initial draft of the STAR report. The report identifies automation modules, gaps, off-the-shelf automation systems, and a comparison of different integrated automation systems. Major recommendations of the report include:

- Integrated automated solution for KPRA which will automate their manual processes including Automated File tracking and Movement system, Adjudication / Notice Management System, Arrears Management System, Audit Management System, Appeals Management System, and Court Cases Management System.
- Compatible hardware for automated solutions which includes Data Center up-gradation, and video conferencing system for collaboration
- IT governance strategies for KPRA including Control Objectives for Information Technology (COBIT) and Information Technology Infrastructure Library (ITIL) governance framework
- ERP solution for KPRA Directorate including HR, Accounts and Finance, Customer Relationship Management including Call center and Assets management

KPRM expects the final draft of the STAR report and presentation to be shared by mid-October.

ACTIVITY 1.3 SUPPORT INCREASES IN TAX DECLARATIONS FILED

| Activity Status | Not Started yet |
|-------------------|----------------------------------------------------------------------------------|
| Progress | None to date |
| As per schedule | Work couldn't be commenced due to late approval of the AWP- Shifted to next year |
| Expected End date | July 2022 |

This activity includes support to KPRA in engaging with stop filers, non-filers, and potential taxpayers through SMS and radio campaigns for awareness-raising amongst potential taxpayers. Under this activity, KPRM will also work with KPRA to review their taxpayers' notices system and provide recommendations for improving taxpayers' notices system to ensure improved taxpayers' compliance.

Due to late approval of the work plan the activity couldn't be started in Year I and has been shifted to Year II of the activity.

ACTIVITY I.4 IMPROVE ONLINE GST-S REGISTRATION SYSTEM

| Activity Status | Not Started yet |
|------------------------|----------------------------------------------------------------------------------|
| Progress | Non till date |
| As per schedule | Work couldn't be commenced due to late approval of the AWP -Shifted to next year |
| Expected End date | July 2022 |

The activity aims to review improvement needs in the KPRA E-Registration system and provide recommendations for improving the online GST-S system.

Due to late approval of the work plan by KP P&DD the activity has been shifted to Year II of the activity. Moreover, suggestions and recommendations regarding an improvement to the online GST-S system will be developed from the results of the STAR activity which are expected to be received at the beginning of Year II.

IR I.2 AWARENESS OF GST ON SERVICES INCREASED

ACTIVITY I.5 REDUCE HOURS SPENT BY TAXPAYERS TO MEET REVENUE OBLIGATION

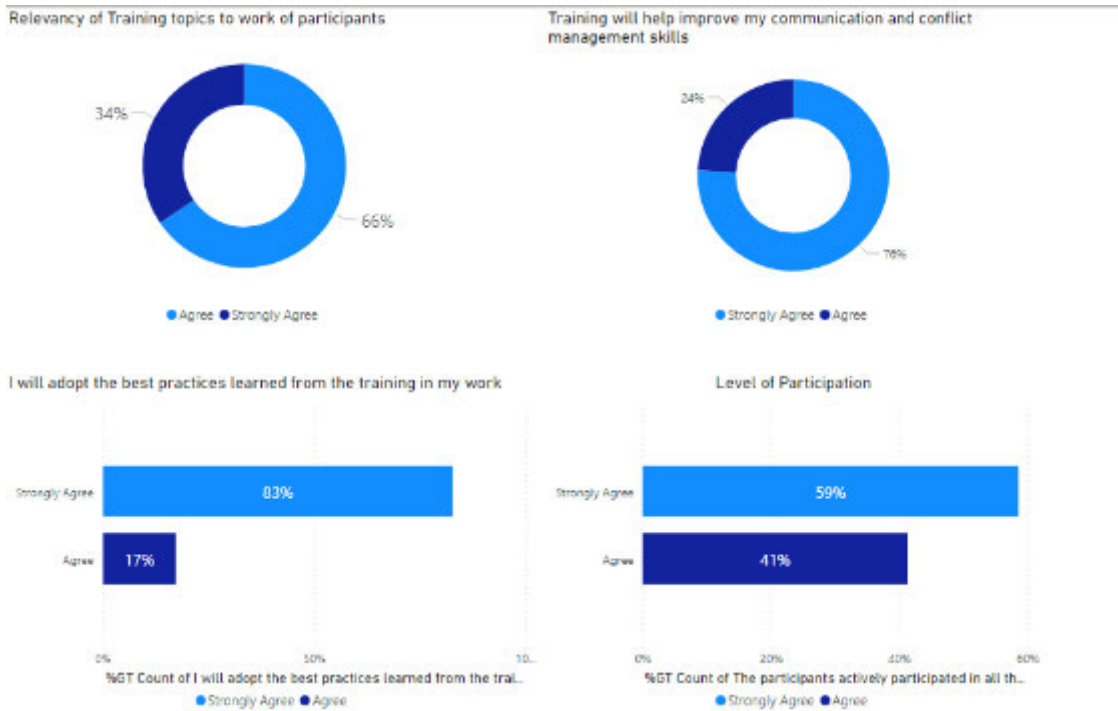
| Activity Status | Ongoing-Trainings schedules for Year I have been completed |
|------------------------|---------------------------------------------------------------------------------------------|
| Progress | On Track |
| As per schedule | Expected completion July 2022 |
| Expected End date | July 2022- Training and review of grievance redressal mechanism in Year II of the activity. |

KPRM aims to reduce the time taxpayers spend complying with requirements and improve taxpayer services. During this reporting period, KPRM worked on the improvement of interaction between staff of the Tax Facilitation Centers (TFCs) and taxpayers through organizing training for the staff of the TFCs.

COMMUNICATION REPORTING AND CONFLICT MANAGEMENT SKILLS TRAINING

The staff in the TFCs deal with taxpayers in many ways such as filing monthly tax returns for the taxpayers, guiding and training the taxpayers on the registration process and tax return filing process, training taxpayers on filing withholding statements, and day-to-day correspondence with taxpayers addressing their queries. To enhance the public outreach and communication capacity of TFC staff, KPRM organized Communication Reporting and Management Skills Training for 32 staff members of the TFCs. The training was held in two batches from September 6 to 10 and September 13 to 17.

The training covered the topics that were relevant to the work of the TFCs staff and included sessions on reporting, communication, team building, public outreach, and conflict management. The participants actively participated in the training. Most of the participants found the training very useful and stated that it is their first capacity-building training since they have joined KPRA.



The feedback received from the participants when analyzed reflected that most of the participants were satisfied with the training as evident from the graph above. When asked about the relevance of the training to their routine work, 100% of the participants stated that yes, it is relevant to their work whereas 66% strongly agreed and 34% agreed about the relevancy of the training to their work. None of the participants agreed with the statement that the training is irrelevant to their work. 76% of the participants strongly agreed that the training will help improve their communication and conflict management skills. Furthermore, 83% of the participants strongly agreed that they will adopt the learnings of the training in their work.

None of the participants agreed with the statement that the training is irrelevant to their work. When asked about the level of participation in the training, 100% of the surveys responded that participants actively participated in the training.

COMMUNICATION IN THE DIGITAL WORLD TRAINING

KPRM also organized training for 3 key staff of the KPRA communication and public relation section where they were trained in ‘Communication in the digital world’ by the Center for Excellence in Journalism at the Institute of Business Administration (CEJ-IBA) in Karachi. All 3 participants of the training appreciated the quality of the training and efforts of KPRM for organizing a vitally important training for them. Commenting on the learning from the training, [REDACTED], KPRA Deputy Director of Communication stated, “The training was very useful and it will help a lot in improving the quality and content of the KPRA social media forum”. He further added: “the data visualization and presentation skills which we learned in the training will help me in better presenting the data of KPRA to a broader audience”.

KPRM has progressed in line with the schedule on this activity and the training was successfully conducted. The activity will continue in Year II and more relevant training will be imparted in the coming quarters along with a review of the grievance redressal mechanism within KPRA.

ACTIVITY 1.6 COMMUNICATION CAMPAIGN FOR INCREASED AWARENESS AMONGST TAXPAYERS

| Activity Status | Ongoing- Video production in the process. |
|-------------------|----------------------------------------------------------------------------------------------------------------------|
| Progress | Behind schedule |
| As per schedule | Delay in airing of videos on social media might require an extension for another one month in the expected end date. |
| Expected End date | Nov 302021- SMS campaign and airing of motivational messages shifted to year II. |

The purpose of this activity is to raise awareness amongst the taxpayers through a public outreach campaign and sensitize and encourage voluntary compliance with KPRA's registration process and return filing. While slightly behind schedule, KPRM made good progress towards the end of the year. The delay occurred due to the late approval of the work plan by the KP P&DD and more than expected time taken in onboarding a firm for the communication campaign. A concept note for the communication campaign was approved by USAID on May 28th, 2021, and the RFP for communication services was circulated via Brightspyre.com. [REDACTED]

[REDACTED] No Limits a communication firm was the final firm selected for the Campaign with a subcontract executed on July 29, 2021.

By the end of September, the firm recorded two motivational messages (one each) of DG KPRA and the Finance Minister. The motivational messages convey information on the developmental works undertaken with the money collected through taxes. The messages also give an insight on the benefits of registration with KPRA. Moreover, scripting, recording, and editing of a video on the Restaurant Invoice Management System (RIMS) has been completed and is reviewed by KPRM. The final videos are expected to be uploaded to the KPRA social media portal in October 2021. The recording and scripting of two more videos (E-STRIVE and GST-S motivational messages) have been completed and editing is in process. Moreover, the team also started work on the development of concept note for the SMS campaign to raise awareness on tax payment. During a consultation session in the third quarter with the Director Registration of KPRA, he recommended the SMS campaign focus on:

- a. Penalties to be imposed in case of non-compliance with GST-S
- a. Advantage of timely payment of GST-S
- b. Information about clarity on applicable taxes on services, withholding agents, service providers, etc.

KPRM has completed work on the development of the concept note for the activity and is awaiting data on stop filers and non-filers from KPRA. [REDACTED]

OBJECTIVE 2: EFFICIENCY OF KPRA IN REVENUE MOBILIZATION IMPROVED

Objective 2 of KPRM focuses on improving the efficiency of KPRA staff. Most are new hires or on secondment from the national government, and KPRA leadership recognizes the need to build operational and interpersonal skills and make training more relevant.

To date, most capacity building has focused on declaration processing, monitoring, and enforcement support. Opportunities for human resources development are plentiful, and KPRA leadership is amenable to programs that enhance individual and team performance through skills building, mentorship, coaching, workshops, and multidisciplinary training events. KPRM prioritizes on-the-job skills training and creates easy-to-understand job aids that can be used in the field to assist with collections and audits.

IR 2.1 CAPACITY OF KPRA STAFF IMPROVED

ACTIVITY 2.1 DEVELOP HUMAN RESOURCES

| Activity Status | Ongoing |
|-----------------|----------------------------------------------|
| Progress | On Track |
| As per schedule | Yes-Target for IT security training achieved |

To strengthen the human and institutional capacity of KPRA, KPRM since its inception has been working with the management of KPRA to devise training for developing the human resources of KPRA. Soon after the work plan was approved in July by KP P&DD, KPRM initiated consultation with the Director Admin of KPRA (the focal person for KPRM) to identify capacity building and IT security-related training for the concerned staff.

Towards the end of the third quarter, the newly appointed Director Admin was briefed on KPRM activities and she requested quick support for capacity building of KPRA technical staff. Upon receiving a walkthrough of the Work Plan from the KPRM team, she expressed satisfaction but also highlighted that KPRA technical staff mandatory training is still pending and indicated that KPRM should offer these training.

KPRA was quite concerned about the safety and security of their data after facing a ransomware attack in November 2020. With this background, the KPRM IT & Database Specialist visited different IT training providers offering IT security courses during the second and third quarters. The KPRM IT & Database Specialist, after evaluating the suitability of courses, finalized a training course in consultation with KPRA.

From September 6, 2021, to September 10, 2021, KPRM organized training on Certified Information Systems Security Professional (CISSP) in Riphah Institute of Systems Engineering (RISE) for a batch of four members of the IT staff of KPRA. The training educated the participants on techniques and technologies to minimize IT vulnerability and reduce the threat of hacking and malfunctioning of the networks. The training also imparted a broad range of skills across security policy development and management, as well as a technical understanding of a wide range of security controls across all disciplines within IT security for an organization.

KPRM also organized two-day beginner-level SAP ERP training for professionals. The training was held in the Institute of Cost and Management Accountants (ICMA) Pakistan, Islamabad. Five staff members from the finance department of KPRA participated in the training. The training aimed to build the capacity of KPRA staff in SAP financials (FICO), SAP controlling, and SAP material management.

All the participants of both the training were pleased with the quality of the training. During feedback interviews, the majority of participants said that the training met their expectations and would help them in the performance of their work. Commenting on the value addition of the training ██████████ (Data Processing Officer, KPRA) Participants of the CISSP training stated that, "The training enhanced my technical skills in data security, risk analysis, network system and software security audits which will help us avoid cyber-attacks like the one FBR confronted recently and disrupted their entire system".

In Year I, KPRM team also initiated work on training KPRA officers in tax laws. However, this training was delayed because of busy schedule of tax law trainers - due to start of income tax return filing season.

ACTIVITY 2.2 IMPROVE CAPACITY ON INTERNAL CONTROL AND AUDIT SYSTEMS

| | |
|-------------------|--------------------------------------------------------|
| Activity Status | Not Started yet |
| Progress | Activity delayed due to late approval of the Work Plan |
| As per schedule | Behind schedule-Major work to be done in Year II |
| Expected End date | June 2022 |

DA of KPRA is expected to highlight several areas where KPRA internal controls need improvement. KPRA does not have any dedicated internal audit function, and so far, KPRA's interest in establishing a dedicated internal audit function is not very clear. KPRA Finance function faces external audit from the

auditor general of Pakistan office and KPRA finance function has identified areas where it needs capacity building of its staff for improved performance and better internal controls.

These proposed training include data analysis, advanced excel, financial management, procurement rules Khyber Pakhtunkhwa Public Procurement Regulatory Authority (KPPRA), public accounting – International Public Sector Accounting Standards (IPSAS), Public finance Management (PFM), and System Application and Products – Financial Control (SAP - FICO).

KPRM has started work to develop these trainings during the Work Plan year I period. Trainings are likely to be delivered in year II and will include:

- Online PFM training to KPRA for 10 participants
- Advance Excel and Data Analysis – training preparation in progress and will be delivered in next year
- SAP – KPRM is in the process of arranging advanced SAP training for KPRA staff – these will be delivered in next year Work Plan period

ACTIVITY 2.3 ENHANCE CAPACITY FOR POLICY ANALYSES

| Activity Status | Not Started yet |
|-------------------|--------------------------------------------------------|
| Progress | Activity delayed due to late approval of the Work Plan |
| As per schedule | Behind schedule-Major work to be done in Year II |
| Expected End date | June 2022 |

KPRM has identified certain online training and offered these to KPRA for improving their capacities including data analysis, revenue forecasting, and analysis, tax / VAT gap analysis, broadening PFM understanding, macroeconomics diagnostic. However, KPRA has not yet responded to offered online training. KPRA generally is more inclined towards face-to-face training which are challenging in these COVID times. However, considering the importance of KPRA capacity building in policy analysis, KPRM is engaging with Pakistan Institute of Development Economics (PIDE) and other economic development institutes in Pakistan on developing customized training for KPRA on topics such as revenue forecasting and tax gap analysis. These trainings will be delivered in Year 2.

OBJECTIVE 3: COORDINATION FRAMEWORKS WITHIN/ACROSS TAXATION SYSTEMS IMPROVED

Objective 3 of KPRM focuses on reducing the total number of actions required to file taxes, eliminating jurisdictional overlap between the provincial and local governments, and linking tax databases, initially through information sharing and eventually through data integration.

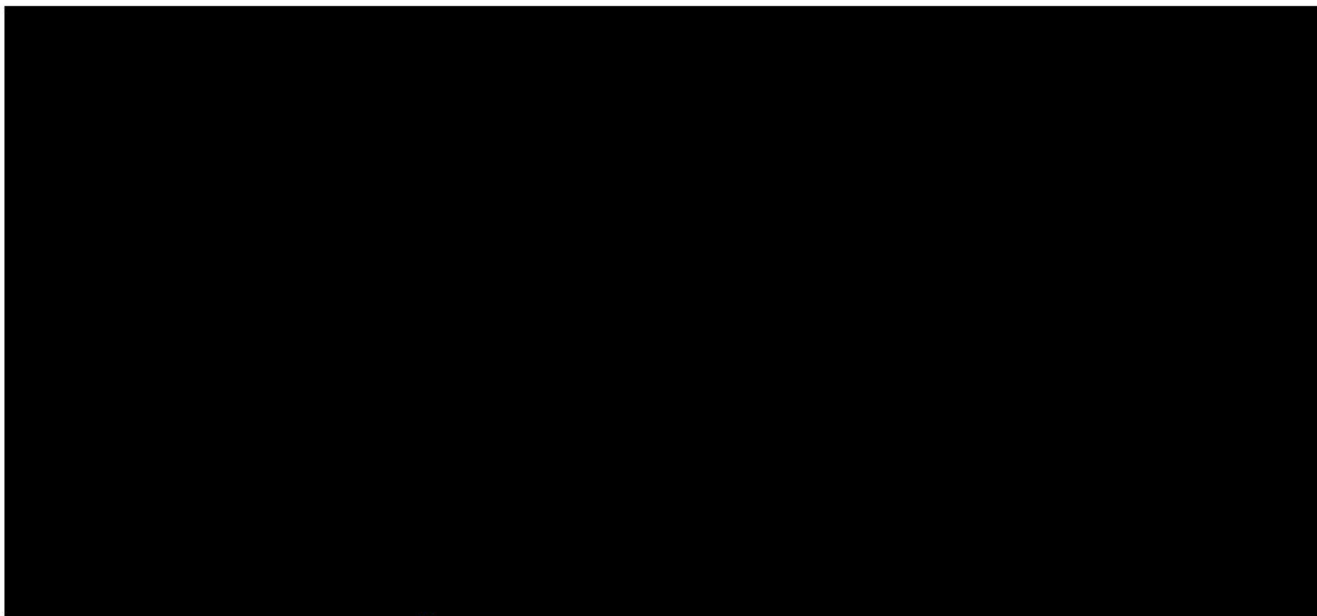
ACTIVITY 3.1 INCEPTION ACTIVITY: CONDUCT A PROJECT-WIDE POLITICAL ECONOMY ANALYSIS (PEA) - TO SUPPORT INTEGRATION AMONG TAX AUTHORITIES

| Activity Status | Completed |
|-------------------|-------------|
| Progress | On Track |
| As per schedule | Yes |
| Expected End date | August 2021 |

KPRM was required to conduct a project-wide political economy analysis (PEA) to support integration amongst tax authorities. With this in view, KPRM onboarded a senior consultant in June to conduct the political economy analysis of KPRA. The consultant started work in June and designed the methodology for the PEA. He also completed the review of available literature in the same month. In July, he held meetings with the donors supporting KPRA and concerned government officials. The consultant completed the assignment in August and the final report was submitted to USAID on August 25, 2021.

The major objectives of the assignment were;

- To understand the context and incentive structures that influence the public's voluntary compliance with GSTS in KP province
- To understand and explore KPRA's performance as well as the barriers/opportunities to KPRA's integration with other tax authorities and expansion of GSTS to NMDs
- To provide an overall, baseline of KPRA capacity for better informing KPRM's future interventions'



The PEA analysis also provides possible programmatic recommendations which include the following;

- Deeper engagement with reform champions in KP
- Ministerial Committee on Revenue Mobilization & OSR Reforms
- Inter-Departmental Platform for supporting operational coordination towards objectives of integration & revenue augmentation
- Establishment of Tax-payer KPRA/Govt. Liaison Committees
- Improved Donor Coordination for Improved Revenue Mobilization
- Localized Communication Strategy for priority tax-paying sectors
- Joining the IT reform bandwagon
- Deeper liaison with the private sector in KP for transparency

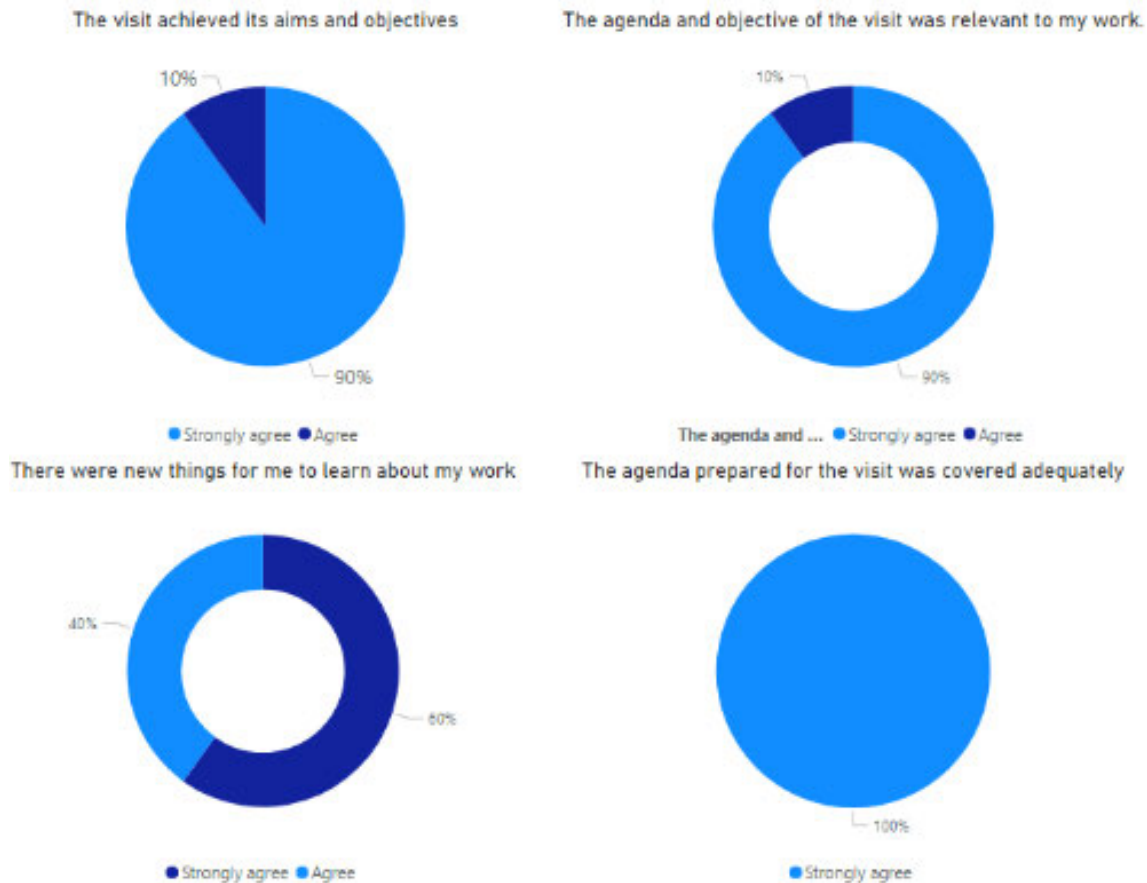
KPRM team is using this report to obtain relevant observations/recommendations in preparing next year's Work Plan and to maneuver activities in the light of information/recommendations in the PEA report, where needed.

ACTIVITY 3.2 SUPPORT A STRATEGY FOR INTEGRATION AMONGST TAXATION AUTHORITIES

EXPOSURE VISITS FOR KPRA STAFF

| | |
|------------------------|--------------------------------------------------|
| Activity Status | Ongoing |
| Progress | On Track |
| As per schedule | Yes |
| Expected End date | June 2022- More exposure/study visits in year II |

To improve coordination frameworks of KPRA within and across the taxation authorities and support a strategy for integrations amongst taxation authorities, the KPRA team organized an exposure / experience sharing visit for KPRA staff from September 1, 2021, to September 3, 2021, to the Sindh Revenue Board (SRB). Ten officials from the KPRA collectorate and directorate participated in the visit. To facilitate the staff IT& database specialist of KPRM and relevant technical experts from Stepnex also accompanied KPRA staff in the visit.



During the visiting staff of KPRA was given a tour of the Software System and also delivered presentation ERP. KPRA is in the initial phases of the integrated automation solution and it has been observed that SRB has successfully implemented the ERP for its core functions such as Finance, HR, and Procurement in their organization. The tour of the system implemented by the SRB provided an opportunity to see the functioning of the system and capture best practices implemented by SRB. Additionally, the SRB IT Team has developed several in-house systems to support the organization in collecting sales tax on services efficiently.

KPRA staff was also briefed on in-house developed software. The exposure visit was termed very useful by the participants and the feedback obtained from the participants can be seen in the graph above. The feedback analysis reflected that 90% of the participants strongly agreed that the visit achieved its aims and objectives. Similarly, 90% of the participant strongly agreed that the objectives and agenda of the visits were relevant to their work.

An absolute majority 100% of the staff members strongly agreed that the agenda prepared for the visit was thoroughly covered. 60% of the participants strongly agreed and 40% agreed that they learned new things from the visit about their work.

A major achievement of this exposure visit is an invitation from SRB to train KPRA officers in the tax audit. KPRM has offered support for this training and preparations are in progress.

KPRM team is also working on arranging a joint learning workshop (e.g. tax audit workshop) in KP where experts from other tax authorities could participate and share their knowledge with KPRA participants. KPRM team is waiting for a green signal from KPRA before developing this activity further. Besides, there is also considerable room for the KPRA legal section to learn from experts in tax courts and other organizations of other provinces. KPRM team is performing internal deliberations on this idea before offering it to KPRA.

KPRA is expected to see some new faces at its senior and technical positions due to the demise of its advisor tax policy and repatriation of senior deputation technical staff to their parent departments. KPRM is observing developments in this area and will offer any required support to fully brief incoming staff on KPRM activities and plans.

B. COORDINATION WITH OTHER UKAID AND WORLD BANK PROJECTS

GoKP has a mechanism to filter and avoid duplication and conflict of donors' support to KPRA. It operates these filters mainly at two levels. First KPRA, the recipient of donors' support, is responsible to filter and avoid any such duplication and conflict at the stage of agreeing support activities with different donors - under their workplans for KPRA. Second, each donor's workplan for KPRA is required to be presented, discussed, evaluated, questioned and then approved by the project steering committee (PSC) - specifically formed by the KP Planning and Development Department for each donor program supporting KPRA. PSCs avoid duplication between donors' support to KPRA.

In addition to GoKP filters, KPRM maintains regular contact with KPRA to enquire and ensure KPRM support to KPRA has not conflict with KPRA plans to receive support from other donors. KPRM has also proposed KPRA to arrange regular joint meeting with all donors supporting KPRA but so far no such joint meeting is organized.

During development of KPRM Year I workplan, WB projects appeared to have some potential conflict areas, so KPRM arranged meetings with WB projects through KPRA to ensure no conflict exists. A new GIZ program is expected to be launched for provincial revenue authorities and KPRM has plans to have interactions when this program is launched - to identify and avoid duplication.

OPERATIONAL UPDATES

[REDACTED] Following the receipt of notice to proceed from USAID, KPRM initiated fielding/hiring of long-term staff, operational startup, and stakeholder consultations for Year I work planning. [REDACTED], Chemonics received permission from the Board of Investment (BOI) to open a sub-office in Peshawar. Details of the operations undertaken during the year I of the project are:

STARTUP

KPRM Chief of Party received approval from USAID to travel to post on December 02 2020 and arrived in Pakistan on December 18. The slight arrival delay was due to the requirement for a pre-travel Covid 19 test as well as the limited number of international flights to Pakistan due to disruption caused by the pandemic. Operations Director started on December 07 2020 and soon after his joining, the Operations Director commenced work on the operational startup of KPRM. A project bank account was opened in February 2021 with the Standard Chartered Bank in Peshawar.

KPRM rented office space in March 2021, [REDACTED]. Security assessment of the premises was completed in March and from April 01 2021 KPRM took

charge of the leased premises. Most of the essential procurement processes were completed during the third quarter (April – June). Several ongoing activities including security upgrades were completed in August. All equipment, furniture, and fixtures received from other USAID-funded projects were accounted for and properly utilized and the office was made fully functional in August 2021.

NO OBJECTION CERTIFICATE (NOC)

Chemonics was able to obtain KPRM's NOC expeditiously. Following in-country consultations about the process, Chemonics submitted the application package to the KP Home Department [REDACTED] and received the NOC [REDACTED]. Chemonics applied for an extension of the NOC [REDACTED] and [REDACTED] extension of the NOC (No Objection Certificate) [REDACTED] has been received.

HIRING/FIELDING OF STAFF

Chemonics immediately initiated work on fielding of the most essential staff after the notice to proceed was received from USAID [REDACTED]. Chief of Party, Operations Director, and MEL Director joined KPRM in December while the Team Lead Objective 1 and the DCOP assumed charge in the second week of January 2021.

The rest of the positions were filled in the following months and by the end of March 2021, most of the essential staff members were onboarded. By the end of year 1, all the staff members including Revenue Management Specialist, support staff, and security staff have been onboarded and trained on Chemonics and USAID rules and regulations policies and procedures, security and COVID protocols to be followed within and outside the office.

WORK PLANNING FOR YEAR 1

KPRM team initiated discussions on the work plan in January 2021 after onboarding of essential staff members and holding initial meetings with the KPRA and other relevant government departments. The contractual timeline for submission of the first Work Plan was 60 days after the contract start date but due to several startup issues such as issuance of NOC, COVID-19 restrictions, and unavailability of staff KPRM could not meet the initial timeline set for the Work Plan.

Extension in the timeline for submission of the Work Plan was received on January 25 2021 and the first draft of the work plan was submitted on February 15, 2021. The final draft of the Work Plan submitted after addressing all the comments of USAID was approved by the COR on April 09, 2021. In June 2021, KPRA informed KPRM, to put on hold all the activities until the approval of the Work Plan is received from the KP P&D Department. The Work Plan was approved by the KP P&D department in its first steering committee meeting for KPRM on July 02, 2021.

KPRM WORKING MODALITY

In Year 1 of the activity KPRM maintained remote working modality with very limited staff attending the office. Most of the meetings were held virtually and important events where staff presence was inevitable were conducted under the strictest adherence to COVID-19 SOPs. At the end of the year, the team is still working under Phase 3 restrictions of Covid 19. In this phase, only 30% of staff can attend the office at any time.

The remaining staff work from home to support the project activities with intermittent visits to the office and stakeholder facilities occurring strictly on an as-needed basis.

4. IMPLEMENTATION CHALLENGES

| Implementation Challenge | Summary of the issue and its impact on interventions | Actions taken during the reporting period | Current Status | Actions planned | Responsible Party |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|----------------------------|
| NEW CHALLENGE DURING THE LAST QUARTER | | | | | |
| Identification of Relevant IT training for KPRA staff. | The TNA analysis shows that most of the staff members have mentioned several non-IT related training, imparting which will not achieve KPRM objectives tied with the trainings. | KPRM will not offer/recommend non-automation trainings and the final STAR report will only focus on relevant automation and other appropriate trainings proposed by Stepnex and finalized in consultation with KPRA. | Ongoing | Discussion with KPRA staff and Stepnex regarding the identification of relevant automation training. | IT and Database Specialist |
| Online Vs Face-to-face trainings | There is considerable confusion and division over face-to-face vs online trainings in KPRA. [REDACTED] | For soft and generic topics, KPRM is identifying and offering online trainings while face-to-face trainings for more specific and technical topics | Some of the trainings offered are online and some face-to-face. | Continued deliberations with KPRA to obtain confirmation on delivery mode for each training offered | DCoP |
| Repatriation of senior technical staff to parent departments | KPRA Senior technical staff consists of officers on deputation from other departments like FBR. These officers provide key inputs in technical decisions to KPRA management. KPRM has developed good working relationships with these senior technical staff but it is expected soon they will have to go back to their parent departments. | KPRM team is following developments on repatriation of KPRA deputation staff, and also strengthening working relationships with other technical staff who are expected to stay and either takeover as a replacement or provide feedback to the replacements. Once replacement officers are confirmed, the KPRM team will develop a working relationship with them. | One key senior technical staff member has been posted in KPRA HQ from a field office, this is an indication decision about his repatriation is imminent. | Continued deliberation with KPRA, and where possible joint meetings with both outgoing and incoming / replacement officers | DCoP |
| Nomination of Relevant people for the training | Nomination of irrelevant people for the training's challenges achievement of the aims and objectives of the trainings. | Close coordination and consultation with KPRA staff to nominate relevant staff for the training. | Resolved/ same process to be followed for future trainings | Close coordination with KPRA on nominating staff | Output leads |
| Lack of Space in KPRA office for meetings and events | KPRA prefers its own conference room for meetings and events to save time but the limited space in their conference room and calls for daily routine work from other colleagues creates disturbance during the meetings and diverts attention from the discussion. | Organizing events outside KPRA premises, virtual meetings, and utilizing the KPRM conference room for meetings. | Resolved | N/A | DCoP |

| | | | | | |
|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------|
| 4 █████ staff members tested positive for COVID-19 | 4 out of 6 staff members █████ were tested COVID positive in August which caused a delay in the activity. | COVID infected staff was replaced and work has been resumed on the activity. COVID protocols are strictly followed. | Resolved | Strict Adherence to COVID SOPs has been ensured for KPRM staff and sub-contractors staff. | Security Manager/Sub Contractors. |
| ONGOING CHALLENGE FROM PREVIOUS QUARTERS | | | | | |
| Slow progress due to surge in COVID-19 cases and spread of variants of concern. | In response to the rise in COVID-19 cases being reported, the project implementation process is slow as engagement of stakeholders in activities like training was not possible. Training for TFC staff was delayed as were taxpayer registration drives planned in five cities of the province. | KPRM prioritize activities that do not require a presence on the ground and work can be performed remotely such as a Video outreach campaign initiated for KPRA | In process | Outsource media firm | Public Outreach Specialist |
| Delay in implementation due to late approval of the Work Plan | Due to the late approval of the Work Plan for Year I by the KP P&DD implementation of activities started in July 2021 which allowed only three months of implementation for the first year of the Work Plan and consequently most of the Year I activities were shifted to Year II of the activity. | KPRM closely liaised with the P&D department to form the Project Steering Committee for the approval of the Work Plan. | In process | Activities shifted to next year | Output leads |
| RESOLVED CHALLENGES THAT WERE REPORTED PREVIOUSLY | | | | | |
| Lack of clearly defined targets and an absence of baseline data challenged the finalization of the MEL plan initially. | Delay in finalization of MEL plan caused due to lack of baseline data from KPRA and targets for indicators from KPRM team. Most of the team members were either not or newly onboarded. | Frequent meetings with KPRA and Chemonics Washington, D.C. office to determine the targets. Baseline data for the indicators were obtained from KPRA except for one indicator which will be established in September. | Resolved | N/A | MEL Specialist |
| KP P&DD approval of the KPRM first year Work Plan for KPRA | After USAID approval of the Work Plan prepared by KPRM and KPRA jointly, KPRA asked KPRM to only start activities after KP P&DD approval. The process of setting up the Project Steering Committee (PSC) has caused a delay of almost two months and reduced implementation time for this year's Work Plan. | KPRM team regularly approached both KPRA and KP P&DD to form a project steering committee (PSC) and approval of the Work Plan by PSC | Work Plan approved by KP P&DD steering committee on July 02, 2021 | Meetings with the subcontractors to speed up the work | CoP |
| Frequent posting and transfer of KPRA officials. KPRM focal | The focal person for KPRM was transferred and this could slow down the pace of activities as it would take time to get the new | KPRM is closely observing the situation. Soon after the new director | Later in June, once again the Director Administration | KPRM regularly liaises with KPRA at different levels | CoP/DCoP |

| | | | | | |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------|
| person Director Admin was transferred. | incumbent up to speed. Furthermore, it could also create an administrative vacuum resulting in the slow down of KPRM activities. | admin took charge, KPRM got in touch with her and briefed her on the program activities. | was transferred, and the acting charge was given to the Deputy Director HR. He has received orientation on KPRM activities, and the team has begun liaising on program matters with him | and is keeping an eye on the situation. | |
| Extension of KPRM NOC to work. | Request for NOC was submitted to the KP government. | Followed up with the relevant authorities and provided additional info/documents to expedite the NOC process. | NOC granted [REDACTED] | Timely submission of requests for NOC | CoP/ Security manager |

5. ACTIVITY MONITORING, EVALUATION, AND LEARNING PLAN (AMELP) UPDATES

DEVELOPMENT OF MEL PLAN

The MEL Director after joining KPRM in the last week of December 2020, commenced work on the development of the MEL Plan. The MEL Plan was developed in consultation with the output leads and Chief of Party of KPRM, Chemonics home office in Washington DC, and KPRA concerned staff.

Indicators were developed and further refined after inputs from KPRA and output leads of KPRM. Baseline figures for Intermediate Results and Goal level indicators were obtained from KPRA and targets for the life of the project and year 1 were set in consultation with the output leads of KPRM and KPRA focal persons.

The first draft of the MEL Plan was submitted on February 15 2021 which was reviewed and commented on by USAID. The final version of the MEL Plan after addressing the comments of USAID was approved on April 16, 2021.

DEVELOPMENT OF QUALITY ASSURANCE AND SURVEILLANCE PLAN

During the last quarter of the reporting year, the Quality Assurance and Surveillance Plan (QASP) was developed and submitted to USAID. The QASP presents the major contractual deliverables, performance standards of deliverables, and adequate level of quality to be maintained while performing these deliverables.

The plan will be monitored and evaluated regularly within the context of different activities being implemented under KPRM. Towards the end of the last quarter, USAID comments on QASP were addressed and the QASP was submitted for approval by the COR.

MONITORING OF ACTIVITIES

KPRM considers monitoring as an essential pillar of project management and pays particular attention to the monitoring and evaluation of the interventions. MEL director reviewed concept notes for all the activities from the M&E angle and incorporated the M&E section in the activities concept note which shows how the activity is linked to its corresponding objective and how the data will be collected and results will be measured using M&E indicators.

During Year I of the project, the MEL director developed and incorporated the MEL section for all the concept notes developed for capacity-building training, communication campaigns, and gender action plans.

The MEL director also paid monitoring visits to several of the training events. During the visits, the MEL director held interviews with the participants of the training to obtain their feedback about KPRM interventions, know the quality of the training, and the impact of the capacity-building training on their routine work. All the findings, including areas of improvement, best practices, and lessons learned captured through direct observation and interviews with the participants were shared with the senior management of KPRM within a week time for course correction measures, future planning, and informed decision making.

PARTICIPANTS' FEEDBACK

During the reporting period, KPRM MEL Director collected participants' feedback for all the five trainings and 2 events (exposure visit to Sindh Revenue Board and an awareness session on Diagnostic Assessment) organized by KPRM. KPRM is using customized tools for every activity to collect feedback from the participants. Moreover, face-to-face interviews were also held by the MEL director for collecting feedback from participants of the activities. The feedback obtained from the participants was analyzed using statistical software (MS Excel and Power BI) and a report based on the analysis is presented to the senior management for their decision making and taking corrective actions.

Participants' feedback was received from 41 staff members of KPRA who attended the awareness session on the Diagnostic Assessment of KPRA organized by KPMG on August 05, 2021. The participants commented very positively about the quality of the session, command of facilitators on the topics of Diagnostic Assessment, quality of material and contents of the sessions, and arrangements of the training.

At the end of the event, MEL Director held interviews with several participants and recorded their feedback on the importance of the DA and the importance of the session organized by KPRM. [REDACTED] KPRA stated that *"The session organized today is very effective and is of immense importance for the staff because KPRA is an emerging entity and the DA will help strengthen KPRA through identification of areas for improvement and recommending improvement solutions."*

Similarly, [REDACTED] Inspector in KPRA stated that *"The session was very helpful for understanding the Diagnostic Assessment and the timing of the session is also very appropriate because our tax session has just started from July so this will benefit us quite a lot as there are some important areas which were not very clear to us and the session helped us a lot in clarifying those areas."*

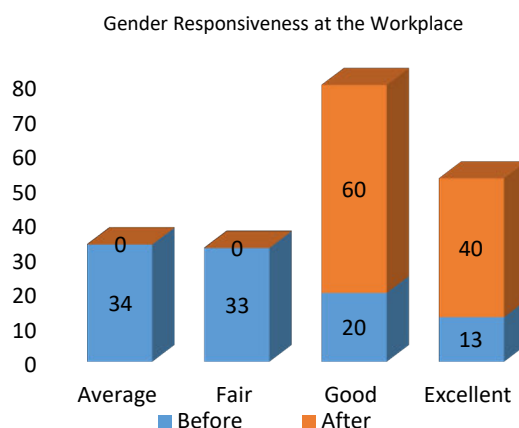
Feedback was also collected from the participants of "Communication Reporting and Management Skills Training" held from, September 06 to 10 2021, for staff of Tax Facilitation Centers, In the feedback interview with the MEL Director of KPRM, [REDACTED] KPRA stated that, *"After joining KPRA, this is my first ever capacity building training on Communication Reporting and Management Skills Training organized by USAID KPRM Activity. The training was very fruitful and I am sure that such kind of training is beneficial for myself and also for my organization as we will be able to easily resolve problems of the taxpayers"*.

6. INTEGRATION OF CROSS-CUTTING ISSUES AND USAID INITIATIVES

GENDER

During the second quarter (Jan -Mar), KPRM’s consultant on developing the Gender Action Plan (GAP) completed work on the first draft and submitted it to USAID on February 15, 2021. After addressing comments of USAID on GAP was finally submitted to USAID in April and was approved by the COR. The final version of the GAP was aligned with the MEL Plan and work plan of KPRM. The GAP integrates gender considerations in implementation by increasing meaningful engagement and inclusion of women throughout all interventions. Key recommendations of the GAP include guidance for organizational success, such as delegating responsibility for gender integration to project staff and proposing gender mainstreaming training for KPRM staff.

It also includes recommendations to collect and track sex-disaggregated data and measure progress towards gender equality over time. In the training on Communication Reporting and Management Skills, a dedicated session on gender responsiveness at the workplace was included which enhanced the understanding of participants on gender mainstreaming and gender responsiveness at the workplace.



While assessing the understanding of the participants on gender responsiveness at the workplace before and after the training, only 13% of the participants had an excellent understanding and 20% had a good understanding of gender responsiveness while a majority of the participants 33%, and 34% respectively marked fair and average understanding of the gender responsiveness. Post-training analysis of the questions showed that 60% of the participants have a good understanding while 40% of the participants reported an excellent understanding of gender responsiveness at the workplace.

COMMUNICATION AND PUBLIC OUTREACH

Branding of both the internal and external communication products is done in complete compliance with USAID branding and marking requirements. All the rules and regulations about the branding and implementation of the communication and outreach material as agreed between USAID and Chemonics are strictly followed. KPRM output I lead has briefed all the staff on the branding and implementation of USAID and relevant document and reporting and presentations templates have been shared with the subcontractor and internal staff.

All the events, organized during the reporting year were properly branded with USAID logos. KPRA and concerned staff including participants of the training and events are briefed regarding the donor of the activity at the start of the training/event. Furthermore; in all the events banners, standees, and Pana flex bearing logos of USAID and KPRA were fixed in the background and at the entrances.

Branding and marking at the training’s events are strictly monitored and any loopholes/mistakes in branding/marketing are communicated to the sub-contractors through COP and output I lead for rectification.

7. LESSONS LEARNED

The following best practices were identified during the reporting quarter.

- Close coordination with the KPRA team has helped build buy-in and support for activities. Active involvement in work planning has helped build a cordial relationship between KPRA and KPRM. Regular liaison and meetings regarding the activities should be continued in the future to build the ownership of KPRA for our activities.
- For Year 2 of the activity, KPRM will encourage KPRA to move the work plan to the KP P&DD on time and follow up with the KP P&DD for the work plan approval to save time and ensure the ability of the project to move forward with implementation. This will help in the timely commencement of the Year 2 Work Plan.
- Regular coordination with the KPRA to obtain updates on its plan for asking for support from other donors to ensure support overlap can be avoided from the very start. KPRM will continue the same strategy to ensure that no overlap occurs between the activities of KPRM and other donors.
- For KPRM support activities such as training, KPRA management cannot afford to release staff for long, which requires keeping sessions very crisp and brief, this results in occasional complaints from some participants of insufficient depth of the topic, insufficient time, or overburdening. KPRM will try to increase KPRA engagement in the training design phase.

8. PLANNED INTERVENTIONS FOR NEXT YEAR, INCLUDING UPCOMING EVENTS

KPRM plans to accomplish the following in the next year:

- Completion of DA study and based on the recommendations of DA designing new interventions for overcoming capacity gaps of KPRA.
- Finalization of IT stock take and review of KPRA and submission of the report.
- Finalization of Software Requirement Specifications (SRS) for Collectorate and Directorate of KPRA
- Development and implementation of automated file tracking system, notice management system.
- Support to KPRA for increasing the number of tax declarations filed.
- Support to KPRA for improving its online GST-S system.
- Improve the capacity of KPRA staff on internal control and audit system.
- Support for enhanced policy analysis
- Training for the KPRA on Data Analysis, Data Visualization, Revenue forecasting, and analysis, tax gap analysis, tax laws, legal drafting, tax audit, SAP, procurement rules, public accounting standards, financial management, and auditing.
- Exposure visits to other provinces and tax authorities.
- Experience exchange and learning workshops with other revenue authorities.
- Workshops between KP Tax authorities to identify data exchange needs, opportunities, and benefits.
- Communication campaign for awareness raising amongst taxpayers.
- Support to registration drives of KPRA.
- Exposure/experience sharing visits for KPRA staff.
- SMS campaign (stop filer, non-filer, and potential taxpayers) concept note, planning, text message development, and approvals.
- Training for TFC's (Tax Facilitation Centers) staff and KPRA's communication team.
- KPRA workshops with Trade Unions/Chamber of Commerce.
- Training for KPRA technical staff for improving their technical skills.
- IT and IT security-related training for KPRA staff.

9. STATUS OF AWARD DELIVERABLES

| Award Year/Deliverable | Quarterly Updates | Remarks |
|------------------------|-------------------|---------|
| Year I | | |

| | | |
|--------------------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------------------|
| Quality Assurance and Surveillance Plan | Completed | N/A |
| Key Personnel Fielded | Completed | N/A |
| Annual Work Plan | Completed | N/A |
| Mobilization Plan | Completed | N/A |
| Branding Implementation Plan and Marking Plan | Completed | N/A |
| Monitoring Evaluation and Learning (MEL) Plan | Completed | N/A |
| Security Plan | Completed | N/A |
| Quarterly Progress Reports | Completed | QPR have been submitted within established deadlines |
| Annual performance reports | Completed | Submitted for Year I |
| Final Reports | N/A | Will be submitted in Year II |
| Close out and demobilization plan | N/A | Due 30 days before close out. |
| Strategic Roadmap for KPRA | Replaced | Replaced by Diagnostic Assessment and due in November 2021 |
| Conduct organizational capacity assessment | In process | This is included in the Diagnostic Assessment and will be complete in November 2021 |
| Diagnostic review of KPRA human resources | In Process | Included in Diagnostic Assessment and due in November 2021 and STAR Reports |
| Project Political Economy Analysis | In process | Final Report Submitted to USAID |
| Inception Report | N/A | Replaced with GST Situation Analysis |
| Stock take and Review of KPRA | In Process | Expected to be concluded in October 2021 |
| Number of people using online GST system | N/A | This deliverable will be updated in July 2022 to ascertain the increase in the number |
| Number of people trained on internal control & audit systems | Shifted to year II | This will be included in the Year 2 work plan |
| Number of declarations processed electronically | N/A | Due in July 2022. Baseline has been established |
| Change in amount (PKR) collected as GST on services | N/A | Due in July 2022. Baselines have been established |
| Percent of taxpayers reporting that business process for tax administration improved | N/A | Due in July 2022 |

ANNEX I: PROGRESS ON PERFORMANCE AND CONTEXT INDICATORS FROM MEL PLAN

| PROJECT PURPOSE: DOMESTIC REVENUE MOBILIZATION OF GOVERNMENT OF KHYBER PAKHTUNKHWA IMPROVED | | | | | | | | | | |
|------------------------------------------------------------------------------------------------|---------------|--------|-------------------------------------------------|--------------------------------|-------------------------------------|----|----|-------|------------------------------|----------------------------------------------------------------------------------------------|
| INDICATOR | BASELINE DATA | | CUMULATIVE ACTUALS AS OF LAST YEAR ¹ | CURRENT FY TARGET ² | QUARTERLY ACTUALS DURING CURRENT FY | | | | ACTUALS TO DATE ³ | COMMENTS/TARGET DEVIATION |
| | YEAR | VALUE | | | Q1 | Q2 | Q3 | Q4 | | |
| OBJECTIVE I: VOLUNTARY COMPLIANCE WITH GENERAL SALES TAX ON SERVICES (GST-S) INCREASED | | | | | | | | | | |
| <i>INDICATOR 1: % increase in tax declarations filed per fiscal year</i> | FY 2020 | 11,090 | N. A | 35% INCREASE OVER BL | | | 0 | 15000 | 15000 | BL WAS ESTABLISHED IN JAN 2020 DATA TO BE UPDATED IN JULY 2022 AFTER ACTIVITY INTERVENTIONS. |
| <i>MALE (IF APPLICABLE) *(DISAGGREGATES TO BE ADDED AFTER ACHIEVEMENTS BEGIN)</i> | | | | | | | | | | |
| <i>FEMALE (IF APPLICABLE)</i> | | | | | | | | | | |
| <i>DISTRICT (*AND OTHER DISAGGREGATION AS APPLICABLE)</i> | | | | | | | | | | |
| SUB-IR: I.1 SYSTEMS FOR GENERAL SALES TAX ON SERVICES IMPROVED | | | | | | | | | | |
| <i>INDICATOR 1: Number of taxpayers facilitated through KPRA call center</i> | FY 2020 | 0 | | 0 | | | 0 | | 0 | DUE IN NEXT YEAR |

¹ It will be FY 2020 for FY 2021 reporting

² It will be FY 2021 if you are reporting during FY 2021.

³ This will be an aggregated number/result for an activity across all FYs. E.g. If an activity is working from 2015, this will be aggregated progress from FY 2015 to date.

| | | | | | | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------|--|----------------------------------------------------------------------------------------------------------------|--|--|----------|--|--------------------------|--------------------------------------------------------------------------------------------------|
| <i>MALE (IF APPLICABLE)</i> | | | | | | | | | | |
| <i>FEMALE (IF APPLICABLE)</i> | | | | | | | | | | |
| <i>DISTRICT (*AND OTHER DISAGGREGATION AS APPLICABLE)</i> | | | | | | | | | | |
| INDICATOR 2: Number of taxpayers using the online GST-S system for registration and tax returns. | FY 2020 | 9516 | | 1000 | | | 0 | | 0 | ACTIVITY HAS BEEN SHIFTED TO NEXT YEAR |
| SUB-IR: 1.2 AWARENESS OF GST-S ON SERVICES INCREASED | | | | | | | | | | |
| INDICATOR 1: Number of outreach campaigns produced and aired for increased compliance and new service providers registration with KPRA. | FY 2020 | 0 | | 29 Produced (6 TV and 20 Radio 3 social media) 134 Aired (TV 50; Radio 30 social media 54) | | | 0 | | 5 VIDEOS PRODUCED | DUE TO LATE APPROVAL OF THE WORK PLAN FOR KP P&DD AIRING OF VIDEOS HAS BEEN SHIFTED TO NEXT YEAR |
| INDICATOR 2: Number of workshops organized for sensitizing taxpayer associations. | FY 2020 | 0 | | 3 | | | 0 | | 0 | SHIFTED TO YEAR II |
| INDICATOR 3: Number of people reached with messaging regarding KPRA's available services. | FY 2020 | 0 | | 0.5 MILLION | | | 0 | | 0 | SHIFTED TO YEAR II |
| INDICATOR 4: Number of registration and awareness drives for service providers registration and compliance with tax payments. | FY 2020 | 0 | | 5 | | | 0 | | 0 | SHIFTED TO YEAR II |
| OBJECTIVE 2: EFFICIENCY OF KPRA IN REVENUE MANAGEMENT IMPROVED | | | | | | | | | | |
| INDICATOR 1: Number of IT solutions developed for ensuring smooth and efficient business | FY 2020 | 0 | | 1 (Electronic | | | 0 | | 0 | STAR OF KPRA COMPLETED AND THE REST OF THE WORK WILL BE DONE |

| | | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------|--|---------------------------------------|--|--|----------|-----------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| continuity. | | | | record system and Video conferencing) | | | | | | IN YEAR II |
| INDICATOR 2: Number of new tax facilitation centers established for bringing efficiency in the tax collection process. | FY 2020 | 0 | | 1 | | | 0 | | 0 | ACTIVITIES NOT YET COMMENCED |
| SUB-IR: 2.1 CAPACITY OF KPRA STAFF IMPROVED | | | | | | | | | | |
| INDICATOR 1: Number of government officials trained (on audit, IT, communications, and internal control plus tax) as a result of USG assistance. | FY 2020 | 0 | | 10 | | | 0 | 44 | 44⁴ | |
| INDICATOR 2: Number of government officials demonstrating enhanced capacity for policy analysis | FY 2020 | 0 | | 10 | | | 0 | | 0 | ACTIVITIES NOT YET COMMENCED DUE TO DELAYED APPROVAL OF WORK PLAN FROM P&DD AS WELL AS THE DEATH OF THE KPRA TAX POLICY ADVISOR WHO PERFORMED POLICY ANALYSIS FOR KPRA |
| INDICATOR 3: Number of government institutions with improved capacity as a result of USG assistance (I.1.3a) | FY 2020 | 0 | | 1 (KPRA) | | | 0 | | 0 | SUPPORT TO KPRA CONTINUED DURING THE QUARTER. WE WILL REPORT CAPACITY IMPROVEMENT ON THE SCORE CARD FOR THE INDICATOR IN THE UPDATED MEL PLAN. |
| OBJECTIVE 3: COORDINATION FRAMEWORKS WITHIN AND ACROSS TAXATION SYSTEMS IMPROVED | | | | | | | | | | |
| INDICATOR 1: Number of coordination meetings among KP tax authorities to identify areas for consolidation and harmonization | FY 2020 | 0 | | 1 | | | 0 | | 0 | ACTIVITIES NOT YET COMMENCED DUE TO LATE APPROVAL OF WORK PLAN FROM P&DD |

⁴ KPRM will revise the target for this indicator in year II to make it more realistic and cover all the trainings being imparted to KPRA staff

| | | | | | | | | | | |
|-------------------------------------------------------------------------------------------------------------------|----------------|------------|------------|------------|--|--|----------|----------|----------|------------------------------------|
| <i>INDICATOR 2:</i> Number of strategies and frameworks for extension of tax net in MAs developed. | FY 2020 | 0 | | 0 | | | 0 | | 0 | DUE IN NEXT YEAR |
| <i>INDICATOR 3:</i> Number of experience exchange, learning and coordination workshops and study trips organized. | FY 2020 | 0 | | 1 | | | 0 | 1 | 0 | |
| CONTEXT INDICATORS (IF ANY): | | | | | | | | | | |
| <i>INDICATOR 1:</i> Number of new taxpayers registered with FBR | N.A | N.A | N.A | N.A | | | 0 | | 0 | DATA TO BE REPORT IN NEXT QUARTER |
| <i>INDICATOR 2:</i> Number of new service providers started services provision in KP. | N.A | N.A | N.A | N.A | | | 0 | | 0 | DATA TO BE REPORT IN NEXT QUARTER. |

ANNEX 2: SUCCESS STORIES

I. COMMUNICATION IN THE DIGITAL WORLD:

This is how we can use social media with a proper strategy and plan to utilize it to its maximum possible potential.

As the services sector in Khyber Pakhtunkhwa started recovering from the Pandemic Covid-19, the Khyber Pakhtunkhwa Revenue Authority (KPR) encountered the issue of reaching out to taxpayers and public for sharing information in a cost-effective way. Social media was the solution to this issue; however, the communication and public relation (PR) section of the Authority could not utilize social media to its maximum potential due to lack of proper training.



Training session at Center for Excellence in Journalism, Karachi

“Due to Covid-19, it was difficult for us to reach out to our taxpayers and community. Outreach activities in KPR were limited and the communication and PR Section of the Authority had to focus on social media but the problem was that we were not very well trained in using social media”, said [REDACTED] a Public Relation Officer at the KPR.

[REDACTED] (DD Communication) came up with saying that he was using digital platforms for propagating the message to taxpayers and the general public but the knowledge and skills regarding social media were limited. He added, that they needed capacity-building training to properly utilize the digital platforms in a professional way to their maximum potential for branding KPR and taxpayers’ facilitation.

[REDACTED] said that before the training, they were using their social media platforms (Facebook and Twitter) but the usage and skills were of entry-level as they had never received proper training for appropriate utilization and operation of the social media pages. He added that they were just putting up their news and information on the social media pages and did not know how to attract social media users for their content.

However, ██████ got into a training session. “In the training session, we discussed tools, ideas and a proper strategy to be followed when designing a digital campaign or even a single post on a social media platform”, said ██████. We discussed how to divide the needs of our targeted social media users and which platform will suit what type of social media users and how the content for that specific platform has to be developed. Now, we will use social media with a proper strategy and planning to utilize it to its maximum possible potential.



The KPRA Communication and PR Team learning data visualization at CEJ, Karachi

Furthermore, ██████ said that they learned about tools of data visualization so that their messages leave an impression on the memory of the targeted audience/viewers. Humans can easily memorize pictures rather than digits. In KPRA we can transform our figures to a visually attractive data format for our audience making it easier to memorize.

██████ said that they also discussed smartphones as their video-graphic, audio recording, and editing studio for developing content for their social media pages. They also practiced and developed their short videos on their smartphones, edited them, and then rendered them in a format ready to be uploaded to social media platforms. They also discussed Podcasts and developed their Podcasts on their smartphones which was a new gadget for them. “I believe that it was an excellent experience and it will help me in improving my work at KPRA”, concluded ██████.

██████ said that it was amazing as they learned new things, advanced techniques of reaching out to people plus usage of social media and related things. He is also convinced that this training has made him improve his technical ability to reach out to taxpayers and the public on mass level.

Sindh Revenue Board Exposure Visit

From September 1, 2021, to September 3, 2021, KPRM organized an exposure visit to the Sindh Revenue Board (SRB) intending to exchange experiences and knowledge on different aspects of the work which both the authorities are doing and the systems that are currently in SRB. The exposure visit opened many new avenues for the Khyber Pakhtunkhwa Revenue Authority (KPRM) staff, and they termed the visit as very beneficial for them. They obtained knowledge about the way of working of SRB and many in-house software developed and under implementation in SRB.



KPRA Directors Admin and IT receiving a souvenir from Chairman of SRB at Karachi

Commenting on the value addition of the visit to the knowledge of the staff [REDACTED] (Additional Collector HQ) mentioned that “In the exposure visit, we discussed tools, ideas, and a proper strategy to be followed for adopting automation; this discussion had helped me in understanding the enterprise resource planning (ERP) and IT solution, the reports about different solutions are quite remarkable. KPRA IT department with the support of KPRM will ensure development and implementation of similar applications to improve KPRA work”.

[REDACTED] (Director ICT) added that” the exposure enlightened me about the methodology of rollout strategy for IT application and efficacy of integrated automated solution for KPRA and also provided us the opportunity to envision the IT systems relevant to collectorate departments.

He further added that the visit opened new opportunities for cooperation with the SRB IT team and because of the visit we can now easily consult the SRB IT team in the development of such applications.



SRB Deputy Commissioner briefing about the ERP methodology

“Almost all the session was very useful, especially the modules and working related to the electronic movement of files, audit, adjudication solution, and revenue dashboard. It is vital to develop the system in KPRA.” ██████████ said.

Further, she added, that it was a well-organized program by the USAID KPRM team, we will continue to make the best solution for KPRA in Khyber Pakhtunkhwa. Regular exposure and training visits need to be undertaken to make the best use of the experience of the Sindh Revenue Board (SRB) and other revenue authorities operating in Pakistan and abroad.



Discussion on Audit, adjudication, and revenue solution dashboard at SRB, Karachi

██████████ (Deputy Director (Software & Databases)) mentioned that “IT Infrastructure, up-gradation in data center along with IT security is very vital for our organization, moreover he also

mentioned that we should also opt for Disaster Recovery (DR) site for systems and this visit had helped us to understand the data security protocols.”

ANNEX 4: PHOTOGRAPHS



Training of KPRA staff on Diagnostic Assessment Tools. August 5, 2021



Diagnostic Assessment tools training for KPRA staff at Peshawar. August 5, 2021



Year 1 Work Plan presentation to KPRA staff in KPRA office, Peshawar



Introductory meeting of Stepnex, KPMG and KPRM with KPRA key staff at KPRA office. July 8 2021



Certificate distribution ceremony of KPRM TFC Group B at Peshawar. September 17, 2021



KPRM Tax Facilitation Center staff training session in Peshawar. September 6 2021



KPRA Communication and PR staff group photo with trainers at CEJ, Karachi. September 13 2021

ANNEX 5: LIST OF SUB-CONTRACTORS/ SUB-AWARDEES

| S.No. | Name of Sub-Awardee | Title of Intervention | Start Date | End Date |
|--------------|----------------------------|------------------------------------------------|-------------------|-----------------|
| 1. | KPMG | Diagnostic Assessment of KPRA | 18 Dec 2020 | 30 Nov 2021 |
| 2. | Stepnex | STAR of KPRA | 01 Jul 2021 | 30 Dec 2021 |
| 3. | No Limits | Video production for Communication Campaign | 29 Jul 2021 | 30 Nov 2021 |

ANNEXURE 6: QUARTERLY PROGRESS REPORT JULY – SEPTEMBER 2021

Attached with the email.