

EN
SUMMARY

Annual action programme in favour of Pakistan for 2019 part 1

"Public financial management support programme II" and "Rule of law support to Pakistan"

1. Identification

Budget heading	21.020200
Total cost	EUR 33 million of EU contribution
Basic act	Regulation (EU) No 233/2014 of 11 March 2014 Regulation (EU) No 236/2014 of 11 March 2014

2. Country background

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 (Census 2017)) the country continues to rank low (147/188) on the human development index.

The *Public financial management support programme II* (PFM II) will assist the Government of Pakistan at federal and provincial levels (Sindh and Balochistan) to improve the condition of its public financial management (PFM) systems. In a context of re-emerging macro-economic imbalances, a more effective financial management on the spending side is of great importance. Successful PFM governance reforms at federal and provincial levels, initiated and set up under the EU's ongoing PFM support programme, 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 rights will be targeted through improved PFM governance and more efficient financial systems, resulting in improved service delivery.

The *Rule of law support to Pakistan* will assist the country on its sustainable democratic path, with the third consecutive democratic transfer of political power following the national elections held on 25 July 2018. In the targeted provinces, democratically elected provincial governments rule Balochistan and Khyber Pakhtunkhwa (KP). The Federally Administered Tribal Areas (FATA) are undergoing a substantial reform process towards democratisation. Despite current relative political stability, the volatile security situation remains a challenge, the most significant concerns being insurgency and militancy, religious extremism and radicalisation. Whilst the security situation is improving slightly, access to justice remains highly problematic. The World Justice Project's rule of law index rated Pakistan among the worst performing states. It scores 5th out of 6 countries in the South Asia region. Formal justice is largely perceived by the population as

unreliable, corrupt and slow, unattainable. Regarding gender equality, the World Economic Forum's 2017 Global gender gap index ranked Pakistan as 143 out of 144 countries based on economic, educational, health-based and political indicators. Gender equality is enshrined in the Constitution, but 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 have particularly severe challenges in this respect. Even though women in Pakistan are generally disadvantaged, in KP, FATA and Balochistan they are nearly invisible in public spaces and have limited presence in the labour market. They are often deprived of education and information on their rights and are not represented in traditional conflict mechanisms.

3. Summary of the action programme

1) Background

The priority areas under the *PFM II programme* 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. Interdependent PFM challenges have been identified based on the latest 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. Support to the government will focus mainly on the pillars related to fiscal sustainability and debt management, including public investment and public private partnerships, enhanced budget planning, budget implementation and monitoring, including development and capital budget, service delivery and result based management; transparency, oversight and accountability; and vertical integration. Interventions related to i) revenue mobilisation and ii) transparency, oversight and accountability will be limited to avoid overlap with other EU projects and donors. On gender, the federal and provincial PFM reform strategies cover gender responsive budgeting with the aim to improve the presentation of gender-disaggregated indicators in the budget documents. Under the proposed action, gender aspects will be integrated more deeply as the Government of Pakistan intends to streamline SDG's commitments into its costed sector strategies.

Rule of law support to Pakistan will support Pakistan's NISP and the rule of law roadmaps for KP and Balochistan. It will focus geographically on Islamabad and the area covered by the last EU Rule of Law programme in KP as well as on the newly merged districts. Support to Balochistan will concentrate on Quetta and the surrounding areas. Priorities of these actions are related to the reform processes to ensure delivery of people-centred justice, to strengthening equal access to justice for all particularly women and marginalized groups, and improving the quality of justice delivery in line with constitutional safeguards and good practices.

2) Cooperation/Neighbourhood related policy of beneficiary country

Both actions are aligned to the main policies and strategic priorities of the national cooperation related policy.

For the *PFM II programme*, the country's long-term development strategy to become an inclusive upper middle-income country (Pakistan's Vision 2025) is one of the main policies. 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. Key pillars, in line with the proposed intervention, include a) Developing Human and Social Capital, b) Achieving Sustained, Indigenous and Inclusive Growth and c) Democratic Governance, Institutional Reform and Modernization of the Public Sector. The new government's manifesto 'Naya Pakistan' (2018) is another important policy, 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.

Furthermore, the Constitution of Pakistan, which comprises the principle of gender parity, lays down the basic PFM principles and methods. A number of laws and reforms in the fields of public administration, fiscal and macro-economic management, on privatisation of public enterprises, policy driven budgeting, on better audit systems for more public accountability, etc. and last but not least the federal and provincial PFM sector reform strategies, is complementing these basic PFM principles.

For the *Rule of law support to Pakistan*, Pakistan's Vision 2025 in its key pillars relates to the development of social and human capital and governance, institutional reforms and modernising the public sector, are a major national policy to which the action is in line. The proposed action is further aligned to national and provincial strategies, laws and policy documents, setting out essential ways to strengthen the rule of law from different angles, with specific focus on security and criminal justice. The relevant public policies at federal level are the 2018-2023 National Internal Security Policy (NISP) of the National Counter Terrorism Authority (NACTA) and the 2009 Judicial Policy (revised in 2012).

At provincial level in KP, the important public policy is the 'Rule of law roadmap: Reform of the criminal justice system'; including its annex, still in the drafting, related to the newly merged districts (former FATA). The 'Judicial reform strategy 2018 – 2022' and action plan is most relevant public policy as well to which the action is aligned. In Balochistan, the main policy framework is the very ambitious 'Rule of law roadmap Balochistan and implementation plan 2018 – 2022'. It tries to combine the comprehensive reform of the criminal justice chain (law enforcement, prosecutors, prison) and the national judicial reform priorities.

3) Coherence with the programming documents:

Both actions are in line with the EU-Pakistan Multiannual Indicative Plan 2014-2020. They will particularly contribute to the objectives within the third focal sector "Good Governance, Human Rights and Rule of Law".

The objectives of both actions are in complete alignment with the EC Communication on private sector development support in EU development cooperation, EU Results framework, the EU Rights Based Approach, the EU Gender Action Plan 2016-2020 and the new EU Consensus for Development.

4) Identified actions

The overall objective of the *PFM II programme* is to help improve inclusive service delivery in the provinces of Sindh, Balochistan and at federal level. The specific objective of the action is to strengthen public financial management as well as provincial and sector strategies in Sindh, Balochistan and the federal government.

The overall objective of the *Rule of law support to Pakistan* is to strengthen the rule of law in KP and the newly merged districts and Balochistan and to ensure equal access to justice. The specific objectives of the action are i) to support reform processes to ensure delivery of people-centred justice, ii) to enhance access to justice for all, particularly women and marginalized groups, and iii) to improve service delivery of security sector in line with constitutional safeguards and international standards.

5) Expected results:

For the *PFM II programme*, the following overall results are expected:

- 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;
- 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;
- 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.

The action contributes to the achievement of the 2030 Agenda SDG(s) 1 (No poverty) and 5 (Gender equality) and secondary SDGs 4 (Quality education), 16 (Peace, justice and strong institutions) and 17 (Partnerships for the goals).

For the *Rule of law support to Pakistan*, the following main outputs are expected:

- Strengthened legal and regulatory framework to ensure affordable, equitable, timely and accessible delivery of justice and improved strategic planning, management, and coordination and accountability mechanisms.
- Standardization, regulation and monitoring of the alternative dispute resolution system, free legal aid accessible to indigent litigants, and increased demand for reforms and enhanced legal literacy of citizens with special focus on women.
- Enhanced capacity and efficiency of security sector enhanced to ensure effective access to justice and stronger participation and equal opportunities for women in the security sector.

The action contributes to the achievement of the 2030 Agenda SDG(s) 16 (Peace, justice and strong institutions) and 5 (Gender equality) and secondary SDGs 10 (Reduced inequality).

6) Past EU assistance and lessons learnt

For the *PFM II programme*, analysis of past and ongoing development efforts stressed on the unanimous appreciation for the programme from the government services benefiting from it, welcoming more particularly the close collaboration with the technical assistance provided by ongoing PFM programme. Key lessons learnt include furthermore the following:

1. Capacity and accountability: there is a need to remain attentive to the risk of substitution and to support the measures, which will ensure sustainable results, adopting a long-term sustainable training approach with the goal of building capacity within the ministries and departments, including PFM matters into the civil servant curricula of relevant training institutes.

In addition, the absence of a strong accountability system sometimes results in a political bias in the allocation of resources. In this context, measures to improve the performance management and domestic accountability of public officers are to be envisaged.

2. Legal framework: legal and regulatory reforms are to be addressed to embed the achievements reached currently in the field of public finance at federal and provincial levels in the overall PFM legal framework.
3. Governance and coordination: 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 has a direct bearing on provincial governments' capacity for service delivery, including within the rural development and education sectors. Fostering efficient vertical coordination is thus essential and has much to gain from a strengthened PFM legal framework.

The *Rule of law support to Pakistan* builds largely on lessons learned from the previous EU-funded Rule of Law programmes that has demonstrated that

1. All concerned parties, which have a financial interest in slow pace justice have to be taken on board to prevent strong opposition in initiatives that aim to provide free legal aid or to set up a case management system.
2. In KP, positive results have been reached in setting up model police stations, including gender desks; specific women's dormitories at the Police Academy; community policing plans; and providing managerial support.
3. The specific situation in FATA and Balochistan means that support to the rule of law has been insignificant. In Balochistan, online training centre have been set-up and training to trainers for high level police officer have been provided. Even if the development of the security situation is difficult to predict, it has to be kept in mind that the situation in KP was similar to Balochistan in 2009. One reason for the significant improvement of law enforcement agencies in KP is intensive donors' support in the province. The proposed EU support in Balochistan and FATA areas should have similar positive impact in improvement as it happened in KP.
4. The EU action 'Counter terrorism associated prosecutorial reform initiative' (CAPRI II) demonstrated that the law enforcement officers have to change their mentality to accept and master new methodologies for collecting evidence. This cannot be achieved within a short timeframe and has to be accompanied by constant mentoring. Forensics and the modernisation of investigation and evidence collection are of high priority in Balochistan.

7) Complementary actions/donor coordination

The *PFM II programme* is designed in complementarity with all donors, including those for which PFM represents one component of broader projects (USAID, GIZ

United Nations Development Programme - UNDP, UN Women). The number of donors active in the field of public financial management is very limited (World Bank WB, UK Department for International Development (DFID), Asian Development Bank ADB). Donor coordination is ensured through bilateral meetings.

The World Bank Programme for Results (PforR) 2018-21 (USD 400 million) 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. DFID 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 KP, areas not covered by the EU-funded PFM programme. The Asian Development Bank is targeting the Government of Pakistan'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.

The design of the *Rule of law support to Pakistan* builds upon the results of the EU-funded A2J programme in Punjab and the 'Citizens Justice and Peace' programme in KP. It also complements the on-going EU funded PACT and CAPRI II programmes. Donor coordination is primarily ensured at federal level in Islamabad where regular meetings are held through rule of law donor's coordination on a bi-monthly basis. In Khyber Pakhtunkhwa, the Government adopted a Strategic Development Partnership Framework to ensure smooth collaboration between the government and its development partners. A sectoral working group 'Peacebuilding and rule of law' is co-chaired by the EU and the Home and Tribal Affairs Department.

The main other donors involved in the sector in KP/FATA are USA, DFID and Switzerland. There is a thematic division of tasks- with the US focusing on criminal investigation and counter-terrorism, and a geographic task division with DFID focusing on administration and access to justice in KP. Switzerland provides assistance on legal and paralegal aid in KP until 2019. USAID has conducted a gender programme and the International Criminal Investigative Training Assistance Program remains heavily involved in improving international criminal investigative techniques. The US also provides support for infrastructure. DFID is also a major player nationwide, but not in Balochistan or Sindh. It has just earmarked GBP 100 million with UNDP for assistance in the newly merged districts (ex-FATA). Germany is providing a mid-term support on criminal investigation and forensics in Punjab through the service provider GIZ and is planning a follow up programme.

Both actions are designed in complementary with other projects within the EU portfolio.

4. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. For both actions communication and visibility measures will be elaborated at the start of implementation. Appropriate contractual obligations will be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

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.

5. Cost and financing

Rule of law support to Pakistan	EUR 20 000 000
Public financial management support programme II	EUR 13 000 000
Total EU contribution to the measure	EUR 33 000 000

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This action is funded by the European Union

ANNEX I

of the Commission Implementing Decision on the financing of the Annual Action Programme in favour of Pakistan for 2019 part 1

Action Document for "Rule of law support to Pakistan"

ANNUAL PROGRAMME

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation (EU) N° 236/2014.

1. Title/basic act/ CRIS number	Rule of law support to Pakistan CRIS number: ACA / 2019 / 041-481 financed under the Development Cooperation Instrument	
2. Zone benefiting from the action/location	Asia, Pakistan The action shall be carried out at the following location: at federal level and in the provinces of Khyber Pakhtunkhwa and the newly merged districts (former FATA) ¹ and Balochistan	
3. Programming document	Addendum N°1 to Multiannual Indicative Programme between the European Union and Pakistan for the period 2014 – 2020 ²	
4. SDGs	Main SDGs: Goal 16 Peace, justice and strong institutions and Goal 5 Gender equality; Secondary SDG: Goal 10 Reduced inequalities	
5. Sector of intervention/ thematic area	Good governance, human rights and rule of law	DEV. Assistance: YES ³
6. Amounts concerned	Total estimated cost: EUR 20 000 000 Total amount of EU budget contribution EUR 20 000 000	

¹ In this document the former FATA (Federally Administered Tribal Areas) will be referred to as "the newly merged districts"

² C(2018)4741 of 20 July 2018

³ Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

7. Aid modality(ies) and implementation modality(ies)	Project Modality Indirect management with the United Nations (UNDP, UNODC and UN Women)			
8 a) DAC code(s)	15 130 – Legal and judicial development 15 210 – Security system management and reform 15 160 – Human rights 15 170 – Women’s equality organisations and institutions			
b) Main Delivery Channel	41 000 – United Nations agency, fund or commission (UN) (41 114 – United Nations Development Programme)			
9. Markers (from CRIS DAC form)⁴	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	x
	Aid to environment	x	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women’s and Girl’s Empowerment ⁵	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	x	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

SUMMARY

The action ‘Rule of law support to Pakistan‘ (‘the action‘) will support Pakistan’s efforts to improve the rule of law, access to justice, and delivery of efficient justice by key actors of the justice system in two targeted provinces, with a special focus on women, children and marginalised and vulnerable groups. It aims to provide technical assistance to key government institutions in the security sector and the judiciary at federal and provincial level, and to help them develop capacity.

⁴When 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.

The action is part of the third focal sector of the 2014-2020 Multi-annual indicative programme for Pakistan. The action mainstreams a rights-based approach both in terms of international standards, UN Sustainable Development Goals (SDGs) and relevant provisions of the Constitution of the Islamic Republic of Pakistan.

The action's overall objective is to contribute to the strengthening of rule of law in KP and the newly merged districts and Balochistan and to ensure equal access to justice.

The action will:

- 1) support reform processes to ensure delivery of people-centred justice;
- 2) enhance access to justice for all, particularly women and marginalized groups; and
- 3) improve service delivery of the security sector in line with constitutional safeguards and international standards.

Consultations with the concerned stakeholders indicated that the most feasible option for implementation is indirect management with the United Nations.

1. CONTEXT ANALYSIS

1.1 Context Description

Pakistan has the world's sixth largest population with over 207 million inhabitants (Census 2017) and a nominal GDP per capita of EUR 1 530, which ranks it 147th in the world⁶. Pakistan's semi-industrialised economy is the 24th largest in the world in terms of purchasing power parity and the 42nd largest in terms of nominal gross domestic product. However, Pakistan's undocumented economy is estimated to be 36% of its overall economy. Nevertheless, Pakistan is developing and is considered one of the 'next eleven', i.e. one of the 11 countries that could potentially be among the world's largest economies in the 21st century. Recent Chinese investment in the China-Pakistan Economic Corridor is considered to be a game changer, particularly for Balochistan.

Despite this development, socio-economic indicators are still worrying. Nearly 39% of Pakistanis live in multidimensional poverty, with the highest rates of poverty in the former FATA and Balochistan⁷. In the former FATA, the literacy rate is 22%, well below the national rate of 56%. Indeed, 35.8% of men and only 7.5% of women receive education, compared to 44% of women nationally. In Balochistan the literacy rate is slightly higher at 41%, but only 22% among women.

Pakistan is on a sustainable democratic path, with the third consecutive democratic transfer of political power following the national elections held on 25 July 2018. Democratically elected provincial governments rule Balochistan and KP. **FATA is undergoing a substantial reform** process towards democratisation. The jurisdictions of the KP High Court and the Pakistan Supreme Court were extended to FATA in May 2018 and on 1 June 2018 the Pakistani president promulgated the 25th amendment of the Pakistani Constitution in order to merge FATA and KP. The FATA have been before the merger directly governed by Pakistan's federal government and each FATA agency by a political agent with wide-ranging powers but

⁶ Figure for 2016.

⁷ Ministry of Planning, Development and Reform, Report on Multidimensional Poverty Index (MPI), 2016.

little supervision. The FATA have been ruled by a set of laws called the "Frontier Crimes Regulations" (FCR), which were enacted in 1901 by the British Empire and only slightly modified since independence. The FCR make no provision for fundamental rights and judicial guarantees for citizens. Formal justice actors (the police and the judiciary) were absent. The merger means that the FATA will be fully integrated into KP within a transitional period⁸. With the adoption of the 25th constitutional amendment the FCR have been abolished and the population of the former FATA region will now have the same rights as other Pakistani citizens. This is of utmost importance as it accelerates the implementation of plans to merge the police and the Levies Forces and extend KP prosecution and judiciary services to the seven FATA tribal districts.

Corruption is widespread in Pakistan, including in the police and the judiciary. Transparency International's 2017 Corruption Perception Index ranks the country in 117th place out of 180 countries.

Pakistan lags far behind in **gender equality**. The World Economic Forum's 2017 Global gender gap index ranked Pakistan as 143 out of 144 countries based on economic, educational, health-based and political indicators. Gender equality is enshrined in the Constitution, but discrimination and violence against women are culturally deeply rooted⁹. 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 have particularly severe challenges in this respect. Even though women in Pakistan are generally disadvantaged, in KP, former FATA and Balochistan they are nearly invisible in public spaces and have limited participation in the labour market. They are often deprived of education and information on their rights. Women are not represented in traditional conflict resolution mechanisms (jirgas), and access to formal state institutions such as the police and the judiciary is culturally problematic. This results in very low female representation in both law enforcement agencies (0.7%) and the judiciary (5%).

Pakistan is home to around 2.7 million **Afghan citizens** with various statuses¹⁰. After the government pushed in 2016 to return all Afghan citizens to their homeland, the situation is currently calm and no major protection issues have been reported. The action does not include any specific intervention for Afghan citizens, but a regular dialogue will be established with UNHCR's Protection¹¹ programme in the provinces.

Despite current relative political stability, the **volatile security situation** remains a challenge, the most significant concerns being insurgency and militancy, religious extremism and radicalisation. In large parts of Balochistan and former FATA, security is maintained by the Pakistani army. Yet, according to the latest Centre for Research & Security Studies (CRSS)¹² report, in 2017 Pakistan witnessed a 21% decrease in violence-related fatalities across the

⁸ The Governor of Khyber Pakhtunkhwa, Engr Iqbal Zafar said in his interview (June 2018) that it will take one and a half year to complete the process merger of Fata in Khyber Pakhtunkhwa. However, taking into consideration the length of processes that take place in Pakistan, it is difficult to foresee the exact time period of transition, and the Governor's position may be too optimistic.

⁹ Pakistan is a patriarchal society where Sharia law, conservative interpretations of the 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 stages of life, with less access and control over resources and limited participation and decision making power in public life.

¹⁰ Around 1.3 million Afghans who are registered by UNHCR as refugees have PoR (proof of registration) cards, around 860 000 individuals have received their Afghan Citizen Card and approximately 0.7 million are undocumented.

¹¹ The European Commission's Directorate-General for Humanitarian Aid and Civil Protection contributes to UNHCR's protection programme in KP and Balochistan.

¹² Annual Security Report that compiles data from secondary sources to draw a picture of the ongoing security situation in the country, published in January 2018.

country. 4 131 casualties resulting from violence were reported for that year, compared to 4 647 in 2015. The continually improving security situation is a positive development. Since 2014 the province of **KP** has been quite engaged in a visible reform of its law enforcement and criminal justice sector, which had significantly improved of the security situation. The situation in **Balochistan** is more complicated. Internal conflicts and multi-layered violence seriously hampers the development of civilian justice and law enforcement institutions in Balochistan. As a result, a lot of their responsibilities are taken over by military and paramilitary authorities¹³. In 2016, 70 lawyers were killed when a suicide bomb attack decimated the province's legal elite.

Whilst the security situation is improving slightly, **access to justice** remains highly problematic. The World Justice Project's rule of law index rated Pakistan among the worst performing states. It scores 5th out of 6 countries in the South Asia region. Formal justice is largely perceived by the population as unreliable, corrupt and slow, unattainable, not citizen-service-oriented and not affordable.¹⁴ Even though in the most recent universal periodic review Pakistan formally agreed to ensure the right to a fair trial for all and to ban traditional and informal justice systems¹⁵, the majority of citizens continue to refer disputes to traditional conflict resolution mechanisms. This raises concerns as regards compliance with human rights standards, in particular regarding the situation of women and girls who are often the first victims and are simply not represented in such informal adjudication settings.

In its 2017 CCPR review of Pakistan, the Human Rights Committee expressed serious concerns regarding the right to a fair trial and the administration of justice in Pakistan. The federal and provincial governments have taken this recommendation seriously and started to tackle the legal and institutional weaknesses in law enforcement and the judiciary. The relevant policy documents propose establishing oversight mechanisms to strengthen the accountability of the police and the judiciary, but there is still a long way to go. Figures for 2017 show that Pakistan's judiciary is suffering from a backlog of two million cases, with lawsuits taking on average nearly 10 years to be resolved¹⁶. The accountability mechanisms are dysfunctional.

1.2 Policy Framework (Global, EU)

In 2012 the EU and Pakistan adopted a five-year engagement plan that strengthens the EU's commitment to a stable, democratic and pluralistic Pakistan that respects human rights. The new EU-Pakistan Strategic Engagement Plan was finalised at the end of 2017 and should be endorsed in the coming months. Its priorities include strengthening governance.

The 2014-2020 EU-Pakistan multi-annual indicative programme supports the implementation of Vision 2025 in three focal areas:

1. rural development;
2. education; and

¹³ The Balochistan government has been criticised by international human rights groups for not having done enough to stop the violence and for failing to follow up on alleged human rights abuses which include torture, enforced disappearances of those suspected of either terrorism or opposing the military and extrajudicial killings.

¹⁴ Rule of Law Index report 2017-2018 y the World Justice Project

¹⁵ UPR, (16.02.2018) recommendation No 138.

¹⁶ According to the latest statistics of the Law and Justice Commission of Pakistan (LJCP), there are 38,539 cases pending with the Supreme Court, 293,947 with the five high courts of the provinces and 1,869,886 cases with the subordinate judiciary of the four provinces and the federal capital. Most cases are civil, land and revenue disputes and may result in a criminal offence if not solved in time.

3. good governance, human rights and rule of law

The proposed action targeting this last focal area is in line with the new European Consensus on Development which aligns the EU's development policy with the 2030 Agenda for Sustainable Development. The action responds to the EU focus on support to areas of good governance and inclusive and sustainable growth for human development. It supports better access to justice

- by building capacity towards a citizen-service-oriented law enforcement and justice system; and
- by scaling up and fostering legal aid and alternative dispute resolution for all citizens, especially the poor and vulnerable.

In addition, the EU human rights and democracy country strategy for Pakistan identifies rule of law and access to justice as well as gender equality and women's rights as priorities. In October 2016, in the framework of a strategic dialogue, the then-Advisor to the Prime Minister on Foreign Affairs of Pakistan asked the HRVP, who consented, to provide support to the rule of law sector in the merger of FATA with KP. After the Pakistan Tehreek-e-Insaf (PTI) won the elections on 25 July 2018, this demand for technical and political support from EU is likely to further increase.

The local Gender Action Plan II of the European Union in Pakistan embraces all thematic gender priorities. This action is particularly relevant for Priority 3 "Strengthening girls' and women's voice and participation" and will contribute towards Priority 1 "Ensuring girls and women's physical and psychological integrity".

In December 2013, Pakistan was granted GSP+ (generalised scheme of preferences) status by the European Commission. In exchange, Pakistan must ensure and report regularly on the effective implementation of the 27 international conventions listed in the GSP Regulation and particularly the core human rights conventions, which include recommendations on fair trials and access to justice.

1.3 Policy Analysis of the partner country/region

Pakistan's overarching policy is 'Vision 2025'. Based upon seven pillars, the Vision 2025 states that the government will focus on key areas, including the development of social and human capital, governance (including the protection of human rights), institutional reforms and modernising the public sector

A coordinated overarching national policy on strengthening the rule of law in Pakistan has not yet been developed. However, important policy documents at federal and provincial level set out essential ways to strengthen the rule of law from different angles, with specific focus on security and criminal justice. Improvements in this sector are of particular importance for Pakistan's progress in view of SDG 16 - Peace, justice and strong institutions.

The public policy at federal level:

The **2018-2023 National Internal Security Policy (NISP) of the National Counter Terrorism Authority (NACTA)** was approved by the cabinet in May 2018¹⁷. The NISP is the first attempt at an overarching, comprehensive policy for the country. Aimed at federal

¹⁷ The NISP with a comprehensive work plan was approved during the last days of the previous government. At this stage, it is not clear how the new government will accept the document and how it will be provided to the provinces.

and provincial stakeholders, it integrates development measures with efforts to promote security and peacebuilding as outlined in Vision 2025. The policy is meant to be a federal framework for internal security and embraces as one pillar the legal, criminal justice system reforms and judicial reforms. The NISP also aims to reorient the security apparatus towards a 'people-centric' approach that will better serve the citizens of Pakistan, and improve civilian oversight and police accountability in order to address corruption issues. The National Action (2015) is the previous policy document of the NACTA defining the way forward in the fight against terrorism. Point 20 of this action plan contains the action point 'Revamping and reforming the criminal justice system'.

The National Judicial Policy Making Committee under the Supreme Court¹⁸ developed the **2009 Judicial Policy (revised in 2012)**, which is the reference policy document for the priorities of the justice reform and contains concrete recommendations to provincial courts as well as the criminal justice chain, the executive and prison administration. Efficiency and timely justice, reducing the backlog of cases and the referral of minor cases to alternative dispute resolution (ADR) committees are among the policy's priorities.

The public policy at provincial level:

In KP the '**Rule of law roadmap: Reform of the criminal justice system**' is a comprehensive document prepared by the Home and Tribal Affairs department to help achieve item No 20 of the National Action Plan. The roadmap focuses on strengthening institutional capacity, and on improving the infrastructures, human and financial resources of the criminal justice institutions including the police, the prosecution, the judiciary, prisons, reclamation and probation. The Peshawar High Court has also approved the '**Judicial Reform Strategy 2018 – 2022**', which has its own action plan. Details are yet to be made public, but key priorities are to modernise the judiciary by introducing of a comprehensive digital roll-out of the court's case management system to increase efficiency by innovation, capacity building, improving access and reducing the backlog of cases¹⁹. After the decision to merge FATA with KP, an annex to the rule of law roadmap for KP for the newly merged districts (former FATA) is in the drafting and a revision of the other policy documents is expected.

In Balochistan, the Home and Tribal Affairs department has made a strong commitment to policy reform by developing the comprehensive '**Rule of law roadmap Balochistan**' and Implementation plan (2018 – 2022). The rule of law roadmap has been officially approved and budgeted by the government. The road map Balochistan is very ambitious and tries to combine the comprehensive reform of the criminal justice chain (law enforcement, prosecutors, prison) and the national judicial reform priorities²⁰. However, given the current situation, the time-frame of the roadmap seems unrealistic. It is nonetheless important that government's efforts in reforming rule of law in Balochistan get support from the EU. Even if the time-frame for implementation will most likely require adaptation, these efforts have so far not received international donors' attention and support.

¹⁸ The National Judicial Policy Making Committee under the Supreme Court was established in 2002 to improve the capacity and performance of the administration of justice at federal and provincial level. The Committee drafted the 2009 National Judicial Policy. The Chief Justice of Pakistan is the chairman of the Committee and the Chief Justice of the Federal Sharia Court and the Chief Justices of the High Courts are its members. The Secretary of the Committee is the Secretary of the Law and Justice Commission of Pakistan (LJCP) (cf. infra).

¹⁹ The launch was planned for May 2018, but has been cancelled.

²⁰ In general the problems in the justice sector in Pakistan are similar and national and provincial strategies are similar as well. However, due to the lack of attention from the international donors' side and poor financing from the authorities, Balochistan's development level in justice sector is lower than in other provinces.

The proposed support to the rule of law sector is coming at a time where KP, former FATA and Balochistan are in the process of implementing significant policy reforms. All provincial policy documents were prepared by the local authorities with technical assistance from the UN and involved varying levels of donor consultation. They show the serious commitment on the part of the authorities to professionalise law enforcement and the justice sector and make reference to the national policy framework.

There is no recent national gender plan. In KP, policy guidelines for women's empowerment were announced in 2017. Balochistan and FATA have not yet developed the gender framework, although in 2016 UN Women released a four-year strategic plan for implementing the Balochistan Gender Equality and Women's Empowerment Policy. In the law enforcement and justice sector and the rule of law roadmaps, gender is mainstreamed with specific targets and key performance indicators.

1.4 Stakeholder analysis

Main stakeholders at federal level are:

The Law and Justice Commission of Pakistan (**LJCP**)²¹ is a federal government institution headed by the Chief Justice of Pakistan. It has 12 members including the Chief Justice of the Federal Sharia Court, the Chief Justices of the High Courts, the Attorney General of Pakistan, the Secretary to the Ministry of Law and Justice, the Chairperson of the National Commission on the Status of Women and four other provincial members. The LJCP is a pivotal institution for initiating meaningful policies and is considered the think tank of the judiciary. Its role is to:

- carry out regular and systematic legal reviews in view of unifying, simplifying and modernising the legal framework;
- reform the administration of justice including human resource development and case management;
- coordinate between the judiciary and executive authorities,
- manage the access to justice fund (for free legal aid); and
- prepare and operate schemes for access to justice, legal aid and protecting human rights.

The LJCP has its own secretariat and library, but is currently not fully in the position to fulfil its mandate due to capacity and staffing turnover and gaps. However, it is very involved in the administration of legal aid and prison data collection. The LJCP is a key stakeholder for legislative reviews and amendments as well as policy development and coordination between stakeholders and conceptualization of ADR and free legal aid and will benefit from targeted support.

The **National Counter Terrorism Agency (NACTA)** was established in 2008 as administrative entity under the Ministry of Interior. It was reorganised as a federal agency in 2013 to act as a focal national institution to unify the State's response to counter terrorism and terrorism by combining the efforts of law enforcement and intelligence agencies throughout

²¹ Established under the Law and Justice Commission Ordinance (XIV) of 1979

Pakistan²². The Agency's mandate and position has been strengthened in the recent past and the Agency is now the main institutional body for the NISP. To bridge the gap between the federal level and the provinces, it is planned to establish an Inter-Provincial Coordination Committee headed by the Minister for the Interior and involving Chief Ministers and Home Ministers to oversee the implementation of NISP's provisions that provinces are required to implement. NACTA is a vital stakeholder in the policy dialogue on security sector reform.

Main stakeholders in KP²³ and the newly merged districts (former FATA):

The **Judiciary**²⁴ has significant deficits. In its 2017 review of Pakistan, the Human Rights Committee expressed serious concerns about the right to a fair trial and the administration of justice. The Committee's main concerns were the independence and effectiveness of justice, including the considerable backlog of cases and the long procedures, and the lack of high-quality legal education and continuing professional training for legal professionals. The judiciary is in the process of digitalising the case management system to rationalise and streamline the litigation process. Another key priority in addressing the backlog is to avoid new cases by making the ADR system fully functional for minor offenses and by operationalising free legal aid. Judiciary of KP will benefit from technical support in the operationalization of ADR and free legal aid.

The **Home and Tribal Affairs Department** occupies a central position since it covers the departments for police, prosecution, prison, public safety as well as the police complaint commission and the directorate for reclamation and probation. In recent years, the most attention has been focused on the police, and the other departments have been neglected. Law enforcement: **KP police** has around 70 000 police officers (0.75% women) and has made significant progress in the reform towards an efficient, trusted and citizen-centred service. The police has designed and implemented a variety of strategic initiatives and institutional reforms. It has prioritised investments in capacity building, introduced six special police schools for investigation and established mechanisms such as helplines, a community liaison office and district conflict resolution centres to help it transform into a citizen-centred service. Increasing the number of women in the police force is a priority. There has been a targeted recruitment drive and special facilities have been set up, such as gender desks, women's dormitories with childcare and mentoring during exam preparation.

In former FATA, a formal justice system with classic stakeholders and the separation of the judiciary from the executive is not in place yet. However, the government intends to extend the formal legal system of KP in the areas. The main stakeholders involved in the KP/FATA merger and the development of a transition plan are the **Ministry of States and Frontier Regions (SAFRON)**, the **Committee on FATA Reforms** and the **FATA secretariat** in close cooperation with the above-mentioned KP stakeholders.

²² Decisions are made by a board of governors comprising the Prime Minister, the Minister for the Interior, the Chief Minister of the Provinces, the Ministers for the Interior, Law and Justice, Finance and Defence as well as the intelligence services and parliament representatives.

²³ A detailed stakeholder analysis and more information can be gathered by reading the Rule of Law roadmaps for KP and Balochistan

²⁴ The Pakistani judiciary operates separately from the executive and is a hierarchical system with two classes of courts : the superior (or higher) judiciary and the subordinate (or lower) judiciary. The superior judiciary is composed of the Supreme Court of Pakistan, the Federal Shariat Court and five High Courts of the provinces. The subordinate judiciary consists of civil and criminal district courts, and numerous specialised courts. The criminal courts were created under the Criminal Procedure Code 1898 and the civil courts were established by the West Pakistan Civil Court Ordinance 1964. The Provincial High Courts exercise both administrative and judicial supervision over the lower courts in the provinces.

Home and Tribal Affairs Department and KP Police will benefit directly from technical assistance and support linked to citizen friendly service delivery, digitalization and modernization, including strengthening of gender sensitive policing.

Main stakeholders in Balochistan:

The **Judiciary** has a significantly lower backlog of cases, but this is linked more to the fact that the people do not refer cases to the judiciary than to the quality of the justice system. It is worth mentioning that the High Court is well equipped and fully staffed. However, the challenges in lower courts are more fundamental. 25% of the positions for judges are not occupied, there are only 154 court rooms but 105 more are required, and all facilities need improvements in infrastructure. The Judicial Academy faces the same challenges, since it has no physical infrastructure and staffing yet. As in KP, the Balochistan judiciary will benefit from support in the operationalization of alternative dispute resolution and free legal aid.

The **Home and Tribal Affairs Department** is mandated to perform an overarching role in driving the reform initiatives. Its key functions include coordinating law enforcement agencies, including maintaining internal security and public order; handling the administration of prisons; and rehabilitating offenders.

Police and Levies: The police force has 35 000 staff, but covers only 10% of the territory of Balochistan. The levies force has a historical background as the tribal community police and covers 90% of Balochistan's territory. It has a total of 25 447 staff. Despite having a large number of staff, the police workforce still has few staff with expertise in criminal investigations. It barely cooperates with prosecution services and continues to be negatively perceived by citizens. The levies force lacks fundamental infrastructure, equipment and capacity. Balochistan Police has a large section focusing on the fight against terrorism, but has yet to integrate a citizen-centred approach. The main priority of the Home and Tribal Affairs Department and the Inspector General Police was improvement in service delivery through assistance in digitalization and modern policing techniques such as establishment of a forensic lab and specialised investigation training courses.

Bar councils in all the provinces will play an important role in the co-ordination/establishment of legal aid mechanisms.

The right holders, the citizens of KP including the newly merged districts and Balochistan, lack knowledge of fundamental rights and expertise as well as financial means to access justice. The majority of family disputes are solved within the traditional Jirga system, where only men are represented. Legal literacy is in general low, but women face an additional hurdle in the realization of their rights, as cultural barriers prohibit the access to formal justice unless specific measures for women are in place. The right holders will benefit from legal awareness and advice on fundamental rights with special focus on women and girls.

1.5 Problem analysis/priority areas for support

The action will support Pakistan's NISP and the rule of law roadmaps for KP and Balochistan. It will focus geographically on Islamabad and the area covered by the last EU rule of law programme in KP and the newly merged districts. Support to Balochistan will concentrate on Quetta and the surrounding areas.

Priority 1: Support to the reform processes to ensure delivery of people-centred justice

The first priority will be to address the **inconsistent and outdated legal and regulatory framework and the lack of cooperation between stakeholders** (at federal/provincial as well

as inter-provincial level) which is one of the main reasons for the dysfunctionality of the rule of law²⁵. The legislative system dramatically changed in 2010 with the 18th amendment of the Constitution that devolves legislative powers to the provinces. There is currently some confusion at federal and provincial level on legislative competence, and legal harmonisation, understanding and awareness of the existing legal framework must be improved. A better understanding of the existing legal framework is particularly relevant for the amendments needed to guarantee better and speedier access to justice for poor and marginalised people, i.e. ADR and paralegals²⁶. Modern techniques and methodologies, for collection and use of forensic evidence is also one of the priorities at a provincial level.

Priority 2: Strengthen equal access to justice for all particularly women and marginalized groups

The majority of Pakistanis does not have **access to formal justice because the system is dysfunctional and because they lack information** on their legal rights. The World Justice Project's rule of law index revealed that 72% of the interviewed sample chose to take their dispute to a traditional or local mechanism (jirgas, panchayats) for resolution. This is particularly true for people of low educational and economic status, and women. In FATA, where the legal framework of Pakistan did not apply, it is particularly important to create awareness on fundamental rights and access to justice in order to prepare the ground for the establishment of democratic structures. The experience in KP showed that women in particular were unaware of personal status laws, particularly related to marriage, divorce, inheritance rights and of the current laws on protection of women's rights and do not have essential personal documents, such as birth and death certificates, voter registration cards and marriage contracts.

Conflicts in the communities in the targeted areas concern predominantly civil matters, such as family law and inheritance, land disputes and petty crimes linked to drug abuse. If the traditional approach to conflict resolution is followed, this often leads to criminal offences, such as murder.

The second priority will strengthen mechanisms that reduce the referral of minor offences to the justice system and provide access to justice and bridge the gap to the traditional justice system (jirgas). These mechanisms include **alternative dispute resolution** in line with the Dispute Resolution Act 2017 and the provincial legislation. Strengthening alternative dispute resolution mechanisms to address civil and minor criminal issues will reduce the burden on the justice system. In KP the alternative dispute resolution mechanism that has been established in line with the KP Police Act 2017 is called District Resolution Councils and show good results. 7 000 mediations were recorded in 2017 and the Inspector General Police is convinced that this is part of the reason why murder cases dropped 26% in 2017. Alternative dispute resolution should be extended to the newly merged districts (former FATA) and Balochistan. The capacity of the counsellors has to be further strengthened and their activities have to be closely monitored to ensure they comply with constitutional

²⁵ The Pakistan legislative framework is based on a complex combination of common law, inherited from the British, and sharia, or Islamic law. The colonial power introduced common law gradually, as the need arose, and with limited jurisdiction in criminal and civil matters. The 1898 Code of Criminal Procedure and the 1908 Civil Procedure Code have been amended.

²⁶ Community based paralegal networks have been established as an ADR mechanism, but strategies for the future development and recognition of paralegals as providers of justice-related services at community level are to follow. A law adopted in 2017 provides guidance on the use of ADR. State-based free legal aid is provided under the Access to Justice Development Fund, a statutory endowment fund managed by the LJCP, but bylaws have to be developed to make it operational. Paralegals operate as mediators and may advise on simple issues such as document registration, issuance, reference to institution, etc.. Legal advice and representation in courts is provided by lawyers..

safeguards. Questions that cannot be answered or solved by the alternative dispute resolution councils should be referred to court within well-defined and established referral mechanisms.

To ensure marginalised groups have access to justice, the institutionalisation of **free legal aid** is of utmost importance. In practice there is almost no institutional legal aid, poor and unrepresented defendants are not provided the legal representation they need. In particular women, young people, the economically disadvantaged and populations in remote areas have almost no access to legal aid, nor do the majority of the prison inmates. Pakistan has an institutionalised free legal aid scheme with a reasonable (but unspent) budget under the Access to Justice Development Fund, which is managed federally by the LJCP. However, the District Legal Aid Centres that are supposed to provide free legal aid using this Fund need technical support to be fully operational.

It is essential to improve **women's access to justice**. The support to women will address hurdles to women's empowerment following an in-depth gender analysis in the provinces. The action will improve information on women's rights and strengthen culturally-sensitive service delivery. It will focus in particular on raising awareness through paralegals, helping to deliver justice by introducing ADR and legal aid.

Priority 3: Improve the quality of justice delivery in line with constitutional safeguards and good practices.

The **police and the judiciary have lost public confidence** both because of the insurgency and the 'war on terror', and corruption and ineffectiveness. As outlined in the NISP, the state security and justice apparatus must modernise not only its infrastructure and capacity but also redefine its *raison d'être* and adopt a people-centric approach. They need to be strengthened and transformed into *citizen-oriented services*.

KP has made significant progress in recent years in setting up a modern, citizen-oriented police and justice system. With donor support, the institutional framework and capacity have significantly improved, resulting in model police stations, community policing, digitalised case management and improved investigation techniques including forensics. However, there is still much to be done. The rule of law roadmap provides a clear direction. The KP government and judiciary will need support to handle the merger with FATA. KP authorities expressed their interest in technical support in view of the FATA merger, but the actual support for implementation will be defined when the KP rule of law Roadmap for the newly merged districts is finalised. The part on the expansion of the KP judiciary is already concrete, with a clear idea of the set-up of a basic court system, but there remain uncertainties regarding the law enforcement agencies, mainly whether and how to integrate the levies force. The Balochistan government shows a strong commitment to implement the rule of law roadmap, but the security situation where police and justice are main targets is a concern, and movements in some areas out of the capital Quetta are hardly allowed by the authorities. Under the third priority, the action will focus to enhance the public trust in the law enforcement sector by supporting modernization and citizen friendly services. Assistance will comprehend support to digitalization and improved investigation techniques. The provincial governments showed special interest in forensics, and this action will be linked to the EU CAPRI II action. The present action will also include infrastructure upgrade and capacity building on IT and modern policing techniques. Through targeted measures the presence and the working environment for women in law enforcement will be promoted.

2. RISKS AND ASSUMPTIONS

Risk	Risk level	Mitigating measures
Change of political leadership after 2018 elections	Medium	EU to keep close and constant dialogue with relevant institutions and at all political levels, especially after the 2018 elections.
Lack of political will and commitment	Medium	EU to increase awareness and highlight the importance of strengthening rule of law. EU to maintain regular diplomatic and political dialogue.
Duplication with other activities	Low	Use and update the donor's matrix. Maintain regular dialogue with relevant authorities, donors' implementing agencies and carry out a comprehensive review of the on-going actions. Make a regular review with donors in the rule of law sector in order to ensure coordination. Programme contractor to attend rule of law donors' coordination meetings in Islamabad. Support reactivation of rule of law donors meetings at provincial level.
Security situation hampers or does not allow project implementation	High	Monitoring security situation. Provide adapted implementing modalities with agencies that already have security systems in place and provide local/national expertise.
Visa and Non objection certificate are not delivered by the Pakistan authorities or delivered slowly.	High	Plan ahead visits to areas that require a NOC, in particular sub-areas in KP and in Balochistan. Favour national vis-à-vis international expertise to mitigate the risks.
Programme action leading to conflict drivers	Medium	Inception phase of the programme implemented based on existing conflict sensitive analysis studies such as United Nations Development Programme (UNDP) ones in FATA, KP and Balochistan. Recalibrate and use peace engine elements and remove conflict driver risks. If non existing, conduct context / conflict and gender analysis.
Region's destabilisation	Medium	Apply and use rule of law as a leverage for peace stabilisation by ensuring that action is conflict sensitive. Develop analysis and tool for assessing root causes of the conflict.
Divert from provincial and international rule of	Medium	Use KP and Balochistan rule of law roadmap as continuous basis for action in close coordination with

law policies		<p>national authorities, assuring national and provincial ownership.</p> <p>The programme is entirely aligned with a set of government-led frameworks with common themes and similar strategic focus, in particular on improved compliance with better standards, enhancing the relationship between people and rule of law systems and with better management of data to drive more responsive policy, resource allocation and institutional/systemic accountability to the targets set.</p> <p>Programme design stresses on SGP 16, 10 and 5 in all of the results-based actions and targets set.</p>
Respect of Human Rights	Medium	<p>Apply constant 'do not harm' policy in every action of the programme and regularly reassess human rights risk management by conducting 'do not harm' test to check compliance with fundamental rights laid down in the Pakistani Constitution.</p> <p>This applies in particular for FATA where there is a risk of causing harm due to the lack of a formal justice system in the region.</p>
Traditional gender unbalance	Medium	<p>Programme action based on conflict gender sensitive analysis and mapping.</p> <p>Regularly reassess the risks and recalibrate action in accordingly.</p> <p>Action focuses on disaggregated data, gender empowerment and inclusive representation.</p>
Assumptions		
<p>Ownership and political commitment are ensured. Security situation is monitored and sustained. The government supports the use of international expertise (e.g. through swift delivery of Non objection certificates, Visas, etc.) if needed.</p>		

3. LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

The design of this action builds largely on the lessons learned from the previous EU-funded rule of law programmes, namely

- the 'Access to justice in Punjab' (A2J);
- the CAPRI project; and
- on-going EU-funded programmes, such as
 - the 'Citizens justice and peace programme in KP';

- the PACT ('Support to Pakistan's action to counter terrorism' (PACT), with special reference to KP – funded by the EU's instrument contributing to stability and peace); and
- CAPRI II ('Support to the Punjab Forensics Institute' – also funded the EU's instrument contributing to stability and peace).

The 'EU support in Punjab' (A2J) supported free legal aid through a paralegal network supervised by trained lawyers. It also managed to establish and operationalise the District Legal Aid Centre (DLCE) to provide free legal aid under the Access to Justice Development Fund, as a pilot in Lahore District Court. It was not possible to set up a case management system due to the strong opposition of the Bar Council, which has a financial interest in slow pace justice. The same considerations led to a delay in setting up the DLCE. The Bar Council has to be on board to establish the future DLCEs in KP, FATA and Balochistan.

The KP programmes focus on improved citizen-centred police services and promoting women's rights. They produced positive results, such as setting up model police stations, including gender desks; specific women's dormitories at the Police Academy; community policing plans; and providing managerial support. The digitalisation component has been developed, but not yet launched. Alternative dispute resolution centres have been established in police premises and are showing good results. The ADR system should be extended to FATA as part of the merger with KP. In law enforcement and justice, women's empowerment and access to leadership and decision making positions is still a challenge, but establishment of gender sensitive infrastructure, special capacity building and mentoring, of women showed very positive results. This approach led to a higher number of female police officers and it improved the access to justice for women in general.

The specific situation in former FATA and Balochistan means that support to the rule of law has been insignificant. In Balochistan, UNODC has set up an online training centre and provides training to trainers for high-level police officers. Even if the development of the security situation is difficult to predict, it has to be kept in mind that the situation in KP was similar to Balochistan in 2009. One reason for the significant improvement of law enforcement agencies in KP is intensive donors' support in the province. The proposed EU support in Balochistan and FATA areas should have similar positive impact in improvement as it happened in KP.

The EU action 'Counter terrorism associated prosecutorial reform initiative' (CAPRI II) supports the Punjab Forensic Science Agency with the aim of increasing the use of forensic intelligence including database sharing for fingerprints, DNA and firearms. Lessons learned from the first part of CAPRI II are that the law enforcement officers have to change their mentality to accept and master new methodologies for collecting evidence. This cannot be achieved within a short timeframe and has to be accompanied by constant mentoring. Forensics and the modernisation of investigation and evidence collection are of high priority in Balochistan and KP and the new action can be linked to the CAPRI programme.

Regular political engagement at strategic level through EU-Pakistan strategic dialogue, as well as significant regular sectoral policy dialogue are of utmost importance to reach results.

Due to security challenges, flexibility to adapt to changing circumstances and opportunities is essential. The limited possibility for international experts to be stationed there has also to be taken into account.

3.2 Complementarity, synergy and donor coordination

The design of this action builds upon the results of the EU-funded A2J programme in Punjab and the ‘Citizens Justice and Peace’ programme in KP. It also complements the on-going EU funded PACT and CAPRI II programmes.

Donor coordination is primarily ensured at federal level in Islamabad where regular meetings are held through rule of law donor’s coordination on a bi-monthly basis. Donor conferences to ensure funding and the coordination among donors were held in 2018 in Islamabad for the Balochistan rule of law roadmap and for the KP rule of law roadmap. More globally, the Government of Khyber Pakhtunkhwa adopted a Strategic Development Partnership Framework to ensure smooth collaboration between the government and its development partners. A sectoral working group ‘Peacebuilding and rule of law’ is co-chaired by the EU and the Home and Tribal Affairs Department.

The main other donors involved in the sector in KP/FATA are USA, the UK Department for International Development, and Switzerland. There is a thematic division of tasks- with the US focusing on criminal investigation and counter-terrorism, and a geographic task division with the UK focusing on administration and access to justice in KP. Switzerland provides assistance on legal and paralegal aid in KP until 2019.

The **USA** has provided USD 150 million for criminal investigations and counter-terrorism training through the US Bureau of International Narcotics and Law Enforcement Affairs; a large part of this funding has been spent in KP and some in Balochistan. They have developed law enforcement programmes and counter-terrorism through the UNODC agency and police assistance. The Bureau is also implementing an overseas prosecutorial development assistance and training programme that includes KP and Balochistan, and also provides assistance for counter-narcotic programmes. USAID has conducted a gender programme and the International Criminal Investigative Training Assistance Program remains heavily involved in improving international criminal investigative techniques. The US also provides support for infrastructure.

The **UK** is also a major player nationwide, but not in Balochistan or Sindh. It has just earmarked GBP 100 million with UNDP for assistance in the newly merged districts (ex-FATA). In KP, the UK contractor Adam Smith started a 2018-2020 support in access to justice in KP, focusing on ADR at court level and capacity building for prosecution services and the judiciary. The UK and the EU are also co-funding the CAPRI II programme supporting investigation skills and the development of forensic standards.

The **UN** is present in the two provinces implementing US and UK funded programmes. *UNDP*, in partnership with the Government of KP, is currently implementing the ‘Strengthening Rule of Law Programme in KP’ (SRLP), which seeks to achieve and sustain results in line with the expected results of this action. Furthermore, UNDP is preparing a follow-on project, supporting the rule of law roadmap for the newly merged districts (former FATA). UNDP, UNODC and UN Women through a joint programme funded by DFID assisted the government of Balochistan in the development of the rule of law Roadmap and UNODC is leading the implementation. Further, UNDP through its ‘Global Rule of Law Programme’ has already initiated support to the Government of Balochistan for operationalization of the rule of law roadmap for Balochistan. Having led the gender integration process in the rule of Law roadmap in Balochistan together with the Women’s Development Department, *UN Women* is currently implementing projects in all provinces to enhance women’s access to justice and eliminate violence against women. *UNODC* has a

long-term engagement with the Criminal Justice actors that resulted in building strong relationships with the Provincial Government of Balochistan. UNODC recently led the development of the rule of law roadmap in Balochistan and is currently engaging with the government in implementing a rule of law programme and in supporting the implementation of their Roadmap. UNODC is also supporting the Government of KP prisons through the conduct of a capacity assessment.

Germany is providing a mid-term support on criminal investigation and forensics in Punjab through the service provider GIZ and is planning a follow up programme.

4. DESCRIPTION OF THE ACTION

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

Overall objective: Contribute to the strengthening of the rule of law in KP and the newly merged districts and Balochistan and to ensure equal access to justice

Specific objective 1: Support reform processes to ensure delivery of people-centred justice

Main outputs

1.1 Legal and regulatory framework strengthened to ensure affordable, equitable, timely and accessible delivery of justice²⁷

1.2 Strategic planning, management, coordination and accountability mechanisms strengthened²⁸

Specific objective 2: Enhance access to justice for all, particularly women and marginalized groups²⁹

Main outputs

2.1 Standardization, regulation and monitoring of ADR system³⁰

2.2 Free Legal aid accessible to indigent litigants³¹

2.3 Demand mobilized for reforms and enhanced legal literacy of citizens with special focus on women

Specific objective 3: Improve service delivery of security sector in line with constitutional safeguards and international standards

Main outputs

3.1 Capacity and efficiency of security sector enhanced to ensure effective access to justice

3.2 Women's effective participation and equal opportunities in the security sector strengthened

²⁷ KP Roadmap Outcome: Priority Initiatives for Law Reform

²⁸ KP Roadmap Priority Initiatives for Institutional Reforms and Balochistan Roadmap Output 3

²⁹ In line with Balochistan's Rule of Law Roadmap Outcome 6

³⁰ In line with Balochistan Rule of Law Roadmap Output 6.1 and KP Police act and small claim and minor offences court ordinance 2002

³¹ Balochistan Rule of Law Roadmap Output 6.3

Main activities

Specific objective 1: Support reform processes to ensure delivery of people-centred justice

1.1 Legal and regulatory framework strengthened to ensure affordable, equitable, timely and accessible delivery of justice ³²

Indicative activities

- Baseline study of current legal advisory and representational aid including gap analysis of current ADR and free legal aid systems
- Development of a national draft framework policy and formulate laws, policies and rule of business on ADR, legal aid and paralegal
- Reviewing national legal and regulatory framework to ensure delivery of citizens-centred justice in line with technical innovations and constitutional safeguards and the rights-based approach
- Support legislative amendments to improve the criminal justice system as outlined in the NISP and the rule of law Roadmaps³³
- Design and implement an awareness and advocacy strategy for legislative reform, including exposure visits and other initiatives to promote legislative development (conferences, workshops, working groups)

1.2 Strategic planning, management, coordination and accountability mechanisms strengthened

Indicative activities

- Capacity gap analysis and tailored initiatives to establish referral, cooperation and collaboration mechanisms between formal and informal justice actors, including exposure visits and other initiatives to promote collaboration (conferences, workshops, working groups)
- Provide targeted expertise for the delivery units of the rule of law Roadmaps with special attention to the planned KP Roadmap for the newly merged districts (FATA) and the delivery unit of the rule of law roadmap of Balochistan
- Strengthen Provincial Justice Committees and District Criminal Justice Coordination Committees and develop linkages
- Support to the Implementation Commissioner of the KP Police Act including in the creation of fully functional Safety Commissions, Regional Police Complaints Authorities, Police Access Service and Public Liaison Committees
- Strengthen institutional capacity of the Law and Justice Commission to harmonise and monitor the legal and regulatory framework relevant to the action (ADR /legal aid/paralegals).

³² (Balochistan Roadmap Outcome 3)

³³ Code of Criminal Procedure of 1989, evidence law, witness protection laws in all provinces,

Specific objective 2: Enhance access to justice for all, particularly women and marginalized groups

2.1 Standardization, regulation and monitoring of ADR system³⁴

Indicative activities

- Formulate rules of business and procedures for ADR, including appointment policy with attention to female participation and representation
- Design capacity building and mentoring strategy for ADR,
- Develop curriculum and conduct capacity building activities at training institutions
- Establish monitoring and accountability framework and referral system to formal justice chain

2.2 Free Legal aid accessible to indigent litigants³⁵

Indicative activities

- Establish legal aid clinics, particularly for women and marginalized people
- Support operationalization of the District Legal Empowerment Committees (DLEC) for providing legal aid to the deserving litigants at court level
- Formulate rules of business and procedures and code of conducts for DLEC and capacity building for legal aid lawyers on the concept
- Establish linkages between DLCE and police and prison level
- Establish monitoring and accountability framework for legal aid

2.3 Demand mobilized for reforms³⁶ and enhanced legal literacy of citizens with special focus on women

Indicative activities

- Design and conduct citizen justice needs survey
- Develop and expand paralegal concept to newly merged districts and Balochistan, activities include capacity building, mentoring and supervision of paralegals
- Design and implement an awareness and advocacy strategy for legal literacy, fundamental rights and access to justice and conduct information campaign on access to justice including ADR and legal aid
- Design and implement community, peer-to-peer, outreach and mobilisation action, engage with leaders and figures of authority to promote the rights of girls and women of all ages
- Organise education and public discussion forums and regular legal advice and information session for women through trained paralegals

³⁴ Balochistan Roadmap Output 6.1

³⁵ Balochistan Roadmap Output 6.3

³⁶ Balochistan Roadmap Output 6.2

Specific objective 3: Improve service delivery of security sector in line with constitutional safeguards and international standards

3.1 Capacity and efficiency of security sector enhanced to ensure effective access to justice

Indicative activities

- Upgrade facilities to enable justice actors to deliver people-centred services in line with relevant rule of law roadmaps in targeted areas (model police stations, police academies, Balochistan Independent Forensic Agency³⁷, etc.);
- Enhance quality of service delivery through support to management, modernization and digitalization of departments in line with line ministries and police digitalization plans³⁸
- Design and implement capacity building plan on the use of modern methodologies and techniques, special attention giving to management, IT and modern investigation techniques
- Establish a mentoring system and accountability and monitoring framework.

3.2 Women's effective participation and equal opportunities in the security sector strengthened

Indicative activities

- Create gender responsive infrastructure and safe work environment for women to increase female participation in the labour force (i.e. facilities at training institutions as well as in justice delivery, such as separate women and child spaces, gender desks, separate toilets)
- Design gender plan for provincial police forces and implement initiatives to strengthening recruitment, capacity building and mentoring of female police officers
- Reinforce women's professional network and coaching system in KP and in Balochistan
- Design and implement specialized training to the national police on fundamental rights, gender and women's rights

4.2 Intervention logic

Improvement of the security situation and access to justice for its citizen is a priority of the Government of Pakistan. The Government has taken and will continue to take steps to ensure that rights of its citizens are protected and safeguarded in line with its constitutional and international obligations. Landmark initiatives include inter alia the development of the NISP, the NAP and the provincial rule of law roadmaps and allocation of resources for the implementation. The approach of the action is process-driven, has a people-centred approach and aligns with EU policies and with the on-going policy reforms in KP, former FATA and Balochistan. The action provides:

1. strategic inputs and policy support at federal and provincial levels to help enforce the rule of law more efficiently and fairly;

³⁷ Balochistan Roadmap Output 1.4: Establishment of Balochistan Independent Forensic Agency

³⁸ Balochistan Roadmap Output 1.2 and 1.3

2. technical support to institutionalise mechanisms and awareness raising to improve people's access to justice; and
3. targeted support to key rule of law institutions to improve people centred service delivery.

The action is also closely coordinated with and built on with the rules and regulations from previous and on-going EU rule of law programmes in Pakistan.

The intervention logic is built on three main approaches:

1. the need to continue to support on previous actions to ensure continuity and build on relevant EU law;
2. opening support to unmet demand; and
3. identifying working niches and scaling them up.

KP/FATA and Balochistan have similarities but also different contexts and level of capacity that limit the relevance and efficacy of trying to reproduce a blue print from one province to another. Specific strategies will be developed to support the provincial rule of law roadmaps. The action will therefore focus on providing support for unmet demands in Balochistan, especially in Quetta and the surrounding areas, and building on good practices identified in KP and scaling them up. For KP, the approach is to build on and to extend what has been already achieved in order to ensure sustainability and sustain the action in the rule of law sector. The phasing-in plan for FATA has not been finalised, and the action will support this plan once finalised after additional conflict analysis.

To decrease backlog in the courts and overcrowding in prisons, the action will concentrate on improving access to justice, especially for women and vulnerable people, by breaching the gap between traditional justice and formal justice. It will do this by supporting ADR, raising awareness of fundamental rights through paralegals and institutionalising legal aid. The action will also strengthen justice institutions through targeted interventions and capacity-building measures in line with the provincial rule of law roadmaps and complementing other donors' activities. Many donors continue to provide support in the area of criminal justice by improving investigation and prosecution skills and supporting the judiciary to boost their counter-terrorism capacity. The action is therefore shifted where the needs are, with a focus on access to justice for citizens to solve their pressing daily legal issues such as land rights, family law and pre-trial detention for minor offences.

The attempts to remain in line with existing policies and includes funding at federal and provincial level to respond to unmet demands for legal security, harmonised policies and the legislative amendments needed to enable the provincial and federal institutions to perform properly. Under specific objective 1, the action will work with policy makers and civil society organisations at federal and provincial level, to help develop an inclusive and coherent policy framework.

For the specific objectives 2 and 3, the action will not target the entire provinces, but will identify specific districts for piloting, mentoring and monitoring the planned action.

The programme will have two phases: inception (Y1 – first 6 months) and implementation (Y1-5). The logframe will be regularly re-assessed and revised if needed.

4.3 Mainstreaming

Poverty and economic dependence on family hampers the access to justice for women and girls, especially when offences are committed by family members. This is worsened by the

fact that women are often unaware of their rights and the mechanisms to enforce them. This lack of awareness of family law related issues, such as documentation (birth and marriage) and inheritance rights increases their dependence on the family and prevents them from asserting their rights.

Women come more often into contact with the formal justice system as survivors of discrimination and domestic violence rather than perpetrators, if they address the formal justice system at all. As women are culturally and economically dependent on the family and as there are only very limited support schemes in place, women's options to address discrimination and violence are limited.

The action supports measures to raise women's awareness of their rights and to help women and girls access justice and assistance, thereby strengthening women's rights and empowerment.

Violence against women is endemic in Pakistan as a whole, amid a climate of impunity and state inaction. Discriminatory legislation and a dysfunctional criminal justice system put women at grave risk. Targeted by violent extremists with an overt agenda of gender repression, women's security is especially threatened in the conflict zones in KP, former FATA and Balochistan. Information on women's situation, realization and violations of their rights is hardly available for former FATA and specific parts of KP and Balochistan and the intervention will be designed following a gender analysis for these parts.

Access to former FATA and parts of Balochistan is very difficult due to the security situation. However it is expected that with the merger KP/FATA and the support to the Balochistan rule of law Roadmap, civilian security and justice will improve, even if the volatile and conflict prone environment has to be fully kept in mind. Interventions in FATA, KP and Balochistan will be conflict-sensitive based on a political-economy analysis and the "do no harm" principle.

4.4 Contribution to SDGs

This intervention is highly relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG(s) 16 Peace, Justice and Strong Institutions, and 5 Gender Equality but also promotes progress towards Goal 10 Reduced Inequality. In particular the SDG 16.3 (Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels) and SDG 5.1 (End all forms of discrimination against all women and girls everywhere) will be addressed under Specific Objective 2 which focuses on enhanced access to justice for all, particularly women and marginalized groups.

Similarly, the Specific Objective 1 which focuses on supporting reform processes to ensure delivery of people-centred justice addresses the SDG 16.6 (Develop effective, accountable and transparent institutions at all levels) as well as SDG 5.c (Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels).

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 entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer 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 measures³⁹.

This action may be implemented in indirect management with the United Nations Development Programme (UNDP), UN-Women and the United Nations Office on Drugs and Crime (UNODC). For this, indicatively, two Contribution Agreements are foreseen. The first one may be signed with UNDP, in which UN-Women will act as co-delegate. The second one may be concluded with UNODC.

UNDP and UNODC have overlapping programs in Pakistan in the RoL sector covered by this action, but coordination and collaboration between the agencies is excellent and the actions complement each other. In principle UNDP's leads the RoL sector in KP and former FATA and UNODC in Balochistan and the division of tasks within this action will reflect this geographical focus, but targeted actions in the other provinces may be conducted by each of the agencies.

The gender component of the program will be strongly supported by UNWOMEN in both provinces.

5.3.1. *Indirect management with an international organisation (UNDP – with UN Women as co-delegate)*

A part of this action may be implemented in indirect management with UNDP with UN Women as co-delegate. This implementation entails contributions to all three specific objectives of the action, namely:

1. Support reform processes to ensure delivery of people-centred justice by strengthening the legal and regulatory framework to ensure affordable, equitable, timely and accessible delivery of justice and strategic planning, management, coordination and accountability mechanisms.
2. Enhanced access to justice for all, particularly women and marginalized groups through standardization, regulation and monitoring of ADR system support to free legal aid accessible as well as demand mobilization for reforms and enhanced legal literacy of citizens with special focus on women

³⁹ 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.

3. Improve service delivery of security sector in line with constitutional safeguards and international standards through capacity development activities and promotion of women's participation in the security sector.

The envisaged entity has been selected using the following criteria:

- Specific mandate and thematic expertise in rule of law and accountability in Pakistan

UNDP has a specific mandate to work on the proposed outcomes of the action, namely governance and rule of law in Pakistan and signed with the government of Pakistan the Country Programme Document (CPD) for 2018–2022 that envisages support the primary rule of law institutions, including the police and criminal justice bodies to increase access to justice and legal aid. In addition, UNDP in partnership with the Government of KP, is currently implementing the ‘Strengthening Rule of Law Programme in KP’ (SRLP), which seeks to achieve and sustain results in line with the expected results of this action and is planned to be expanded to former FATA. UNDP is as agency in addition an example for accountability. For the last three years, UNDP globally was ranked as the most transparent development organizations in the world according to Aid Transparency Index that adds value to efficient implementation of this action.

- Logistical and/or management capacities

As for operational capacity, UNDP, has its headquarters in Islamabad and since 2011 has established full-fledge sub-offices in Peshawar (KP province) and Quetta (Balochistan office) with RoL program staff of around 17 persons and supports provincial governments and judiciary to implement rule of law reforms. In both KP and Balochistan, UNDP has been receiving direct in-cash contribution from the government budget for its projects and more specifically in its current ‘Strengthening Rule of Law Project’ the government co-sharing constitutes 25% of the total budget (approx. USD 2 mln.).

- Neutrality/security reasons and trust of government

UNDP has a long standing excellent relationship with the government of Pakistan and well established presence and networks in KP and the newly merged districts and is in the process of expanding the RoL program to Balochistan.

UN Women: With its coordination, normative and programmatic mandate on gender equality and women’s empowerment, and strong partnerships with the national and provincial government departments and civil society including women’s organizations, UN Women is strongly positioned to support its partners in designing and implementing gender-responsive rule of law/justice interventions. In line with its Country Strategic Note (2018-2022) and United Nations Sustainable Development Framework (2018-2022), UN Women will continue to promote women’s participation and representation in rule of law/governance institutions and breaking barriers that women face in accessing justice. In addition to leveraging its global and local technical expertise for achieving programmatic results, UN Women has ensured strong local presence with well-established sub-offices in all the provinces including Balochistan and KP.

In case the envisaged entity (-ies) would need to be replaced, the Commission’s services may select a replacement entity using the same criteria.

5.3.2. *Indirect management with an international organisation (UNODC)*

A part of this action may be implemented in indirect management with UNODC. This implementation entails contribution to specific objective two of the action, but will focus on specific objectives one and three:

1. Support reform processes to ensure delivery of people-centred justice by strengthening the legal and regulatory framework to ensure affordable, equitable, timely and accessible delivery of justice and strategic planning, management, coordination and accountability mechanisms.
3. Improve service delivery of security sector in line with constitutional safeguards and international standards through capacity development activities and promotion of women's participation in the security sector.

The envisaged entity has been selected using the following criteria:

- Specific mandate and thematic expertise in rule of law and accountability in Pakistan.

UNODC's work is guided by a broad range of international legally binding instruments and a set of United Nations standards and norms on crime prevention and criminal justice and to assist Member States in their struggle against illicit drugs, crime and terrorism. UNODC Country Office in Pakistan operates under the umbrella of its Country Program (CPII), 2016-2020 which was endorsed by the Government of Pakistan. CPII builds on the UNODC's national, regional and global strategic priorities, the priorities of the Government of Pakistan. The criminal justice component of the CPII focuses on supporting legal, institutional and operational capacity development for actors of the criminal justice chain through well thought, results-based and sustainable interventions while integrating human rights and gender-based approaches and accountability mechanisms across interventions.

- Logistical and/or management capacities

UNODC is well established in Islamabad and Balochistan through its offices in the province and RoL Program staff of around 20 persons. UNODC recently led the development of the rule of law roadmap in Balochistan and is currently engage with the government in implementing a rule of law programme and in supporting the implementation of their Roadmap. UNODC is also supporting the Government of KP in capacity building activities for police and justice actors with special focus on fighting terrorism as well as prison reform.

- Neutrality/security reasons and trust of government

UNODC has been working in Pakistan for over 35 years and established long standing excellent relationships with the government of Pakistan. UNODC's long-term engagement with the Criminal Justice actors in all provinces in the framework of the mandate resulted in trustful and meaningful collaboration at policy and implementation level with key stakeholders in line ministries and the criminal justice chain.

The international organisation identified above, is currently undergoing an ex-ante assessment of its systems and procedures. Based on its compliance with the conditions in force at the time previously other indirect management actions were awarded to the organisation and based on a long-lasting problem-free cooperation, the international organisation can also now implement this action under indirect management, pending the finalisation of the ex-ante assessment, and, where necessary, subject to appropriate supervisory measures in accordance with Article 154(5) of the Financial Regulation.

In case the envisaged entity would need to be replaced, the Commission's services may select a replacement entity using the same criteria.

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 realization of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Specific Objective 1: Support reform processes to ensure delivery of people-centred justice, Specific Objective 2: Enhanced access to justice for all, particularly women and marginalised groups and Specific Objective 3: Improving service delivery of the security sector in line with constitutional safeguards and international standards	13 500 000	N.A.
Indirect management with UNDP, UNWOMEN	13 500 000	N.A.
Specific Objective 1: Support reform processes to ensure delivery of people-centred justice and Specific Objective 3: Improving service delivery of the security sector in line with constitutional safeguards and international standards composed of	5 900 000	N.A.
Indirect management with UNODC	5 900 000	N.A.
Evaluation, (cf. section 5.8), Audit(cf. section 5.9)	270 000	N.A.
Communication and visibility (cf. section 5.10)	300 000	N.A.
Contingencies	30 000	N.A.
Totals	20 000 000	N.A.

5.6 Organisational set-up and responsibilities

To ensure ownership and that the project addresses issues prioritised by Government itself, a Project Steering Committee (PSC) will be established in each of the provinces made up of:

In KP including the newly merged districts (former FATA)

- Additional Chief Secretary, Planning & Development
- Secretary Planning and Development Department
- Secretary Department of Home and Tribal Affairs
- Secretary Department/Directorate of Prosecution
- Senior representative of provincial police forces
- Senior representative of the provincial High Courts
- Senior representative of the provincial Bar Council
- The Chief Minister’s Strategic Support Unit and FATA secretariat
- Senior representative of EU
- Senior representative of UNDP, UNODC and UNWOMEN

In Balochistan:

- Chief Minister or a senior representative
- Secretary, Home Department
- Secretary, Prosecution
- IG Prisons, Prisons and Probation
- IG, Police/Levies
- Senior Representative from the High Court
- Senior Representative, Provincial Bar Council
- Representative of Women Division
- Representative of Civil Society
- Senior Representative of EU
- Senior Representative of implementing partners

Representatives of the Rule of Law Delivery units and Senior Partner Representatives may be invited as ex officio members to the PSC meetings. These may include representatives of bilateral contributing donors and other senior partner representatives, including the institutions entrusted with direct implementation of some programme activities. Additional ex officio members may be added to guarantee adequate representation of Pakistani communities.

The role of the PSC will be to determine priorities for the project, consider and approve annual work plans and budgets (developed and submitted by the technical assistants to the project), and oversee implementation, coordination, monitoring and evaluation of the project.

Inception phase (6 months)

During the first six months after the conclusion of the contract the UN agencies will

- Conduct a joint analysis to determine what has changed between design and implementation. Should changes be required, these will be presented to the PSC and EUD for approval.
- Produce the first annual work plan (incorporating any changes required).
- Develop a communication and visibility plan.

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 (for project modality).

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 and a final or ex-post evaluation will be carried out for this action or its components via independent consultants.

The mid-term evaluation will be carried out for analysing the collaboration of the UN agencies and analyse problems in the implementation in a view to review and adapt the action for the second phase.

The final or ex-post evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the action is an innovative and a pilot in view of targeting rule of law interventions at federal and provincial level and that lessons learnt could feed into any following EU assistance programming.

The Commission shall inform the implementing partner at least one month 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.

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 through procurement (direct management). 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.

6. PRE-CONDITIONS

The main assumptions for the implementation of this programme are:

- Political commitment at federal and provincial level for security sector and justice reforms remains and related budget is allocated
- Political and security actors at federal and provincial level provide a conducive environment for the implementation of the program, including MoUs and NOCs for Implementing partners as well as visas for staff
- Security situation remain stable and access hurdles to the newly merged district in KP do not hamper the implementation of the programme.
- The Government of KP and Balochistan continue taking the lead in strategic policy definition and donor coordination in line with the respective rule of law roadmaps.

- The different stakeholders involved are interested and support the actions proposed to consolidate democracy and promote human rights and fundamental freedoms.
- Complementarities with other governments and donors' interventions are possible and sought by all involved

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ⁴⁰

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Impact (Overall Objective)	Promote the rule of law in KP and the newly merged districts and Balochistan and ensure equal access to justice	Average rule of law score as measured by the World Justice Project Proportion of victims of violence in the previous 12 months who reported their victimization to competent authorities or other officially recognized conflict resolution mechanisms disaggregated by sex	World Justice Project Index SDG Report Pakistan	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	1. Support reform processes to ensure delivery of people-centred justice	No of proposals for legislative reforms to ensure access to justice initiated % of coordination mechanism members who assess coordination mechanisms as functional	LJCP and parliament (federal/provincial) reports rule of law roadmap delivery unit reports Baseline and final perception survey for coordination mechanism members	Political commitment at federal and provincial level for reforms and related budget commitments Security situation enables action to be implemented
Outputs	1.1 Legal and regulatory framework strengthened to ensure affordable, equitable, timely and accessible delivery of justice	No of assessments of national legislation conducted No of initiative to promote legislative development (workshops, WG, drafting assistance) supported No legal amendments drafted based on recommendations of NISP and rule of law roadmaps	Legal assessment survey Legal drafting agenda Workshop reports rule of law roadmap delivery unit reports	Political commitment to reforms at federal and provincial level National and provincial assemblies approved legal amendment.

⁴⁰ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

	1.2 Strategic planning, management, coordination and accountability mechanisms strengthened	No of coordination mechanism supported ⁴¹ No of initiative designed to improve collaboration No of rule of law stakeholders trained in administration and management of coordination disaggregated by sex	Study including gap analysis and perception survey on coordination and collaboration of key stakeholders Meeting notes of coordination meetings at federal and provincial level	Federal and provincial rule of law actors implement coordination mechanisms
Outcome(s) (Specific Objective(s))	2. Enhanced access to justice for all particularly women and marginalized groups	Unsentenced detainees as proportion of overall prison population per province (SDG 16.3.2) % increase in allocation and utilization of funds to the High Courts under the access to justice development fund	Annual statistics LJC Pakistan	
Outputs	2.1 Standardization, regulation and monitoring of ADR system 2.2 Free Legal aid accessible to indigent litigants	No. of ADR centres fully developed, implemented and monitored % of ADR Counsellors trained in legal framework relevant for ADR and conflict mitigation disaggregated by sex No. of people receiving ADR services disaggregated by sex and no of cases mitigated with support of this action No. of District Legal Aid Centers fully developed, implemented and monitored No of citizen disaggregated by sex that received legal aid with the support of the action	Annual reports rule of law delivery units in provinces Annual reports LJC Pakistan Annual report LJC Pakistan Annual reports provincial High Courts	Police and Judiciary cooperate on implementation of ADR system LJC, High Courts and Bar association collaborate Bar Association interested and supportive to free legal aid

⁴¹ (i.e. Rol Roadmap delivery unit, Provincial Justice Committees and District Criminal Justice Coordination Committees

	2.3 Demand mobilized for reforms and enhanced legal literacy of citizens with special focus on women	No of initiatives completed in line with awareness raising and communication strategies No of people reached in line with awareness raising and communication strategy No of paralegals trained and certified as community based paralegals disaggregated by sex % of persons disaggregated by sex that improved knowledge on fundamental rights per province No. of people that receive counselling on fundamental rights disaggregated by sex	UN Annual progress reports	Provincial governments and security allow outreach operation by UN and CSO in provinces
Outcome(s) (Specific Objective(s))	3. Improve service delivery of security sector in line with constitutional safeguards and international standards.	Extent to which people have trust and confidence in security sector Proportion of women in managerial positions in security sector and % of police personnel who are women	Pre- and post-perception survey Human resources statistics of the police	Security situation enables action to be implemented
Outputs	3.1 Capacity and efficiency of security sector enhanced to ensure effective access to justice 3.2 Women's effective participation and equal opportunities in the security sector strengthened	No of (citizen friendly) infrastructures upgraded per province No of digitalisation initiatives implemented by province No of training programs developed and fully implemented following capacity needs assessment % of staff with enhanced knowledge in modern policing techniques and new procedures No of infrastructures made gender sensitive with support of the action per province No of women coached for passing police admission exam No of women trained who pass exam on admission and promotion per province	Annual reports rule of law delivery units in provinces Capacity needs assessment and training reports Training evaluation reports Annual reports rule of law delivery units in provinces UN training reports	Security situation in FATA Balochistan and KP is stable and FATA transition is operating smoothly Security sector key stakeholders in the provinces remain committed to implement rule of law roadmaps

EN



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’

ANNUAL PROGRAMME

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.

1. Title/basic act/ CRIS number	Public Financial Management Support Programme II (PFM II), CRIS number: ACA/2019/041-482, financed under the Development Cooperation Instrument	
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 – 2020 ¹	
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: YES ²
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) ³			
9. Markers (from CRIS DAC form)⁴	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women’s and girls’ empowerment ⁵	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Global Public Goods and Challenges (GPGC) thematic flagships	Not applicable		

³ <http://www.oecd.org/dac/stats/annex2.htm>

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 rooted⁶. 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 programme⁷ (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 rights will be targeted through improved PFM governance and more efficient financial systems, resulting in improved service delivery.

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.

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 level⁸, 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. 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

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.

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)⁹ assessments and government analyses supported by the EU's ongoing PFM support programme (PFM SPP, see below) and other donors' technical assistance¹⁰ 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**¹¹. 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 development. 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;

⁹ PEFA 2012 for Federal, PEFA 2013 for Sindh province, draft PEFA 2016 for Balochistan province.

¹⁰ Public finance management support programme to Pakistan (PFM SPP) 2015-2019 – World Bank Program for Result (PforR).

¹¹ Federal: Public Financial Management Reform Strategy of the Federal Government 2017-2026 - October 2017 – 6 pillars
Sindh: Public Financial Management Reform Strategy Government of Sindh 2014/15 -2019/20 (October 2014) and
Public Financial Management Reform Action Plan Government of Sindh 2015/16-2024/25 – 5 pillars

Balochistan: PFM Reform Strategy And Action Plan Government of Balochistan 2018-2028 – April 2018 – 5 pillars.

- (iii) enhanced budget planning, budget implementation and monitoring¹², including development and capital budget, service delivery and result based management;
- (iv) transparency, oversight and accountability;
- (v) institutional framework; and
- (vi) vertical integration¹³.

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 proposed action builds on the achievements of the ongoing “Public Financial Management Support Programme for Pakistan” (PFM-SPP, EUR 15 million), initiated in 2014 and ending in August 2019.

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 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.

¹² This a 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 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 empowerment¹⁴, 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 International¹⁵ and the Omar Asghar Khan Development Foundation¹⁶. 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 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**

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/>.

¹⁶ contributing to the Open Budget Index (OBI) within the International Budget Partnership (Annual Report 2016: <https://www.internationalbudget.org/wp-content/uploads/ibp-annual-report-2016.pdf>)

(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 assessments¹⁷. 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 footnote¹⁸ but they can be grouped as follows:

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

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.

Federal level: 1. Fiscal Sustainability, 2. Revenue Mobilisation, 3. Service Delivery and Results Based Management, 4. Public Investment Management and Public Private Partnerships, 5. Transparency, Oversight and Accountability, 6. Vertical Coordination between Federal and Provincial Governments in PFM;

Government of Sindh: 1. Resource mobilization and debt management, 2. Planning and budget formulation, 3. Budget execution, reporting, accountability & transparency, 4. External oversight, 5. Institutional framework and support systems

Government of Balochistan: 1. Enhanced Revenues, 2. Strengthened Fiscal Management, 3. Enhanced Planning, Budgeting and Monitoring, 4. Reformed Development Budget System, 5. Improved Management of funds in Local Governments, Cross-cutting Theme 1. Legal and Regulatory Framework, Cross-cutting Theme 2. Capacity Enhancement, Cross-cutting Theme 3. Technology, Cross-cutting Theme 4. Transparency and accountability

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

Risks	Risk level (H/M/L)	Mitigating measures
Current political support to PFM reform may lose momentum.	L	The EU will strengthen the PFM dialogue with finance and development planning authorities at the highest level.

Loss of champions / key reform agents could jeopardise/slow down reform efforts	M/H	Maintain engagement and discussion with a wide range of PFM stakeholders in government.
Proliferation / fragmentation of PFM support interventions amongst development partners could slow down PFM reform efforts	L	Strengthen PFM coordination amongst development partners and support the focal ministry / department(s) with an effective technical assistance structure.
Reform programme is not well internalised by the government and remains confined at a pilot stage, not addressing the local government demands	M/H	The reform process will seek to broaden capacity development efforts at district level to help improve key service delivery.
Basic capacity gaps in PFM institutions might jeopardise/slow down reform efforts	M	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.
Security climate (conflict) and environmental fragility	M	The action seeks to improve the PFM systems as governance tool so that funds are reaching their "targets" 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.
Assumptions:		
<ul style="list-style-type: none"> • 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 level¹⁹. This has a direct bearing on provincial governments' capacity for service delivery, including within the rural development 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;

¹⁹ E.g. payroll and pensions are executed by Provincial Accountant Generals, who are all employees of the federal Controller General of Accounts.

- ✓ 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 measures²⁰.

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

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.

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

	EU contribution (EUR)	Indicative third party contribution(EU R)
Specific objective: To strengthen public financial management as well as provincial and sector strategies in Sindh, Balochistan and the federal government composed of	12 700 000	N.A
Procurement (direct management) – cf. section 5.3.1		.
Procurement – total envelope under section 5.3.1	12 700 000	N.A.
Evaluation, (cf. section 5.8), Audit (cf. section 5.9) / Expenditure verification	150 000	N.A.
Communication and visibility (cf. section 5.10)	100 000	N.A.
Contingencies	50 000	N.A.
Totals	13 000 000	N.A

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

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Impact (Overall Objective)	To help improve inclusive service delivery in the provinces of Sindh, Balochistan and at federal level	<p>Public expenditure on essential services (education, health and social protection) in percent of GDP and real growth rate</p> <p>Proportion of government recurrent and capital spending to sectors that benefit women, the poor and vulnerable groups²²</p> <p>Number of schooled children, disaggregated by sex, by province</p> <p>Average student-per-teacher ratio disaggregated by province</p> <p>Percent of population having access to health care, disaggregated by sex, by age and by province</p>	Pakistan Economic Survey, Donor reports : UNICEF EMIS, WHO and World Bank	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	<p>Specific Objective:</p> <p>To strengthen public financial management as well as provincial and sector strategies in Sindh, Balochistan and the federal government:</p>	<p>PEFA PI-2 Composition of expenditure outturn</p> <p>PEFA PI 14 Macroeconomic and fiscal forecasting</p> <p>PEFA PI 15 Fiscal strategy</p> <p>PEFA PI-16: Medium-term perspective in expenditure budgeting</p> <p>PEFA PI-11.2 Investment project selection</p> <p>PEFA PI-11.3 Investment project costing</p> <p>PEFA PI-11.4 Investment project monitoring</p> <p>PEFA PI-13.1 Recording and reporting of debt and guarantees</p> <p>PEFA PI-20.1 Information on revenue collections</p> <p>PEFA PI-21.2 Cash forecasting and monitoring</p> <p>PEFA PI 21.3 Information on commitment ceilings</p> <p>PEFA PI- 22.2 Expenditure arrears monitoring</p> <p>PEFA PI-24 Quality and timeliness of in -year budget reports</p> <p>PEFA PI – 25.1 Segregation of duties</p>	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

²¹ Mark indicators aligned with the relevant programming document mark with ‘*’ and indicators aligned to the EU Results Framework with ‘**’.

²² GAPII – objective 5 - Results for women and girls measured and resources allocated to systematically track progress

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
		PEFA PI – 25.2 Effectiveness of expenditure commitment controls		
Outputs	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;	Number 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 Number of cohorts having undertaken a newly developed degree or certificate course in PFM in a training institute, at federal level Number of line departments adopting programme-based budgeting with the support of this action Degree of enhanced accuracy in macroeconomic and fiscal forecasting (PEFA PI 14 – federal level) at end of project	Government PFM reform review reports	PFM Reform Strategy remain high on the government agenda
	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;	Number 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 ²³ and level of government Number of cohorts having undertaken a newly developed degree or certificate course in PFM in a training institute, at provincial level Number of line departments adopting result-based budgeting with the support of this action Number of line departments where cash flow forecasts are prepared by the support of this action Number of costed sector development plans and strategies prepared and implemented, including SDG's priorities disaggregated by sex ²⁴ and by age with the support of this action	Government PFM reform review reports Budget reports Annual financial statements Audit reports Planning, Finance, line department reports Donor reports (e.g. World Bank,	PFM Reform Strategy remain high on the government agenda

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

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
	<p>Output.3.</p> <p>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</p>	<p>Number of dedicated economic and financial policy and planning team, officials trained (and retained in the job) 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</p> <p>Number cohorts having undertaken a newly developed degree or certificate course in PFM in a training institute, at provincial level</p> <p>Number of line departments where cash flow forecasts are prepared with the support of the action</p> <p>Number of costed sector development plans and strategies prepared and implemented, including SDG's priorities disaggregated by sex²⁵ and by age with the support of this action</p>	<p>Government PFM reform review reports</p> <p>Budget reports</p> <p>Annual financial statements</p> <p>Audit reports</p> <p>Planning, Finance, line department reports</p> <p>Donor reports (e.g. World Bank)</p>	<p>PFM Reform Strategy remain high on the government agenda</p>

²⁵ GAPII – objective 5 - Results for women and girls measured and resources allocated to systematically track progress