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PTIPP Independent Review



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Acronyms and Abbreviations

AC	Advisory Council
ADB	Asian Development Bank
BoI	Board of Investment
CPEC	China Pakistan Economic Corridor
CPS	Country Partnership Strategy
DFAT	Australian Department of Foreign Affairs and Trade
DfID	Department for International Development (UK)
DPC	Development Policy Credit
FBR	Federal Board of Revenue
FDI	Foreign Direct Investment
FIAS	Facility for Investment Climate Advisory Services
FTA	Free Trade Agreement
GoP	Government of Pakistan
IFC	International Finance Corporation
MoC	Ministry of Commerce
MoF	Ministry of Finance
NLC	National Logistics Cell
NTC	National Tariff Commission
OECD	Organisation for Economic Co-operation and Development
PTIPP	Pakistan Trade and Investment Policy Program
RD	Regulatory Duty
RETF	Recipient Executed Trust Fund
RTO	Regional Trade Office
SARTF	South Asia Regional Trade Facilitation program
SRO	Special Regulatory Order
STPF	Strategic Trade Policy Framework
T&C GP	Trade and Competitiveness Global Practice (World Bank)
TDAP	The Trade Development Authority of Pakistan
TDRO	Trade Dispute Regulatory Authority
TF	Trust Fund
TRS	Time Release Study
USAID	United States Agency for International Development
USD	US Dollars
WBG	World Bank Group
WeBOC	Web Based One Customs
WE-NET	Women Entrepreneurs Network for Easing Trade
WTO	World Trade Organisation

Executive Summary

PTIPP is a three-year, A\$9.9 million trust funded program executed by the World Bank to support Pakistan's efforts to increase regional trade and investment. PTIPP is aligned to the Pakistan Government's 'Vision 2025' plan, which prioritises enhanced trade and investment with neighbouring countries.

The program consists of four components and two cross cutting themes. The four components or pillars are: 1) Supporting the regional trade policy framework; 2) Strengthening institutional capacity for trade; 3) Specific trade facilitation activities; and 4) Heritage Tourism. The two cross-cutting themes are: gender and strategic communications.

End of PTIPP outcomes include: i) Adoption and implementation of a comprehensive medium-term regional trade strategy; ii) Provide Technical Advice on regulatory and institutional improvements; iii) Reduce time, cost and documentation required to process exports/imports through key border posts; and iv) Supporting Government of Punjab to assess potential of regional tourism to open up trade and livelihood opportunities in the province.

Overall disbursement ratio is 40 per cent of the original budget of A\$9.9 million (approximately USD 7 million) and in line with expectations. Disbursement has, however, not been even across the four pillars; with pillar one at 50 per cent, pillar two with no disbursement, pillar three at 25 per cent and pillar four at 100 per cent.

Pakistan remains a difficult environment in which to implement a trade and investment program such as PTIPP. The security and political environment, while improving, continues to remain volatile. In addition to domestic security concerns related to militancy, sectarian, and ethnic violence, Pakistan's relationship with its India and Afghanistan neighbours remains difficult.

In such a challenging environment, PTIPP has made reasonable progress against the overall objective. The Program has been flexible and responsive to rapidly changing political and security environments within Pakistan, and between Pakistan and its neighbours. Progress has, however, not been even across the four pillars and the two cross cutting issues.

Originally, Pillars one and two consisted of a range of activities embedded in the Ministry of Commerce (MoC) to help with bringing about and implementing reforms. The Regional Trade Office (RTO) was a major success in this respect and fully in line with that initial intent. While circumstances prevented some of the activities from being implemented as planned, especially under pillar two, the RTO was well placed to respond to the more immediate needs of MoC, for example in compiling evidence to contribute to negotiation of Free Trade Agreements (FTAs), and was highly appreciated by the Government of Pakistan (GoP).

Initially, pillar three was included as "special projects": Wagah border post and Heritage Tourism. Later, the Heritage Tourism project became pillar four. The Heritage Tourism pillar has attained good success, leading to the Punjab government tourism initiative and a World Bank loan. Pillar three, building on initiatives by DfID and ADB, has widened its scope to become the Trade Facilitation pillar. While trade facilitation has improved at the Wagah border and additional work has been carried out at the Torkham border crossing, it's difficult to assess to what extent different donors have contributed to the results.

Partner engagement and influence: The Program provides DFAT with a focus for useful dialogue with GoP, especially key economic agencies related to trade, as well as with the World Bank and IFC. MoC

appreciates the Program and has indicated that evidence-based studies being carried out under PTIPP were both timely and useful. The Program is also valued by the World Bank. It provides the World Bank's Country Office and Trade and Competitiveness Group (T&G GP) with funding to support their policy dialogue with the MoC and other key economic agencies.

Program Management: The shift of the Program management from the South Asia Regional Integration team to the World Bank's T&C GP has improved strategic focus on the trade policy pillar and technical work.

Strategy, objective, and indicators: The program was not designed around a coherent Theory of Change. Moreover, within the context of Pakistan's security and political environment the program evolved around changing priorities and emerging opportunities. The overall Project Development Objective (PDO) remains relevant. In regards to achieving the PDO:

- *Indicator 1: Medium term regional trade framework:* In response to the GoP releasing a trade strategy prior to the commencement of the program, PTIPP has responded to more immediate needs of MoC, including supporting FTA negotiations.
- *Indicator 2: Enhanced institutional effectiveness of MoC* was too ambitious. The intermediate results identified will not be achieved by the end of the program.
- *Indicator 3: Reduce time taken to process transactions at border posts:* The Time Release Studies (TRS) at Wagah and Torkham border posts are the most significant outputs. The Wagah Border TRS show that dwell times appear to have improved.
- *Indicator 4: Potential for livelihood promotion in Punjab:* This indicator and results are not very clear in the results framework. Nevertheless, the Heritage Tourism outcomes, leading to a World Bank loan, are significant.

Regional Coordination: Opportunities exists for the World Bank and DFAT to link the PTIPP program to other programs that will address trade facilitation issues on both sides of the Pakistan-India border.

Coordination with other donors: There is no formal coordination mechanisms for donors working on trade related programs. Donor and government stakeholders stressed the need for close coordination.

Gender Equality and Women's Empowerment: PTIPP represents a largely unrealised opportunity to increase the knowledge base of gender and trade issues and implications in Pakistan, and to identify policy or operational interventions to promote women's, as well as men's, greater contribution to economic development through cross border trade.

Only the Heritage Tourism component has made a specific effort to identify the opportunities for improving women's livelihoods, and the potential impacts of tourism on women. In the other pillars there has been little attempt to mainstream gender and the work is limited to targeted activities.

The Trade Policy pillar: has benefitted from having the RTO consultants embedded in the MOC and being able to respond to the analytical needs of senior government officials. It has made a valuable contribution to assisting the MOC with FTA negotiations.

Institutional Strengthening Pillar: no disbursement has occurred under this pillar. The original plans were too ambitious and the current plan of training misses the opportunity to carry out a more limited capacity building program alongside the training.

Sustainability: The PTIPP program has high level buy-in from the MoC Minister and senior government officials and delivers services that are in demand by a range of stakeholders. However, there is an opportunity to widen the engagement beyond MoC and the World bank Country director supports such a move.

Strategic Communications: despite the lack of a formal strategy, there have been a range of activities implemented. Consideration should be given to developing a specific communication strategy for PTIPP. This should complement the already extensive communication work being carried out by the World Bank.

Recommendations

As soon as possible an interim solution needs to be found and implemented for the continuity of the RTO, while waiting for the RETF to be finalised. The RETF could be expanded to also include consultants that could help MoC identify specific capacity building activities and implement these, and possibly also to develop the strategic communication activities.

The Results Framework should be revised to provide a greater focus on realistic and achievable indicators of ‘outcomes’ and ‘impact’ rather than just ‘outputs’.

In pillar one emphasis should be given to supporting the next MoC Trade Strategy that it hopes to produce in 2018. The opportunity should be taken to support integrating a gender dimension into the trade strategy.

MoC should be supported, along the lines of the original design, to prepare a communication strategy to mitigate the political economy risks and improve coordination between agencies.

Coordination between the PTIPP stakeholders and other donors can be improved by: i) mobilization of the Advisory Committee to provide greater direction; and ii) greater engagement with other donors and the private sector working in the trade space.

PTIPP coordination at a regional level could be improved through World Bank’s Regional Integration team. DFAT could contribute through coordination between South Asia Regional and Pakistan teams. Links to the South Asia Regional Trade Facilitation program (SARTF) provides such an opportunity.

The Institutional Strengthening pillar should be revisited and discussions held with the appropriate Deputy Secretary in MOC with the view of developing a plan of activities, including the existing training plan, and other related capacity building activities.

The World Bank should engage with the MoC on the opportunities for closer coordination across donors and GoP around the issue of Trade facilitation, either through the original proposed Steering Group or an alternative mechanism.

The recommendations of the gender and trade strategy paper need to be reviewed and relevant ones identified that can be followed up and integrated into the other work being undertaken.

The establishment of WE-NET needs to be expedited if it is to have a chance of being sustainable after PTIPP finishes. Additional activities as per the design also need to be identified and initiated.

Disbursement needs to be closely monitored and adjustments made quickly to reflect changing conditions on the ground. Pillar 1 disbursement is on track. Pillar 2 and Pillar 3 urgently need revised work plans prepared so that budgets can be allocated and/or reallocations made to other activities if necessary. Pillar 4 has fully disbursed its committed funding.

1 Introduction

This report contains the findings of the Independent Review of Pakistan Trade and Investment Policy Program (PTIPP) commissioned by the Department of Foreign Affairs and Trade (DFAT). The review was undertaken 16 months after the start of the program, as stipulated in the Trust Fund agreement. The purpose of the review is to assess progress across the four components and two crosscutting issues (gender and strategic communications); and to provide recommendations on future focus and volume of funding against each of the four components, with specific attention given to promoting gender equality.

The PTIPP Review has been carried out in accordance with the Terms of Reference (ToR) included as Annex 1. The Review Report, once accepted by DFAT, will be presented to the Partnership for South Asia (PFSa) Donor Steering Committee and the PTIPP Advisory Committee. The review is also expected to feed into the World Bank's comprehensive Mid Term Review (MTR).

The Review report consists of four Chapters and nine Annexes. The Introduction Chapter introduces PTIPP and the review. Chapter Two sets out the methodology used for the review. Chapter Three is the main part of the Review and presents the findings across the four Pillars and two cross-cutting issues. The final Chapter presents the conclusion and recommendations. The nine Annexes, provide the details that support the main findings of the report.

1.1 Description of PTIPP

PTIPP is a three-year¹, \$9.9 million trust funded program executed by the World Bank to support Pakistan's efforts to increase regional trade and investment, with a specific focus on strengthening links to other South Asian markets. The program provides evidence-based advice and technical support to the Ministry of Commerce (MoC) to enable it to develop and implement the policy framework, institutional capacity and regulatory reforms required to increase regional (and global) trade. The program is managed by the World Bank's Trade and Competitiveness Global Practice Group (T&C GP). The International Finance Corporation (IFC) manages the Trade Facilitation component.

PTIPP is aligned to the Pakistan Government's 'Vision 2025' plan, which prioritises enhanced trade and investment with neighbouring countries. The government's focus is to offset stagnating demand for Pakistani exports from traditional OECD partners, better exploit Pakistan's strategic location as a regional hub to connect South and Central Asian markets, and bolster efforts to improve prospects for regional political stability. The MoC is spearheading efforts to promote and bolster exports and trade and has already made some important strides on regional economic cooperation agenda. The program will leverage this Government momentum to support the effective implementation of the regional trade section of the Trade Policy. The four components of the program are:

1. **Supporting the regional trade policy framework** by developing a regional trade strategy to ensure the effective implementation of the Strategic Trade Policy. The strategy will be underpinned by a series of high-quality analyses covering product competitiveness, small and medium enterprises, the services industry, gender issues and regional market access.
2. **Strengthening institutional capacity for trade** by providing technical advice on regulatory and institutional improvements within the MoC to support effective implementation of the trade strategy.

¹ The grant agreement was signed in May 2015, with the start date in July 2015. The first tranche of funds was received in August 2015. The program completion date is in June 2018.

3. **Specific trade facilitation activities** facilitating trade at key border posts could have transformational effects on expanding the volume of regional trade. PTIPP will strengthen trade at the Wagah Border by reducing time, cost and documentation required to process exports/imports and explore opportunities to develop economic cooperation between the Pakistan and India Governments. It is expected that this model will be replicated at key border posts with Afghanistan, Iran and Central Asian trade routes.
4. **Heritage Tourism** will improve incomes and provide livelihood opportunities especially in rural Pakistan through supporting tourism focused on cultural heritage sites, including increasing people-to-people interactions between India and Pakistan, and tapping into the investment potential of the South Asian diaspora.

In the original design document, Pillars 1 and 2 were envisioned as a package of activities working within MoC to support its work and build capacity. Pillars 3 and 4 were combined as one “Special Projects” component including the work at Wagah border, and on Heritage Tourism. The Wagah border activity was expanded to become the Trade Facilitation pillar, and Heritage Tourism was separated out to become Pillar 4.

P- TIPP design includes two cross-cutting themes: **gender**, and **strategic communications**. The design intended that DFAT works closely with the World Bank to ensure the program is carefully and systematically addressing gender and achieving results for women benefitting from trade. The program takes a twin track approach to gender with the intention of ensuring that (a) gender is mainstreamed across the regional trade framework; and (b) investments that specifically address gender and trade are incorporated into the program.

The specific outcomes articulated in the World Bank’s program document², to be achieved by the end of the PTIPP are as follows (see also Annex 3):

- Adoption and implementation of a comprehensive medium-term regional trade strategy;
- Provide Technical Advice on regulatory and institutional improvements (in the Ministry of Commerce, associated institutions and border posts);
- Reduce time, cost and documentation required to process exports/imports through key border posts with substantial increase in the volume of goods traded; and
- Improvement of incomes and livelihood opportunities especially in rural Pakistan through supporting tourism focused on cultural heritage sites, including increasing people-to-people interactions between India and Pakistan, and tapping into the investment potential of the South Asian diaspora.

1.2 Financial Disbursement

The financial information compiled from the tables provided in the three semi-annual progress reports is summarized in Table 1 below and details are provided in Annex 2. Amounts are shown in USD. Overall disbursement ratio is 40 per cent of the original budget. Pillar 1 and PTIPP Coordination are on track at this mid-term point, and Pillar 4 is fully committed. Pillars 2 and 3 are off track.

² *Pakistan: Trade and Investment Policy Program (PTIPP)*, April 6th, 2015. World Bank

Table 1: Disbursements against budgeted allocations up to December 2016

	Cumulative disbursed and committed	Overall Budget	Disbursement ratio
Pillar 1 Trade Strategy	1,235,687	2,490,000	50%
Pillar 2 Institutional Strengthening	-	720,000	0%
Pillar 3 Trade Facilitation	640,668	2,550,000	25%
Pillar 4 Heritage Tourism	570,151	570,000	100%
PTIPP Coordination	365,563	710,000	51%
Total	2,812,069	7,040,000	40%

2 Methodology

This review used a theory-based approach that drew on the program's implied theory of change to consider whether there was evidence that inputs by the program had resulted in the expected outputs and outcomes that were sought at the outset. In the absence of an explicit theory of change in the World Bank's program document, the evaluation used: a) PTIPP's program objective and outcomes (Annex 3); and b) the results framework (Annex 4) both from the program document. Together, the objectives, outcomes and results framework provide the basis for a logical framework for achieving the overall objective of the program: to support Pakistan's efforts to increase regional trade and investment, with a special focus on strengthening links to other Asian countries³.

The progress in achieving the overall objective, and its four sub-objectives, as they relate to the four components (Pillars) and two cross-cutting themes, was the focus of the evaluation. The effectiveness of the advisory services and technical support provided was also reviewed. The analysis was framed around key questions relating to effectiveness, efficiency, gender equality and women's empowerment and sustainability (see Annex 1 for a detailed list of questions).

The review comprised three distinct phases. The Inception Phase consisted of familiarisation with the back-ground material, refining the approach and collecting secondary material. Documents reviewed included the initial project design documents, progress reports, program outputs, and correspondence relating to the program. A list of the documents reviewed is included as Annex 5. The second phase was undertaken in Pakistan, and included interviews with key stakeholders⁴, a visit to Lahore and the Wagah border, and collection of other relevant information and data. The primary objective of the fieldwork was to solicit a range of stakeholder views and gather evidence of what impact the program had, who it affected, how these changes came about and how sustainable these changes are and the processes that support them. Specific emphasis was also given to how PTIPP incorporates the cross-cutting issues of gender and strategic communications. The initial findings of the team were presented in an Aide Memoire discussed with DFAT staff, MoC, and the World Bank and modified to take their feedback into account. The third phase focused on triangulating the information collected from documents and interviews to validate the findings and ensure that conclusions and recommendations were well supported. This phase also included the report writing.

Supporting information and tables are included as annexes in order to provide a short and readable Review. In addition to the Annexes already mentioned, Annex 6 provides a brief list of PTIPP activities drawn from the World Bank six monthly reports. It includes only those activities that were delivered or could be measured as outputs. It does not cover all the associated activities that were carried out to enable the outputs. The Aide Memoire delivered at the end of the fieldwork is included as Annex 7. Annex 8 provides a list of people met and Annex 9 is a schedule of meeting held during the fieldwork.

³ *Pakistan: Trade and Investment Policy Program (PTIPP)*, April 6th, 2015. World Bank. Page 10.

⁴ Key stakeholders included representatives from Government of Pakistan (Ministry of Commerce (MoC), Federal Board of Revenue (FBR), National Tariff Commission (NTC), Customs and National Logistics Cell (NLC)); the Regional Trade Office (RTO); the World Bank and IFC; DFAT; other donor agencies (Asian Development Bank (ADB), United States Agency for International Development (USAID), European Union (EU) and Department for International Development (DfID); the private sector; and consultants implementing other DFAT-funded projects. A full list is included in Annex 8.

3 Assessment and Findings

Pakistan remains a difficult environment in which to implement a trade and investment program such as PTIPP. The security and political environment, while improving, continues to remain volatile. In addition to domestic security concerns related to militancy, sectarian, and ethnic violence, Pakistan's relationship with its India and Afghanistan neighbours remains difficult. Nevertheless, relations with India and Afghanistan seem to be slowly improving, but are subject to sudden downturns, often sparked by regional geo-political events.

In such a challenging environment, PTIPP has made reasonable progress towards the overall objective. The Program has been flexible and responsive to rapidly changing political and security environments within Pakistan, and between Pakistan and its neighbours. Progress has, however, not been even across the four pillars and the two cross cutting issues.

3.1 Effectiveness

Partner engagement and influence

PTIPP provides DFAT with a focus for useful dialogue with GoP, especially key economic agencies related to trade, as well as with the World Bank and IFC. The importance of the PTIPP program for enabling DFAT to participate in constructive economic dialogue can be gauged from a series of examples that include discussions with the Federal Minister of Commerce (August 2016); support for dialogue between regional trade officials (March 2015); and supporting high level officials to attend the Trade Facilitation Reform Conference in Sydney (December 2016). There are numerous other occasions cited in reports where PTIPP is referred to as Australia's "flagship aid for trade investment" in Pakistan.

MoC's appreciation of the program was demonstrated on 23 August, 2016 during the World Bank presentation of the trade policy work being carried out under PTIPP. The meeting was attended by the Federal Minister for Commerce (Khurram Dastgir Khan) and senior officials from the Ministry, World Bank, and DFAT. Minister Khan made it clear at this meeting that the evidence-based studies being carried out under PTIPP were both timely and useful. PTIPP analysis of the impact of the first round of Pakistan-China Free Trade Agreement (FTA) helped the MoC to engage more effectively with Chinese counterparts on the renegotiation of the Pakistan-China FTA. Minister Khan considered the Regional Trade Office (RTO), funded under pillar 1 of PTIPP, as critical in achieving the outcomes.

The program is also valued by the World Bank. It provides the World Bank's Country Office and T&C GP with funding to support and further their policy dialogue with the MoC and other key economic agencies. It fits well with the World Bank's other programs and forms part of its overall strategy in Pakistan. The PTIPP activities complements and has contributed to several World Bank initiatives. For example:

- a) Under the Trade Strategy Pillar a note was prepared to serve as the analytical foundation for trade related prior actions in an upcoming Development Policy Credit (DPC). The note developed for the DPC was based on two previous PTIPP notes on trade policy, and on regulatory duties;
- b) Under the Heritage Tourism Pillar scoping activities for the Sikh Tourism Circuit were completed. This continued earlier work started and funded by DfID. The PTIPP/DfID work provided the analytical foundation for a US\$50 million World Bank loan to the Government of Punjab to support investments in tourism focused on Sikh heritage.

Implementation Arrangements

An Advisory Council (AC) was established early in the program to bring the partners from GoP, World Bank, and DFAT together and provide overall guidance and direction. The AC met in October 2015 but has not met since in person. A recent meeting was held virtually through email. While it is difficult to arrange to bring the partners together, face-to-face meetings are a useful way of discussing changes and would have been especially useful to discuss the changes in implementation arrangements and implications of these.

The shift of PTIPP management from the South Asia Regional Integration team to the World Bank's T&C GP has improved strategic focus on the trade policy pillar and technical work on trade. Key stakeholders commented on the shift providing better leadership by the World Bank.

The program funded three consultant researchers in the RTO, based in MoC. This proved to be a successful arrangement and helped to build ownership of the program by MoC. The change in the World Bank policy on hiring consultants has meant that this arrangement cannot continue as it is and a Recipient Executed Trust fund (RETF) is being processed under which the consultants can be re-hired. Since the RTO has been an efficient and effective implementation arrangement, any disruption risks impacting on the projects progress and success. This is discussed further in section 3.3.

Strategy, objective, and indicators

Despite improved leadership, especially in the Trade Policy component, the program is somewhat lacking in overall coherence or strategic overview across the pillars. P-TIPP was not designed around a coherent Theory of Change that would have provided the logic for selection of activities, and link together the outcomes from these towards the achievement of the overall objective. Rather, the program evolved around changing priorities and emerging opportunities within the context of Pakistan's security and political environment.

The overall Project Development Objective (PDO) itself is, however, still valid and relevant, and the activities undertaken so far in the program go some way towards meeting this objective. The issue lies in how the PDO level results indicators for each pillar have been defined and how progress is measured against these. The following comments relate to the PDO level results indicators in the results framework used for the periodic progress reports.

Pillar 1: Trade Strategy - Indicator 1: Evidence-based medium term regional trade framework developed and adopted contributing to enhanced regional trade. The program design envisioned support for the preparation and implementation of a comprehensive medium-term regional trade strategy for GoP. However, GoP released a strategy⁵, which was not particularly comprehensive, around the same time as PTIPP started. The activities with MoC under the trade policy pillar have therefore developed in response to more immediate needs of MoC, for example, in supporting FTA negotiations. Although not originally planned, this has been useful and well received, and could be better reflected in a revised results framework. There is now also a good opportunity over the remaining PTIPP implementation period, for work to be done to contribute to a follow-on strategy after 2018. The key counterparts are the Trade Policy and the Foreign Trade Cells of the Ministry of Commerce.

The intermediate results indicators under Indicator 1 list studies, reviews, and plans that will be developed. These are outputs with no logical chain of connection to the indicator. Regardless of this, some studies, such as the FTA analyses, and studies that have helped identify the DPC prior actions,

⁵ Strategic Trade Policy Framework 2015 – 18, Ministry of Commerce, Government of Pakistan

have been valuable. Others, such as the gender and trade study, are not sufficient on their own and will need much more work to take forward and be a useful tool to mainstream gender in the program as was envisioned in the design document.

The rationale for identifying the Strategic Communication Plan as an intermediate result was laid out in a document providing input to PTIPP design⁶. According to stakeholders, including MoC, this rationale is still valid however work to develop and implement the plan has not proceeded.

Pillar 2: Institutional Strengthening - Indicator 2: Enhanced institutional effectiveness of MoC. In the program document the Institutional Strengthening activities included a six-month institutional review of the MoC and related agencies to assess capabilities in comparison to best practice in Asia⁷. On reflection, this was too ambitious in a political economy where there are competing interests between economic agencies. Moreover, since the trade strategy prepared by MoC prior to the start of PTIPP implementation did not provide a clear vision and operating strategy for the institutions it would have been challenging to identify a clear path for building institutional capacity. Completing the needs assessment, and developing the capacity of the Centre for Trade and Dispute Resolution, were the intermediate results identified and clearly will not be achieved by the end of the program. A redesign of this component based on the actual needs of the institutions involved has not yet been carried.

However, by the beginning of 2017, the PTIPP team had instead developed a tailored training plan for the MoC and other relevant stakeholders. The plan was provided as an Annex in the World Bank's third six monthly report. From a review of the Training Plan Annex and discussions with the MoC and the World Bank, the Review Team agrees that the proposed training plan reflects the needs and wishes of the MoC senior leadership and will contribute to capacity development of MoC.

However, it's also the view of the Review Team that the work proposed under the Institutional Strengthening Pillar has gone from being too broad and ambitious to being too narrowly defined. In the past, the World Bank reviewed the role of training in building institutional capacity, and found:

...training resulted in individual participant learning, but improved the capacity of client institutions and organizations to achieve development objectives only about half the time. Where training did not succeed, it was... ... found to be insufficiently targeted to client needs, and inadequately embedded in broader capacity-building strategies, to substantially impact development capacity (Executive Summary (page xiv)).⁸

There is an opportunity at this point to revisit the needs together with MoC and develop a plan of activities that includes specific institutional support that complements the training plan that has already been proposed, and implement these before the program ends. The MoC indicated it was interested in being supported to take some initial first steps around a wider agenda of institutional capacity building.

Pillar 3: Trade Facilitation - Indicator 3: Reduce time taken to process transactions at border posts: The most significant outputs contributing to this indicator are the Time Release Studies (TRS) at Wagah and Torkham border posts prepared for IFC. One further study will be carried out at the Chamam border crossing. The Wagah Border TRS shows that dwell times appear to have improved from 4 to 6

⁶ Strategic, Institutional, & Communications Inputs to the MoC, Government of Pakistan for the World Bank Groups Pakistan Trade and Investment Program/70665. Final Draft. December 14 2014.

⁷ The agencies to be included in the review were: The Trade Development Authority of Pakistan (TDAP); National Tariff Commission (NTC); Trade Dispute Regulatory Authority (TDRO); and the WTO Cell in the MoC.

⁸ The Independent Evaluation Group, The World Bank, 2008. *Using Training to Build Capacity for Development: An Evaluation of the World Bank's Project-Based and WBI Training*. Washington. World Bank.

hours to 2.5 to 3 hours following the introduction of the WeBoc system and infrastructure upgrades. The IFC focuses on reforms to business processes and the regulatory framework while the ADB has funded significant loan programs to improve the infrastructure and introduce systems and processes at the Wagah border. A progress report from FDR in December 2015, details a number of improvements made consequent to the TRS study, and attributes some identification of the changes to the IFC work, even though much of the investment is made from other sources. The program document says that a high-level Government Steering group will be established to coordinate across the agencies and donors, and that joint missions will be undertaken. There was no evidence that this had happened. However, given the different roles played by various donors, and the number of agencies involved and frequent staff changes, such a Steering Group would seem to be advantageous.

IFC's TRS work at the Torkham border (Pakistan-Afghanistan) identifies major infrastructure constraints that are as essential as processing ones (for example, the lack of constant power and landline communications). For the TRS policy recommendations to be effective it will need to be linked to significant investment projects and therefore requires close coordination with either, or both, the World Bank or ADB.

In contrast to the other Indicators, the intermediate results under this indicator do reflect outcomes rather than outputs (Effectiveness enhanced and time reduced at borders). However, given the very significant work being done by others to this end as well, it leaves open the question of attribution. Moreover, while the design document envisions this component as one with a strong emphasis on women entrepreneurs and the development of the Women Entrepreneurs for Easing Trade Network (We-NET), and some activities have been initiated to support this, there is no results indicator by which to monitor this.

Pillar 4: Heritage Tourism - Indicator 4: Potential for livelihood promotion in Punjab as a result of cross border trade. This indicator, and the anticipated results (analytical exercises too identify potential for cross border trade) are the least clear in the results framework. They related to the activities that picked up work previously funded by DfID and developed as Heritage Tourism, and under which a number of studies were completed that contributed to the design of a World Bank loan-funded project. While the indicators and stated results are not clear and do not relate directly to the design, the achievements and outcomes are significant as they have contributed to the preparation of a US\$50 million loan program.

The lack of an explicit theory of change, and the need for more realistic results that represent achievable outcomes across all four pillars, has been recognised by DFAT, and previously raised with the World Bank. During the Review team's meeting with the World Bank, the Country Director acknowledged the need to address this issue and directed the World Bank's PTIPP team to more clearly articulate outcomes against which progress could be recorded in future reports.

Regional coordination

GoP officials at the Wagah Border noted that to increase the impact of trade facilitation improvements, reforms were needed on the Indian side of the border as well. Both the World Bank and DFAT have opportunities to make the links in their other programs: The World Bank through coordination with the Regional Integration team, and DFAT through links with their South Asia regional team. Opportunities to do so could be explored.

Coordination with other donors

Several donors, including ADB and USAID, are working in the trade space within Pakistan, however there is no formal forum for coordination between them since the last Donor Partner conference,

organised by GoP and supported by IFC in December 2014. Donor and government stakeholders stressed the need for close coordination, and for improving strategic coordination around trade policy issues and trade facilitation, as well as, at a practical operational level.

3.2 Gender Equality and Women's Empowerment

Advancing the work on gender in trade is particularly challenging in Pakistan. Pakistan has some of the worst gender gaps in the world and gender issues are particularly severe in some areas of the country where patriarchal systems prevail. Women's participation in the economy⁹ is particularly low compared to global average. Several stakeholders were interested and recognised that women's participation in the economy was important, including the MoC Secretary who, while emphasising the cultural challenges, recognised the importance of having focused trade policy interventions to encourage women entrepreneurs, especially at the SME level. MoC have recently been involved in "She Trades", an initiative of the International Trade Centre (ITC) which opens an opportunity to build on this.

The design document identifies a twin track approach to addressing gender through i) mainstreaming gender through each of the components with the objective of facilitating women entrepreneurs access to regional markets in selected sectors through gender responsive policy frameworks and strengthened institutions; and ii) targeted activities to facilitate women's economic participation by strengthening the base of women entrepreneurs with the objective of supporting existing regional networks to enhance the influence, networks, and skill base of women entrepreneurs. The design document is ambitious in how it sees this approach playing out in practice.

With regard to the first track, the only pillar in which there seems to have been an attempt to mainstream gender is Pillar 4: Heritage Tourism. Some studies carried out under this component have made a specific effort to identify the opportunities for improving women's livelihoods, and the potential impacts of tourism on women. These studies have contributed to the design of the World Bank funded loan project: *Punjab Tourism for Economic Growth Project*. The information currently available relating to the design of this project indicates that an attempt has been made to identify the roles and impacts on women, and address these.

In the other pillars there has been little attempt to mainstream gender, and the work is limited to targeted activities in the second track: Under Pillar 1, a stand-alone document was produced; and some initial work has been undertaken under the trade facilitation pillar to establish the WE-NET.

The recommendations of the draft document produced under Pillar 1: Trade Strategy, *Gender and International Trade: A Mainstreaming Strategy*, do not provide sufficiently targeted and focussed advice to be useful, either to PTIPP activities or to MoC. The document provides an interesting overview of opportunities for women in different export sectors with broad recommendations at the different macro, meso, and micro levels. It was prepared in Washington, with apparently little engagement with the government or RTO. While they are aware of the document, they acknowledge that it has had little, if any, impact on their work, or on the work in other pillars of the project. World Bank is still reviewing the document to decide next steps. Efforts need to be made to identify recommendations that are relevant to specific activities being undertaken so that they can be integrated into these. For example: The DPC Prior Actions on e-commerce, and the analysis supporting

⁹ Pakistan's 2014 Labour force participation rate, female (% of female population ages 15+) (modelled ILO estimate) was estimated to be 25 percent, one of the lowest in the South Asia region. In 2014 the global average was just above 50 percent.

FTA negotiations, offer significant opportunities for mainstreaming gender and improving women's contribution to economic development.

As part of their work on Trade Facilitation, IFC have managed consultations with women entrepreneurs across three cities that have identified significant enthusiasm among women entrepreneurs to establish the WE-NET. However, there is no pathway yet to formally establish this network so that it is functioning effectively and in a sustainable manner by the end of the Program.

The gender work in PTIPP is a long way from the vision presented in the design document. Amongst other things a regional conference on women's economic empowerment was to be held in the second year of the program, with a focus on entrepreneurship and trade. Policy makers, practitioners and research community would be invited, and research undertaken under PTIPP would be presented. Other activities suggested included:

- Discussions in electronic media, and regional dialogues among sectors where women are present.
- Evaluation of potential of existing infrastructure that is meant to be pro-women, such as the First Women's Bank, TDAP, EXIM Bank and SMEDA and identifying gaps for strengthening their pro women initiatives.¹⁰
- Evaluation of Women's Chambers and their role in regional trade. Assessment of gaps and practical recommendations for strengthening their role.
- Connecting/promoting existing province level initiatives with regional trade initiatives that can include links with venture support groups, access to finance.
- Networking among women centred trade institutions in the region and possibly in the neighbouring regions.
- Targeted interventions for promoting a small group of women traders through meetings with international buyers. This form of 'angel investment' would yield contacts and focused interactions.

The World Bank in Pakistan is increasing the focus on gender in its work. This needs to be expedited if it is to have an impact on the PTIPP activities. The World Bank has produced a concept note for a Gender and Social Inclusion Platform and have recruited a gender specialists into the country office. One of the focus areas in the Platform concept is trade, and PTIPP is identified as one of the programs that the platform will support. At issue is the timing, and whether this support will be provided in time to have any influence on PTIPP activities, either in mainstreaming gender into strategy, or in meeting some of the original intent of the program to move the agenda on women and trade in Pakistan forward with an exciting and interesting program of activities.

DFAT and World Bank could also contribute by ensuring coordination and a flow of information from the activities being implemented under the South Asia Regional Trade Facilitation program (SARTF), which is a trust fund under the same umbrella agreement as PTIPP, but with a focus on India, Bangladesh, Nepal and Bhutan. The SARTF has a strong focus on gender and trade facilitation. Linked activities such as workshops on gender and trade could be a useful opportunity for stakeholders from Pakistan to engage on this subject with others in the region.

3.3 Efficiency

Program disbursement overall is currently at 40 per cent and where it would be expected at this stage in the program cycle (Table 2). Disbursement in Pillar 1 is on track while disbursement in Pillars 2 and 3 are off-track. No disbursement has taken place in Pillar 2, but given future plans related to training,

¹⁰ Ibid

spending is likely to increase under this pillar. A revised work plan for Pillar 3 will be discussed and agreed between IFC and their GoP counterparts in early March. Disbursement under Pillar 4 Heritage Tourism has been ahead of schedule will be completed by mid-2017.

Table 2: Disbursements against budgeted allocations up to December 2016

	Cumulative disbursed and committed	Overall Budget	Disbursement ratio
Pillar 1 Trade Strategy	1,235,687	2,490,000	50%
Pillar 2 Institutional Strengthening	-	720,000	0%
Pillar 3 Trade Facilitation	640,668	2,550,000	25%
Pillar 4 Heritage Tourism	570,151	570,000	100%
PTIPP Coordination	365,563	710,000	51%
Total	2,812,069	7,040,000	40%

PTIPP has been efficient in building on existing programs and feeding into other programs. For example, the original Wagah border TRS was produced by the World Bank using the DfID Trust Fund and the World Bank's Facility for Investment Climate Advisory Services (FIAS). The recommendations in the Wagah TRS were then followed up using PTIPP. Similarly, the work done by the RTO has fed into discussions for DPC prior actions; and work carried out under the Heritage Tourism Pillar built on previous DfID-funded work and contributed to a World Bank loan for the Punjab Government.

Pillar 1: Trade Strategy

The Trade Strategy pillar has benefitted from having the RTO consultants embedded in the MoC and being able to respond to the analytical needs of senior government officials. MoC found that the papers prepared in response to their requests were most useful, while some other papers were less so (see Annex 6 for a list of PTIPP Activities). The RTO was specifically recognized for their valuable contributions to assisting the MoC with FTA negotiations.

The RTO, if continued, will be well placed to contribute to the government's next trade strategy. PTIPP was signed too late for the program to have any influence on the Government's 2015-2018 Strategic Trade Framework. However, analytical work on-going or planned could make a valuable contribution to supporting the government in preparation of the next trade strategy.

A key concern is the potential impact on the program's performance and efficient use of funds, if the extension of the RTO contracts cannot be processed soon. The interruption to the RTO contracts risks disrupting the work, affecting relations between the partners (GoP, World Bank, and DFAT), and possible loss of the consultants if they find alternative employment in the meantime. The World Bank plans to process a Recipient Executed Trust fund (RETF) so that MoC can hire the consultants directly. However, MoC does not have experience managing RETFs, and will first have to overcome administrative challenges such as finding a way of opening an account to receive the funds, given that this is only possible for GoP agencies if they have a project to attach it to. While solutions are being found to overcome this, two of the consultant contracts have ended and a third is due to end in a couple of months. This could significantly impact this part of the program, which has been so successful to date. Moreover, the RETF is currently only being considered for funding the RTO to continue work on the studies. Other parts of Pillar 1 and Pillar 2, such as the strategic communication work, and capacity building, also require consultant inputs in order to be implemented as planned,

and will be affected by the change in policy. These do not appear to be covered by the RETF, which will significantly affect how these components are implemented.

Pillar 2: Institutional Strengthening

There has been no disbursement under the Institutional Strengthening Pillar. However, there is still an opportunity to develop and implement activities, beyond the training program proposed, before the program ends. A more comprehensive approach, would require longer-term inputs by consultants to work closely with MoC to identify specific areas where broader capacity building approaches could be implemented, and develop and implement the activities with MoC. This may not be possible due to the changes in World Bank consultant hiring policy unless it was also included in the proposed RETF. If this is not possible, and the only activities possible are indeed the training program proposed, then some reallocation of funds will be necessary to reflect the reduced scope from the design.

Pillar 3: Trade Facilitation

The disbursement under Pillar 3 is behind target. The reports already completed under this pillar have been submitted to the client and a mission in early March will discuss these and how the client intends to take the proposed reforms forward. A revised action plan will be prepared at this stage to cover the remaining period of the program, which will presumably also include further work in establishing the WE-NET. IFC does not have the same restrictions on consultant hiring and this does not present the same challenge as in the work in previous pillars. However, the budget remaining is substantial and it will remain to be seen whether the work plan put forward will be able to use the remaining budget efficiently and to best effect.

3.4 Sustainability

The PTIPP program has high-level buy-in from the MoC Minister and senior government officials. It has contributed to other investments such as the DPC and the World Bank Loan to the Punjab Government for heritage tourism. The program is generally delivering services that are in demand by a range of stakeholders. PTIPP has contributed to the government's FTA negotiations and facilitating border trade. These results have improved the likely sustainability of the Program's impact.

Trade Strategy

Sustainability in this pillar, apart from the work continuing through the DPC, will come through the influence of the work in helping to shape MoC trade strategy for post-2018, especially if this work is successful in starting to integrate gender.

Institutional Strengthening

Training, in and of itself, while useful and in demand, is unlikely to result in sustainable strengthening of MoC given the high turnover of staff. Unless efforts are made to make change in specific area that would lead to lasting change, sustainability of activities in this pillar is not assured.

Trade Facilitation

As long as there are loan programs that can fund the implementation of some of the recommendations from this pillar, the chances of sustainable impact are good. Considerable energy and effort will need to be focused at establishing the WE-NET, including undertaking background studies, establishing links within the region, etc., in order to ensure sustainability of the WE-NET by the time the program finishes.

Heritage Tourism

The work carried out under the heritage tourism pillar has a good chance of being sustainable. The heritage tourism component is now fully disbursed and has provided the basis for, and contributed

to, a World Bank funded US\$50 million tourism project. It is estimated that Sikh tourism has the potential to generate up to US\$1 billion in tourism activities.

In Pakistan's challenging environment, PTIPP will need to remain flexible and will need to stay engaged for the medium to long run. For example, despite the success of the work under the Heritage Tourism Pillar, the consultant that led the tourism studies maintained that PTIPP/World Bank would need to stay engaged with the Government of Punjab over the next five years so as not to lose the gains achieved.

3.5 Strategic Communications

Communication as a cross cutting issue could be improved. The original design envisaged developing a communication strategy to; "address internal and external communication gaps and to mitigate political economy risks and to build wider ownership of this reform". The gaps and risks are still very much evident according to MoC, and the rationale for how a communication strategy could mitigate these risks is still valid.

While there appears to be no explicit strategy, a range of activities have been implemented in this space. This includes the World Bank presenting a synthesis of the PTIPP findings to the Minister of Commerce as a way of building a political constituency for adoption of PTIPP reforms. The World Bank Country Director also has high level and frequent meetings with a range of Pakistan economic agencies. Further, the PTIPP implementing team has formal channels of communication with the Ministry of Commerce. Finally, the Head of Mission (HOM) maintains high-level contact with Ministers and other political leaders.

While a range of communication activities are taking place and in many of these PTIPP team members are involved and trade and investment issues are covered, it's not clear to what extent these are initiated under the umbrella of PTIPP. In the World Bank 6 monthly PTIPP reports, there is no mention of any strategic communication activity or output.

The hosting by the World Bank of the Regional Cooperation Champions meeting was identified as an important part of strategic communication and fits well with the objective of mitigating political economy risks and build wider ownership. However, this activity is not funded by PTIPP or part of its program, although it does provide DFAT with access to such events.

Consideration should be given to developing a specific communication strategy for PTIPP as per the original design. This should complement the already extensive communication work being carried out by the World Bank. Furthermore, in future 6 monthly reports, the PTIPP team should report against this strategy the activities carried out. This would however, require some intensive consultant input and would once again be in conflict with the World Bank consultant hiring policy. One option would be to also include this work in the RETF currently being processed.

4 Conclusion and Recommendations

The independent review was commissioned by DFAT and carried out over the months of January and February 2017. The review included a desk review of documents and fieldwork. Meetings were held with key stakeholders. The program also included a site visit to Lahore and the Wagah Border Post.

4.1 Conclusion

PTIPP has made reasonable progress against the overall objective of supporting Pakistan's efforts to increase regional trade and investment, with a special focus on strengthening links to other Asian countries. It has done so despite the challenging political and security environment in which it operates. Moreover, the Program has been flexible and responsive to rapidly changing political and security environments within Pakistan, and between Pakistan and its neighbours. Progress has, however, not been even across the four pillars and the two cross cutting issues.

The Trade Strategy and Heritage Tourism Pillars have performed well. The activities undertaken under these two pillars have been effective, and the budgets used efficiently to bring changes that have a likelihood of being sustainable in the long run, with ongoing support needed in the medium term. The proposed activities in the Trade Strategy pillar, providing they proceed as planned and without delays caused by disruption of RTO contracts, have the potential to contribute to GoP's next trade strategy and through this to influence activities to improve regional trade in the longer term.

The original proposed work program under the Institutional Strengthening Pillar turned out to be unrealistic. An alternative plan was not made to identify what could be usefully done, and this component is off track. The training plan that has been prepared will absorb some of the budget and MoC has confirmed that they have a considerable demand for training of this kind. However, it only partly meets the needs of MoC for a more strategic approach to fill some specific capacity gaps that they can identify. Moreover, the sustainability of the training activities alone is not assured given the high staff turnover within the government agencies.

The World Bank HR policy to reduce the number of consultants directly contracted to them in the country has the potential to have a considerable impact on Pillars 1 and 2 of the program since much of the work under these pillars relies on consultants to work closely with the government. Some of the most effective and successful work so far has been carried out by consultants in the RTO. A more comprehensive approach to institutional strengthening, or work on strategic communications, would also require consultants to work within the MoC. There is an urgent need to expedite the processing of an RETF and transfer the management of the consultant contracts to government.

The most progress in mainstreaming gender so far has been under the Heritage Tourism Pillar where efforts have led to identify the roles, opportunities, and impacts for women in the Heritage Tourism, and to mainstream gender into the follow-on loan program. In the Trade Strategy pillar, there are missed opportunities to advance the knowledge and understanding with regard to promoting gender equality and women's empowerment through trade-related activities and programs. Other than the Heritage Tourism pillar, the work on gender equality and women's empowerment is limited to a report on gender and trade, the findings of which have not yet been disseminated or used; and some nascent work with women entrepreneurs to establish WE-NET. These activities are a promising start but will need concerted efforts to achieve intended and sustainable results before the end of the program. They are a long way off the achievements envisioned in the design document.

Strategic communication was identified as an important cross cutting area during the design of PTIPP. Many government agencies are involved in trade-related activities, as are a number of donors and

other stakeholders. International trade is embroiled in internal and external politics, and can easily be misinterpreted by the public. It was felt, and MoC confirmed to the review team, that a coherent strategy is needed to explain what it does and why, and to build up support among government agencies and the public for reforms it plans to make. However, apart from some initial work during the design, there has been no progress on this. Some communications take place between donors and other stakeholders, but these tend to be more on an opportunistic and ad hoc basis.

4.2 Recommendations

The findings and recommendations are based on information available at the time. Changes in circumstances or new information may alter the findings or recommendation. Implementation of recommendations should be considered in the context of Pakistan's evolving political and security environment.

Effectiveness

Change in the World Bank's policy with regard to direct hiring of the consultants threatens to stall the momentum of the programs in some areas. There are administrative hurdles that need to be urgently addressed in order to establish an RETF, and the World Bank and MoC are working on these and should be finalised as soon as possible. So far, the RETF has only been discussed in relation to continuing the contracts of the consultants in the RTO. It could, however, be expanded to include consultants that could help MoC identify specific capacity building activities and implement these, and develop the strategic communication plan.

The Results Framework needs to be revised to identify realistic and achievable indicators of 'outcomes' and 'impact' that can be monitored during the remaining life of the program and against which progress can be assessed.

The MoC is now working towards the next Trade Strategy that it hopes to produce in 2018. This is an ideal time to focus the work in pillar 1 in support of this in order to have a longer-term impact and in line with the original intent of the program. This would also provide a vehicle for integrating a gender dimension into the trade strategy.

MoC needs support along the lines of the original design to prepare a well thought out communication strategy to mitigate the political economy risks and improve coordination between agencies. However, this would also require a consultant to work within MoC. The options would be to a) retain a modified version of the original plan and include the consultant in the RETF; or b) propose an alternative use of the funds allocated for this activity in the next progress report and incorporate this in an amendment to the results framework.

Coordination between the PTIPP stakeholders could also be improved: first, by mobilization of the Advisory Committee to provide greater direction and input by key stakeholders. The Committee should physically meet every 6 months linked to the 6-monthly reporting cycle. Second, by greater engagement with other donors working in the trade space, especially USAID and ADB; and third, with the private sector, making use of channels through existing programs such as the DFAT-funded MDF, and through the IFC work with the WE-NET.

PTIPP could also have higher visibility and coordination at a regional level. The World Bank's Regional Integration team engagement would still be useful in this respect, and DFAT could also contribute through coordination between South Asia Regional and Pakistan teams. DFAT engages with the Regional Integration team through the SARTF program and there might be opportunities through this engagement and under SARTF itself.

A comprehensive plan for what is doable under the Institutional Strengthening pillar is needed that includes the training plan already prepared, and other activities identified by MoC to help them build their institutional capacity in specific areas. Once again, this might be impacted by the World Bank consultant policy and this needs to be frankly addressed in the progress reports and at the Advisory committee meeting.

The original PTIPP design document proposal that Trade Facilitation work of the various donors will be coordinated through a high-level Government Steering Group should be revisited. The World Bank should engage with the MoC on the opportunities for closer coordination across donors and GoP around the issue of trade facilitation, either through the Steering Group or an alternative mechanism.

Gender Equality and Women's Empowerment

The recommendations of the gender and trade strategy paper need to be reviewed and relevant ones identified that can be followed up and integrated into the other work being undertaken. Where additional studies are needed to identify specific policy or operational implications, these should be implemented. Consideration needs to be made with regard to balancing the work between Washington and embedding it within MoC for greater impact. The skills and capacity needed for the gender work are not available in the current RTO team and this would also need to be written into the RETF if World Bank cannot effectively provide the support needed. Gender needs to be integrated into the work around FTAs and the prior actions in World Bank's DPC, as well as in the studies that contribute to MoC's next trade strategy. Guidance also needs to be given on integrating gender and trade considerations into any training given, and in other institutional strengthening activities.

PTIPP needs to be much more ambitious in implementing the gender work along the lines proposed in the design. The establishment of WE-NET needs to be expedited if it is to have a chance of being sustainable after PTIPP finishes. Other activities need to be urgently identified and implemented while there is still time.

Efficiency

As soon as possible an interim solution needs to be found and implemented for the continuity of the RTO, while waiting for the RETF to be finalised. The proposed changes in how the RTO is funded has resulted in the expiration of the RTO consultant contracts with no clear timeline for when they will be reengaged. This runs the risk of losing Program momentum, and/or consultants.

The World Bank policy on direct hiring of consultants also affects other activities that were included in the original design such as support to help develop a communication strategy for MoC, and the institutional strengthening activities. Options are to include these in the RETF if MoC considers these important activities and is amenable to managing them. Otherwise, an alternative plan for use of the funds allocated to these activities, should be put forward for discussion by the Advisory Committee.

If a solution to the consultant hiring issue is found, the Institutional Strengthening pillar should be revisited and discussions held with the appropriate Deputy Secretary in MOC with the view of developing a plan of activities, including the existing training plan, and other related capacity building activities.

Disbursement needs to be closely monitored and adjustments made quickly to reflect changing conditions on the ground. In terms of future spending across the four pillars, the Review's results warrant at least the same level of funding allocated for pillar 1 Trade Strategy, noting that any delay in setting up the RETF for the RTO is likely to result in a slowdown in spending. Revised and updated work plans need to be urgently prepared for pillar 2 and Pillar 3.

Annexes

Annex 1: Terms of Reference

Independent Review of the Pakistan Trade and Investment Policy Program Terms of Reference

1. Background

PTIPP is a three year, \$9.9 million investment (July 2015 to June 2018) that is being delivered by the World Bank to support Pakistan's efforts to increase regional trade and investment, with a particular focus on strengthening links to other South Asian markets. The World Bank is providing evidence-based advice and technical support to the Pakistan Ministry of Commerce (MoC) to enable it to develop and implement the policy framework, institutional capacity and regulatory reforms required to increase regional (and global) trade. The Trade Facilitation component of the program is being delivered by the International Finance Corporation, which is part of the Bank's Trade and Competitiveness Global Practice.

Growth in trade and investment is a key factor to reducing poverty in Pakistan. Pakistan has shown a steady progress in reducing the levels of absolute poverty over the past three decades, however it is estimated that a sustained level of growth in the range of seven per cent will be required to maintain this trend. Larger volumes of regional trade and investment will contribute to achieving this goal. However, Pakistan remains among the least regionally integrated countries in South Asia.

Pakistan's annual exports have declined from USD 25 to 21 billion in the past two years and continue to lag behind other South Asian economies. Trade as a percentage of GDP in Pakistan stands at around 33 per cent, well behind the average across South Asia of 52.5 per cent. Barriers to trade are largely internal and include political uncertainty; fragile law and order systems; lack of trained labour; physical infrastructure constraints; lack of access to credit for export; a restrictive visa regime; cumbersome customs clearance procedures; the unpredictable availability and price of energy; narrow range of export commodities; and poor rates of improvement in industrial and agricultural productivity.

PTIPP is aligned to the Pakistani Government's 'Vision 2025' plan, which prioritises enhanced trade and investment with neighbouring countries. The government's focus is to offset stagnating demand for Pakistani exports from traditional OECD partners, better exploit Pakistan's strategic location as a regional hub to connect South and Central Asian markets and bolster efforts to improve prospects for regional political stability. The MoC is spearheading national efforts to promote and bolster exports and trade and has already made some important strides on regional economic cooperation agenda. The Pakistan Trade and Investment Policy Program (PTIPP) will leverage this Government momentum to support the effective implementation of the regional trade section of the Trade Policy.

There are four specific components to the program:

- 1. Supporting the regional trade policy framework** by developing a regional trade strategy to ensure the effective implementation of the Strategic Trade Policy. The strategy will be underpinned by a series of high-quality analyses covering product competitiveness, small and medium enterprises, the services industry, gender issues and regional market access.

2. **Strengthening institutional capacity for trade** by providing technical advice on regulatory and institutional improvements within the MoC to support effective implementation of the trade strategy.
3. **Specific trade facilitation activities** facilitating trade at key border posts could have transformational effects on expanding the volume of regional trade. PTIPP will strengthen trade at the Wagah Border by reducing time, cost and documentation required to process exports/imports and explore opportunities to develop economic cooperation between the Pakistan and India Governments. It is expected that this model will be replicated at key border posts with Afghanistan, Iran and Central Asian trade routes.
4. **Heritage Tourism** will improve incomes and provide livelihood opportunities especially in rural Pakistan through supporting tourism focused on cultural heritage sites, including increasing people-to-people interactions between India and Pakistan, and tapping into the investment potential of the South Asian diaspora.

P- TIPP has two cross-cutting themes: **gender**, and **strategic communications**. DFAT is working closely with the World Bank to ensure the program is carefully and systematically addressing gender and achieving results for women benefitting from trade. The program takes a twin track approach to gender to ensure that (a) gender is mainstreamed across the regional trade framework; and (b) investments that specifically address gender and trade are incorporated into the program.

2. Purpose of the review

The agreement between Australia and the World Bank stipulates an Independent Review of PTIPP be conducted after 16 months of implementation.

The purpose of the review is to assess progress on the four components and two cross-cutting issues (gender and strategic communications); and to provide recommendations on future focus and volume of funding against each of the four components, with specific attention given to promoting gender equality.

It will provide information that is useful, practical and constructive and make forward-looking recommendations to strengthen the implementation of PTIPP.

3. Key review questions

The review should address the following questions which align with DFAT's aid investment quality criteria - effectiveness, efficiency, gender equality and sustainability - and where necessary make recommendations for improvement:

Effectiveness

1. How is progress tracking against objectives?
 - a. How is the Theory of Change being borne out in implementation? (Is it realistic? Have there been any unintended consequences?)
 - b. What outputs and outcomes has the project achieved so far (both qualitative and quantitative results)? Has the project generated any results that could lead to changes in the partner institutions?
 - c. How do the stakeholders perceive the quality of outputs? To what extent were the targeted groups reached?
 - d. Is the policy dialogue being used effectively to influence partners and support PTIPP's outcomes?
2. What strategies could be employed to improve performance?

- e. Are adjustments required to the TOC and Results Framework?

Gender Equality and Women's Empowerment

3. What progress has been made on the gender component of the program?
 - f. To what extent is the evidence-base being generated by gender studies being adopted by the intended beneficiaries and helping mainstream gender in the trade policy?
4. What more could be done to promote gender issues through this investment, including the economic empowerment of women?
 - g. identify gaps and make recommendations to strengthen the gender focus in the trade policy
 - h. How could participation of women groups in cross border regional trade be enhanced?

Efficiency

5. Is the investment model and approach delivering value for money?
 - i. Have resources and funds been used efficiently, leveraging the Bank's expertise, complementary and previous interventions and other resources to optimize the project outcomes;
 - j. Have the project activities been delivered in a timely manner, and what have been the factors influencing disbursement?
6. Is there a need to adjust or re-balance the focus/effort/sequencing across the 4 components?

Sustainability

7. Are the activities being implemented in such a way to ensure maximum sustainability of their impact?
 - k. How effective is the use of policy dialogue and other strategies to influence partners for longer-term change and sustainability of outcomes?
 - l. Is there evidence that the beneficiaries' capacity in, managing and implementing regional and national trade facilitation solutions (including undertaking trade negotiations) has been enhanced?
 - m. Does the Government have the ability to continue with trade related reforms? If not, what can be done to address this?

4. Methodology

The review process will consist of the following main stages of work:

- Briefing with DFAT project team
- Develop an Evaluation Plan
- Desk review and appraisal of key documents
- Interviews with World Bank/IFC project team and technical support including staff and management in Islamabad and possibly at selected field sites
- Interviews with project partners including Government counterparts
- On-site observation of results achieved in demonstration sites, including interviews of actual and potential beneficiaries
- Aide memoire and presentation to stakeholders

- Preparation of the review report

Recommendations will be presented to the PFSA Donor Steering Committee and the PTIPP Advisory Committee. The review will also feed into the Bank's comprehensive Mid Term Review (MTR) which is scheduled to be held after 18 months of implementation. (NB: the scope of the WB MTR is broader than this Independent Review, but will likely include consultation with PTIPP stakeholders and assessment of PTIPP management performance and financial and procurement systems of PTIPP counterparts. DFAT has consulted with the Bank and a joint evaluation is not suitable at this point in time. Participation of WB PTIPP program staff will ensure that stakeholders are not approached multiple times with similar questions).

5. Team Composition

The Review Team will comprise two consultants: a Trade Policy specialist; and a gender specialist with trade/private sector development expertise. Both consultants will be contracted by DFAT.

The PTIPP team at the Australian High Commission Islamabad and DFAT desk will support the review team.

The World Bank PTIPP Team is briefed on the review and will provide support including facilitation of meetings/interviews with Government counterparts, private sector and beneficiaries and arranging site visits.

6. Time Schedule and Deliverables

The review is scheduled to take place in the period from 16 January to 07 February 2017. The technical field visits and meetings are planned for 17 to 24 January.

Three deliverables are expected out of this evaluation:

- 1) At the end of the evaluation field visits and meetings, an aide memoire (2 pages) will be produced and a debriefing will be conducted inviting the World Bank, IFC and local stakeholders (including government and parties involved in the review);
- 2) A draft review report two weeks after the end of the field meetings and visits; and
- 3) The final review report after receiving DFAT comments, within an agreed timeframe.

The final report must contain these key elements:

- 1) Executive summary (maximum 2 pages);
- 2) Introduction of the evaluation background and a brief description of the project, the budget utilization and the project activities and outputs (maximum 2 pages + budget tables);
- 3) A clear description of the methodology used (maximum 1 page);
- 4) Assessments and findings against the criteria listed in Section 3 of this ToR (maximum 8 pages);
- 5) Conclusions and recommendations drawn from the assessments (maximum 2 pages).

The product should be of publishable quality and in line with DFAT M&E guidance.

7. Key resources

To be completed

- Design document
- 6-monthly report
- AQCs

Annex 2: Detailed Disbursement Table

	July 2015 - Jan 2015			Feb 2016 - June 2016			July 2016 - Dec 2016			Overall Budget	Disbursement ratio
	Budgeted this period	Actual disbursed	Cumulative	Budgeted this period	Actual disbursed	Cumulative	Budgeted this period	Actual disbursed + committed	Cumulative		
Pillar 1 Trade Strategy	425,000	124,369	124,369	425,000	301,418	425,787	810,000	809,900	1,235,687	2,490,000	50%
Pillar 2 Institutional Strengthening	175,000	-	-	175,000	-	-	-	-	-	720,000	0%
Pillar 3 Trade Facilitation	280,000	95,502	95,502	280,000	95,156	190,658	972,000	450,010	640,668	2,550,000	25%
Pillar 4 Heritage Tourism	107,500	2,492	2,492	107,500	187,833	190,325	570,000	379,826	570,151	570,000	100%
PTIPP Coordination	175,000	140,498	140,498	175,000	15,210	155,708	210,000	209,855	365,563	710,000	51%
Total	1,162,500	362,861	362,861	1,162,500	599,617	962,478	2,562,000	1,849,591	2,812,069	7,040,000	40%

Annex 3: PTIPP Objectives and Outcomes

The overall objective of the PTIPP is ***to support Pakistan's efforts to increase regional trade and investment, with a special focus on strengthening links to other Asian countries***. This initiative will support Pakistan's policy and institutional structure to significantly increase regional trade volumes by the end of the program. This would be accomplished through implementation of a focused advisory services program with knowledge generation and technical support aimed at: (a) improving the overall policy, regulatory and institutional frameworks for regional (and global) trade in goods and services; (b) directly strengthening trade and investment links between Pakistan and her neighbors leading to increased economic integration in the region as a whole; (c) and improve the quality of trade facilitation in terms of reducing time, cost and documentation for cargo clearance at border posts. With the overall objectives of enhancing economic growth, the program will also seek to develop entrepreneurship opportunities for women and youth.

The specific outcomes to be achieved by the end of the PTIPP are as:

- ***Adoption and implementation of a comprehensive medium-term regional trade strategy*** underpinned by high-quality analysis and judged to be in line with international good practice
- ***Provide Technical Advice on regulatory and institutional improvements (in the MoC, associated institutions and border posts)*** to ensure alignment with the trade strategy and increased efficiency of business processes.
- ***Reduce time, cost and documentation required to process exports/imports through key border posts with substantial increase in the volume of goods traded*** as a result of WBG support for reform of regulations and business processes at selected border posts and improvements in the quality of infrastructure and trade facilitation¹¹.
- ***Supporting the Government of Punjab in a phased manner to assess the potential of regional tourism with an aim to open up trade and livelihood opportunities in the province, as well as act to as a tool to tap the investment potential of the South Asian diaspora***. This activity will also lead to knowledge exchanges, increased people to people interaction between India and Pakistan and creation of jobs and entrepreneurial opportunities in rural areas.

The overall program will benefit from two strategic cross cutting interventions ensuring inclusion of women in trade and wider ownership of program interventions through a targeted communication strategy.

Considerable flexibility will be necessary during implementation of the PTIPP in order to ensure responsiveness to emerging needs and allocation of program resources to areas of greatest momentum. The indicative budget in section 4 outlines the needs of the MoC identified in a series of consultations with the design team and with the World Bank held up to December 1, 2015.

¹¹ ADB is working on improving infrastructure at three border posts including Wagha, Torkhum, Chaman. WBG will contribute towards improving ease of doing business at border-posts.

Annex 4: PTIPP Results Framework

Project Development Objective (PDO):									
The overall objective of the PTIPP is to support Pakistan in strengthening/increasing its capacity to promote regional trade and investment, with a special focus on strengthening links to other South Asian countries.									
				Cumulative Target Values**					
				YR 1	YR 2	YR 3			
Indicator One: Evidence-based medium term regional trade framework developed and adopted contributing to enhanced regional trade.	<input type="checkbox"/>	Number/ process	0	Research studies to inform the regional trade framework identified and prepared	Regional trade framework developed and approved with a specific chapter on gender and trade Action plan developed for implementation of regional trade framework, activities to promote gender and trade	Regional trade framework implemented	End of project	End of project assessment	M&E teams based in Ministry of Commerce Project Management Unit
Indicator Two: Enhanced institutional effectiveness of Ministry of Commerce (MoC)	<input type="checkbox"/>	Number/ process	TBC	-	Institutional needs assessment completed and recommendations implemented	Evidence that TIPP activities have increased institutional effectiveness	Annually	Annual progress reports Assessment of institutional	M&E teams based in Ministry of Commerce Project Management Unit

								effectiveness?	
Indicator Three: Reduced time taken to process transactions at Border Post	<input type="checkbox"/>	Number/process	TBC	-	Reduced time taken for cross-border trade	Policies and procedures adopted	Annually	Annual progress reports	M&E teams based in Ministry of Commerce Project Management Unit
Indicator Four: Potential for livelihoods promotion in Punjab as a result of cross border trade	<input type="checkbox"/>	Number	0	Livelihoods possibilities identified through analytical exercises with an inclusion lens on women	If the business case for the Punjab cultural tourism component is endorsed, results for targeted livelihoods promotion initiatives will be introduced into this results framework		Quarterly	Quarterly progress reports	M&E teams based in Ministry of Commerce Project Management Unit
INTERMEDIATE RESULTS									
Intermediate Result (Component One): Trade policy developed and implementation plan finalized									
<i>Intermediate Result indicator One:</i> Analytical exercises for Regional Trade Framework Approved	<input type="checkbox"/>	Number	0	TORs developed	# Studies completed specifically highlighting barriers to trade and knowledge	Recommendations incorporated into the regional trade framework and approved and implemented	Annually	Annual progress reports	M&E teams based in Ministry of Commerce Project Management Unit
<i>Intermediate Result Indicator Two :</i> Reviews of existing measures for export promotion completed	<input type="checkbox"/>	Process	0	Reviews completed	Stakeholder consensus developed	Key recommendations approved and implemented by Government (adequate changes in legislative framework/policy recommended)	Annually	Annual progress reports	M&E teams based in Ministry of Commerce and project Management Unit
<i>Gender indicator Three:</i> At least 4 studies completed on female	<input type="checkbox"/>	Process	0	Studies completed	Studies disseminated and validated in consultation with	Recommendations specifically pertaining to gender mainstreaming	Annually	Annual progress reports	M&E teams based in Ministry of Commerce and

entrepreneurship, mapping of institutions working on women's issues and sectors where women have competitive advantage					relevant stakeholders	incorporated within Trade Framework.			project Management Unit
<i>Intermediate Result indicator Four:</i> Strategic communications plan developed and implemented	<input type="checkbox"/>	Number/pr ocess	0		Strategic communications plan developed	Strategic communications plan implemented (including regional events for experience sharing on women's economic empowerment)	End of project	End of project assessment	M&E teams based in Ministry of Commerce Project Management Unit
Intermediate Result (Component Two): Institutional capacity for trade strengthened									
<i>Intermediate Result indicator One:</i> Institutional Needs Assessment (INA) for Ministry of Commerce completed, approved and capacity augmentation plan developed	<input type="checkbox"/>	Process	0	Institutional review of trade policy implementation capacity completed aligned to regional best practices	Draft report prepared for INA	INA developed and implementation plan for capacity augmentation developed with inclusion of specific recommendations for gender mainstreaming	End of project	End of project assessment	M&E teams based in Ministry of Commerce Project Management Unit
<i>Intermediate Result indicator Two:</i> Capacity of Centre for Trade Dispute Resolution developed	<input type="checkbox"/>	Process	0	-	Feasibility and workplan developed for strengthening Centre for Trade Dispute Resolution	Capacity of Centre for Trade Dispute Resolution developed	Annually	Annual progress reports	M&E teams based in Ministry of Commerce Project Management Unit
Indicator Result (Component Three): Strategic initiatives developed to enhance regional economic ties									
<i>Intermediate Result Indicator One:</i> Institutional effectiveness of	<input type="checkbox"/>	Process	TBC	Framework developed to enhance institutional effectiveness	Recommendations for institutional effectiveness developed with specific guidance	Recommendations for institutional effectiveness implemented with specific guidance on	Annually	Annual progress reports	M&E teams based in Ministry of Commerce Project Management Unit

Border posts enhanced					on capacity building of Customs officials	capacity building of Customs officials			
<i>Intermediate Result Indicator Two:</i> Clearance time at border posts reduced	<input type="checkbox"/>	Process	TBC	Mapping completed to identify existing procedures including i) reduction in average number of days to comply with business regulations; and, ii) reduction in documents to trade with India through Wagah.		i) Reduction in average number of days to comply with business regulations reduced by 15 % (from 20 – 17, on average for exports and imports); and, ii) reduction in documents to trade with India through Wagah from 18 percent (11 to 9).	Bi-annually	Bi-annual progress reports	M&E teams based in Ministry of Commerce Project Management Unit
<i>Intermediate Result Indicator Three:</i> Analytical exercises completed to identify potential for cross-border trade	<input type="checkbox"/>	Process	0	XX studies completed identifying scope for cross border trade and implications for women	Plan developed and implemented to promote cross-border trade and livelihoods promotion – including a results framework		Bi-annually	Bi-annual progress reports	M&E teams based in Ministry of Commerce Project Management Unit

Annex 5: Documents Reviewed

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World Bank, March 28-29, 2016. Regional Tourism Workshop: Enhancing Tourism and Economic Cooperation in the Region.

World Bank, 30.08.2016 Power Point: Pakistan – China Free Trade Agreement Analysis of Pakistan's imports from China.

World Bank Team Pakistan, 30 July 2016. Power Point: China Free Trade Agreement Analysis of Pakistan's Exports to China.

World Bank Team, undated. Power Point: World Bank - Rethinking Pakistan's trade policy for 21st century trade.

World Bank, April 6th, 2015. Pakistan: Trade and Investment Policy Program (PTIPPPTIPP). Program Design Document.

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World Bank, January 13, 2017. Pakistan Trade and Investment Policy Program(PTIPP). Progress Report and Next Steps.

World Bank, July 29, 2016. Pakistan Trade and Investment Policy Program(PTIPP). Progress Report and Next Steps.

World Bank, Pakistan Country Management Unit, South Asia Region, April 4, 2014. Country Partnership Strategy for The Islamic Republic of Pakistan for the Period FY2015–19.

Annex 6: List of PTIPP Completed Outputs

Based on the information provided in the three World Bank 6 Monthly Reports, the following is a list of outputs completed. It does not cover all the associated activities that were carried out to enable the outputs to happen. For example, it does not mention the RTO *per se*.

Pillar 1: Trade Policy

1. Policy brief on export competitiveness was prepared and shared with the MoC.
2. Policy brief on transit trade was prepared and shared with the MoC.
3. A quantitative analysis of the impact of the first round of Pakistan-China Free Trade Agreement (FTA) was shared with the MoC.
4. The task team prepared and delivered a 'Trade Policy Note' to the MoC that tied together previous analytical pieces.
5. A note on regulatory duties, their burden, distribution and evolution over time was also prepared.
6. Supported the development of a report to strengthen the safeguard regime in the Pakistan-China FTA pursuant to specific issues of concern to Pakistan.
7. A write-up on the policy options and recommendations regarding FTAs more generally and to feed into the recommendations for the medium-term trade strategy.
8. Financial support to Pakistan-China Investment Conference.
9. Prepared a short note on an e-commerce framework for Pakistan and delivered it to MoC.
10. In collaboration with the Federal Bureau of Revenue (FBR), it is carrying out an analysis of Regulatory and Administrative Duties on imports.
11. At the request of MoC, delivered a short note on international experience with Special Economic Zones.
12. A note was prepared to serve as the analytical foundation of the trade related prior actions in the upcoming trade and growth DPC.
13. Ongoing research work on assessing the potential for trade between Iran and Pakistan (at the time of this Review this had not been delivered).

Pillar 2: Institutional Strengthening

1. Draft training plan prepared (not yet completed at the time of the Review).

Pillar 3: Trade Facilitation

1. Submitted a Time Release Study (TRS) for the Torkham border post.
2. Implemented some of the key recommendations made in the Wagah border Time Release Study (bulk of this was funded, however, by DfID, (as was the Wagah border Time Release Study)).
3. Submitted an assessment with recommendations on the Web Based One Customs (WeBOC) cargo clearance system for Pakistan Customs.
4. Submitted a detailed study on the development of a Business Intelligence Tool for Border Crossing Points.
5. Develop a Risk Management for Hazardous Cargo to enhances trade competitiveness between Pakistan and its neighbouring countries.

Pillar IV: Heritage Tourism

1. Study conducted on the Buddhist Tourist Circuit to provide an in-depth assessment of the potential of the Buddhist tourism circuit in Pakistan.
2. A report on Entrepreneurship in the Tourism Sector in Pakistan was prepared and delivered.
3. A two-day international workshop on tourism was organized in Lahore in March 2016.
4. Produced a report on the feasibility of regional tourism cooperation with Central Asia.
5. Supported a 3-member Government of Punjab delegation to Tourism Development Authority of Sri Lanka.

Cross-Cutting Themes: Gender and Strategic Communications

1. A Gender and Trade report aligned with MoC trade strategy was prepared and delivered to the MoC.
2. Consulting firm engaged to establish a Women Entrepreneurs Network for Easing Trade (WE-NET). Initial report prepared and three focus groups held in Lahore, Karachi and Islamabad.

Annex 7: Aide Memoire

Aide Memoire

Independent Review of the Pakistan Trade and Investment Policy Program (PTIPP)

Description of the Evaluation Process

1. The process for the independent review was set out in the PTIPP Evaluation Plan, provided to DFAT on January 3rd, 2017. Meetings were held with key stakeholders from Government of Pakistan (Ministry of Commerce, FBR, NCT); the Regional Trade Office (RTO); the World Bank Group; DFAT; other donor agencies (ADB, USAID, EU and DFID); the private sector; and other DFAT-funded projects. The program also included a site visit to Lahore and the Wagah Border Post where the team met with staff from Customs and NLC.

FINDINGS

Effectiveness

2. **PTIPP has made reasonable progress against the overall objective under challenging circumstances.** The Program has been flexible and responsive to rapidly changing political and security environments within Pakistan, and between Pakistan and its neighbours. Progress has, however, not been even across the four pillars and the two cross cutting issues.
3. **The design lacks an explicit theory of change and this has implications for the coherence of the Results Framework and thus the effectiveness of the program.** The indicators in the results framework are not realistic, and the results primarily focus on outputs rather than outcomes or impact. Units of measurement and methodology in the Results Framework also need to be further refined. The need to focus more on outcomes as opposed to outputs was recognised by the World Bank Country Director who directed the WB PTIPP team to articulate outcomes in future six monthly progress reports.
4. **The Program is appreciated by MoC and provides DFAT with a focus for useful dialogue with GoP,** especially key economic agencies related to trade, as well as with the World Bank and IFC.
5. **The Program is valued by the World Bank and has contributed to several World Bank-funded investment initiatives** (e.g. Heritage Tourism and DPC). The shift of the Program management to the World Bank's Trade and Competitiveness Practice Group from the South Asia Regional Integration team, has improved strategic focus on the trade policy pillar and technical work on trade. However, the pillars and cross cutting issues are not well linked together, and there may be less of a strategic overview of the regional context and relevance.
6. **There is room to improve strategic coordination with other donors,** especially ADB and USAID, who are also working in the trade space. This should include coordinating dialogue around trade policy issues and trade facilitation, as well as, at a practical operational level. For example, in the Trade Facilitation pillar, implemented by IFC, the key outputs so far are the Time Release Studies (TRS) at Wagah and Torkham border posts, and one further study to be carried out at the Chamam border crossing. The Wagah Border show that dwell times appears to have significantly improved. The introduction of the WeBoc system has been complemented by additional infrastructure and upgrades. This has contributed to reducing dwell times from 4 to 6 hours to 2.5 to 3 hours. IFC has worked on the policies and procedures and ADB has funded the infrastructure. Both have contributed to improved dwell times, but it is unclear how much of the credit can be given to the work done under the trade facilitation pillar. Staff at Wagah were unable to identify specific interventions leading to the improvements due to a lack of institutional memory in NLC and

Customs given the high turnover of staff. Moreover, there is little direct coordination between IFC and ADB, and IFC leaves the client (NLC and Customs) to discuss their inputs with ADB.

7. **IFC's TRS work at the Torkham border offers an opportunity to coordinate with other donors.** The Torkham border (Pakistan-Afghanistan) TRS identifies major infrastructure constraints that in some cases are as essential as processing ones (for example, the lack of constant power and landline communications). For the TRS policy recommendations to be effective it will need to be linked to significant investment projects.
8. **Communication as a cross cutting issue could be improved.** The original design envisaged developing a communication strategy to; "address internal and external communication gaps and to mitigate political economy risks and to build wider ownership of this reform". The gaps and risks are still very much evident, and the rationale for how a communication strategy could mitigate these risks is still valid. While there appears to be no explicit strategy, work has been done in this space. This includes the World Bank's presenting a synthesis of the PTIPP findings to the Minister of Commerce as a way of building a political constituency for adoption of PTIPP reforms. Further, the PTIPP implementing team has formal channels of communication with the Ministry of Commerce and the World Bank, supported by HOM, maintains high-level contact with Ministers and other political leaders.

Gender Equality and Women's Empowerment

9. **The PTIPP represents a largely unrealised opportunity to increase the knowledge base of gender and trade issues and implications in Pakistan, and to identify policy or operational interventions to promote women's, as well as men's, greater contribution to economic development through cross border trade.** Although gender is supposed to be mainstreamed through all of the pillars, the only pillar where this may have happened is the Heritage Tourism pillar. Apart from this the work on gender is limited to a stand-alone document produced under the trade policy pillar, and some initial work establishing the WE-NET.
10. **IFC have managed consultations with women entrepreneurs across three cities which have identified significant enthusiasm among women entrepreneurs to establish the WE-NET.** However, there is no clear pathway yet to formally establish this network so that it is functioning effectively and in a sustainable manner by the end of the Program.
11. **The recommendations of the Gender and Trade Mainstreaming Strategy do not provide sufficiently targeted and focussed advice to be useful, either to PTIPP activities or to MoC.** The document *Gender and International Trade: A Mainstreaming Strategy for Pakistan* is an interesting overview of opportunities for women in different export sectors with broad recommendations at the different macro, meso, and micro levels. It was prepared in Washington, with apparently little engagement with the government or RTO. While they are aware of the document, it has had little, if any, impact on their work, or on the work in other pillars of the project. World Bank is still reviewing the document to decide next steps.
12. **The World Bank in Pakistan is increasing the focus on gender in its work. This needs to be expedited if it is to have an impact on the PTIPP activities.** The World Bank has produced a concept note for a Gender and Social Inclusion Platform and have recruited a gender specialists into the country office. One of the focus areas in the Platform concept is trade, and PTIPP is identified as one of the programs that the platform will support. At issue is the timing, and whether this support will be provided in time to have any influence on PTIPP activities.

Efficiency

13. **The program is at the half way point and roughly 50 percent of the funding has been spent. A number of useful outputs have been produced that have, or are likely to, leverage or contribute to significant additional funds.** Of the studies produced, some have fed directly into the work of MoC and other stakeholders. The studies have also helped inform FTA negotiations and fed into

discussions for DPC prior actions. Others studies (gender and international trade, and TRS) will require follow up to ensure their recommendations are taken up.

14. **The Trade Policy pillar has benefitted from having the RTO consultants embedded in the MOC and being able to respond to the analytical needs of senior government officials.** A series of key papers have been prepared either by RTO or by the World Bank under this pillar. The key counterparts are the Trade Policy and the Foreign Trade Cells of the Ministry of Commerce. MoC found that the papers prepared in response to their requests were most useful, while some other papers were less so. The RTO was specifically recognized for their valuable contributions to assisting the MOC with FTA negotiations.
15. **The RTO, if continued, will be well placed to contribute to the government's next trade strategy.** PTIPP was signed too late for the program to have any influence on the Government's 2015-2018 Strategic Trade Framework. However, analytical work on-going or planned could make a valuable contribution to supporting the government in preparation of the next trade strategy.
16. **A key concern is that two of the three RTO consultant contracts ended at the end of December 2016 and the third will end in June. This will have a significant negative impact on the program's performance and rate of disbursement.** The World Bank wants to move the management of the RTO consultant contracts to MoC through a Recipient Executed Trust Fund. Although it is likely to take some time to establish a RETF and transfer the management of the contracts, little effort had been made prior to the review mission to move forward with the processing of this. The interruption to the RTO contracts risks disrupting the work, affecting relations between the partners (GoP, world Bank, and DFAT), and possible loss of the consultants if they find alternative employment in the meantime. Some solutions were discussed at the wrap-up meeting and the World Bank will follow up.
17. **There has been no disbursement under the institutional strengthening pillar however, there is still an opportunity to develop and implement activities before the program ends.** The initial design was overly ambitious and hence the delay. There is an opportunity now to revisit the needs together with MoC and develop a plan of activities, including the training plan that has already been proposed, and implement these before the program ends.
18. **Based on available information, Program disbursement is approximately at the halfway point and where it would be expected in the Investment's life cycle.** Spending across the four pillars reflects approximately the allocated funding adjusted by what was possible on the ground. Pillar 2 has underspend, but given future plans related to capacity building, specifically training, spending is likely to increase under this pillar. The review team supports this. Pillar 4 Heritage Tourism will be completed by mid-2017.

Sustainability

19. **PTIPP's contribution to other investments, and to the government's FTA negotiations, has improved the likely sustainability of the Program's impact.** This could be further improved by a more strategic targeting of support. Two areas where the Program could focus more intensively in order to increase the long-term impact are, for example:
 - a. Supporting the implementation of the DPC Prior Actions, and;
 - b. Continuing to assist MoC with its FTA negotiations.
 The DPC Prior Actions on e-commerce, and the analysis supporting FTA negotiations, also offer significant opportunities for mainstreaming gender and improving women's contribution to economic development.
20. **The heritage tourism component is now fully disbursed and has provided the basis for, and contributed to, a World Bank funded US\$50 million tourism project.** It appears to have been a standalone activity that was not well integrated with the other three pillars. It has, however, good buy-in from the Government of Punjab.

RECOMMENDATIONS

Effectiveness

21. **The Results Framework should be revised to provide a greater focus on realistic and achievable indicators of ‘outcomes’ and ‘impact’ rather than just ‘outputs’.**
22. **The program needs a well thought out communication strategy to mitigate the political economy risks, improve coordination, and maximise effectiveness of the outputs.** This should include mobilization of the Advisory Committee, which should physically meet every 6 months and linked to the 6-monthly reporting cycle to provide greater direction and input by key stakeholders. It should also include greater engagement with other donors working in the trade space, especially USAID and ADB; and with the private sector. Engagement with the private sector could be through existing programs such as the DFAT-funded MDF, and through the IFC work with the WE-NET.
23. **PTIPP could also have higher visibility and coordination at a regional level.** The World Bank’s Regional Integration team engagement would still be useful in this respect, and DFAT could also contribute through coordination between South Asia Regional and Pakistan teams. DFAT engages with the Regional Integration team through the SARTF program and there might be opportunities through this engagement and under SARTF itself.

Gender Equality and Women’s Empowerment

24. **There is an urgent need to review the recommendations of the gender and trade strategy paper and identify specific implementable implications especially for MoC work around FTAs and the prior actions in World Bank’s DPC.** More work is needed to provide specific input and guidance to RTO and the MoC for example regarding how gender should be analysed and considered in FTAs, consideration for trade facilitation, identification of cross border trade routes that are, or could be used by women. Guidance also needs to be given on integrating gender and trade considerations into any training given, and in other institutional strengthening activities.
25. **The establishment of WE-NET needs to be expedited if it is to have a chance of being sustainable after PTIPP finishes.**

Efficiency

26. **As soon as possible an interim solution needs to be found and implemented for the continuity of the RTO, while waiting for the RETF to be finalised.** The proposed changes in how the RTO is funded has resulted in the expiration of the RTO consultant contracts with no clear timeline for when they will be reengaged. This runs the risk of losing Program momentum, and/or consultants.
27. **The Institutional Strengthening pillar should be revisited and discussions held with the appropriate Deputy Secretary in MOC with the view of developing a plan of activities, including the existing training plan, and other related capacity building activities.** Initial discussion seems to indicate that there are missed opportunities. The allocated funding should be adjusted, to reflect a more realistic budget, after the World Bank has explored with the MOC the possibility of expanding the training program to include additional complementary aspects of capacity building.
28. **All studies prepared under PTIPP need to be carefully selected in consultation with MoC, and have continuous follow up to ensure they have impact.**
29. **In terms of future spending across the four pillars, we support approximately the same level of spending for Pillar 3 Trade and Pillar 1 Trade Strategy, with a slight increase in pillar 2, reflecting its new focus on capacity building.** Possible delays in implementing a solution to the contracting of the RTO may reduce disbursement and should be closely monitored.

Annex 8: List of People Met

Name	Affiliation	Position
Abdul Moeed	MDF Round table discussion	Servis, Business Devel. Manager
Abid Hafeez	MDF Round table discussion	INTRA, CEO
Ahsan Mustafa Bajwa	MDF Round table discussion	FDP, General Manager
Azmat Ali Ranjha	Ministry of Commerce	Secretary
Bernard Francois	European Union	Minister Counsellor
Col. Aamir Wazir	NLC	General Manager, Wagha Border
David Preston	Australian High Commission	First Secretary
Farzana Noshab	ADB	Economist
Husnain Atta	MDF Round table discussion	FDP, Business Devel. Manager
Illango Patchamuthu	The World Bank	Country Director
Jon Marlow	MDF	Country Representative
Jurek Juszczak	Australian High Commission	Deputy High Commission
Louise Walker	Dep. for International Develop.	Group Head (Eco. Growth Group)
Main Asad Hayaud Din	Ministry of Commerce	Additional Secretary
Marcel Stallen	FAO	International Project Manager
Mariya Suhail	Women's Entrepreneur Network	CEO, SBMC
Maryam Piracha	MDF	Deputy Country Representative
Muhammad Zubair	FBR	Chief (International Customs)
Nasruminallah Mian	ADB	Senior Program Officer
Rafay Khan	The World Bank	Research Analyst
Saad Lodhi	MDF Round table discussion	CEO, Inter Connect Global (Pvt) Ltd.
Sajjad Ali	MDF Round table discussion	Head of Seed Production
Saulat Salahuddin	Women's Entrepreneur Network	CEO, Pronto Promo (Pvt) Ltd.
Shafiq A. Shahzad	Ministry of Commerce	Deputy Secretary (Foreign Trade)
Shoaib Tayyab	Australian High Commission	Senior Program Manager
Wasim Zakaria	MDF Round table discussion	CEO, Footlib
Werner E. Liepach	ADB	Country Director
Yasmin Hyder	Women's Entrepreneur Network	CEO, New World Concepts
Zulfiqar Younas	FBR	Collector

Annex 9: Schedule of Meetings

**Pakistan Trade and Investment Policy Program
Midterm Review
Islamabad/Lahore, January 2017**

Day	Date	Location	Meetings/Visits
1	Monday 16 January	Arrive	Peter 10:20 PM TG 349
2	Tuesday 17 January	Australian High Commission	<ul style="list-style-type: none"> Security Briefing 2:00 – 2:30 PM Jurek/Shoaib 2:30 – 3:30 PM
3	Wednesday 18 January	World Bank, Serena Business Complex 2 nd Floor	<ul style="list-style-type: none"> Meeting PTIPP team 10:00 10:45 AM Country Director 11:00-11:45 AM PTIPP Task Team 12:00-3:30 PM
4	Thursday 19 January	Arrive	<ul style="list-style-type: none"> Gillian at 12:55 on PK 368
4	Thursday 19 January	4 th Floor Pakistan Secretariat Block A (rm 406) 5 th Floor	<ul style="list-style-type: none"> Secretary Commerce (Azmat Ali Ranjha) 1:30 – 2:00 PM
4	Thursday 19 January	5th Floor, State Life Building No. 5, Blue Area, F-6/4, Islamabad (Rm 508)	<ul style="list-style-type: none"> Member National Tariff Commission (Robina Ahmed) 2:15 PM – 3:25 PM
4	Thursday 19 January	Federal Board of Revenue FBR House Constitution Avenue	<ul style="list-style-type: none"> Dr. Muhammad Zubair, Chief International Customs, FBR 3:30 – 4:30 PM
5	Friday 20 January	Australian High Commission	<ul style="list-style-type: none"> Security Briefing for Gillian by DHOM 8:30 – 9:00 AM
5	Friday 20 January	Economic Affairs Division Pakistan Secretariat Block C (Rm 425)	<ul style="list-style-type: none"> Joint Secretary (Ayisha Khalid) 10:00 – 10:30 AM
5	Friday 20 January	Asian Development Bank	<ul style="list-style-type: none"> Country Director (Werner Liepach) 11:00 AM– 12:00 PM
5	Friday 20 January	Marriott Hotel Japanese Restaurant	<ul style="list-style-type: none"> Donor Lunch/roundtable with USAID, EU, DfID 1:00 to 3:00 PM
6	Saturday 21 January	Islamabad	<ul style="list-style-type: none"> Weekend/report writing

7	Sunday 22 January	Islamabad > Lahore	<ul style="list-style-type: none"> • Drive to Lahore at 12:00; arrive Lahore 4:40 PM) Stay at Pearl Continental Hotel
8	Monday 23 January	Lahore	<ul style="list-style-type: none"> • Market Development Facility 10:00 11:30 AM • World Bank Women's Network for Easing Trade (5/6 Women Entrepreneurs) 2:00- 4:00 PM
9	Tuesday 24 January	Lahore	<ul style="list-style-type: none"> • Wagah Border Post Visit 10:-- 12:00 • Drive back to Islamabad; Stay at Serena Hotel
10	Wednesday 25 January	FAO Office Chak Shahzad	<ul style="list-style-type: none"> • Prepare aide memoire • Marcel Stallen (AusABBA International Program Manager) 2:30 – 3:30 PM
11	Thursday 26 January	Australian High Commission	<ul style="list-style-type: none"> • Presentation to AHC and Ministry of Commerce 2:00- 3:30 PM
12	Friday 27 January	Depart	Gillian 07:05 PK 787; Peter 11:30 PM TG 350