



## MDTF-Economic Revitalization of KP and FATA (P124268)

SOUTH ASIA | Pakistan | Trade & Competitiveness Global Practice |  
 Recipient Executed Activities | Emergency Recovery Loan | FY 2012 | Seq No: 9 | ARCHIVED on 08-Dec-2015 | ISR20123 |

Implementing Agencies: Department of Industries, FATA Secretariat, SMEDA Khyber Pakhtunkhwa

## Key Dates

## Key Project Dates

Bank Approval Date:22-Aug-2011

Effectiveness Date:11-Oct-2011

Planned Mid Term Review Date:26-Nov-2013

Actual Mid-Term Review Date:06-Dec-2013

Original Closing Date:30-Jun-2015

Revised Closing Date:12-Dec-2015

## Project Development Objectives

Project Development Objective (from Project Appraisal Document)

To support the Government of Pakistan in the economic recovery and revitalization of the crisis affected areas of Khyber Pakhtunkhwa (KP) province and Federally Administered Tribal Areas (FATA), by creating sustainable employment opportunities through rehabilitation of Small and Medium Enterprises (SMEs), investment mobilization, and institutional capacity building.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

## Components

Name

SME Development:(Cost \$14.00 M)

Attracting Investment from the Diaspora:(Cost \$1.70 M)

Institution Building to Foster Investment and Implement Regulatory Reforms:(Cost \$4.30 M)

## Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	--	● Substantial



## Implementation Status and Key Decisions

ERKF became effective in October 2011 under the Round I of MDTF. As of Nov 15, 2015, the Project has overachieved most of its PDO indicators, disbursed US\$16.34 million (81.7%) and has created and restored approximately 24,000 direct and indirect jobs in the KP-FATA region. The Project was due to close on Jun 30, 2015, however in response to the Government of Pakistan request, it has undergone two no-cost extensions in the PCD. The third extension was also endorsed by the MDTF Advisory Committee, and once approved, the revised PCD of ERKF will be June 30, 2016. The Bank task team carried out an identification scoping mission for the Project restructuring from June 2 - 12, 2015 to agree on the reallocations within the Project components. The extensions in the PCD will give the Project reasonable time to fully disburse the balance funds (US\$3.6 million) of the Project. There is a strong demand from the region's SMEs for continued financial assistance through matching grants. This is evident from the fact that since its effectiveness, the Project received more than 9,000 applications for the matching grants. SMEDA PU is implementing Component 1 through a tripartite Memorandum of Understanding (MoU) between SMEDA, GoKP and GoFATA. Since FATA's targets have been achieved, it withdrew from this arrangement with SMEDA PU in Nov 2015. The GRMC and SMEDA PU will now focus entirely on the matching grants applications received from the SME clusters and individual SMEs from within KP.

**Both PMUs have completed the activities under Component 2 by organizing 5 outreach activities**, including an Investment Road Show (IRS) in Dubai during Mar 2015. The KP-PMU is planning to organize the second International KP IRS in Mar 2016 in the United Kingdom (UK).

**The Component 3 activities are also on track** and GoFATA has managed to conduct a number of successful skills training programs for FATA's youth including women. The counterpart capacity building efforts are ongoing and a team of five GoFATA officials is proceeding for an international training on private sector development operations from Dec 7 - 14, 2015.

### Key Decisions

Starting Dec 1, 2015, and subject to ERKF's extension up to Jun 30, 2016, the two PMUs and SMEDA PU have to undertake the following actions;

1. FATA-PMU and SMEDA PU to reconcile the amount of disbursed grants and identify any pending payments to SMEs;
2. KP-PMU to organize the second IRS in United Kingdom in Mar 2016 to mobilize Diaspora investment;
3. KP-PMU and PU SMEDA to collaborate closely to fully disburse Component 1 with a renewed focus on upgradation grants for SME clusters;
4. KP-PMU to follow-up on the LOIs signed during the Dubai IRS and submit a comprehensive report and evidence of the investment materialized by Dec 31, 2015; and
5. The two PMUs to complete the ongoing activities under Component 3 latest by Apr 15, 2016



## Risks

### Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	--	● Substantial
Macroeconomic	--	--	● Substantial
Sector Strategies and Policies	--	--	● Moderate
Technical Design of Project or Program	--	--	● Moderate
Institutional Capacity for Implementation and Sustainability	--	--	● Moderate
Fiduciary	--	--	● Substantial
Environment and Social	--	--	● Moderate
Stakeholders	--	--	● Moderate
Other	--	--	--
Overall	--	--	● Substantial

## Results

### Project Development Objective Indicators

#### ► Business Rehabilitation (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1078.00	1204.00	850.00
Date	11-Oct-2011	01-Apr-2015	15-Nov-2015	12-Dec-2015



## Comments

Of the approved 1,341 matching grants for SMEs, the Project has disbursed 1,204 grants across KP (811 grants) and FATA (393) grants. Of these 24 grants have been awarded to 24 women entrepreneurs. The total value of these 1,204 grants comes to about US\$10 million.

## ► Jobs (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	23000.00	24000.00	8000.00
Date	11-Oct-2011	15-Jun-2015	15-Nov-2015	12-Dec-2015

## Comments

According to the estimates of the Third Party Monitoring Agent (TPMA), approximately 24,000 direct and indirect jobs were created and restored through ERKF matching grants. Of these, around 3,800 are direct jobs created/restored. The role of ERKF Project was appreciated by print media when a national English daily (Business Recorder) released numbers and updates on ERKF. The press release is attached.

## ► Sustainability: 60% of all assisted SMEs operational and productive at the completion of the project (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	--	60.00
Date	11-Oct-2011	15-Jun-2015	15-Nov-2015	12-Dec-2015

## Comments

This target will be measured at the Project end for the ICR.

## ► Investments: US\$ 10m attracted from Diaspora and migrant workers from KP and FATA (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	30.00	10.00
Date	11-Oct-2011	15-Jun-2015	15-Nov-2015	12-Dec-2015

## Comments

The GoKP signed Lols worth US\$ 1.2 billion at the Dubai IRS. The Board of Investment (KP) followed up on these Lols, and KP-PMU has reported that one of those investors has already allocated an initial amount of US\$30 million for an Oil Refinery in Karak (KP).



► Investment Facilitation Authority (IFA), FATA and Investment Facilitation Centre (IFC), KP established and operationalized (% completed (Percentage, Custom))

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	100.00	100.00	100.00
Date	11-Oct-2011	15-Jun-2015	15-Nov-2015	12-Dec-2015

Comments

These have long been established, and the Component 3 of ERKF is providing extensive establishment support to the KP's Board of Investment (BoI). The BoI participated actively in the organizing efforts for the Dubai IRS in Mar 2015.

Overall Comments

**Intermediate Results Indicators**

► SME Rehabilitation Support provided: 600 matching grants provided to SMEs meeting criteria (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	972.00	1057.00	600.00
Date	11-Oct-2011	15-Jun-2015	15-Nov-2015	12-Dec-2015

Comments

This target stands overachieved. The number will increase since the total approved rehabilitation grants are 1,136.



► Up-gradation Support: 250 SMEs benefit from the up-gradation grants (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	106.00	108.00	250.00
Date	11-Oct-2011	15-Jun-2015	15-Nov-2015	12-Dec-2015

Comments

Target overachieved by the Project.

► Capacity Building & BDS Support: BDS provided to 500 SMEs/clusters (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	435.00	515.00	500.00
Date	11-Oct-2011	15-Jun-2015	15-Nov-2015	12-Dec-2015

Comments

The Project has provided training through matching grants to 515 individuals and SMEs, and hence the target has been overachieved.

► Diaspora Outreach program implemented: At least 7 to 10 outreach activities/events successfully organized (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	5.00	5.00	7.00
Date	11-Oct-2011	15-Jun-2015	15-Nov-2015	12-Dec-2015

Comments

The next activity (KP IRS in UK) is planned during Mar 2016, once the Project gets an extension of up to Jun 30, 2016.



► Re-connect Pakistan (web tools for Diaspora) operational (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	--	4518.00	5407.00	10000.00
Date	11-Oct-2011	15-Jun-2015	15-Nov-2015	12-Dec-2015

► PPD mechanism established in KP/FATA; defining economic growth and employment generation policy reforms; proposals for implementation submitted (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	6.00
Date	11-Oct-2011	15-Jun-2015	15-Nov-2015	12-Dec-2015

Comments

No progress on this indicator so far.

► 11 machinery pools/ common facility centers operational (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	2.00	11.00
Date	11-Oct-2011	01-Apr-2015	15-Nov-2015	12-Dec-2015

Comments

The approval of grants for SME clusters upgradation only materialized during Nov 2015 with the award of grants to two clusters in KP. There is a pipeline of few more cases and more progress will be recorded over coming months once the Project gets an extension of up to Jun 30, 2016.



► Recommended regulatory/institutional reforms introduced/notified by Industries Department for private sector development in KP (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	5.00
Date	11-Oct-2011	15-Jun-2015	15-Nov-2015	12-Dec-2015


#### Comments

No progress on this indicator has been reported so far.

#### Overall Comments

### Data on Financial Performance

#### Disbursements (by loan)

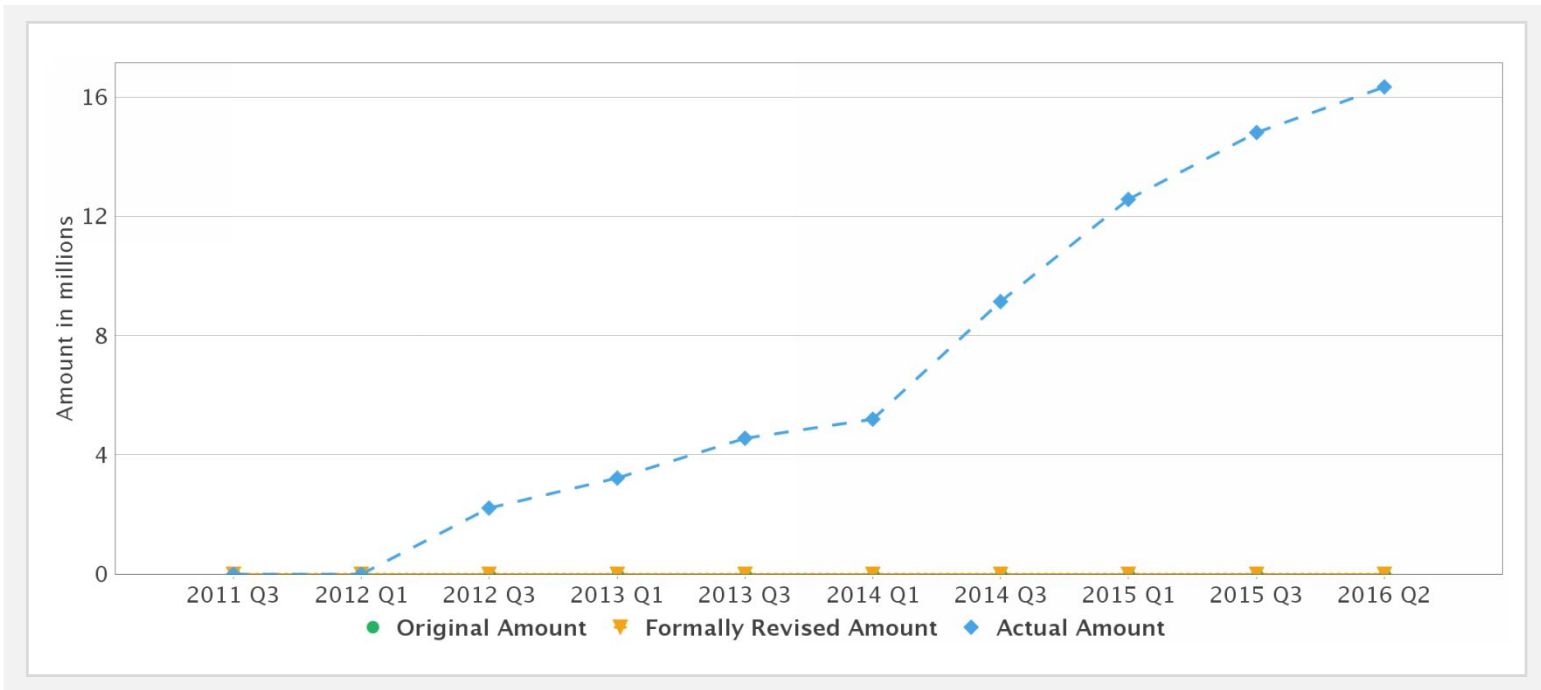
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P124268	TF-99175	Effective	USD	20.00	20.00	0.00	16.34	3.66	 82%

#### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P124268	TF-99175	Effective	11-Oct-2011	11-Oct-2011	11-Oct-2011	30-Jun-2015	12-Dec-2015

#### Cumulative Disbursements





### Restructuring History

Level 2 Approved on 29-Jun-2015

### Related Project(s)

There are no related projects.