



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

SOUTH ASIA | Pakistan | Financial and Private Sector Development Global Practice |  
 Recipient Executed Activities | Emergency Recovery Loan | FY 2011 | Seq No: 8 | ARCHIVED on 07-Jun-2015 | ISR18714 |

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

## Key Dates

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Board Approval date:02-Mar-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:30-Jun-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 \$2.00 M)

Institution Building to Foster Investment and Implement Regulatory Reforms:(Cost \$4.00 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	● Substantial



## Implementation Status and Key Decisions

The ERKF became effective on Oct 11, 2011 and is being funded through the KP/FATA/Balochistan Multi Donor Trust Fund (MDTF). **As of April 15, 2015, the Project status follows:**

**(i)** The project had disbursed a total of US\$16.3 million, or 81 percent of total Project amount of US\$20 million;

**(ii) The Project has overachieved all of its PDO indicators by reaching out to 1,041 beneficiary SMEs across KP and FATA, creating 23,000 direct and indirect jobs, and reaching out to 24 women enterpeneruers through matching grants; and**

**(iii) The Project finally recorded performance against its PDO indicator on Investment Mobilization, as the GoKP signed 12 Lols worth US\$1.2 billion in Dubai with the private investors.** The Project is required to attract US\$10 million to the region, and it is expected that with only one of these 12 Lols materializing, the target would be achieved.



## Risks

### Systematic Operations Risk-rating Tool

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

## Results

### Project Development Objective Indicators

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1005.00	1041.00	850.00
Date	11-Oct-2011	14-Nov-2014	01-Apr-2015	30-Jun-2015

#### Comments

The PU has disbursed 353 matching grants in FATA and 688 matching grants in KP, for a total of 1,041 disbursed grants. These are the matching grants for the SMEs and include 24 women entrepreneurs across both KP and FATA regions.

#### ► Jobs (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
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Value	0.00	3500.00	23000.00	8000.00
Date	11-Oct-2011	14-Nov-2014	01-Apr-2015	30-Jun-2015

#### Comments

The Project has overachieved this indicator by creating 23,000 direct and indirect jobs in various economic sectors of the region including marble mining and processing, textile weaving, furniture manufacturing, education and so on.

#### ► 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	--	--	30-Jun-2015

#### Comments

This indicator was measured at the Project MTR in December 2013 and the results showed that around 95% beneficiaries were operational at that point. The final assessment of this would be done at the time of Project 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	--	10.00
Date	11-Oct-2011	14-Nov-2014	01-Apr-2015	30-Jun-2015

#### Comments

The Government of KP signed 12 Letter of Intents (Lols) worth US\$1.2 billion at an Investment Road Show held in Dubai in February 2015. These Lols don't represent actual investments; investments made against these Lols would have to be measured in June 2015 by the KP-PMU.

#### ► 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	14-Nov-2014	01-Apr-2015	30-Jun-2015

**Comments**

Both authorities are well established. The KP's Board of Investment is also receiving capacity and establishment support from ERKF's Component 3, which contributed towards its ability to organize the IRS in Dubai (during February 2015) in close collaboration with the KP-PMU.

**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	908.00	939.00	600.00
Date	11-Oct-2011	14-Nov-2014	01-Apr-2015	30-Jun-2015

**Comments**

The PU has disbursed 340 rehabilitation grants in FATA and 599 rehabilitation grants in KP.

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	92.00	102.00	250.00
Date	11-Oct-2011	14-Nov-2014	01-Apr-2015	30-Jun-2015

**Comments**

The PU has approved 22 upgradation grants for FATA and 80 upgradation grants for KP.



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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	433.00	435.00	500.00
Date	11-Oct-2011	14-Nov-2014	01-Apr-2015	30-Jun-2015

► 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	3.00	4.00	10.00
Date	11-Oct-2011	14-Nov-2014	01-Apr-2015	30-Jun-2015

Comments

The last outreach activity was carried out in Dubai in February 2015, which was the first international Investment Road Show of Government of KP. The event got an outstanding press and media coverage and attracted Pakistani and International diaspora from within the UAE, Qatar and Kingdom of Saudi Arabia.

Smaller outreach activities have already been conducted by KP and FATA PMUs in Dubai and Karachi during the years 2013 and 2014.

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	--	3112.00	4030.00	10000.00
Date	11-Oct-2011	24-Nov-2014	01-Apr-2015	30-Jun-2015

Comments

The web portal is functional and has received 4030 hits.



- 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	1.00	1.00	6.00
Date	11-Oct-2011	14-Nov-2014	01-Apr-2015	30-Jun-2015

#### Comments

No progress on this front as yet.

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	11.00
Date	11-Oct-2011	14-Nov-2014	01-Apr-2015	30-Jun-2015

#### Comments

The Project is yet to record progress on this indicator.

- 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	14-Nov-2014	01-Apr-2015	30-Jun-2015

#### Comments

Yet to be achieved.

#### Overall Comments

## Data on Financial Performance

### Disbursements (by loan)

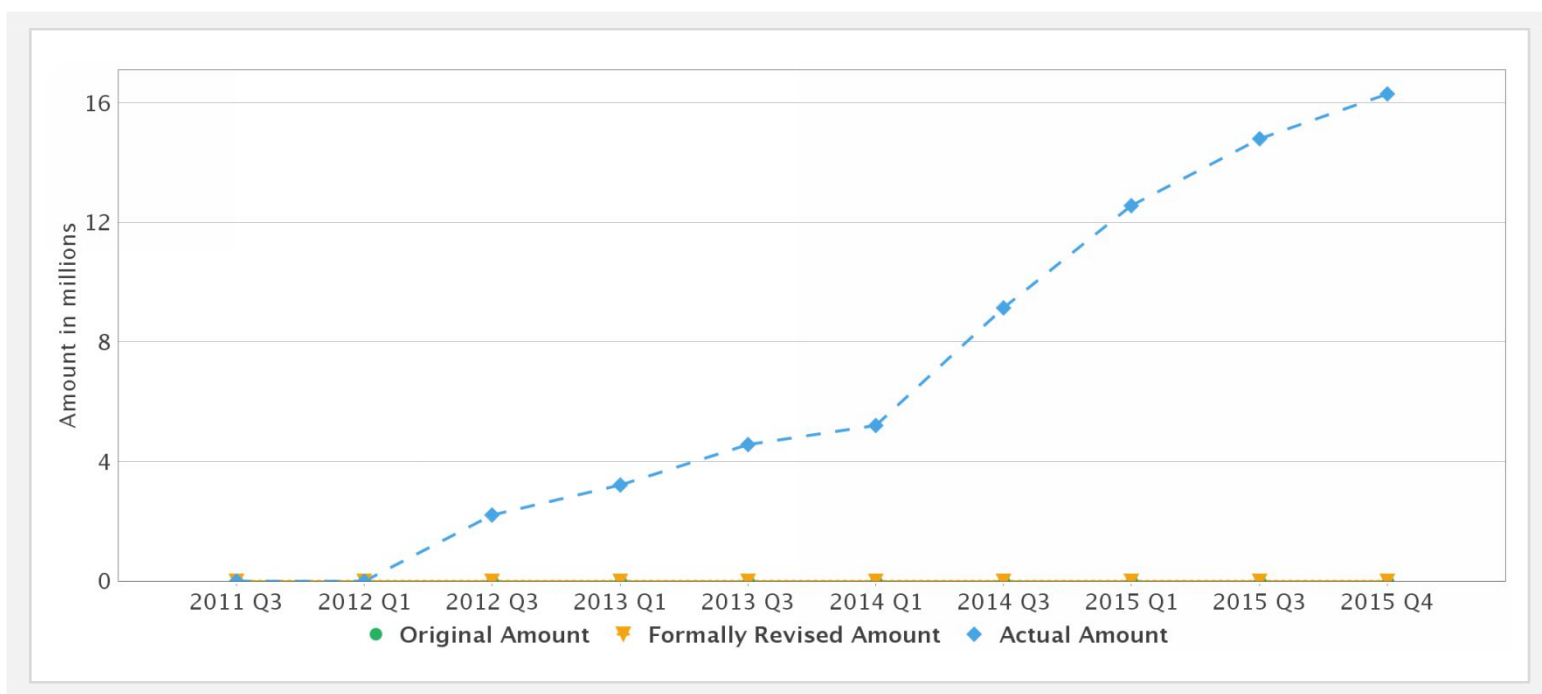


Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P124268	TF-99175	Effective	USD	20.00	20.00	0.00	16.30	3.70	82%

**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	30-Jun-2015

**Cumulative Disbursements**



**Restructuring History**

There has been no restructuring to date.

**Related Project(s)**

There are no related projects.