



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: 10 | ARCHIVED on 17-Jun-2016 | ISR23689 |

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:30-Jun-2016

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	● Highly Satisfactory
Overall Risk Rating	● Substantial	● Substantial



Implementation Status and Key Decisions

ERKF became effective in October 2011 under the Round I of MDTF. As of May 15, 2016, the Project has overachieved most of its Project Development Objective (PDO) indicators, disbursed US\$19.60 million (98%) and has created and restored approximately 16,267 direct and indirect jobs in the KP-FATA region. The Project was due to close on June 30, 2015, however in response to the request of Government of Pakistan, it has undergone two no-cost extensions in the Project Closing Date (PCD).

Both Project Management Units (PMUs) have completed the activities under Component 2 by organizing 5 outreach activities, including an Investment Road Show (IRS) in Dubai during March 2015. During the IRS, the potential investors signed 12 Letters of Intent (LoI) with Government of KP (GoKP). A pre-feasibility study for Diaspora Bond was also completed and shared with the federal Ministry of Finance and Central Bank of Pakistan (SBP). The GoKP did not organize the initially planned IRS in United Kingdom during May 2016.

The Component 3 activities are also on track and Government of FATA (GoFATA) has managed to conduct a number of successful skills training programs that benefitted 35 individuals including women. The counterpart capacity building efforts were also completed through their training in procurement, financial management and social/environmental safeguards. A team of five GoFATA officials completed an international training on private sector development operations from December 7 - 14, 2015 in Italy. FATA-PMU and IFC's Business Edge certified training provider will be delivering a round of business development training sessions for FATA's SMEs between May 30 and June 18, 2016. In addition, FATA-PMU has completed an Economic Needs Assessment of FATA's selective agencies and a Census of Manufacturing Industries of FATA.

Risks

Systematic Operations Risk-rating Tool

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

Results

Project Development Objective Indicators



► Business Rehabilitation (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1204.00	1471.00	850.00
Date	11-Oct-2011	15-Nov-2015	31-May-2016	30-Jun-2016

Comments

The total number of approved SME matching grants is 1,693 for US\$13.94 million, of which US\$12 million have been disbursed to 1,471 (FATA:402; KP:1,069) beneficiaries. The beneficiaries include 27 women entrepreneurs. Two cluster upgradation cases (Honey Production and Mining) have also been approved.

► Jobs (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	24000.00	16267.00	8000.00
Date	11-Oct-2011	15-Nov-2015	31-May-2016	30-Jun-2016

Comments

ERKF has managed to create 5,628 direct jobs in the SME sector of KP-FATA region. Based on the sample surveys of the Third Party Monitoring Agent (TPMA), and estimates provided by SMEDA, the total number of direct and indirect jobs created and restored is 16,267. This is the average of estimates based on the industry standards and baseline data provided by the TPMA and hence more accurate, as opposed to the numbers previously reported by SMEDA alone.

► 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-Nov-2015	31-May-2016	30-Jun-2016

Comments

To be measured close to Project completion.

► 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	30.00	30.00	10.00
Date	11-Oct-2011	15-Nov-2015	31-May-2016	30-Jun-2016

Comments

No change in this indicator since the submission of last ISR.

► 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-Nov-2015	31-May-2016	30-Jun-2016

Comments

Already achieved.

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	1057.00	1298.00	600.00
Date	11-Oct-2011	15-Nov-2015	31-May-2016	30-Jun-2016

Comments

The target stands overachieved. Some new sectors were also supported over last six months through the rehabilitation grant. **It is noteworthy that ERKF provided matching grants to hydal projects in KP's remote districts where electricity transmission and consistent power supply pose several problems for the microenterprises and households.**



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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	108.00	149.00	250.00
Date	11-Oct-2011	15-Nov-2015	31-May-2016	30-Jun-2016

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	515.00	800.00	500.00
Date	11-Oct-2011	15-Nov-2015	31-May-2016	30-Jun-2016

Comments

ERKF has so far arranged 50 training programs to build the capacity of 800 entrepreneurs through SMEDA PU. The beneficiaries of the training sessions included 385 women entrepreneurs. The training were organized for the members of Industrialists Association Peshawar (IAP), Swat Silk Units, Marble Association (Warsak Road), Haripur Chamber of Commerce & Industry (HCCI) and Tribal Area Chamber of Commerce & Industry (TACCI). The training provided to the women entrepreneurs covered traditional and non-traditional sectors and included modules on business management, business communications, competitive strategy and innovation, public relations, business sales and marketing, screen and block printing, fabric printing, preservation, kitchen gardening, beautician, food processing, recycling, mushroom farming and several others.

► 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-Nov-2015	31-May-2016	30-Jun-2016



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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	--	5407.00	6200.00	10000.00
Date	11-Oct-2011	15-Nov-2015	31-May-2016	30-Jun-2016

► 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-Nov-2015	31-May-2016	30-Jun-2016

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2.00	2.00	11.00
Date	11-Oct-2011	15-Nov-2015	31-May-2016	30-Jun-2016

Comments

3 more applications for the clusters facility centers are in the pipeline.

► 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	2.00	5.00
Date	11-Oct-2011	15-Nov-2015	31-May-2016	30-Jun-2016

Overall Comments

Industries Department launched KP's Industrial Policy in January 2016 that offers certain incentives to investors interested in specific sectors such as Energy and Hydal Power projects and minerals sector. The Policy notifies two specific reforms to facilitate the establishment of Special



Economic Zones and tax exemptions for industries owned by women.

Data on Financial Performance

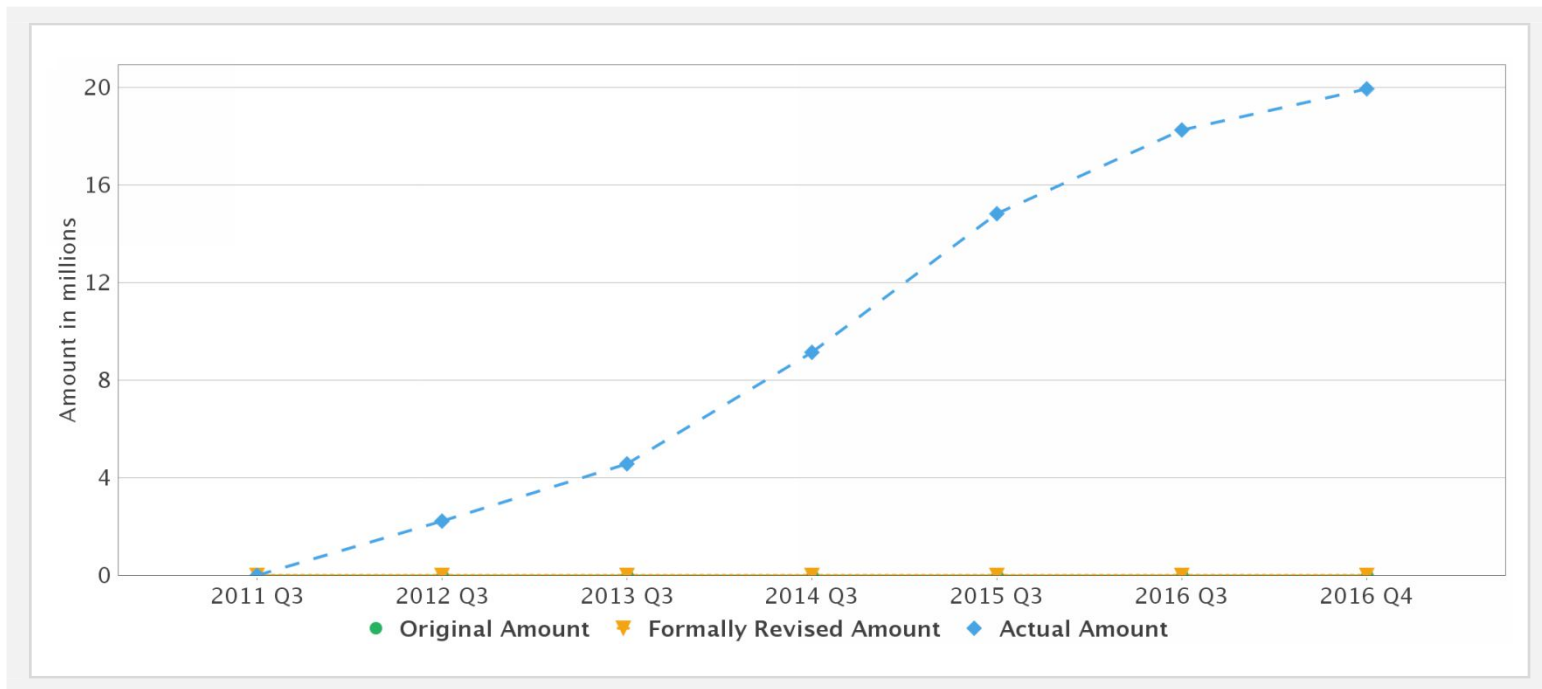
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P124268	TF-99175	Effective	USD	20.00	20.00	0.00	19.94	0.06	100%

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-2016

Cumulative Disbursements



Restructuring History

Level 2 Approved on 29-Jun-2015 ,Level 2 Approved on 09-Dec-2015



Related Project(s)

P160445-Economic Revitalization of KP and FATA - II ,P252336-Economic Revitalization of KP and FATA - II
