

Implementation Status & Results
Pakistan
MDTF-Economic Revitalization of KP and FATA (P124268)

Public Disclosure Copy

Operation Name: MDTF-Economic Revitalization of KP and FATA (P124268)	Project Stage: Implementation	Seq.No: 6	Status: ARCHIVED	Archive Date: 31-May-2014
Country: Pakistan	Approval FY: 2011			
Product Line: Recipient Executed Activities	Region: SOUTH ASIA	Lending Instrument: Emergency Recovery Loan		
Implementing Agency(ies): Department of Industries, FATA Secretariat, SMEDA Khyber Pakhtunkhwa				

Key Dates

Board Approval Date	02-Mar-2011	Original Closing Date	30-Jun-2015	Planned Mid Term Review Date	26-Nov-2013	Last Archived ISR Date	22-Nov-2013
Effectiveness Date	11-Oct-2011	Revised Closing Date	30-Jun-2015	Actual Mid Term Review Date	06-Dec-2013		

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?

Yes No

Component(s)

Component Name	Component Cost
SME Development	14.00
Attracting Investment from the Diaspora	2.00
Institution Building to Foster Investment and Implement Regulatory Reforms	4.00

Overall Ratings

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

Implementation Status Overview

The project was approved on August 23, 2011, as an emergency response operation, to support the economic recovery of the crisis affected areas of KP and FATA. The project became effective on Oct 11, 2011 and is being funded through the KP/FATA/Balochistan Multi Donor Trust Fund (MDTF).

Since the last ISR, a comprehensive performance assessment of the project was undertaken by two Bank experts (from November 18-27, 2013) in Islamabad and Peshawar. The

Public Disclosure Copy

assessment informed the Mid Term Review (MTR) of the project that was conducted from December 6-27, 2013. Further Technical discussions took place in the April 12-19, 2014 mission. The attached Aide Memoire (AM) and Management Letters (ML) are for the MTR mission and the latest Technical mission.

Component 1 (SME Development) of the project is being implemented by a dedicated Project Unit (PU) at the Small and Medium Enterprise Development Authority (SMEDA) in Peshawar. The implementing entities for Components 2 and 3 are two Project Management Units (PMUs), housed in Peshawar at KP's Department of Industries and FATA Investment Facilitation Authority (FIFA).

This report pertains to the MTR findings and recommendations. It also captures the findings of April 2014 technical mission that followed up on the actions agreed during the MTR.

As of April 15, 2014, the project had disbursed a total of US\$10.88 million, or 54.5 percent of total project amount of US\$20 million. At MTR, disbursements were only US\$6 million. Disbursements picked up by 81% in the past four months, due to progress on implementation of all three components. Most of the project's PDO indicators are also on track.

Under Component 1 (SME Development), the pace of processing and approving SME matching grants has picked up considerably since the MTR. At the time of the MTR 748 matching grants had been approved. By April 15, 2014, just four months later, the number of approved matching grants had increased by 34% to a total of 999 (worth US\$8.18 million). The beneficiaries include 22 women entrepreneurs (21 in KP and 1 in FATA).

Under Component 2 (Investment Mobilization) an Investment Road Show (IRS) was held in Karachi in September 2013, and a FATA Diaspora outreach event took place in Dubai in March 2014. The two PMUs are now finalizing the report on Pre-Feasibility of Diaspora Bond, and will soon be launching a Diaspora website tool called: 'Reconnect Pakistan' – a beta version of which has already been launched.

For Component 3 (Institutional Capacity Building to Foster Investment and Implement Regulatory Reforms), the activities are on-track, as the Project is supporting KP's Board of Investment (BoI), Industries Department of KP, and several diagnostic studies and capacity building activities for FATA PMU and FIFA.

Locations

Country	First Administrative Division	Location	Planned	Actual
Pakistan	North-West Frontier Province	Khyber Pakhtunkhwa Province		✓
Pakistan	Federally Administered Tribal Areas	Federally Administered Tribal Areas		✓

Results

Project Development Objective Indicators

Public Disclosure Copy

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Business rehabilitation	<input type="checkbox"/>	Number	Value	0.00	775.00	850.00
			Date	11-Oct-2011	15-Apr-2014	30-Jun-2015
			Comments		775 beneficiaries have received the grants across KP and FATA. Out of these 22 beneficiaries are women entrepreneurs. The target of reaching out to 2-3% women owned/managed businesses has been fully accomplished.	
Jobs	<input type="checkbox"/>	Number	Value	0.00	2400.00	8000.00
			Date	11-Oct-2011	15-Apr-2014	30-Jun-2015
			Comments		These are direct jobs created or restored through the matching grants disbursed to 775 SMEs.	
Sustainability: 60% of all assisted SMEs operational and productive at the completion of the project	<input type="checkbox"/>	Percentage	Value	0.00	93.00	60.00
			Date	11-Oct-2011	31-Jan-2014	30-Jun-2015
			Comments	The baseline is zero. This indicator measures how many SMEs supported by the project, during the life of the project, are operational at the end of the project. Hence it will be measured at the end of the project by a survey.	93% of beneficiary SMEs were operational and productive, as measured at the MTR.	
Investments: US\$ 10m attracted from Diaspora and migrant workers from KP and FATA	<input type="checkbox"/>	Amount(USD)	Value	0.00	0.00	10.00
			Date	11-Oct-2011	15-Apr-2014	30-Jun-2015
			Comments		To be measured for the ICR. However KP and FATA PMUs to submit a strategy to measure this indicator, and to start reporting against it starting June 2014.	

Public Disclosure Copy

Investment Facilitation Authority (IFA), FATA and Investment Facilitation Centre (IFC), KP established and operationalized (%) completed	<input type="checkbox"/>	Percentage	Value	0.00	100.00	100.00
			Date	11-Oct-2011	15-Apr-2014	30-Jun-2015
			Comments		Fully achieved. KP's Board of Investment is receiving TA support, under component 3 of the ERKF.	

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
SME Rehabilitation Support provided: 600 matching grants provided to SMEs meeting criteria	<input type="checkbox"/>	Number	Value	0.00	677.00	600.00
			Date	11-Oct-2011	15-Apr-2014	30-Jun-2015
			Comments		677 Rehabilitation grants disbursed across KP and FATA. (KP: 471, FATA: 206). This target has been overachieved.	
Up-gradation Support: 250 SMEs benefit from the up-gradation grants	<input type="checkbox"/>	Number	Value	0.00	59.00	250.00
			Date	11-Oct-2011	15-Apr-2014	30-Jun-2015
			Comments		Of the previous 79 approved cases, 59 up-gradation grants disbursed to beneficiary SMEs across KP and FATA	
Capacity Building & BDS Support: BDS provided to 500 SMEs/clusters	<input type="checkbox"/>	Number	Value	0.00	314.00	500.00
			Date	11-Oct-2011	15-Apr-2014	30-Jun-2015
			Comments		The project conducted 15 training sessions, during which 314 participants (245 SMEs and 69 students) were trained and provided BDS.	
Diaspora Outreach program implemented: At least 7 to 10 outreach activities/events successfully organized	<input type="checkbox"/>	Number	Value	0.00	2.00	10.00
			Date	11-Oct-2011	15-Apr-2014	30-Jun-2015
			Comments		In addition to IRS Karachi of September 2013, Outreach event conducted by FIFA and FATA PMU in Dubai during March 2014. During the Level 2 Restructuring the end-project target value for Diaspora Outreach activities	

Public Disclosure Copy

Public Disclosure Copy

Public Disclosure Copy

					will be modified from 10 to 5 such activities/events.	
Re-connect Pakistan (web tools for Diaspora) operational	<input type="checkbox"/>	Text	Value	Such website for KP and FATA doesn't exist	0	10000 hits on the site
			Date	11-Oct-2011	15-Apr-2014	30-Jun-2015
			Comments		Reconnect Pakistan webtool developed and uploaded under the domain www.reconnectpakistan.com	
PPD mechanism established in KP/FATA; defining economic growth and employment generation policy reforms; proposals for implementation submitted	<input type="checkbox"/>	Number	Value	0.00	1.00	6.00
			Date	11-Oct-2011	15-Apr-2014	30-Jun-2015
			Comments		One such mechanism already established in KP by the Government of KP.	
11 machinery pools/ common facility centers operational	<input type="checkbox"/>	Number	Value	0.00	0.00	11.00
			Date	11-Oct-2011	15-Apr-2014	30-Jun-2015
			Comments		Project yet to disburse matching grants to SME clusters that would utilize the funds to establish these facilities.	
Recommended regulatory/institutional reforms introduced/notified by Industries Department for private sector development in KP	<input type="checkbox"/>	Number	Value	0.00	0.00	5.00
			Date	11-Oct-2011	01-Jan-2014	30-Jun-2015
			Comments		Nothing to report against this, since it is not possible to undertake these reforms and issue notifications during the tenure of the project. Given this fact, the indicator will be replaced during the planned Level 2 restructuring to state – '4 reports/activities on investment climate, conducted by the PMUs'.	

Public Disclosure Copy

Data on Financial Performance (as of 10-Apr-2014)

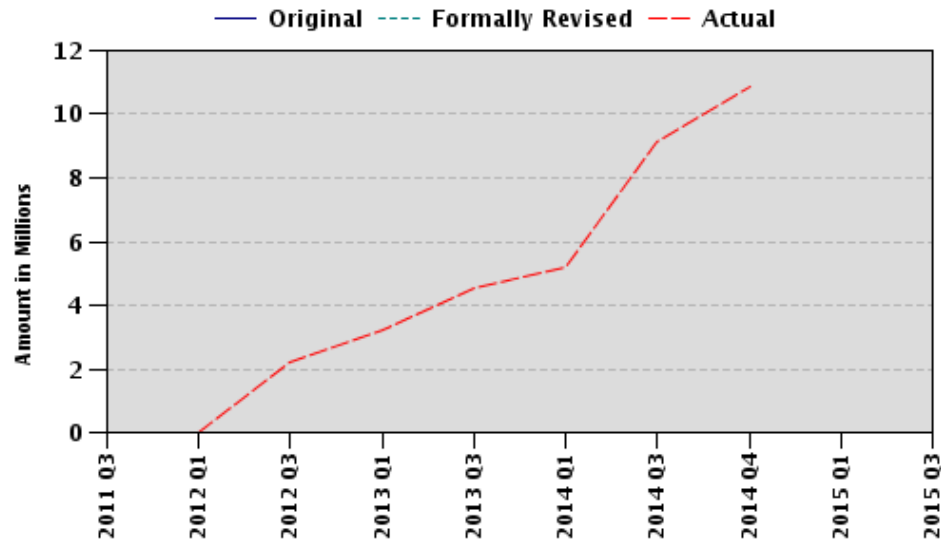
Financial Agreement(s) Key Dates

Project	Ln/Cr/Tf	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P124268	TF-99175	Effective	11-Oct-2011	11-Oct-2011	11-Oct-2011	30-Jun-2015	30-Jun-2015

Disbursements (in Millions)

Project	Ln/Cr/Tf	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P124268	TF-99175	Effective	USD	20.00	20.00	0.00	10.89	9.11	54.00

Disbursement Graph



Key Decisions Regarding Implementation

During the MTR and the April 2014 technical mission, the following key decisions were agreed to:

- The Government of KP and FATA will prepare and send a joint restructuring request through the EAD by May 20, 2014. This restructuring will help expedite the project’s implementation (by raising grant thresholds) and make the intermediate results targets more realistic;
- The three entities will finalize the revisions to the project Operations Manual (OM) and adopt these revision by May 20, 2014, in order to enable faster processing of SME Clusters up-gradation requests and to further fine-tune project operations; and
- The two PMUs will coordinate closely on the joint activities under Component 2, in order to complete them by June 30, 2014.

Restructuring History

There has been no restructuring to date.

Related Projects

There are no related projects.