

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

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Operation Name: MDTF-Economic Revitalization of KP and FATA (P124268) Project Stage: Implementation Seq.No: 3 Status: ARCHIVED Archive Date: 20-Nov-2012  
 Country: Pakistan Approval FY: 2011  
 Product Line: Recipient Executed Activities Region: SOUTH ASIA Lending Instrument: Emergency Recovery Loan  
 Implementing Agency(ies): SMEDA Khyber Pakhtunkhwa, FATA Investment Facilitaton Authority, Industries Department

**Key Dates**

Board Approval Date 02-Mar-2011 Original Closing Date 30-Jun-2015 Planned Mid Term Review Date 30-Sep-2013 Last Archived ISR Date 08-Jul-2012  
 Effectiveness Date 11-Oct-2011 Revised Closing Date 30-Jun-2015 Actual Mid Term Review Date

**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	Moderately Satisfactory
Overall Risk Rating	Substantial	Substantial

**Implementation Status Overview**

The Project was approved under OP/BP 8.0 on August 23, 2011 as an emergency response to the crisis affected areas of KP and FATA, and became effective on Oct 11, 2011. Two implementation support (IS) missions were conducted for ERKF project in January 2012 and June 2012. This report pertains t the third implementation support mission conducted in October 2012.

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The Project has disbursed a total of USD3.575 million to-date which is 17.85 percent of the total Project amount.

The implementation of the first component of the Project (SME Development) commenced in April 2012 after the approval of the Environment and Social Management Plan (ESMP). An effective communications campaign is being pursued by SMEDA's Project Unit (PU) in collaboration with the PMUs. Several meetings/seminars were held with representatives of local trade associations and with all major chambers of commerce and industry (CCI) in 24 districts of KP and 7 agencies of FATA. Outreach for women was done through targeted campaigns and sessions were held at the KP Women CCI and SMEDA's Women Business Development Center, Peshawar. Media channels such as local newspapers, TV and local radio were used to create awareness about project's activities. An advertisement on matching grants was published in national dailies around FATA's launching ceremony of the Project. The PU staff also participated in local exhibitions across KP, and hoardings were placed at 15 different locations across Peshawar to create awareness about the matching grants scheme.

As a result of the promotion effort, SMEDA has received 2,581 applications. 841 applications have been processed of which 559 are from KP and 282 from FATA. As of September 30, 2012, the project approved 110 cases of matching grants for SMEs. Compared to disbursements of PKR11.0 million in June 2012, the Project has disbursed PKR31.7 million. The number of disbursed matching grants is 44 percent of the Mid-Term Review (MTR) target. Out of these four were awarded to enterprises owned by women.

The FATA component of the project was launched by Barrister Masood Kausar, Governor of KP on September 11, in Peshawar and was widely attended by the officials from the GoKP and FATA Secretariat, project beneficiaries and the private sector. During the ceremony, cheques were distributed to 20 beneficiary SMEs from FATA. The KP component of the project was launched in May 2012, as reported in the previous ISR.

Under component 2 on Investment Mobilization (USD2.0 million), the terms of references (TORs) for four activities were finalized during the mission and expressions of interest (Eols) will be launched starting November 2012 for; (i) Reconnect Pakistan (Webtool for the Diaspora); (ii) Event Management Firm for Investment Road Show in Karachi; (iii) Event Management Firm for Investment Road Show in Dubai; and (iv) Pre-feasibility for a Diaspora Bond.

Under component 3 (Institution Building to Foster Investment and Implement Regulatory Reforms (USD4.0 million)), four PMU staff from KP and FATA were nominated for 'Social Accountability' training in Kathmandu (Nepal) from September 18-20, 2012. Under the same component, needs assessment of KP's Department of Industries will be conducted by a firm to be outsourced by the KP PMU. TORs for this activity are now final and ready to be launched in November 2012.

**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**

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Business rehabilitation	<input type="checkbox"/>	Number	Value	0.00	110.00	850.00
			Date	11-Oct-2011	30-Sep-2012	30-Jun-2015
			Comments		110 grants were approved and 89 beneficiaries have received the grants across KP and FATA	

Jobs	<input type="checkbox"/>	Number	Value	0.00	250.00	8000.00
			Date	11-Oct-2011	30-Sep-2012	30-Jun-2015
			Comments		These are direct jobs created through the matching grants disbursed to 89 SMEs	
Sustainability: 60% of all assisted SMEs operational and productive at the completion of the project	<input type="checkbox"/>	Percentage	Value	0.00	0.00	60.00
			Date	11-Oct-2011	30-Sep-2012	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.	This indicator will be measured at the MTR and for the ICR	
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-Jun-2012	30-Jun-2015
			Comments			

**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	93.00	600.00
			Date	11-Oct-2011	30-Sep-2012	30-Jun-2015
			Comments			
Up-gradation Support: 250 SMEs benefit from the up-gradation grants	<input type="checkbox"/>	Number	Value	0.00	17.00	250.00
			Date	11-Oct-2011	30-Sep-2012	30-Jun-2015
			Comments			
Capacity Building & BDS Support: BDS provided to 500 SMEs/clusters	<input type="checkbox"/>	Number	Value	0.00	0.00	500.00
			Date	11-Oct-2011	30-Sep-2012	30-Jun-2015
			Comments			
Diaspora Outreach program implemented: At least 7 to 10 outreach activities/events successfully organized	<input type="checkbox"/>	Number	Value	0.00	0.00	8.00
			Date	11-Oct-2011	30-Sep-2012	30-Jun-2015
			Comments		TORs for these events have been finalized and activities will commence in December 2012	

**Data on Financial Performance (as of 01-Oct-2012)**

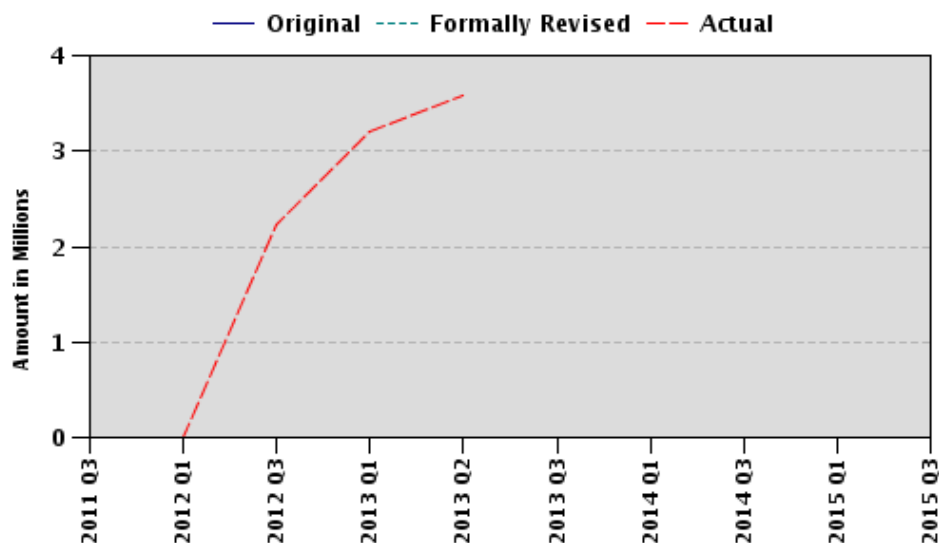
**Financial Agreement(s) Key Dates**

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	3.58	16.42	18.00

**Disbursement Graph**



**Key Decisions Regarding Implementation**

During the third implementation support mission, an agreement was reached on following actions to be undertaken by counterparts/Bank in coming weeks.:

- (i) The Bank along with the Project Management Units (PMU)s and Project Unit (PU) will initiative a review of the of grants approval/disbursement process to streamline/expedite it. The review will be completed by November 20, 2012.
- (ii) SMEDA PU and the PMUs should ensure that the grant approval/disbursement rate is doubled so that project targets are achieved. Members of the GTC and GRMC should be sensitized and if needed the PSCs should be called upon to address bottlenecks.
- (iii) SMEDA PU will operationalize the MIS and upload actual data of all the received grant applications by November 15, 2012. The PU will hire a data entry consultant to facilitate the process.
- (iv) FATA PMU should implement the National FMIS by November 30, 2012
- (v) KP PMU should work with Governance Support Project to complete the hiring process of internal audit firm by November 30, 2012.
- (vi) Audit Reports for the financial year 2011-12 are to be submitted to the Bank by December 31, 2012. FATA PMU & SMEDAPU should immediately follow-up with the auditors so that audit can be started at the earliest.

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- (vii) FATA PMU to complete the hiring process of finance officer by November 30, 2012.
  - (viii) Hiring of consultant for ongoing assistance in ESMP implementation should be completed by November 15, 2012

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### **Restructuring History**

There has been no restructuring to date.

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### **Related Projects**

There are no related projects.