



# MDTF UPDATE



Khyber Pakhtunkhwa  
Federally Administered Tribal Areas  
and Balochistan  
Multi Donor Trust Fund

JUNE  
2012





## JUNE HIGHLIGHTS

- FATA Urban Centers Project launched in a Grand Jirga in Khar, Bajaur Agency.
- Under the Emergency Revitalization of KP and FATA project, 1,365 applications received for SMEs ; 148 processed, 65 grants worth PKR 41 million (US\$ 436, 400 @ 93.95) approved and disbursed.
- Project PC-1 for Balochistan Disaster Management Project approved; final project signing expected soon.
- PC-1 for the Governance Support Project approved for USD 2 million.
- Third Party Monitoring Agent selection process underway; six firms short listed.

# Overview

- The fifth MDTF Steering Committee meeting was held on June 7, 2012 to discuss the operational progress and results achieved under the MDTF. To date, several projects in the Federally Administered Tribal Area (FATA) and Khyber Pakhtunkhwa (KP) have begun to show results. Specifically, the 10.5 km road in Swat District is at 50 percent progress and, upon completion, an estimated 300,000 people will benefit from improved access to services and markets. MDTF has also supported the activation of the FATA Tribunal in Peshawar which is processing 240 cases in an expeditious manner. Under the ERKF project, a total of 1,365 applications were received of which 148 were processed, 65 grants worth PKR 41 million were approved and disbursed.

The Request for Proposals (RFP) for the Third Party Monitoring Agent (TPMA) was issued on June 14. The TPMA is being recruited for two years to support World Bank (WB) supervision efforts on five projects, including ERKF, FATA Urban Centres Project (FUCP), FATA Emergency Roads Rehabilitation Project, KP South Area Development Project and FATA Rural Livelihoods and Community Infrastructure Project. A pre-bid conference was held at the WB on June 28 with representatives of the six shortlisted firms. It is expected that the TPMA will be on board by September 2012.

- On June 26 and 27, 2012, a one and half day Donors Workshop was organized by the MDTF Secretariat. The event provided space for donors and provincial governments to genuinely express their views, concerns and expectations. Participants reiterated that the instrument would be able to support lasting development in KP, FATA and Balochistan. Ways on how to expedite implementation were discussed too. There was agreement on the next steps, one of the most important being the establishment of a committee to act as a knowledge platform and engage all stakeholders as the MDTF result frameworks for Rounds 1 and 2 are being finalized.
- A day-long Procurement Workshop on procurement rules and guidelines was conducted on June 18, 2012. The workshop was attended by project teams and officials from KP, FATA and Balochistan. Participants were briefed on WB procurement guidelines relating to the engagement of contractors, purchase of goods and selection of consultants. This workshop will be followed by periodic 'procurement clinics', aimed at addressing project-specific procurement-related issues. In May a similar capacity building activity was conducted on financial management.

# MDTF -Financed Projects and Status of the Portfolio

As of 30<sup>th</sup> June 2012 the status of the MDTF-financed portfolio is as follows

## Portfolio Disbursements

S.No	Project	Project Amount US\$ (Million)	Location	Disbursement US\$ (Million) as @ June 30, 2012	Disbursement Percentage
1	KP Emergency Roads Recovery Project (ERRP)	8	KP	4	50%
2	Governance Support Project for KP and FATA (GSP)	8.75	KP/FATA	1.4	16%
3	Economic Revitalization of KP and FATA Project (ERKF)	20	KP/FATA	2.2	11%
4	FATA Rural Livelihoods and Community Infrastructure Project (RLCIP)	12	FATA	1.5	12.5%
5	FATA Urban Centres Project	7	FATA	0.5	7.1%

Portfolio Status (Annex 1 reflects the portfolio status in a matrix format)



A photograph of two men sitting on a rocky riverbank. The man on the left is wearing a brown turban and a dark jacket, looking down at something in his hands. The man on the right is wearing a grey and blue striped beanie and a dark jacket, also looking down. They are surrounded by large, smooth, grey rocks. The background shows a rocky bank with some sparse vegetation.

# PROJECT PORTFOLIOS

## Economic Revitalization in KP and FATA

The project is gaining momentum, and the Implementing Partner, the Small and Medium Enterprise Development Authority (SMEDA), has received 1,365 applications from entrepreneurs in both KP and FATA (1138 applications received in KP and 227 in FATA), out of which 148 have been processed. A total of 65 grants worth PKR 41 million have been disbursed as of June 15, 2012. The project counterparts in FATA will also launch their respective component of ERKF Project in July 2012. These grants have been used for the following sectors: 1) small textile weaving units, 2) marble processing units, 3) filling stations, 4) furniture manufacturing units, 5) light engineering units, 6) trading SMEs.

To ensure optimal outreach, SMEDA has been pursuing an active communications campaign to promote the matching grants through print media, brochures and awareness sessions for local Chambers of Commerce and Industry (CCI) including KP CCI and Women CCI. Additionally an informational campaign has been recorded on an FM channel of the provincial radio in Pashto (local language). Finally, the three implementing agencies have set up an official Grievance Redressal Mechanism (GRM). No formal complaints have been received through the GRM so far.

## Balochistan Disaster Management Project

Following successful negotiations on May 7, 2012, the project PC-1 was approved by the Provincial Development Working Party (PDWP) on June 4, 2012. Draft Agreements have been approved by the Ministry of

Law, paving the way for project signing. The project aims to strengthen the capacity of the Provincial Disaster Management Authority (PDMA) Balochistan to prepare for and respond to natural disasters.

## Rural Livelihoods and Community Infrastructure Project

The project became effective on April 12, 2012. Staff hiring/posting in PMU (Project Management Units) and AIUs (Agency Implementation Unit) has been completed. The Designated Account was opened in early June and the first withdrawal application is now under process for release of funds to the DA. The project team has updated the procurement plan and submitted it for Bank review. The project plans to launch several quick win schemes including irrigation schemes in the selected Agencies. Additionally, communications and M&E consultancies are being selected to support the project.

## Balochistan Governance Support Project

The PC-1 for the Governance Support Project was approved for USD 2 million, thereby paving the way for provision of financing to Balochistan to strengthen good governance in the province. A detailed Multi-Sectoral Needs Assessment (Balochistan Development Issues and Prospects) funded by the MDTF, is under preparation by WB at the request of the Government of Balochistan; the findings will feed into GSP and other work in the province.

## FATA Urban Centers Project

With a view to engage the local population and community of Khar, the FUCP launching ceremony was held at a Grand Jirga on June 30, 2012, organized by the implementing agency through the Bajaur Political Agent office in Khar. The local population was informed about the project objectives, design and implementation arrangements, as well as seek their support and guidance. The Federal Minister for State and Frontier Regions (SAFRON), Shaukatullah Khan launched the project. Member National Assembly Akhunzada Chattan and Secretary Law and Coordination and Infrastructure FATA, Munir Azam, also spoke on the occasion to the assembled local elders, tribal notables and community representatives.



Federal Minister, States and Frontier Regions, Mr. Shaukatullah Khan was the Chief Guest. Mr. Akhunzada Chittan, Member, National Assembly; Munir Azam Khan, Secretary Administration, Infrastructure, & Coordination, FATA Secretariat; the heads and staff of line directorates, FATA Secretariat, notable Maliks, community elders, and other stakeholders including traders, teachers and lawyers also participated.

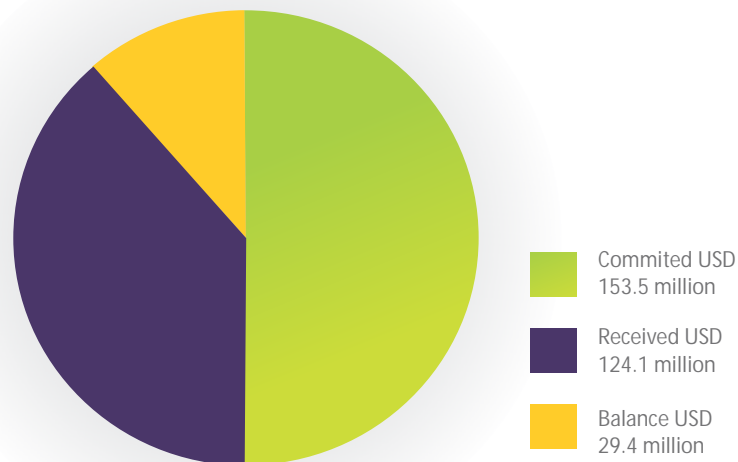
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# Financial Position of the MDTF

## Reflecting the Status of Contributions and Signing of Agreements

During the month of June 2012, an additional contribution to the KP/FATA/Balochistan Multi Donor Trust Fund was made by AusAID. The value of the additional contribution is AUD \$13,356,960 rendering the total contribution by AusAID AUD \$23,356,960. Out of the additional contribution, AUD \$11,165,555 has already been paid to the MDTF while the balance of AUD \$2,191,405 will be paid in before July 2013.

With the above additional contribution, the MDTF has received, as at June 30, 2012, commitments totaling USD 153 million. Of this USD 124.1 million has been paid into the MDTF account managed by the WB.



More details on the status of contributions are given in the table below:

Donor	Pledged Amt (m)	Currency	US\$	Signed	Paid In
Australia	23.3	AUD	22.3	22.3	20.1
Denmark	40.0	DKK	7.1	7.1	7.1
European Union	15.0	EUR	19.2	19.2	7.0
Finland	5.6	EUR	7.6	7.6	7.6
Germany	8.0	EUR	11.2	11.2	11.2
Italy	4.0	EUR	5.4	5.4	5.4
Sweden	5.0	USD	5.0	5.0	5.0
Turkey	5.0	USD	5.0	5.0	5.0
UK	30.0	GBP	45.8	45.8	30.7
USA	25.0	USD	25.0	25.0	25.0
<b>Total</b>			<b>153.5</b>	<b>153.5</b>	<b>124.1</b>



## Status of Projects under Multi Donor Trust Fund (MDTF) as of June 30, 2012

S.No	Name	Project Description	Amount US\$ (Million)	Pc1 Approval Y/N	Min of Law Approval Y/N	Grant Agreement signed Y/N	Implementation Begins / Anticipated
1	<i>KP Roads Project</i>	Rehabilitation of 10.5 km of the main portion of the Chakdara – Shamozaï road	8	Y	Y	Y	24 August 2011
2	<i>FATA Rural Roads</i>	Rural roads to be constructed under the project are estimated at 80 km	16	N	N	N	October 2012
3	<i>FATA Urban Centres</i>	Project will fund technical assistance to develop a conceptual framework for FATA Urban Centers and will provide needed infrastructure and equipments to improve service delivery	7	Y	Y	Y	February 2012
4	<i>Promoting Girls Education in Balochistan</i>	Support to the education sector to increase attendance of girls at schools in Balochistan	10	N	N	N	July 2012
5	<i>Strengthening Health Services in Crisis-affected Districts of KP</i>	Project aims to improve health services in KP through rationalization and introducing the private sector to manage health centers in 7 districts	16+9	Y	Y	Y	February 2012
6	<i>Economic Revitalization of KP and FATA</i>	Support to small and medium businesses affected by the crisis	20	Y	Y	Y	October 2011
7	<i>FATA Rural Livelihood and Community Infrastructure Project</i>	Project will support the establishment of a department and build its capacity to manage and implement demand-driven community-based activities	12	Y	Y	Y	February 2012
8	<i>Governance Support project</i>	Support government of KP and FATA Secretariat to design and implement sectoral reforms	6+2.75	Y	Y	Y	October 2011
9	<i>Support the Development of Disaster Risk Management &amp; Response Capacity in Balochistan</i>	Build the capacity at the Balochistan PDMA to become bale to reply to disasters in a more efficient way	5	Y	Y	N	July 2012
10	<i>KP Southern Area Development Program</i>	To reduce inequality by providing equal opportunities to the local inhabitants	18	N	N	N	October 2012



# MDTF in the Media

Daily Times

'Hoti Launches Project for Terrorism hit SMEs'

[http://www.dailytimes.com.pk/default.asp?page=2012%5C05%5C10%5Cstory\\_10-5-2012\\_pg7\\_21](http://www.dailytimes.com.pk/default.asp?page=2012%5C05%5C10%5Cstory_10-5-2012_pg7_21)

Dawn

'Project launched for trade revival in KP, FATA'

<http://dawn.com/2012/05/10/project-launched-for-trade-revival-in-kp-fata-2/>

The Nation

'Hoti launches project for terror-hit SMEs rehab'

[www.nation.com.pk/.../hoti-launches-project-for-terror-hit-smes-rehab](http://www.nation.com.pk/.../hoti-launches-project-for-terror-hit-smes-rehab)

Business Recorder

'Grant under MDTF project to be disbursed to flood-hit SMEs'

[www.brecorder.com/general-news/172/1184425/](http://www.brecorder.com/general-news/172/1184425/)

The Frontier Post

'Hoti launches \$20m project to revitalize medium, small businesses'

[www.thefrontierpost.com/article/161008/](http://www.thefrontierpost.com/article/161008/)

Pakistan Observer

'Flood-hit SMEs to get grants from May 09'

<http://pakobserver.net/detailnews.asp?id=153341>

Pakistan News Watch

'Project Launched for Trade Revival in KP FATA'

<http://news.one.com.pk/2012/05/10/project-launched-for-trade-revival-in-kp-fata/>

Pakistan Business Recorder

'\$1.3 billion foreign assistance received against estimated \$4.5 billion'

<http://www.brecorder.com/money-a-banking/198/1198111/>

Market Truth

'Denmark Stress for Effective Media in Pakistan'

<http://www.markthetruth.com/pakistan/1989-denmark-stress-for-effective-media-in-pakistan.html>

Pakistan News Watch

'Urban Hub Project Finally Comes Alive in Bajaur'

<http://news.one.com.pk/2012/06/28/urban-hub-project-finally-comes-alive-in-bajaur/>

Dawn News

'Urban Hub Project Finally Comes Alive in Bajaur'

<http://dawn.com/2012/06/28/urban-hub-project-finally-comes-alive-in-bajaur/>

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