



November Update

2011



**Multi-Donor Trust Fund for
Khyber Pakhtunkhwa,
Federally Administered Tribal Areas
& Balochistan**



OVERVIEW

Since the end of October 2011 number of developments has taken place which can be summarized as follows:

- The MDTF Steering Committee (SC) met on October 31st, 2011, the meeting was attended by all the members. The SC did endorse the MDTF five years engagement strategy and approved the revised financing strategy which has allocated all the MDTF pledges towards round one of projects.
- The MDTF five years engagement strategy and the MDTF defined result framework has been endorsed by the MDTF Steering Committee during its October 30th, 2011 meeting. This strategy will guide the next phase of MDTF programming and financing. The strategy defines three streams of engagement that will support, job creation and growth, service delivery to communities and governance reforms.
- The first disbursement under an MDTF financed project being the KP Emergency Road Recovery Project took place on November 2nd, 2011. The disbursement was of a value of US\$ 2,560,000 that financed expenditures to the contractor, supervision engineer and other costs.
- Two Designated accounts were opened by the KP finance department under two projects being, the Economic revitalization project for KP and FATA and the Governance Support Project. The opening of the Designated Accounts by the FATA Secretariat is still facing some difficulties that are being dealt with.
- Two grant agreements relating to the Revitalizing of the Health Services in KP and the FATA Urban Centres project have been approved by the Ministry of law. Upon approval of the PC1s by the CDWP and ECNEC the grant agreements will be signed and implementation will start.
- An Bank internal review of the MDTF portfolio did take place on November 16, 2011. The meeting was chaired by the Country Director, World Bank, Islamabad, and attended by members of the Bank's Country Management Unit (CMU), Task Team Leaders (TTLs) following on the MDTF financed projects, Financial Management (FM) and procurement staff, and the MDTF secretariat. The meeting provided an opportunity to the participants to review the status of each of the projects that are either under preparation or implementation. Various issues being faced by the projects during the preparation and implementation were discussed and the next steps were defined. Following this meeting an MDTF portfolio review meeting will take place with the government and will be attended by the provinces and FATA during January 2012.





- Two training workshops on the fiduciary arrangements under the MDTF projects were held in Peshawar on November 30 and December 1, 2011. These workshops were attended by officials and project teams working on the MDTF financed projects in KP and FATA. The Senior Minister KP, Additional Chief Secretary and Secretary P&D attended the opening and closing sessions.



Mr. Rahim Dad Khan, Senior Minister of KP, at the closing session of the FM & Procurement workshops at Peshawar (December 1, 2011)

- As of 30th November 2011, the MDTF has received signed commitments totalling US\$ 140.2 million. US\$ 97.3 million has been paid into the MDTF account managed by the World Bank.



Third Steering Committee Meeting

The MDTF Steering Committee (SC) was held on 31st October 2011 in the Economic Affairs Department (EAD), Islamabad. In their welcome remarks as co-chairs both the Secretary EAD and the WB Country Director reiterated their commitment to MDTF and lauded the progress made since the last SC meeting in April 2011.

The meeting started by the MDTF Coordinator presenting an overview of the progress made on MDTF Round 1 projects: six PC-1s had been approved, three grant agreements signed, and two grant agreements had been negotiated. He explained that the Emergency Recovery Project worth US\$ 35 million had been cancelled at the request of the KP Government, and he detailed the proposed reallocation of these funds within the portfolio. Noting that this was based on discussions with KP and FATA officials, he sought the SC's approval for the revised Financing Strategy.

Thereafter, Representatives of the Governments of KP and Balochistan, and the FATA Secretariat made presentations on MDTF progress in their respective areas.

The SC did approve the MDTF revised financing strategy and endorsed the MDTF five years plan. As next steps, the SC did request the MDTF secretariat to i) prepare and present its six month work plan, ii) prepare the "How document" defining the implementation of the MDTF five years engagement strategy, iii) launch a simplified need assessment for the province of Balochistan and iv) move forward on the selection process of a third party monitoring agent.

Approvals of MDTF-Financed Projects and Status of the Portfolio;

As of 30th November 2011 the status of the MDTF-financed portfolio was as follows:

KP Emergency Roads Recovery project; (US\$ 8 M) - this project is now under implementation and the first disbursement of US\$ 2.56 has already taken place.

Economic Revitalization for KP and FATA; (US\$ 20 M) & Governance Support Project for KP and FATA; (US\$ 6 M) - the two projects grant agreements have been signed by the government and by the Bank, as Administrator of the MDTF. KP has opened the Designated Account however the opening of the Designated Accounts by the FATA Secretariat is still facing some difficulties that are being dealt with.

Revitalizing of Health Services in KP Project; (US\$ 16 M) & FATA Urban Centers (US\$ 7 M) - the two projects' grant agreements have been negotiated with the respective counterparts and the Ministry of Law has also cleared the projects legal agreements. Upon receipt of CDWP approval for the FATA Urban centers and the ECNEC clearance for the health project the grant agreements will be signed.

Five projects are at various stages of preparation - FATA Rural Livelihood and Community Infrastructure (US\$ 8M); Support to the Development of Disaster Risk Management and Response Capacity in





Balochistan (US\$ 5M); Promoting Girls Education in Balochistan (US\$ 10M); FATA Rural Roads (US\$ 12), and Southern Area Development Program (US\$ 18).

Annex 1 reflects the portfolio status in a matrix format.

Summary of Projects Objectives

A brief description of the MDTF supported projects' objectives is given below, categorized under the MDTF Financing Strategy pillars:

Pillar 1: Restore Damaged Infrastructure and Disrupted Services

KP Roads Project: This project will finance the rehabilitation of 10.5 km of the main portion of the Chakdara – Shamozaï road.

FATA Rural Roads: FATA development plans include a rural road project costing US\$ 140 M, of which about 10 percent will be financed through the MDTF. The total length of rural roads to be constructed under the project is estimated at 80 km. Initially the roads in Parachinar (Kurram agency) were to be restored. Now, however, due to the security constraints, the project will be implemented in Bajaur and Orakzai. This resulted in delays in the delivery of the project..

Pillar II: Improve Local and Provincial Service Delivery

FATA Urban Centers: The present phase of the project will fund technical assistance to develop a conceptual framework for FATA Urban Centers which will enable the initiative to be launched on a sound footing. Also, urgent upgrades to services will be financed in the Bajaur Urban Center.

Promoting Girls Education in Balochistan: Responding to the request made by the Balochistan Government, the education team engaged with education officials in the province to define the objectives and scope of the project. This follows a request from the Government of Balochistan for a US\$ 10 million allocation to support girls attending schools.

Strengthening Health Services in Crisis-affected Districts of KP: The project aims to improve health services in KP through rationalization of health management functions and a public-private partnership arrangement. It will also help establish a robust monitoring and evaluation system for this model in each district and at the provincial level to measure the impact of management improvements on services.





Pillar III: Support Livelihoods

Economic Revitalization of KP and FATA: The proposed project aims to support the economic revitalization of KP and FATA through: rehabilitation of small and medium businesses affected by the crisis; attracting and promoting investment; and developing long-term growth opportunities.

FATA Rural Livelihood and Community Infrastructure Project: The project will support the establishment of a department within the FATA Secretariat and build its capacity to manage and implement demand-driven community-based activities.

Southern Area Development Program in KP: The project will is to reduce inequality by providing equal opportunities to the local inhabitants.

Pillar IV: support PCNA program delivery through key governance interventions

Governance Support project: The objective of this project is to help the government of KP and FATA Secretariat design and implement sectoral reforms through key governance interventions. The project aims to improve the efficiency of delivery of the PCNA program by building the capacity of key units and by implementing urgent interventions that will have an impact across the PCNA programs.

Project for the Development of Disaster Risk Management & Response Capacity in Balochistan: The project will support the capacity building of Balochistan PDMA.





FINANCIAL POSITION OF THE MDTF REFLECTING THE STATUS OF CONTRIBUTIONS AND SIGNING OF AGREEMENTS

As of 31th October 2011, the MDTF has received commitments totaling US\$ 140 million. Funds of US\$ 97.3 million have been paid into the MDTF account managed by the World Bank.

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

<u>Donor</u>	Pledged			<u>Signed</u>	<u>Paid in</u>
	<u>Amt (m)</u>	<u>Currency</u>	<u>US\$</u>		
Australia	10.0	AUD	8.9	8.9	8.9
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	15.1
USA	25.0	USD	25.0	25.0	25.0
Total			140.2	140.2	97.3





Annex 1

Status of Projects under Multi Donor Trust Fund (MDTF) as of 30 November 2011

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	KP Roads Project	Rehabilitation of 10.5 km of the main portion of the Chakdara – Shamozaï road	8	Y	Y	y	24 August 2011
2	FATA Rural Roads	Rural roads to be constructed under the project are estimated at 80 km	16	N	N	N	May 2012
3	FATA Urban Centers	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	N	y	N	December 2011
4	Balochistan Education for girls Project	Support in the education sector to increase attendance of girls at schools in Balochistan	10	N	N	N	March 2011
5	Strengthening Health Services in Crisis-affected Districts of KP	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	N	December 2011
6	Economic Revitalization of KP and FATA	Support to small and medium businesses affected by the crisis	20	Y	Y	Y	October 2011





7	FATA Rural Livelihood and Community Infrastructure Project	Project will support the establishment of a department and build its capacity to manage and implement demand-driven community-based activities	12	N	N	N	January 2012
8	Governance Support project	Support government of KP and FATA Secretariat to design and implement sectoral reforms	6	Y	y	Y	October 2011
9	Support the Development of Disaster Risk Management & Response Capacity in Balochistan	Build the capacity at the Balochistan PDMA to become bale to reply to disasters in a more efficient way	5	N	N	N	March 2012
10	KP Southern Area Development Program	To reduce inequality by providing equal opportunities to the local inhabitants	18	N	N	N	June 2012

Contacts

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