



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

From recovery towards sustainable development

March 2012



OVERVIEW

Since the end of February 2012 and following the MDTF Steering Committee meetings, the following developments have taken place:

- The MDTF simplified approval process has been operationalized. The FATA Secretariat was the first to apply the approval process following the issuance of the delegation of authorities from the Central Development Working Party (CDWP) to the Provincial and FATA DWPs. Two projects were approved by the FDWP on April 4, 2012. These are: the FATA Urban Centres Project (FUCP) and the Rural Livelihood and Community Infrastructure Project (FRLCIP). Following this approval, the Economic Affairs Division (EAD) will sign grant agreements (planned for April 12, 2012) and thereafter have the projects moving towards implementation;
- Field work for the Balochistan Needs Assessment is in progress (please refer to the next page for details).
- The methodology for the development of the MDTF Round Two Results Framework has been defined and the activity Terms of Reference (ToRs) have been drafted. Meetings with counterparts will be held in April to define government priorities and field data will be collected during May, 2012;
- The anticipatory approval for the KP Health Project PC-1 has been issued by the Executive Committee of the National Economic Council. With the approval of the project, as agreed with EAD, grant documents will be signed on April 12, 2012;
- The Designated Account for the FATA part of the Economic Revitalization for KP and FATA project have been opened and the funding request is being prepared;
- Monitoring & Evaluation manuals have been prepared for seven projects and the results to be achieved under each of the projects have been defined in the Round One Results Framework. The expected results for the remaining pipeline projects will be added to the Results Framework soon; and
- As of 31 March 2012, MDTF has received signed commitments of US\$ 140.2 million. US\$ 113 million has been transferred to the MDTF account managed by the World Bank (WB).
- The MDTF Communication Officer is on board and the Portfolio Officer & M&E Expert will join in the near future.

Highlights

FATA Urban Centres Project (FUCP) and Rural Livelihood and Community Infrastructure Project (FRLCIP) to be approved

Methodology for MDTF Round Two Result Framework defined

M&E manuals prepared for seven projects

Commitments to date US\$ 140.2 million.
Received: US\$ 113 million

BALUCHISTAN: DEVELOPMENT PROSPECTS (Needs Assessment)

Background

Following a request from the Government of Balochistan (GoB), under the MDTF framework, WB has started work on assessing the needs of some key sectors (water, agriculture, livestock, fisheries, alternative energy sources and health) and analyzing the macroeconomic conditions as an input into the province's medium-term development strategy. The analysis (not dissimilar to the Post Conflict Needs Assessment) and recommendations will provide input to the overall development framework and major sectors towards strengthening Balochistan's economy. The GoB requested that the report be ready by June 2012.

Progress to date

The WB held consultations with GoB and parliamentarians to discuss broad parameters. The WB has prepared ToRs and identified consultants and Bank staff for each of the required tasks, and for the preparation the overall document. The review of the concept paper has been completed, and a preliminary paper series from 2006 to 2011 has been prepared.

The GoB indicated that it will be seeking help from a number of development partners in the formulation of its medium-term strategy. To this end, in addition to asking for WB's assistance in specified sectors, it will request UNDP and the EU to undertake similar exercises for other sectors. The GoB intends to hold public consultations on the draft strategy before finalizing it. The final document will serve as a framework/roadmap for projects and policy formulation by the provincial government, and also for discussions with donors.

Next Steps

Given the tight deadlines, it was agreed that the WB will submit the sectoral assessments to GoB as each draft becomes available. A final report will be issued based on these contributions. A First Draft is expected by end-April, which will be followed by consultations and feed-back to inform revisions. A Final Draft is scheduled for June 2012 contingent on a timely response by the GoB to requests for data and other information.

MDTF-Financed Projects and Status of the Portfolio

As of 31 March 2012 the status of the MDTF-financed portfolio was as follows:

Project	Project Amount USD(M)	Location	Disbursement USD (M) as of March 31, 2012	Disbursement %
KP Emergency Roads Recovery Project (ERRP)	8	KP	4	50%
Governance Support Project for KP & FATA	8.75	KP/FATA	1.4	16%
Economic Revitalization of KP & FATA	20	KP/FATA	2.2	11%

PORTFOLIO STATUS

KP Emergency Roads Recovery Project

This project is now under implementation and the first and second disbursements of USD 4million have already taken place. The Contractor has started work on the road.

Economic Revitalization for KP and FATA & Governance Support Project for KP and FATA

Grant agreements of the two projects have been signed by the Government and WB, as MDTF Administrator. Both Designated Accounts have been opened and project implementation has started.

Revitalizing of Health Services in KP Project; FATA Urban Centres (US\$ 7 M) and FATA Rural Livelihood and Community Infrastructure Project (US\$ 12 M)

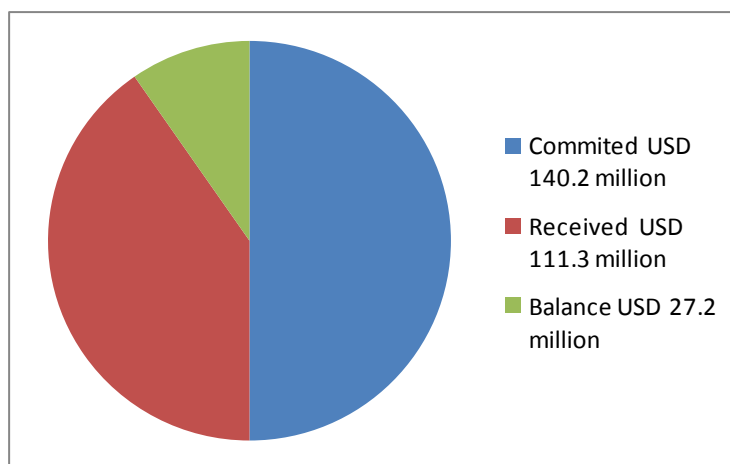
Clearances have been obtained and grant legal documents of the three projects will be signed on April 12, 2012.

Four projects are at various stages of preparation:

- 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\$ 16M), Southern Area Development Program (US\$ 18M)
- Additional financing under the Governance Support Project (US \$ 2.75M).

Financial Position of the MDTF: Status of Contributions and Agreements

As of 31 March 2012, the MDTF received commitments of US\$ 140 million. Funds of US\$ 113 million have been paid into the MDTF account managed by the World Bank.



Details on the status of contributions are given below:

Donor	Amount (M)	Currency	US\$	Signed	Paid in
Australia	10	AUD	8.9	8.9	8.9
Denmark	40	DKK	7.1	7.1	7.1
European Union	15	EUR	19.2	19.2	7.0
Finland	5.6	EUR	7.6	7.6	7.6
Germany	8	USD	11.2	11.2	11.2
Italy	4	EUR	5.4	5.4	5.4
Sweden	5	USD	5	5	5
Turkey	5	GBP	5	5	5
UK	30	GBP	45.8	45.8	30.7
USA	25	USD	25	25	25
TOTAL			140.2	140.2	113



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Annex**Status of Projects under Multi Donor Trust Fund (MDTF) as of 31 March 2012**

No	Name	Project description	Amount USD(M)	PC-1 Approval Y/N	Min. of Law Approval Y/N	Grant Agreement signed Y/N	Implementation begun / anticipated
1	KP Roads Project	Rehabilitation of 10.5 km of the Chakdara-Shamozai road (main portion)	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 Centres and will provide necessary infrastructure and equipment to improve service delivery	7	Y	y	N	February 2012
4	Promoting Girls Education in Balochistan	Support to the education sector to increase attendance of girls in schools	10	N	N	N	May 2012
5	Strengthening Health Services in Crisis-affected Districts of KP	Project aims to improve health services in KP through rationalization and by introducing the private sector to manage health centers in 7 districts	16+9	Y	y	N	February 2012
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	Y	y	N	February 2012
8	Governance Support Project	Support Government of KP and FATA Secretariat to design and implement sectoral reforms	6+2.75	Y	y	Y	October 2011
9	Support the Development of Disaster Risk Management & Response Capacity in Balochistan	Build capacity of the Balochistan PDMA to respond to disasters in a more efficient way	5	N	N	N	March 2012
10	KP Southern Area Development Program	Reduce inequality by providing equal opportunities to local inhabitants	18	N	N	N	June 2012