



## Economic Revitalization of Khyber Pakhtunkhwa and Federally Administered Tribal Areas (P124268)

SOUTH ASIA | Pakistan | Finance, Competitiveness and Innovation Global Practice |  
 Recipient Executed Activities | Investment Project Financing | FY 2012 | Seq No: 16 | ARCHIVED on 16-Aug-2019 | ISR37990 |

Implementing Agencies: Government of Pakistan, FATA/Merged Area Secretariat, SMEDA Khyber Pakhtunkhwa, Department of Industries

### Key Dates

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Bank Approval Date: 22-Aug-2011

Effectiveness Date: 11-Oct-2011

Planned Mid Term Review Date: 26-Nov-2013

Actual Mid-Term Review Date: 06-Dec-2013

Original Closing Date: 30-Jun-2020

Revised Closing Date: 30-Jun-2020

### 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 Objective?

Yes

Board Approved Revised Project Development Objective (If project is formally restructured)

To support the Government of Pakistan in creating sustainable employment opportunities, generating private sector investment, and laying the foundations for the future development of selected economic sectors in Khyber Pakhtunkhwa and Federally Administered Tribal Areas.

### Components

Name

Component 1: SME Development:(Cost \$25.60 M)

Component 2: Attracting Investment from the Diaspora:(Cost \$0.80 M)

Component 3: Project Management and Capacity Building Support:(Cost \$8.60 M)

Component 4: Supporting the Competitive Sectors:(Cost \$4.00 M)

### Overall Ratings

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

### Implementation Status and Key Decisions



The Additional Financing (AF) of the ERKF project became effective in March 2017 for an amount of US\$19 million, with a closing date of June 30, 2020. Since its effectiveness, the project has disbursed US\$10.2 million.

**As of June 30, 2019, the total number of disbursed matching grants (including 422 grants under the AF) is 2,048 (PKR 1,735 million, US\$11.6 million). Of these, 74 cases were disbursed to the women owned SMEs in KP.**

**The Third Party Monitoring Agent (TPMA) report for Q3 (Jan – Mar 2019) captures the results of asset verification of 61 beneficiary SMEs of the AF in KP. These show that all the beneficiaries used the grants for its intended purpose, and they reported positive impacts on the respective businesses in terms of job creation and revenue generation.** The TPMA report confirmed that the approved grants were given to SMEs in line with the agreed disbursement schedule and no procedural or fiduciary discrepancies were observed.

The report also mentions that the project has accelerated its grant processing and there was an increase of 32 percent in the grants disbursement between the second and third quarters of the FY.

**Communications:**

The project is implementing its communication strategy to attract additional beneficiaries of matching grants and to create awareness about the results of its activities under component 4, through electronic and social media.

To increase the number of beneficiaries for the matching grants from KP and Merged Areas, advertisements in three languages (English, Urdu and Pashto) were published in the press (including in the newspapers: The News, Dawn, Mashriq, Aaj and Wahdat (Pashto). Around 14,000 people were also reached out through the MDTF Facebook page, Twitter and website (www.pakistanmdtf.org). The TPMA report confirmed that the communication efforts of the project have increased the number of women-owned SMEs, applying for the grants.

Additionally, during FY19, around 66 stories and updates on the activities/opportunities of ERKF AF were shared on the MDTF social media. These sources were accessed by 35,000 people.

The AF supported the communication and outreach activities of the Department of Tourism of KP (DoT). Over 1.3 million copies of tourism promotional literature (maps of tourist destinations in KP province, tourist guides, heritage trails etc.) were published and disseminated at local airports, book stores, hotels, district government offices, chamber of commerce, tour operators, Tourist Information Centers of DoT and other relevant forums. The project also contributed towards the improvement of signage in few destinations.

**Key Decisions:**

1. The clients will focus on the effective utilization of disbursed project funds by ensuring timely procurement of firms for various activities.
2. Joint effort will be made by the three project units to expedite the outreach of matching grants across KP and Merged Areas, while disbursing the approved matching grants to SMEs without further delays.

**Risks**

**Systematic Operations Risk-rating Tool**

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Substantial	● Substantial
Macroeconomic	--	● Substantial	● Substantial
Sector Strategies and Policies	--	● Moderate	● Moderate
Technical Design of Project or Program	--	● Low	● Low
Institutional Capacity for Implementation and Sustainability	--	● Moderate	● Moderate
Fiduciary	--	● Substantial	● Substantial
Environment and Social	--	● Moderate	● Moderate
Stakeholders	--	● Moderate	● Moderate
Other	--	● Substantial	● Substantial
Overall	--	● Substantial	● Substantial

**Results**



**PDO Indicators by Objectives / Outcomes**

Number of direct jobs created by the enterprises supported through the project				
▶Number of direct jobs created by the enterprises supported through the Project. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	9,279.00	10,957.00	13,500.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020
Comments:	2,114 direct jobs have been created in the 422 enterprises that received matching grants under the AF of ERKF. Of these, 196 jobs were created for women.			
▲Number of direct jobs created for women through the matching grants. (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	152.00	196.00	315.00
▶Percentage of the matching grants beneficiaries operational and productive at the completion of the Project. (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	75.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020
▶SME beneficiaries of the MGs, of which at least 5 percent are owned/managed by women entrepreneurs. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1,893.00	2,048.00	2,500.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020
Comments:	Since March 2017, the project has disbursed 422 new matching grants to the SMEs in KP, of which 47 matching grants are for women owned SMEs.			
▶Investment attracted from the Diaspora and private enterprises. (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	10.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020
Comments:	The progress on this will be measured during the project Mid-Term Review.			
▶Number of private enterprises using the Tourism Management Systems developed by the project. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	50.00



Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020
Comments:	The Tourism MIS was launched on July 3, 2019. KP-PMU is following up with DoT to initiate the process for achieving this indicator.			
<b>► Investment facilitation authorities established in FATA and KP. (Percentage, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	100.00	100.00	100.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020

### Intermediate Results Indicators by Components

<b>Component 1: SME Development</b>				
<b>► SME Rehabilitation Support provided through the MGs. (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1,603.00	1,689.00	2,200.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020
Comments:	The numbers mentioned against these indicators are cumulative and represent the results achieved by the project both under the original ERKF project and its Additional Financing (AF). Hence the number of new rehabilitation matching grants disbursed under the AF is 250.			
<b>► SME owners satisfied with the processing of the MGs under the AF. (Percentage, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	85.00	97.00	80.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020
Comments:	According to TPMA reports covering the last two quarters of FY19, 97 percent SME owners rated the ERKF program as excellent or good, with respect to content, administration, support system, processing, etc.			
<b>► SME beneficiaries of the up-gradation MGs. (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	285.00	359.00	300.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020
Comments:	The number of new up-gradation matching grants disbursed under the AF is 179 and this target now stands over-achieved.			



Component 3: Project Management and Capacity Building Support				
►Officials of the IEs and relevant departments of KP and FATA receive training in technical areas, including (i) trade and commerce, (ii) tourism, and (iii) PPPs. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	47.00	52.00	100.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020
Comments:	5 officials from KP visited Punjab to study the model of Industrial Estates and involvement of the private sector in these zones.			

Component 4: Supporting the Competitive Sectors				
►Number of SMEs/clusters that have used the Business Development Services (BDS). (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	860.00	860.00	1,000.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020
►Number of scalable investment projects and activities identified in the competitive sectors of KP and FATA. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2.00	2.00	6.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020
►Machinery pools/common facility supported by the Project. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2.00	4.00	6.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020
Comments:	The project has shown progress on this indicator by approving and disbursing 2 CFC grants in June 2019 making the total such grants approved to 4. These include a CFC for construction sector cluster, which will be supported in purchase of heavy machinery not readily available in KP province.			
►Number of individuals (including women) that received training in the tourism sector. (Number (Thousand), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	20.00	50.00	200.00
Date	11-Oct-2011	30-Nov-2018	15-Jul-2019	30-Jun-2020
Comments:	Training was provided to 26 travel agents and tour guides in Chitral during November 2018. Another round of training was completed with 24 such enterprises and operators in Naran during July 2019.			

►Number of individuals (including women) in FATA that received training in the pine nut value chains. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	100.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2020
Comments:	FATA/MA PMU has initiated the procurement of a firm that will deliver this training during October 2019, once the contract has been signed.			

Component 2: Attracting Investment from the Diaspora				
►Re-connect Pakistan (web tools for Diaspora) operational (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	7,450.00	15,621.00	10,000.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	30-Jun-2016
►Diaspora Outreach program implemented: At least 7 to 10 outreach activities/events successfully organized (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	5.00	6.00	7.00
Date	11-Oct-2011	30-Nov-2018	28-Jun-2019	31-Mar-2017
Comments:	An international conference on technology, tourism and travel was sponsored by the ERKF AF in April 2019 in Nathiagali (Galiyat). It was organized by the project in collaboration with the Galiyat Development Authority of KP. Provincial and Federal ministers and 'Special Advisor to the Prime Minister of Pakistan on Overseas Pakistanis' (Mr. Zulfi Bukhari) were the key note speakers. There was participation from potential investors, mobile service providers, start ups and travel bloggers from abroad and across Pakistan. Its press release is attached with the ISR.			

## Data on Financial Performance

### Disbursements (by loan)

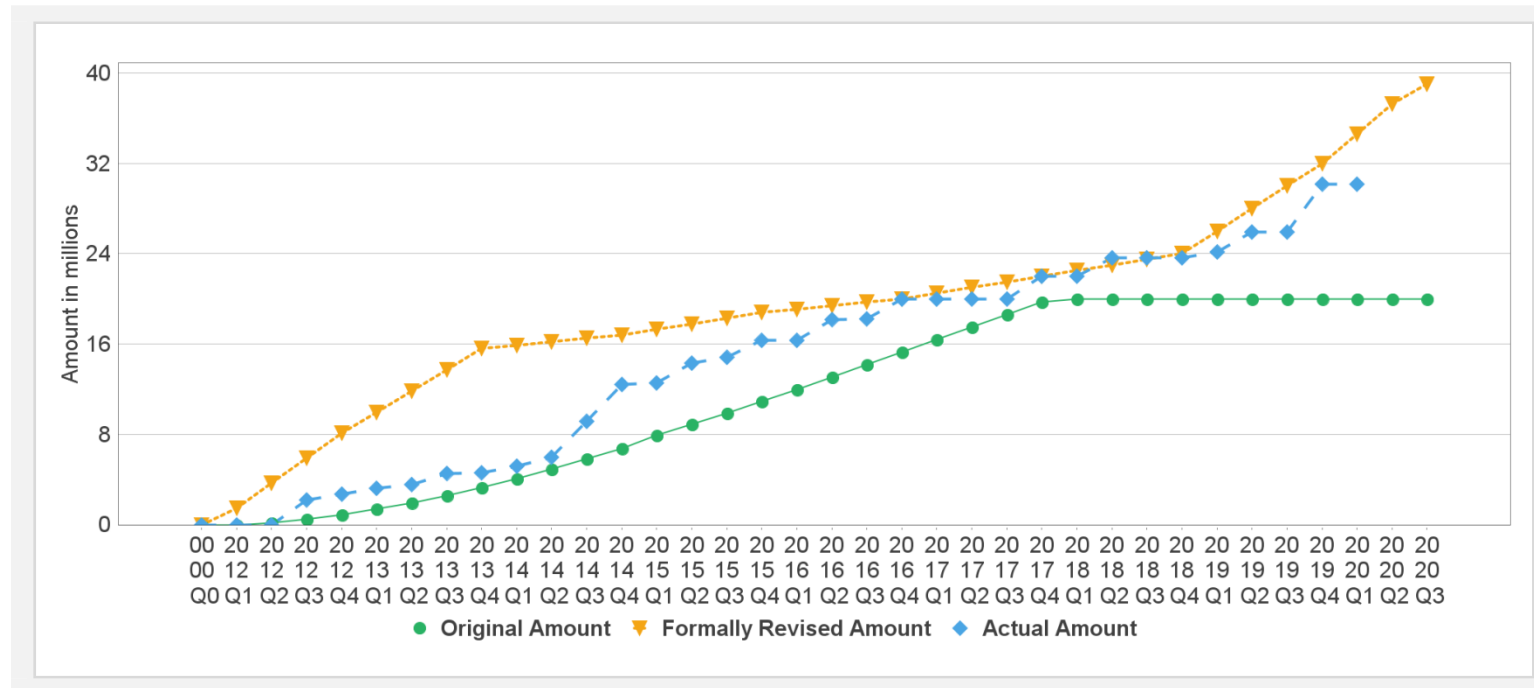
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P124268	TF-99175	Effective	USD	20.00	20.00	0.00	19.99	0.01	100%
P124268	TF-A4251	Effective	USD	19.00	19.00	0.00	10.18	8.82	54%

### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
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P124268	TF-99175	Effective	11-Oct-2011	11-Oct-2011	11-Oct-2011	30-Jun-2015	30-Jun-2020
P124268	TF-A4251	Effective	30-Mar-2017	30-Mar-2017	30-Mar-2017	30-Jun-2020	30-Jun-2020

**Cumulative Disbursements**



**Restructuring History**

Level 2 Approved on 29-Jun-2015 ,Level 2 Approved on 09-Dec-2015 ,Level 2 Approved on 23-Jun-2016 ,Level 2 Approved on 20-Dec-2016

**Related Project(s)**

P160445-Economic Revitalization of Khyber Pakhtunkhwa and Federally Administered Tribal Areas