



## 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: 15 | ARCHIVED on 24-Jan-2019 | ISR35498 |

Implementing Agencies: Government of Pakistan, FATA 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	● 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\$5.63 million.

**As of December 15, 2018, the total number of approved and disbursed matching grants in KP (for both original project and AF) is 1714 (PKR1316 million, US\$10 m) and 1488 (PKR1113 million, US\$8 m) respectively. Of these, 90 cases were approved for the women owned SMEs in KP.**

*The Third Party Monitoring Agent (TPMA) report for Q1 (Jul - Sep 2018) has the results of the asset verification of 51 beneficiary SMEs. These show that 100 percent of the beneficiaries used the grants for its intended purpose, and the beneficiaries 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 TPMA report summary is attached which also includes a case study on two beneficiary enterprises (School and Super Market/Beauty Salon), one of which is owned by a woman entrepreneur.

The KP government also launched the advertisement in local dailies on December 25, 2018 to invite another round of matching grants applications from the enterprises in travel and tourism industry, clusters and SMEs owned by women entrepreneurs. (Advertisement's copy is attached with this ISR).

ERKF AF has supported several activities for KP's tourism sector, including the completion of a survey in 4 tourist destinations, procurement and installation of automated traffic count systems in Galiyat, training of tour operators in Chitral, ongoing work on the tourism MIS, and (soon to be launched) Destination Management and Investment Plans (DIMPs) for Kumrat and Naran. It is also providing the much desired capacity to KP's Department of Tourism (DoT) through the hiring of technical staff.

The activities for erstwhile FATA areas will commence once the decision of the MDTF Steering Committee meeting, held on December 6, 2018, has been implemented to streamline the management of funds and project under a joint PMU and PSC for both KP and FATA. This could require project restructuring upon the receipt of request from the Economic Affairs Division (EAD).

## 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	--	● High	● 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	9,111.00	9,279.00	13,500.00
Date	11-Oct-2011	31-May-2018	30-Nov-2018	30-Jun-2020
Comments:	279 direct jobs have been created in the 202 enterprises that received matching grants under the AF of ERKF. Of these, 21 jobs were created for women in 20 women owned enterprises which received the matching grants.			
▲Number of direct jobs created for women through the matching grants. (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	138.00	152.00	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	31-May-2018	30-Nov-2018	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	1,754.00	1,893.00	2,500.00
Date	11-Oct-2011	31-May-2018	30-Nov-2018	30-Jun-2020
Comments:	Since October 2017, the project has disbursed 202 new matching grants to the SMEs in KP, of which 20 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	31-May-2018	30-Nov-2018	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	31-May-2018	30-Nov-2018	30-Jun-2020
Comments:	The contract for developing the Tourism MIS was signed on June 11, 2018. The product will be launched in March 2019, following which the indicator will register any progress.			
<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	31-May-2018	30-Nov-2018	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	1,528.00	1,603.00	2,200.00
Date	11-Oct-2011	31-May-2018	30-Nov-2018	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 112.			
<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	80.00
Date	11-Oct-2011	--	30-Nov-2018	30-Jun-2020
Comments:	According the assessment completed by the TPMA for Q1 of FY18, 85 percent SME owners expressed satisfaction over the processing of matching grants.			
<b>► SME beneficiaries of the up-gradation MGs. (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	226.00	285.00	300.00
Date	11-Oct-2011	31-May-2018	30-Nov-2018	30-Jun-2020
Comments:	The number of new up-gradation matching grants disbursed under the AF is 85.			

### 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	100.00
Date	11-Oct-2011	--	30-Nov-2018	30-Jun-2020

#### 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	31-May-2018	30-Nov-2018	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	31-May-2018	30-Nov-2018	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	2.00	6.00
Date	11-Oct-2011	31-May-2018	30-Nov-2018	30-Jun-2020
Comments:	The client is slow in pursuing this target and will be reminded to pursue this indicator during the next implementation support mission in February 2019.			

►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	0.00	20.00	200.00
Date	11-Oct-2011	31-May-2018	30-Nov-2018	30-Jun-2020
Comments:	Training was provided to 20 travel agents and tour guides in Chitral, 3 of which were women.			

►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	100.00
Date	11-Oct-2011	--	30-Nov-2018	30-Jun-2020



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	7,450.00	10,000.00
Date	11-Oct-2011	31-May-2018	30-Nov-2018	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	5.00	7.00
Date	11-Oct-2011	31-May-2018	30-Nov-2018	31-Mar-2017

## Data on Financial Performance

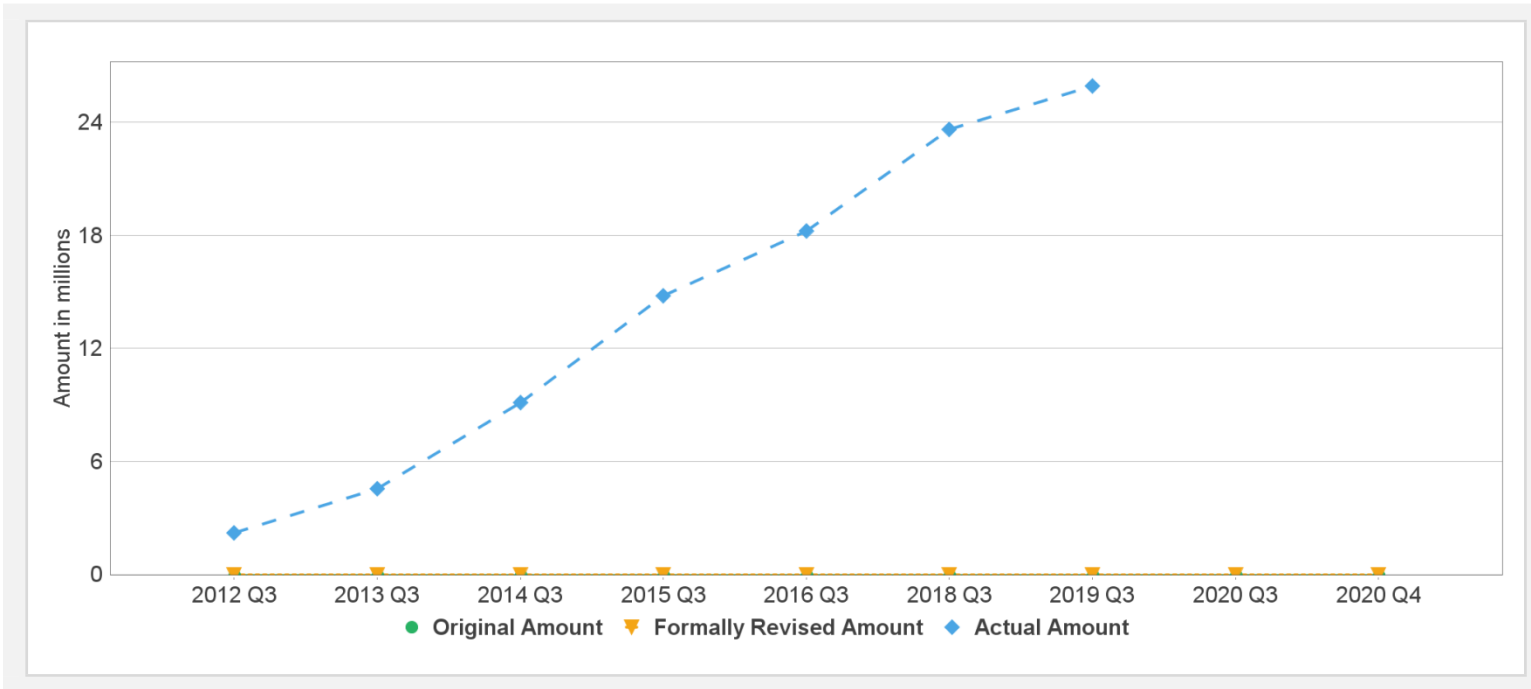
### Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P124268	TF-99175	Effective	USD	20.00	20.00	0.00	20.00	0.00	100%
P124268	TF-A4251	Effective	USD	19.00	19.00	0.00	5.94	13.06	31%

### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
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