



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: 14 | ARCHIVED on 26-Jun-2018 | ISR33125 |

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

Key Dates

Key Project Dates

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	● Satisfactory



Overall Implementation Progress (IP)	● 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\$3.63 million in the designated account of Khyber Pakhtunkhwa (KP). Under the AF, project has received 3,818 applications for matching grants from the small and medium enterprises (SMEs) in KP. **Between October 2017 and May 2018, the project has approved an additional 160 matching grants for the (SMEs) in Khyber Pakhtunkhwa (KP),** under the Component 1 (SME Development).

As of May 15, 2018, the total number of approved and disbursed matching grants is 206 (US\$2 million) and 63 (US\$0.64 million) respectively. Of these, 28 matching grants were approved for the women owned SMEs in KP and disbursement of US\$95,000 have been made to 7 such enterprises.

The Third Party Monitoring Agent (TPMA) report was shared with the Bank team in May 2018, which highlights that the 90 percent of the beneficiaries used the grants for its intended purpose, and 78 percent of the SME owners expressed that the application process for the matching grants was 'fairly easy'. The TPMA report confirmed that the approved grants were given to SMEs in line with the agreed disbursement schedule. Additionally, the sample of 34 beneficiaries reported that there were positive impacts on the respective businesses in terms of job creation and revenue generation. A clothing merchant from Nowshehra district (KP) reported that the business sales increased by 70% within two months of receiving the matching grant.

In KP, the activities under the components 3 and 4 are also on-track and the Project Management Unit of KP (KP-PMU) has signed three big contracts with the firms for the (i) Tourism Sector Assessment of four sites in KP; (ii) Tourism Management Information System (MIS) and (ii) Safeguards Appraisal of a road leading to famous tourist destinations in KP.

The three activities will directly support the KP Integrated Tourism and Enterprise Development Project (KITE), which is a pipeline IDA activity.

The activities in FATA have not commenced due to delays in the hiring of project staff and opening of the designated account. Therefore the rating of project Component 3 and 'overall implementation progress' is being downgraded to 'moderately satisfactory' from 'satisfactory'.

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	● High
Overall	--	● Substantial	● Substantial



Results

Project Development Objective Indicators

► Number of direct jobs created by the enterprises supported through the Project. (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	9,000.00	9,111.00	13,500.00
Date	11-Oct-2011	31-Oct-2017	31-May-2018	30-Jun-2020

Comments

111 direct jobs have been created in the 63 enterprises that received matching grants under the AF of ERKF. Of these, 12 jobs were created for women in 7 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	126.00	138.00	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-Oct-2017	31-May-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	1,691.00	1,754.00	2,500.00



Date	11-Oct-2011	31-Oct-2017	31-May-2018	30-Jun-2020
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Comments

Since October 2017, the project has disbursed 63 new matching grants to the SMEs in KP, of which 7 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-Oct-2017	31-May-2018	30-Jun-2020

Comments

The progress on this will be measured during the project Mid-Term Review.

► Investment facilitation authorities established in FATA and KP. (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	100.00	100.00	100.00
Date	11-Oct-2011	31-Oct-2017	31-May-2018	30-Jun-2020

► 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-Oct-2017	31-May-2018	30-Jun-2020

Comments

The contract for developing the Tourism MIS was signed on June 11, 2018. Therefore this indicator will show progress 6-8 months down the line.



Overall Comments

Intermediate Results Indicators

► 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-Oct-2017	31-May-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 July 2018.

► SME Rehabilitation Support provided through the MGs. (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1,491.00	1,528.00	2,200.00
Date	11-Oct-2011	31-Oct-2017	31-May-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 37.



► SME beneficiaries of the up-gradation MGs. (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	200.00	226.00	300.00
Date	11-Oct-2011	31-Oct-2017	31-May-2018	30-Jun-2020

Comments

The number of new up-gradation matching grants disbursed under the AF is 26.

► Number of SMEs/clusters that have used the Business Development Services (BDS). (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	800.00	860.00	1,000.00
Date	11-Oct-2011	31-Oct-2017	31-May-2018	30-Jun-2020

Comments

60 matching grants beneficiary SMEs were trained by a private firm on Adaptive Leadership Framework. This training is part of a Bank-funded pilot titled **'Improving Well Being, Resilience and Performance of SME Entrepreneurs through Behavioral Interventions'**. This pilot will work with the selective ERKF beneficiaries between March and September 2018 with an objective to improve the performance of the businesses by identifying and treating the causes of psychological problems, including stress and anxiety.

► SME owners satisfied with the processing of the MGs under the AF. (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	78.00	80.00
Date	11-Oct-2011	31-Oct-2017	31-May-2018	30-Jun-2020

Comments

According the assessment completed by the TPMA in May 2018, 78 percent SME owners expressed satisfaction over the processing of matching grants.



► 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	45.00	47.00	100.00
Date	31-Oct-2011	31-Oct-2017	31-May-2018	30-Jun-2020

Comments

Two officials from GoKP attended technical discussions and working sessions on tourism related topics i.e. destination management, community based tourism and heritage preservation in February 2018 in Washington DC. Another GoKP official will be attending a deep dive training session on cultural and heritage tourism in Japan in June 2018 (to be reported in the next ISR).

► 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-Oct-2017	31-May-2018	30-Jun-2020

► 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	0.00	200.00
Date	11-Oct-2011	31-Oct-2017	31-May-2018	30-Jun-2020

► 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	31-Oct-2017	31-May-2018	30-Jun-2020



▶ Re-connect Pakistan (web tools for Diaspora) operational (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	7,100.00	7,450.00	10,000.00
Date	11-Oct-2011	31-Oct-2017	31-May-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-Oct-2017	31-May-2018	31-Mar-2017

Overall Comments

Data on Financial Performance

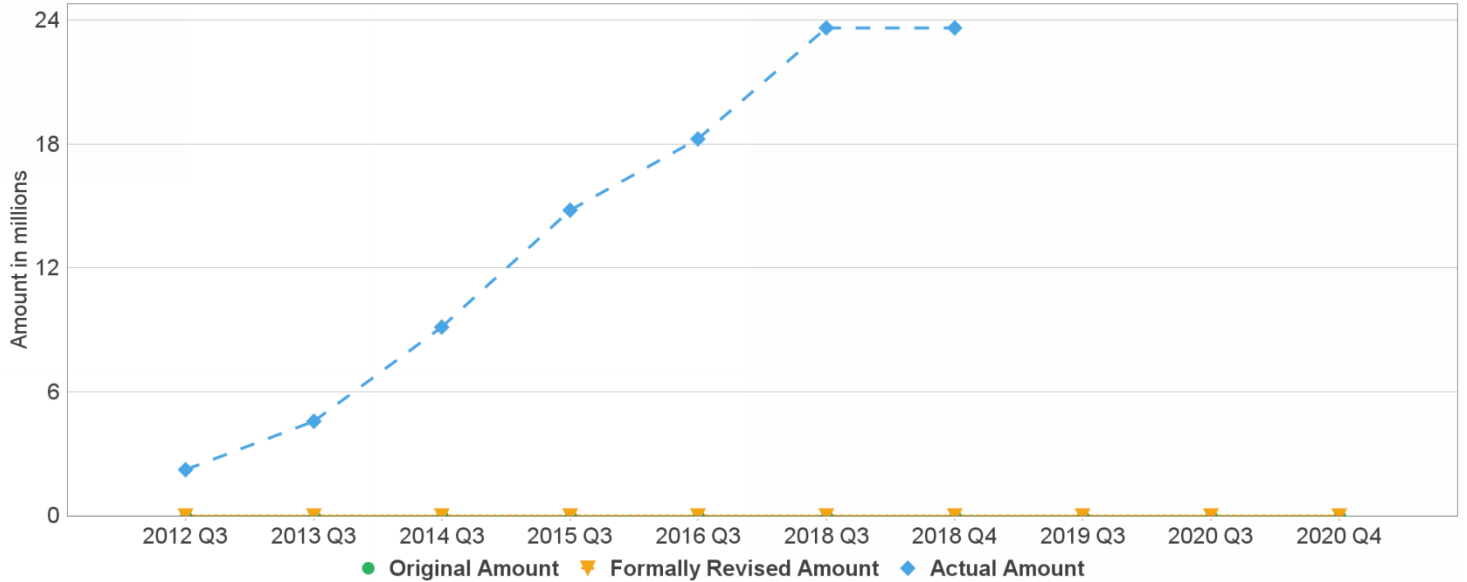
Disbursements (by loan)

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	3.63	15.37	 19%

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