REPORT NO.: RES41845

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
FEDERALLY ADMINISTERED TRIBAL AREAS (FATA) GOVERNANCE AND POLICY PROGRAM
APPROVED ON DECEMBER 2, 2016
TO
ISLAMIC REPUBLIC OF PAKISTAN

GOVERNANCE
SOUTH ASIA

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## I. BASIC DATA

### Product Information

<table>
<thead>
<tr>
<th>Product Information</th>
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<tbody>
<tr>
<td>Project ID</td>
<td>P156412</td>
</tr>
<tr>
<td>Financing Instrument</td>
<td>Investment Project Financing</td>
</tr>
<tr>
<td>Original EA Category</td>
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<tr>
<td>Current EA Category</td>
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</tr>
<tr>
<td>Approval Date</td>
<td>02-Dec-2016</td>
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<tr>
<td>Current Closing Date</td>
<td>30-Jun-2020</td>
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### Organizations

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<tr>
<td>Borrower</td>
<td>Islamic Republic of Pakistan</td>
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<tr>
<td>Responsible Agency</td>
<td>Planning and Development Department, Government of Khyber-Pakhtunkhwa</td>
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### Project Development Objective (PDO)

**Original PDO**

The Project Development Objective (PDO) is to increase transparency and effectiveness in public resource management and strengthen accountability of public service delivery in the agriculture sector of FATA.

**Current PDO**

The Project Development Objective (PDO) is to strengthen the capacity of staff in the Merged Areas to manage public resources, and improved accountability in the delivery of public services.

### Summary Status of Financing

<table>
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<th>Ln/Cr/Tf</th>
<th>Approval</th>
<th>Signing</th>
<th>Effectiveness</th>
<th>Closing</th>
<th>Net Commitment</th>
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Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

The Multi-Donor Trust Fund for Khyber Pakhtunkhwa (KP), Federally Administered Tribal Areas (FATA), and Balochistan (MDTF) is a key part of the World Bank’s response to COVID-19 in Pakistan. Established in 2010 as a financing mechanism to address post-crisis needs in KP, FATA, and Balochistan, it is well-positioned to help respond to COVID-19. The MDTF contributed to the US$40 million mobilized during phase I (focused on health emergency) of the World Bank’s response to the crisis in Pakistan. In addition, with its three thematic focus areas of improving governance, job creation, and service delivery, the MDTF will play an active role in phase II as well to support socio-economic recovery in KP, FATA, and Balochistan. The MDTF-supported activities will include provision of grants to small and medium sized enterprises and cash transfers through Citizen Facilitation Centers, increasing government revenue, community driven infrastructure development, and creating digital jobs for women and youth. The MDTF Steering Committee recommended the extension of the Trust Fund from the original closing date of June 30, 2020 to June 30, 2022. This was approved by the Regional Vice President (RVP) on November 19, 2019. This Project Paper seeks the approval of the RVP for the proposed extension of the MDTF financed Governance and Policy Project (GPP) for FATA. The proposed extensions for the Economic Revitalization of KP and FATA (ERKF), FATA Temporarily Displaced Persons Emergency Recovery Project, and Governance and Policy Projects of KP and Balochistan are being processed concurrently.

The Project has made significant progress in implementation and is on course to achieve its development objective. Specifically:

Component 1: Strengthening Capacity for Management of Public Resources:

Project supported delivery of training in Procurement and Contract Management for Officials serving in merged areas. Seven training sessions have been conducted. Altogether, 96 (including 8 women) officials participated in these sessions. Additionally, the project is supporting Finance Department to extend the Integrated Financial Management Information System to Merged Areas. Equipment and peripherals have been provided to the seven districts of the Merged Areas. An institutional assessment and gaps analysis has been completed.

Component 2: Improving accountability for public investment management and service delivery:

The project has undertaken capacity development of officials through various professional courses. A total of 105 government officials including 26 women have been trained on Gender Mainstreaming, Planning, Project Management and Monitoring & Evaluation, and Public Financial Management. The project has also supported the Right to Public Service Commission to strengthen accountability of public service delivery in merged areas of Khyber Pakhtunkhwa and convened seven district level awareness sessions on right to public services. A total of 427 individuals, including 161 heads of line department and district administration and 266 additional citizens have participated in these district level awareness sessions. Additionally, 23 planning officials, including two women, have participated in the first batch of training in Planning.
Component 3: Ensuring effective support for the coordination of governance reforms and the operational management of the GPP:

Project implementation has improved significantly. The Government has appointed a Project Coordinator to support project implementation and the Operation Support Unit is adequately staffed with key personnel. The team has submitted the progress report and continue to meet the deadlines for submission of financial reports.

The proposed restructuring would change the project closing date from June 30, 2020 to June 30, 2022. The administrative changes associated with the merger of the former FATA with the larger KP province and capacity challenges caused the initial delays in project implementation. The onset of COVID 19 has additionally interfered with implementation of the remaining activities. The Government has requested additional time to complete implementation of the following activities under implementation in the Merged Areas of the province:

a. Extension of the Integrated Financial Information System;
b. Establishment of the offices of the Right to Information and Right to Services Commission;
c. Geo-tagging of public investment assets; and

d. Training in procurement, project planning, financial management, and Monitoring and Evaluation.

II. DETAILED CHANGES

LOAN CLOSING DATE(S)

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<tr>
<th>Ln/Cr/Tf</th>
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<th>Revised Closing(s)</th>
<th>Proposed Closing</th>
<th>Proposed Deadline for Withdrawal Applications</th>
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