



**The World Bank**

Pakistan Community Support Project (CASA-1000) (P151075)

REPORT NO.: RES51892

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

PAKISTAN COMMUNITY SUPPORT PROJECT (CASA-1000)

APPROVED ON JUNE 3, 2020

TO

ISLAMIC REPUBLIC OF PAKISTAN, MINISTRY OF ECONOMIC AFFAIRS

SOCIAL SUSTAINABILITY AND INCLUSION

SOUTH ASIA

Regional Vice President:	Hartwig Schafer
Country Director:	Najy Benhassine
Regional Director:	John A. Roome
Practice Manager/Manager:	Robin Mearns
Task Team Leader(s):	Babar Naseem Khan, Emcet Oktay Tas



**I. BASIC DATA**

**Product Information**

Project ID P151075	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 03-Jun-2020	Current Closing Date 30-Jun-2022

**Organizations**

Borrower  Islamic Republic of Pakistan, Ministry of Economic Affairs	Responsible Agency Sustainable Development Unit, Planning and Development Department, Government of Khyber Pakhtunkhwa
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**Project Development Objective (PDO)**

Original PDO

The Project Development Objective (PDO) is to improve access to local infrastructure and strengthen community engagement in the project areas.

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
TF-B2589	03-Jun-2020	27-Jul-2020	29-Jul-2020	31-Mar-2022	2.00	1.81	.19
TF-B2594	03-Jun-2020	27-Jul-2020	29-Jul-2020	30-Jun-2022	9.40	6.81	2.59
TF-B2595	03-Jun-2020	27-Jul-2020	29-Jul-2020	30-Jun-2022	3.60	1.01	2.59



## Policy Waiver(s)

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

No

## II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

### A. Background

1. The Multi-Donor Trust Fund (MDTF) for Khyber Pakhtunkhwa (KP), Federally Administered Tribal Areas (FATA), and Balochistan has played a vital role in response to development challenges in KP and Balochistan. The MDTF was established in 2010 as a financing mechanism to address post-crisis needs in KP, erstwhile FATA and Balochistan. The MDTF has created close to 15,000 jobs and tripled the Sales Tax on Services collection in KP and increased this over four times in Balochistan compared to baseline in FY 2015/16. It was also a first responder to the Novel Coronavirus Disease 2019 (COVID-19) for the Government of Khyber Pakhtunkhwa (GoKP). The MDTF also mobilized US\$4 million in financing for procurement of emergency health equipment in KP. Procurement processes began as early as March 2020 and purchase, delivery, and supported the use of emergency health equipment. Furthermore, the MDTF has provided an entry point for International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD) investment in the provinces of KP and Balochistan.

2. The MDTF Steering Committee, comprising of 10 active donors and the Government of Pakistan (including provincial Governments of KP and Balochistan), recommended the extension of the end disbursement date of the MDTF from December 31, 2022, to December 23, 2023, to make up for delays caused by COVID-19. This will allow the extension of the Pakistan Community Support Program (PCSP) for KP from June 30, 2022, to June 30, 2023

3. The Pakistan Community Support Project (PCSP) is a community-driven development (CDD) project implemented in communities that are located within a four-kilometer-wide “corridor of influence” (CoI) along the CASA-1000 transmission line. The transmission line passes passing through approximately 100 kilometers of Khyber District in the Newly Merged Areas and the Peshawar Subdivision, before connecting to a grid station in Nowshera. The project is using citizen engagement models, appropriately adjusted with lessons from COVID-19, for the construction and/or rehabilitation of infrastructure schemes that are responsive to local needs. Recognizing the dire need for local infrastructure in the NMA, the GoKP has identified last-mile service delivery through CDD as a priority under the Tribal Decade Strategy (TDS)—a comprehensive 10-year plan to accelerate local development and alleviate poverty in the NMA. The plan emphasizes an inclusive, bottom-up model to address local needs with the participation of the tribal population, while improving the ties between the local population and state authorities. The Sustainable Development Strategy (2019-23) of GoKP, similarly, prioritizes physical infrastructure development and delivery of basic services among its main priorities. This is the first restructuring of the Project.

4. The Project’s components are currently structured as follows:

a. Component 1. Community Outreach and Communications for CASA-1000 (US\$0.5 million): Implementation of the CASA-1000 Community Outreach and Communications Plan, including the carrying out of community consultations and capacity building and training for PMU staff.



b. Component 2. Community Mobilization and Capacity Building (US\$2.0 million): Mobilization of beneficiary communities into Community Development Councils (CDCs) for Implementation of Infrastructure Schemes, Citizen Engagement and Youth Inclusion. The component includes capacity building, training, and the establishment and implementation of feedback and accountability mechanisms.

c. Component 3. Community Investments in Small Infrastructure Schemes (US\$10.5 million): Provision of subgrants for local infrastructure schemes, including (a) rehabilitation of damaged or inactive infrastructure; (b) construction of new infrastructure; and (c) operations and maintenance of rehabilitated or constructed infrastructure.

d. Component 4. Project Management, Implementation, and Monitoring and Evaluation (US\$2.0 million): Provision of support for project management, implementation, and monitoring and evaluation to the Project Management Unit, including technical expertise and studies, procurement and contract management, financial management, local governance, social and environmental risk management, and maintenance and reporting of project's monitoring and evaluation, as well as feedback mechanisms.

e. Component 5: Contingent Emergency Response Component (CERC) (US\$0.00): Provision of immediate response to an Eligible Crisis or Emergency in Project areas, as needed.

5. Currently, the project's progress toward the Project Development Objective (PDO) and implementation status is Satisfactory. The CSP was approved in June 2020 and became effective in August 2020. At the time of the last Implementation Support Mission (ISM) in March 2022, social mobilization activities under Component 2 had been completed. Community Development Councils (CDCs) had been formed in all CoI villages, trained, registered with the District Administration, and bank accounts had been opened. 80 community infrastructure sub-projects under Component 3 were approved by the Sub-Project Review and Approval Committee (SPRAC) by March 2022, with 28 additional sub-projects to be approved by the end of March. As of May 2022, a total of 122 sub-projects have been approved by SPRAC, where civil works have been initiated for 87 schemes. All of these schemes are being implemented by CDCs themselves., including identification, procurement, accounting and monitoring. In addition to the community sub-projects, 17 High Impact Goodwill schemes have been completed by CSP in the CoI which focused on rehabilitating girls' primary schools and Basic Health Units, with an aim to build trust within the communities. As of May 2022, the disbursement rate at the time of ISM was 63 percent (US\$ 9.4 million out of US\$ 15 million); of this amount, US\$ 4.06 million (about 43 percent of the disbursed amount) had been utilized.

6. During the first two years of implementation, the PMU's implementation capacity and familiarity with the World Bank's rules and procedures has been well established. The institutional arrangements necessary for the Project's success are sound and functioning well. The Project Steering Committee (PSC), which was formed shortly after project effectiveness, approved the Project's Operations Manual, Communications Strategy and continues to approve Annual Work Plans. The ISR confirmed, as stipulated in the Project Agreement (PA), the Sub-Project Review and Approval Committee (SPRAC) is functioning to approve infrastructure schemes under CSP and to minimize any overlaps with other government schemes. Till May 2022, five SPRAC sessions have taken place while SPRAC 6 is planned for June 2022. The PMU is also coordinating effectively with various other entities, including the Social Welfare Ministry and the National Transmission and Dispatch Company (NTDC), the implementing agency of the CASA-1000 project, on various project activities and is providing grievance redressal support to the NTDC. All of these achievements have significantly supported GoKP's objective to develop government capacity in implementing CDD operations. As envisaged at project inception stage, CSP has served as the precursor to future local development and infrastructure programs in the NMDs, including the World Bank-supported Khyber Pakhtunkhwa Rural Investment and Institutional Support Project (KPRIISP) which is currently under preparation.



## B. Rationale for Project Restructuring

7. It was envisaged at the project inception phase that CSP's unusually short implementation period would need an extension beyond June 2022. The Project was approved in June 2020 and declared effective shortly after in August 2020. As noted in the Project Appraisal Document (PAD), the Project's short implementation period was defined by the then-closing date of the Pakistan Multi-Donor Trust Fund (MDTF) and it was not considered long enough to fully deliver against the PDO and results. The World Bank nonetheless supported the project on the assumption that a follow-on project is highly likely and because project-financed activities are direly needed in the project areas, particularly in NMDs. With the extension of the Pakistan MDTF for an additional year, and the ongoing collaboration and continued learning between the CSP's Project Implementing Unit and the new World Bank-supported RIISP under preparation by the same GoKP counterpart, provides a solid justification for project extension.

8. Project extension is also justified by administrative delays owing to the onset of the COVID-19 pandemic, which caused various implementation delays since the project's modus operandi depended crucially on community engagement and social mobilization. The hiring of Social Mobilization Partners (SMPs) was delayed due to procurement challenges, and mobilization of project communities was affected by multiple COVID-19 waves. This resulted in a late start to the crucial social mobilization activities under Component 2 of the Project to set the base for the infrastructure activities.

9. Extension of Pakistan MDTF requested by the KP government, comes as an opportunity for CSP, allowing for another one year of implementation timeline, with a Project end date of June 2023. This additional year presents an opportunity for the Project's restructuring to ensure the project remains on track to fully achieve the PDO and introduce activities to further amplify the benefit sharing for the CASA-1000 CoI communities. In addition, it allows the implementing agency to retain the technical capacity and staff employed by the PMU in order to continue supporting the preparation of RIISP and facilitate a smooth transition to the implementation of this larger program that is expected to begin in 2023.

10. Finally, the proposed restructuring is justified from an implementation and sustainability standpoint. The implementing agency has gained familiarity with the World Bank's rules and procedures and made significant progress on achieving the Project results. The restructuring will help the agency to build on the implementation momentum gathered during the first two years of implementation, to ensure continued and enhanced benefits for the communities and contribute towards the sustainability of the institutions formed. These will include using the established community platforms to provide benefits for youth and women including grants and trainings, introducing a robust O&M system for completed community infrastructure schemes, and use the additional time to implement community identified special infrastructure projects for disaster resilience. The possibility of increasing the High Impact Good Will schemes to improve the conditions of remaining girls schools and health facilities in the CoI can also be realized.

11. The proposed extension meets the requirements of the World Bank Investment Project Financing (IPF) Directive regarding extension of closing dates, specifically: (i) the PDO remains achievable; (ii) the performance of the Borrower remains satisfactory across all components; (iii) the World Bank and the Borrower agree on actions that will be undertaken by the Borrower to complete all project activities; and (iv) there are no outstanding audits and/or interim financial reports.



**III. DETAILED CHANGES**

**LOAN CLOSING DATE(S)**

<b>Ln/Cr/Tf</b>	<b>Status</b>	<b>Original Closing</b>	<b>Revised Closing(s)</b>	<b>Proposed Closing</b>	<b>Proposed Deadline for Withdrawal Applications</b>
TF-B2589	Closed	31-Mar-2022			
TF-B2594	Effective	30-Jun-2022		30-Jun-2023	30-Oct-2023
TF-B2595	Effective	30-Jun-2022		30-Jun-2023	30-Oct-2023