



The World Bank

Balochistan Livelihoods and Entrepreneurship Project (P159292)

REPORT NO.: RES52153

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RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
BALOCHISTAN LIVELIHOODS AND ENTREPRENEURSHIP PROJECT
APPROVED ON MARCH 3, 2020
TO
ISLAMIC REPUBLIC OF PAKISTAN

AGRICULTURE AND FOOD

SOUTH ASIA

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I. BASIC DATA

Product Information

Project ID P159292	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 03-Mar-2020	Current Closing Date 30-Jun-2024

Organizations

Borrower Islamic Republic of Pakistan	Responsible Agency Planning and Development Department, Government of Balochistan
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Project Development Objective (PDO)

Original PDO

The Project Development Objective is to create employment opportunities for rural communities and achieve sustainability of enterprises in selected districts of Balochistan.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-65440	03-Mar-2020	26-Mar-2021	29-Mar-2021	30-Jun-2024	20.42	0	21.14
IDA-D5650	03-Mar-2020	26-Mar-2021	29-Mar-2021	30-Jun-2024	14.58	0	15.14
TF-B2123	03-Mar-2020	26-Mar-2021	26-Mar-2021	30-Jun-2022	15.00	10.41	4.59



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. 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). US\$4 million in financing was mobilized for procurement of emergency health equipment in KP through the MDTF. Procurement processes started as early as March 2020 and purchase, delivery, and use of emergency health equipment was supported. 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 Balochistan Livelihoods and Entrepreneurship Project (BLEP) from June 30, 2022, to June 30, 2023.

3. The MDTF-financed BLEP was approved by the Board of Directors of the World Bank on March 3, 2020 and became effective on March 29, 2021. BLEP is a blend project consisting of financing from multiple sources including: i) IDA credit of US\$20.42 million (including allocation from the Regional Sub-Window for Refugees and Host Communities (RSW) and country IDA allocation); ii) IDA grant of US\$ 14.58 million equivalent from the RSW; and, iii) grant from the MDTF in the amount of US\$15 million.

4. This is the first restructuring of the Project.

5. To date, the project has made significant progress towards achieving its development objective. It is currently rated as “Moderately Satisfactory” for both “Overall Implementation Progress” and “Progress towards achievement of PDO”, with cumulative disbursements of US\$5.35 million, representing 36 percent of the total MDTF allocation. Of this amount, approximately US\$3.5 million is committed and US\$1.4 million have been utilised. Additional disbursements of US\$5 million are under process.

6. The project consists of 3 components including:

i) Economic Mobilization (US\$6.59 million MDTF Share: US\$1.98 million)

This component will support communities in rural and peri-urban areas of the selected districts by addressing the key constraints arising from the low population density and high cost of delivery in these far-flung areas. The project will: i) mobilize technical and financial resources at the local level in a collective and transparent manner; and, ii) build



capacity of existing and potential entrepreneurs to better manage and utilize local resources and savings for productive purposes. This component has two subcomponents: Community Facilitation and Citizens' Engagement.

ii) Promoting Enterprise Development and Livelihoods (US\$37.28 million MDTF Share: US\$11.18 million)

This component will support local entrepreneurs and individuals to enhance viability through the provision of matching grants, business development support, vocational training and business support facilities. In the context of prevailing socio-economic conditions in the targeted districts, interventions proposed for enterprise facilitation in this component are guided by two principles. First, support to enterprises should be extended with the objective of enhancing profitability, which implies facilitating improved productivity, higher sales and reduced costs of production. This requires product diversification to promote competition, access to new markets and adoption of climate smart technologies to ensure sustainability and mitigate the impact of climate change. Also, there is a need to recognize that skill enhancement per se will not lead to the establishment or growth of enterprises; skills trainings have to be relevant to specific sectors and contextualized, thereby leading to greater efficiency of doing business. Second, while there is potential to support rural populations in establishing new businesses, not all enterprises supported through the project will be successful. This component has three subcomponents including enterprise facilitation supporting large entrepreneurs through business development support and construction of business support facilities, livelihoods promotion, mainly targeted towards women and refugees and, technical and vocational skills development.

iii) Project Management (US\$6.13 million MDTF Share: US\$1.84 million)

This component will develop the institutional capacity of the Planning and Development Department (P&DD), Government of Balochistan, to implement the project. By addressing weak public-sector capacity, the project will increase transparency and efficiency.

7. The project aims to achieve the following outcomes:

- Total number of direct beneficiaries (disaggregated by relevant demographics including men, women, refugees and other vulnerable groups) (Corporate Results Indicator)
Target: 56,610 of which 11,142 are women and 8,615 are refugees.
- Beneficiaries of job-focused interventions, disaggregated by relevant demographics (Corporate Results Indicator)
Target: 15,000 of which 6,000 are women and 1,600 are refugees.
- Profitability of enterprises supported by the project enhanced, disaggregated by gender
Target: 20 percent
- Percentage of enterprises supported through projects with ongoing operations after three years, disaggregated by gender
Target: 60 percent.

B. Rationale for Restructuring and Proposed Changes

8. This Restructuring Paper seeks the approval of the CD to extend the closing date of BLEP from June 30, 2022, to June 30, 2023, following the extension of the MDTF EDD to December 31, 2023. The restructuring would allow the Government of Balochistan (GoB) to complete activities whose implementation was interrupted by the COVID-19 pandemic.



9. the proposed restructuring would involve: (a) an amendment to the Grant Agreement; and (b) an amendment to the Table on Withdrawal of Proceeds in Section III.A.2 of the Financing Agreement to allow disbursement under the MDTF Grant during the extended period.

10. Activities planned to be financed through MDTF financing have been contracted or are in advanced stages of procurement and it is expected that the MDTF financing of US\$15 million will be fully utilised by June 30, 2023.

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 moderately 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)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-65440	Effective	30-Jun-2024			
IDA-D5650	Effective	30-Jun-2024			
TF-B2123	Effective	30-Jun-2022		30-Jun-2023	30-Oct-2023