



The World Bank

Federally Administered Tribal Areas (FATA) Governance and Policy Program (P156412)

REPORT NO.: RES51325

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

GOVERNANCE GLOBAL PRACTICE

SOUTH ASIA REGION

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ABBREVIATIONS AND ACRONYMS

FATA	Federally Administered Tribal Areas
GoKP	Government of Khyber Pakhtunkhwa
GPP	Governance and Policy Program
IDA	International Development Association
IPF	Investment Project Funding
KP	Khyber Pakhtunkhwa
MDTF	Multi-Donor Trust Fund
NFMIS	National Financial Management Information System
PDO	Project Development Objective
RF	Results Framework
ROI	Right to Information
RTS	Right to Services
RVP	Regional Vice President



BASIC DATA

Product Information

Project ID P156412	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 02-Dec-2016	Current Closing Date 30-Jun-2022

Organizations

Borrower Islamic Republic of Pakistan	Responsible Agency
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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 (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
TF-A3301	18-Jan-2017	18-Jan-2017	23-Feb-2017	30-Jun-2022	5.00	4.59	.41



Policy Waiver(s)

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

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

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 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 Governance and Policy Program (GPP) for FATA from June 30, 2022, to June 30, 2023.

3. **The Multi-Donor Trust Fund (MDTF)-financed Federally Administered Tribal Areas (FATA) Governance and Policy Program (GPP) was approved by the World Bank's Regional Vice President (RVP) for South Asia on December 6, 2016 and became effective on February 23, 2017.** The project had an original allocation of US\$14 million and its Project Development Objective (PDO) was to increase transparency and effectiveness in public resource management and strengthen accountability of public service delivery in the agriculture sector of FATA.

4. **Two level two restructurings were approved on June 27, 2019 and June 23, 2020, which entailed:** (i) revision of the Project Development Objective (which now is to strengthen the capacity of staff in the Merged Areas to manage public resources, and improved accountability in the delivery of public services); (ii) cancellation of project resources in the amount of US\$9 million for a revised net commitment amount of US\$5 million; (iii) revision of the Results Framework; (iv) scaling up and revision of project activities; (v) reallocation between project components and disbursement categories; and (vi) extension of the closing date by two years, from June 30, 2020 to June 30, 2022.

B. Project Status and Rationale for Restructuring

5. **This Restructuring Paper seeks the approval of the RVP to extend the closing date of the GPP for FATA 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 Khyber Pakhtunkhwa (GoKP) to complete activities whose implementation was interrupted by the COVID-19 pandemic.



6. **To date, the project has made solid progress towards achieving its development objective.** It is currently rated as “Satisfactory” for both “Overall Implementation Progress” and “Progress towards achievement of PDO”¹, with cumulative disbursements of 91.78 percent (or US\$4.59 million of the revised commitment amount). All three components continue to make progress, as evidenced below.

7. **Component 1: Strengthening Capacity for Management of Public Resources.** To date, the National Financial Management Information System (NFMIS) has been extended to the merged areas, Monitoring and Evaluation training has been provided to 75 officials (16 of which are women), and all seven districts in the merged areas are submitting monthly budget execution reports; this surpasses the target of five districts. Procurement training has been completed for 255 individuals (23 of which are women), surpassing the target of 60, and ten internal audits have been completed. All three of these activities have significantly improved the accountability in public finances. A key component of the GPP, the training of the 500 District Disbursement Officers who play a key role in both oversight of payments and delivery of services, is yet to be completed. The training is set to begin in July 2022, with the training of 50–100 officers per month at the Pakistan Institute of Management. The training will support the sustainment of activities implemented across both components.

8. **Component 2: Improving accountability for public investment management and service delivery.** Under this component, the project has continued to reach and exceed its end targets. Through April 2022, the merged districts have completed the geotagging of 80 percent of all known assets, which includes location and other details concerning facility conditions, used to support improved planning. The Right to Services (RTS) and Right to Information (ROI) commissions have both exceeded their respective targets in improving awareness of services provided by the Government, responding/satisfying complaints around service delivery, and providing citizens and officials in merged areas with tools to access government information.

9. **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 continues to meet the deadlines for submission of financial reports.

II. DESCRIPTION OF PROPOSED CHANGES

10. **The proposed project restructuring provides a no cost extension of the project closing date from June 30, 2022 to June 30, 2023, to ensure that all critical activities and procurement packages across project activities are finalized and implemented in a manner that positively impacts the achievement of the PDO across the three components.** In addition, the end/target date of the Results Framework indicators has also been amended, to correspond to the new project closing date of 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

¹ Per the latest Implementation Status and Results Report, approved by the World Bank Management on October 15, 2021: <https://documents1.worldbank.org/curated/en/843151634298582010/pdf/Disclosable-Version-of-the-ISR-Federally-Administered-Tribal-Areas-FATA-Governance-and-Policy-Program-P156412-Sequence-No-09.pdf>



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. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Loan Closing Date(s)	✓	
Implementation Schedule	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Components and Cost		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓



Environmental Analysis					✓
IV. DETAILED CHANGE(S)					
LOAN CLOSING DATE(S)					
Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-A3301	Effective	30-Jun-2020	30-Jun-2022	30-Jun-2023	30-Oct-2023



Results framework

COUNTRY: Pakistan

Federally Administered Tribal Areas (FATA) Governance and Policy Program

Project Development Objectives(s)

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.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
Strengthening Capacity for Management of Public Resources						
Staff of Merged Areas Secretariat reporting improvements in on-job performance after participating in training (Percentage)		0.00			70.00	75.00
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					
Improving Capacity for Public Investment Management and Accountability for Service Delivery						
Public assets in the Merged Areas that are geo-tagged (Percentage)		0.00			20.00	75.00
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					
Complaints from citizens of Merged Areas not resolved within		0.00			15.00	10.00



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
stipulated timelines for services under the RTS Act (Percentage)						
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
Strengthening Capacity for Management of Public Resources						
Internal audits conducted (Number)		0.00	5.00	5.00	5.00	10.00
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					
Provincial Government employees in Merged Areas who completed Procurement training (Number)		0.00			30.00	60.00
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					
of which are women (Number)		0.00			0.00	30.00



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					
Provincial Government employees in Merged Areas who completed, at least, the certificate level of the PFM accreditation program (Number)		0.00			30.00	60.00
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					
of which are women (Number)		0.00			0.00	30.00
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					
Districts in Merged Areas submitting monthly Budget Execution Reports to FD, within 45 days of end of quarter (Number)		0.00			3.00	5.00
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					
Improving public investment management and service delivery						
Provincial Government employees in Merged Areas who completed		0.00			40.00	75.00



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
Monitoring and Evaluation training (Number)						
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					
of which are women (Number)		0.00				30.00
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					
Districts in Merged Areas where Integration of geotagged data into GIS Decision Support System completed (Number)		0.00			2.00	5.00
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					
Citizens reporting satisfaction with notified services under the RTS Act (Percentage)		0.00			50.00	75.00
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					
Provincial Government employees in Merged Areas who completed sectoral planning training (Number)		0.00			25.00	50.00



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
Action: This indicator has been Revised	Rationale: <i>The End target date is updated to June 30, 2023, to align it with the revised project closing date</i>					
Provincial Government employees in Merged Areas who completed Project Management training (Number)		0.00			40.00	75.00
Action: This indicator has been Revised	Rationale: <i>The End target date is updated to June 30, 2023, to align it with the revised project closing date</i>					
Provincial Government employees from Merged Areas who have participated in gender awareness sessions (Number)		0.00			25.00	100.00
Action: This indicator has been Revised	Rationale: <i>The End target date is updated to June 30, 2023, to align it with the revised project closing date</i>					
Citizens registered in IGRS to give feedback on government services (Number)		0.00			500.00	1,000.00
Action: This indicator has been Revised	Rationale: <i>The End target date is updated to June 30, 2023, to align it with the revised project closing date</i>					
Ensuring effective support for the coordination of governance reforms and the operational management of the GPP						



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
Progress Report no later than 45 days after end of reporting period (Yes/No)		No			No	Yes
Action: This indicator has been Revised	Rationale: The End target date is updated to June 30, 2023, to align it with the revised project closing date					



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