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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF JPY 39,028,500,000
(US\$300 MILLION EQUIVALENT)

TO THE

ISLAMIC REPUBLIC OF PAKISTAN

FOR THE

KHYBER PAKHTUNKHWA RURAL ACCESSIBILITY PROJECT

May 17, 2022

Transport Global Practice
South Asia Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2022)

Currency Unit	Japanese Yen (JPY)
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JPY 130.0949999 =	US\$1
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FISCAL YEAR

July 1 – June 30

Regional Vice President: Hartwig Schafer

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Regional Director: Guangzhe Chen

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Task Team Leader(s): Lincoln Flor, Hasan Afzal Zaidi

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AGP	Auditor General Pakistan
CAD	Current Account Deficit
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
CWD	Communication and Works Department
DA	Designated Account
E&S	Environmental and Social
E&SED	Elementary and Secondary Education Department
EAD	Economic Affairs Division
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
ESS	Environmental and Social Standards
FGD	Focus Group Discussion
FM	Financial Management
FMS	Financial Management Specialist
GBV	Gender-based Violence
GDP	Gross Domestic Product
GEMS	Geo-enabling Initiative for Monitoring and Supervision
GER	Gross Enrollment Rate
GHG	Greenhouse Gas
GIS	Geographic Information System
GoKP	Government of Khyber Pakhtunkhwa
GoP	Government of Pakistan
GRM	Grievance Redress Mechanism
HCI	Human Capital Investment
IBRD	International Bank for Reconstruction and Development
IC	Implementation Committee
IE	Implementing Entity
IPF	Investment Project Financing
IPSAS	International Public Sector Accounting Standards
IRR	Internal Rate of Return
I-SAPS	Institute of Social and Policy Sciences
IUFR	Interim Unaudited Financial Report
KITE	Khyber Pakhtunkhwa Integrated Tourism Development Project
KP	Khyber Pakhtunkhwa
KPI	Key Performance Indicator
LMP	Labor Management Procedure
M&E	Monitoring and Evaluation
NMDs	Newly Merged Districts
NPV	Net Present Value
OOS	Out of School
OOSC	Out-of-school Children

PD	Project Director
PDO	Project Development Objective
PIU	Project Implementation Unit
POM	Project Operations Manual
PPSD	Project Procurement Strategy for Development
PTC	Parent Teacher Council
RAMS	Road Asset Management System
RAP	Resettlement Action Plan
RF	Resettlement Framework
RSSAT	Road Safety Screening Appraisal Tool
SAA	School Attendance Authority
SDG	Sustainable Development Goal
SEAH	Sexual Exploitation, Abuse, and Harassment
SEP	Stakeholder Engagement Plan
SPEED	Spending Effectively for Enhanced Development Program
SSU	Shared Services Unit
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance
ToRs	Terms of Reference
WB	World Bank
WBG	World Bank Group



TABLE OF CONTENTS

DATASHEET	1
I. STRATEGIC CONTEXT	7
A. Country Context.....	7
B. Sectoral and Institutional Context.....	9
C. Relevance to Higher Level Objectives.....	13
II. PROJECT DESCRIPTION.....	14
A. Project Development Objective	14
B. Project Components	15
C. Project Beneficiaries	20
D. Results Chain	20
E. Rationale for Bank Involvement and Role of Partners	21
F. Lessons Learned and Reflected in the Project Design	21
III. IMPLEMENTATION ARRANGEMENTS	22
A. Institutional and Implementation Arrangements	22
B. Results Monitoring and Evaluation Arrangements.....	23
C. Sustainability.....	23
IV. PROJECT APPRAISAL SUMMARY	23
A. Technical and Economic Analysis	23
B. Fiduciary.....	25
C. Legal Operational Policies.....	26
D. Environmental and Social.....	26
E. Climate Change, Disaster Screening, and Climate Co Benefits.....	27
F. Gender	29
G. Citizen Engagement.....	29
V. GRIEVANCE REDRESS SERVICES	30
VI. KEY RISKS	30
VII. RESULTS FRAMEWORK AND MONITORING	32
ANNEX 1: Implementation Arrangements and Support Plan	43



DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Pakistan	Khyber Pakhtunkhwa Rural Accessibility Project (KPRAP)	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P177069	Investment Project Financing	Substantial

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
09-Jun-2022	30-Jun-2027

Bank/IFC Collaboration

No

Proposed Development Objective(s)

The Project Development Objective is to improve safe and climate-resilient rural accessibility to schools, health facilities and markets in selected districts of Khyber Pakhtunkhwa.

Components

Component Name	Cost (US\$, millions)
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Component 1. Safe and climate resilient access	284.00
Component 2. Safe and affordable school journeys for girls	14.00
Component 3. Project management and institutional strengthening	12.00
Component 4. Contingent Emergency Response	0.00

Organizations

Borrower: Islamic Republic of Pakistan

Implementing Agency: Communication and Works Department, Government of Khyber Pakhtunkhwa

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	310.00
Total Financing	310.00
of which IBRD/IDA	300.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	300.00
IDA Credit	300.00

Non-World Bank Group Financing

Counterpart Funding	10.00
Borrower/Recipient	10.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Pakistan	300.00	0.00	0.00	300.00
National PBA	300.00	0.00	0.00	300.00



Total	300.00	0.00	0.00	0.00	0.00	300.00	
Expected Disbursements (in US\$, Millions)							
WB Fiscal Year		2022	2023	2024	2025	2026	2027
Annual		0.00	10.00	40.00	60.00	90.00	100.00
Cumulative		0.00	10.00	50.00	110.00	200.00	300.00

INSTITUTIONAL DATA

Practice Area (Lead)

Transport

Contributing Practice Areas

Agriculture and Food, Climate Change, Education, Health, Nutrition & Population

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Substantial
8. Stakeholders	● Moderate
9. Other	● High
10. Overall	● Substantial



COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description



By not later than March 31, 2025, the Project Implementing Entity, in conjunction with the Recipient and the Association, carry out a mid-term review of the Project ("Mid-term Review") covering the progress achieved in the implementation of the Project. To this end, the Project Implementing Entity shall prepare and furnish to the Recipient and the Association, not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the Project's monitoring and evaluation activities, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Project Implementing Entity shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association, to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project. Section II.B of Schedule 2 to the Financing Agreement: Mid-term Review.

Sections and Description

The Project Implementing Entity shall establish, by not later than ninety (90) days after the Effective Date, and thereafter maintain at all times throughout the Project implementation period, an Implementation Committee, to be responsible for coordinating Project activities, led by CWD and comprised of representatives from the Project Implementing Entity's departments of education, health and agriculture, with the composition, resources, mandate and terms of reference satisfactory to the Association. Section I.A.2 of the Schedule to the Project Agreement: Implementation Committee.

Sections and Description

The Project Implementing Entity shall, by not later than May 31, 2027, develop a roadmap and make the appropriate budgetary provisions for the continuation and scaling up of the subsidized school transport activities under Part 2 of the Project, in form and substance satisfactory to the Recipient and the Association, in line with the Project Implementing Entity's strategy to reduce out-of-school children. Section I.A.3 of the Schedule to the Project Agreement: Sustainability of Subsidized School Transport Provisions.

Sections and Description

1. The Project Implementing Entity shall, by not later than three years after the Effective Date, carry out and complete a mid-line impact evaluation for Part 2 of the Project.
 2. The Project Implementing Entity shall, by not later than five years after the Effective Date, carry out and complete an end-line impact evaluation for Part 2 of the Project
- Section II.C of the Schedule to the Project Agreement: Impact Evaluation .

Sections and Description

By not later than March 31, 2025, the Project Implementing Entity, in conjunction with the Recipient and the Association, carry out a mid-term review of the Project ("Mid-term Review") covering the progress achieved in the implementation of the Project. To this end, the Project Implementing Entity shall prepare and furnish to the Recipient and the Association, not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the Project's monitoring and evaluation activities, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Project Implementing Entity shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association, to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective



of the Project. Section II.B of the Schedule to the Project Agreement: Mid-term Review.

Conditions

Type	Financing source	Description
Effectiveness	IBRD/IDA	that the Project Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled. Section 4.01 of the Financing Agreement.
Effectiveness	IBRD/IDA	<p>Description</p> <p>(a) the Project Implementing Entity has adopted the Project Operations Manual, in form and substance satisfactory to the Association;</p> <p>(b) the Project implementing Entity has adopted the environmental and social instruments specified in the ESCP, in form and substance satisfactory to the Association;</p> <p>(c) the Project Implementing Entity has: (i) established the Project Implementation Unit in accordance with Section I.A. I of the Schedule to this Agreement and the Project Operations Manual; and (ii) recruited and/or appointed staff to the PIU, in adequate numbers and with composition, terms of reference, qualifications, and experience acceptable to the Association; and</p> <p>(d) the Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled. Section 3.01 of the Project Agreement.</p>



I. STRATEGIC CONTEXT

A. Country Context

1. **Pakistan has made significant progress over the last two decades towards reducing poverty.** The expansion of off-farm economic opportunities, and the increase in migration and associated remittances allowed over 47 million Pakistanis to escape poverty between 2001 and 2018. Nonetheless, challenges for inclusive growth remain, systematically related to spatial disparities and deficits in human capital endowment, and access to services and opportunities. Human capital outcomes are poor and stagnant, with high levels of stunting at 38 percent¹ and learning poverty at 75 percent.² Growth of per capita GDP has also been low, averaging only around 1.8 percent annually. Economic growth in Pakistan has historically been fueled by private and government consumption, with productivity-enhancing investment and exports contributing relatively little. Furthermore, consumption-led growth has been associated with frequent macroeconomic imbalances. Achieving sustained higher economic growth is important for Pakistan to reduce inequality and increase shared prosperity. The pandemic has also increased the number of out-of-school children (OOSC). An estimated 930,000 additional children are expected to drop out from primary and secondary education.³

2. **After rebounding in FY21, growth is expected to moderate in FY22–FY23.** Real GDP growth at 2015–16 factor prices rebounded to 5.6 percent in FY21 from a contraction of 1.0 percent in FY20 due to low-base effects and recovering domestic demand.⁴ The war in Ukraine has resulted in surging commodity prices and safe-haven effects which have adversely impacted the current account balance, exchange rate, and inflation rate, as is the case across the region. With larger external imbalances and higher domestic inflation, monetary tightening has subsequently resumed. Output growth is projected to moderate to 4.3 percent in FY22 and to 4.0 percent in FY23. Economic growth is projected to recover to 4.2 percent in FY24. This recovery is predicated on continued macroeconomic stability and a narrowing of the fiscal and external deficits in the medium term. While inflation is estimated to rise to an average of 10.7 percent in FY22, it is expected to decrease over the forecast horizon as world commodity prices ease. Following from the faster import than export growth in H1 FY22, the Current Account Deficit (CAD) is expected to widen to 4.4 percent of GDP in FY22. Easing demand pressures due to monetary tightening, lower commodity prices and the weaker currency are expected to dampen imports in FY23. With the implementation of reforms to reduce import tariffs on relevant intermediates for the export sector and increased allocations for export refinance schemes, the CAD is expected to narrow to 3.0 percent of GDP in FY24. The fiscal deficit (excluding grants) is projected to widen slightly to 6.3 percent of GDP in FY22, and gradually narrow over the medium term as revenue mobilization measures take hold. Public debt will remain elevated in the medium term, as will Pakistan's exposure to debt-related shocks. This outlook assumes that the International Monetary Fund Extended Fund Facility program will remain on track.

¹ World Bank Development Indicators, 2018. <https://data.worldbank.org/indicator/SH.STA.STNT.ZS?locations=PK>

² Pakistan Learning Poverty Brief, World Bank. October 2019.

³ Learning Losses in Pakistan due to COVID-19 School Closures: A Technical Note on Simulation Results. World Bank. October 2020

⁴ World Bank. 2022. *Pakistan Development Update: Financing the Real Economy*. April. Islamabad: World Bank. Please refer to the given source for all subsequent statistics in the paragraph.



3. **Globally, Pakistan ranks fifth among countries most affected by extreme weather events between 1998 and 2018.**⁵ The Government of Pakistan (GoP) has reported some progress recently,⁶ but adequate measures need to be financed and implemented to meet the targets and the National Adaptation Plan. Extreme weather events are expected to grow in severity, with high human and economic costs. Around 75 percent of losses are attributable to floods. Rural populations have been disproportionately impacted by climate shocks. Adaptation measures are critical to mitigate flooding risks and hazardous impacts.⁷

4. **Khyber Pakhtunkhwa (KP) Province is of strategic and economic importance.** KP is the northwest frontier of Pakistan, bordering Afghanistan. The province comprises 35 districts and is home to 37 million people, 80 percent of whom reside in rural areas. It contributes 10 percent to the national (real) GDP⁸, with agriculture and livestock being major sources of economic activities (24 percent of the provincial GDP) and employment creation (more than 50 percent) in rural areas.⁹ The geographic location of the province offers tremendous potential for regional connectivity and trade with Central Asian countries, leading to Europe. In this context, the Government of Khyber Pakhtunkhwa's (GoKP) sustainable plan for 2019–23 includes policies to support national and regional connectivity and integration.

5. **Compared to other provinces, KP is especially vulnerable to climate change due to its terrain and topography.** Between 1970 and 2020, 20 extreme weather events including floods, landslides, and avalanches have impacted KP,¹⁰ with climate change being a direct cause. A significant increase in trends (1960–2020) of annual rainfall and temperature patterns has been observed in some parts of KP,¹¹ which has impacted agricultural production and access to basic services in the northern (12 districts), southern (two districts), and Newly Merged Districts (NMDs)¹² of KP. Due to a lack of resilient infrastructure, these natural calamities have also impacted lives and livelihoods and disrupted access and connectivity between districts and rural communities. For instance, heavy flooding in 2010 severely damaged the road network, resulting in loss of connectivity, an increase in transport costs and unemployment, negatively impacting farmers' income. The GoKP has committed to reforms and financing to address climate risks.¹³

⁵ Eckstein, David, Vera Künzel, Laura Schäfer, and Maik Winges. 2019. "Global Climate Risk Index 2020." Germanwatch Briefing Paper. https://www.germanwatch.org/sites/default/files/20-2-01e%20Global%20Climate%20Risk%20Index%202020_14.pdf.

⁶ The Global Climate Risk Index 2021 shows that Pakistan has moved from the fifth position to eighth position in the long-term climate risk index. https://germanwatch.org/sites/default/files/Global%20Climate%20Risk%20Index%202021_1.pdf.

⁷ World Bank Group and Asian Development Bank. 2021. *Climate Risk Country Profile: Pakistan*. https://climateknowledgeportal.worldbank.org/sites/default/files/2021-05/15078-WB_Pakistan%20Country%20Profile-WEB.pdf.

⁸ Government of Khyber Pakhtunkhwa. Available at: https://kp.gov.pk/page/know_khyber_pakhtunkhwa

⁹ Government of Khyber Pakhtunkhwa, Agriculture Departments (Budget Speech 2018-19). Available at: <https://agriculture.kp.gov.pk/page/budgetspeech201819>

¹⁰ Pakistan Meteorological Department. n.d. "Extreme Disaster Events in Khyber Pakhtunkhwa, Pakistan Since 1970." Regional Meteorological Center Peshawar. https://www.pmd.gov.pk/rmc/rmc_pesh/htmlpages/KP-disasterevents.html.

¹¹ Alam, Fakhri, Muhamma Salam, Nasir Ahmad Khalil, Wais Khan, and Masaud Khan. 2021. "Rainfall Trend Analysis and Weather Forecast Accuracy in Selected Parts of Khyber Pakhtunkhwa, Pakistan." *SN Applied Sciences* 3 (575). <https://link.springer.com/article/10.1007/s42452-021-04457-z>.

¹² NMDs refer to seven districts and six frontier regions incorporated into the KP province in 2018. Prior to the merger, these districts were autonomously governed and used to be called the Federally Administered Tribal Areas.

¹³ This includes setting up a Climate Change Cell and adopting a provincial level climate change policy and action plan. In 2018, KP became the first subnational government in the world to adopt a Climate Change Financing Framework, which guides public financial and economic management.



6. **KP has the second highest instance of poverty in Pakistan and has major gaps in human capital development.**¹⁴ KP (including the NMDs) is the second poorest region in the country. Poverty is concentrated in the northern districts (Upper Dir, Kohistan, Shangla, and Buner) and southern districts (Tank and Dera Ismail Khan), as well as in the NMDs, which also have a high presence of Afghan refugees. KP is also the least urbanized province in Pakistan,¹⁵ with large urban–rural disparities: the 2014/15 Multidimensional Poverty Index is 0.042 and 0.295 for urban and rural areas, respectively.¹⁶ Education and health indices for KP and the NMDs are also among the lowest in the country, and below the national mean; only Balochistan ranks lower. Furthermore, there are significant gender disparities in human development indices in KP (particularly NMDs), with a Sub-national Gender Development Index score of 0.67 (0.51 for NMDs, the lowest in the country).¹⁷ Likewise, the female labor force participation rate (15 percent) in KP is much lower compared to that of men (63 percent).¹⁸ Women are also disadvantaged in the off-farm sector, particularly the labor intensive construction sector, where they occupy less than 1 percent of jobs.¹⁹ They also earn, on average, 20 percent less than men working in the construction sector. In rural areas, this wage gap is around 10 percent higher.²⁰ Almost 30 percent of females aged five and above in KP have never attended school, compared to 16.7 percent of males.²¹

B. Sectoral and Institutional Context

7. **Rural roads in KP play a key role in connecting districts to provincial centers, but a large proportion of the network is in poor condition.** The province has a rural road network of 21,679 km, which is under the responsibility of the Communication and Works Department (CWD). About 72 percent of this network is spread over 22 districts, serving 30 million inhabitants, while 28 percent is in the 13 NMDs serving 5 million inhabitants. Almost 41 percent of the total network is in poor condition. An additional 30 percent of the network is expected to change from fair to poor condition unless it receives timely maintenance.²²

8. **Lack of climate resilience has further exacerbated the road conditions in the province.** Extreme weather events have caused road damage and transport disruptions due to embankment failures, flooding of carriageways, slope failures, and landslides. Such events disrupt all-weather access to basic services and result in high recurrent costs in terms of loss of precious lives, livelihoods, and infrastructure sustainability.

9. **Climate resilience of road infrastructure remains a significant challenge for KP.** Almost 20 percent of the entire network is still unpaved, particularly in the NMDs, which increases the risk of damage due to extreme

¹⁴ Global Data Lab, Human Development Indices (database). https://globaldatalab.org/shdi/2019/human-development/PAK/?levels=1%2B4&interpolation=1&extrapolation=0&nearest_real=0.

¹⁵ Ministry of Finance. 2018. *Pakistan Economic Survey 2017–18: Population, Labour Force & Employment*. https://www.finance.gov.pk/survey/chapters_18/12-Population.pdf

¹⁶ Multidimensional Poverty in Pakistan. 2016. Government of Pakistan, United Nations Development Programme (UNDP) and Oxford Poverty and Human Development Initiative (OPHI).

¹⁷ Global Data Lab, Human Development Indices (database). https://globaldatalab.org/shdi/2019/human-development/PAK/?levels=1%2B4&interpolation=1&extrapolation=0&nearest_real=0 The Sub-national Gender Development Index value indicates the level of gender parity across the three Human Development Index dimensions of education, health, and standard of living. A value below 1 indicates gender inequality to the disadvantage of females, while values greater than 1 indicate gender inequality to the disadvantage of males. A value equal to 1 indicates gender parity.

¹⁸ Pakistan Bureau of Statistics. *Pakistan Labor Force Survey 2018–19*. Ministry of Planning, Development & Special Initiatives.

¹⁹ Development Statistics of Khyber Pakhtunkhwa 2021. KP Planning and Development Department, 2021a.

²⁰ Development Statistics of Khyber Pakhtunkhwa 2021. KP Planning and Development Department, 2021b.

²¹ Pakistan Bureau of Statistics. *Population Census 2017*.

²² As per the Road Network Evaluation Tools (RONET) assessment conducted by the Bank team in February 2021 for the GoKP.



weather events and drives up maintenance and reconstruction requirements. With an anticipated rise in the frequency and intensity of future climate-induced natural disasters, the resilience of KP's road system could worsen if mitigation and adaptation measures are not implemented soon.

10. Underinvestment in maintenance compounds the issue. The GoKP has only allocated limited resources in meeting its road maintenance needs. Between 2014 and 2017, only an average of 2–2.5 percent of KP's annual road subsector budget was allocated to maintenance (considerably below the standard of 5 percent for earth surfaces), while most of it was used to instead construct or upgrade new roads and bridges. This is insufficient for routine and periodic maintenance. As a result, the maintenance backlog is increasing, leading to deteriorating road conditions.²³ In addition, there is no proper inventory of rural roads, and neither a systematic prioritization framework (Road Assets Management System, RAMS), nor road network analyses for strategic road works planning and maintenance. Poor network conditions also pose traffic-related hazards for commuters.

11. Geospatial analysis shows big access gaps, which limit human capital development in KP. Geospatial analysis²⁴ conducted by the World Bank (WB) showed that almost 40 percent of the rural population in KP must travel more than one hour to access a health facility (second highest in the country),²⁵ while 44 percent of the rural population requires more than 30 minutes of driving to get to primary schools, and 10 percent live more than two hours driving distance from an urban center.²⁶ The accessibility gaps are more pronounced in the northern and southern KP districts. For instance, Kohistan (in the north) ranks the lowest in terms of accessibility, while Lower Dir ranks the highest. This forms the basis for the selection of these districts (priority districts) under the project.

Education Access

12. KP has a large gender disparity in terms of access to education. In the NMDs, more than 70 percent of girls are out of school (OOS) (from primary level to high school), compared to 30 percent of boys.²⁷ KP has lower rates of OOS (34 percent overall), but gender disparities are large (49 percent of girls are OOS, compared to 21 percent of boys). The low enrollment is compounded by high dropout rates, with NMDs once again performing the worst and the rest of KP having the widest gender gaps. OOS rates generally increase with age (the gross enrollment rate [GER] at the primary level for girls is 70 percent while for boys it's 94 percent; GER at the middle school level for girls is low at 49 percent and 82 percent for boys; and for high schools, GER is 35 percent for girls and 68 percent for boys), with sharp dropout rates at key transition levels: at the end of primary school (grade 5), the end of middle school (grade 8), and secondary school (grade 10). There are also strong gender disparities. Dropout rates for girls in KP are particularly significant at the end of grades 5 and 10.

²³ Asian Development Bank. 2018. "Proposed Loan for Additional Financing Islamic Republic of Pakistan: Khyber Pakhtunkhwa Provincial Roads Improvement Project." Report and Recommendation of the President to the Board of Directors, Asian Development Bank.

²⁴ Using global friction maps to calculate travel time to access public facilities. The detailed methodology has been documented in this publication: Banick, Robert Steven, Manish Basnet, Lander Sonia M. Bosch, and Moritz Meyer. 2022. "Paving the Way to Equal Access: Geospatial Analytics Can Address Geographic Disparities in Service Accessibility in Pakistan." *Poverty & Equity Notes* No. 45, World Bank Group, Washington, D.C.

²⁵ World Bank preliminary geospatial analysis conducted in February 2021 for the GoKP.

²⁶ Sustainable Development Strategy. A Medium-Term Development Framework for Khyber Pakhtunkhwa for 2019–23. Planning and Development Department, GoKP.

²⁷ Pakistan Bureau of Statistics. *Pakistan Social and Living Standards Measurement, 2019–20*.



13. **Long home-to-school distances and difficult commuting conditions disproportionately affect girls' participation in education.** In a 2021 phone survey,²⁸ among children that have never enrolled in school, 27 percent did not do so due to accessibility reasons: (i) "commute to school is difficult"; and (ii) "no school in village". Accessibility issues were second only to affordability (32 percent cited "school is too expensive"). Among those that cited "commute to school is difficult" the top three reasons cited were: (i) distance to school; (ii) cost of transportation; and (iii) transport safety. These points were corroborated by focus group discussions (FGDs) involving rural stakeholders in Peshawar and Swat.²⁹ Large distances have been shown to significantly impact enrollment and regular attendance, particularly of girls, who are more likely than boys to drop out of school due to safety, distance, and transport-related factors, especially in rural areas.³⁰

14. **While there are motorized transport alternatives in rural areas, parents are largely unable to afford them.** Transport costs, in addition to school fees, were key cost drivers that made education unaffordable for families. During the FGDs, parents from rural districts in KP said local buses, vans, rickshaws, and coasters were common modes for children to travel between home and school. However, they regularly cited high transportation costs as a barrier to education access.

15. **Safety on the route to school is a key concern for parents.** Safety was the third most important reason why phone survey participants cited the commute to school as being difficult. FGD participants generally preferred schools to be located within their villages and had safety concerns with children attending schools outside their villages. Parents generally did not prefer their girls to walk to school unaccompanied, but they did not always have the time to accompany their children, posing issues for regular attendance and even impacting enrollment.

16. **Poor network conditions, including road safety, and a lack of all-weather access to roads heighten risk perceptions and disrupt regular attendance of children in schools.** FGD findings show that road access in vulnerable KP districts is blocked during the winter (due to snow and landslides) and monsoon season (floods, landslides), causing parents to choose not to send their children to school. Rural areas in the province are often unpaved or have run-down roads, which, coupled with the lack of road and traffic safety, present serious challenges to commuters. For instance, lack of adequate pavements and crossover points increase the likelihood of vehicular–pedestrian accidents.³¹

17. **Poor school accessibility is also partly due to construction decisions that were not based on technical considerations.** The KP Department of Education is divided into Elementary and Secondary Education (E&SED) and Higher Education. Both departments prepare a list of schools and colleges to be constructed, which are reflected in the Provincial Annual Development Program and approved by the Provincial Assembly as part of the annual budget. Once the projects are approved, the E&SED seeks the services of the CWD for their design, costing,

²⁸ A phone survey of 5,201 families (3,551 in KP, and 419 with OOSC) was undertaken by Gallup, on behalf of the World Bank Education and Transport Global Practices in November 2021.

²⁹ Two FGDs involving parents, parent teacher committee members, Benazir Income Support Program beneficiaries, teachers, education officials, and non-governmental organization representatives were conducted by the Transport and Education GPs in Peshawar and Swat in November 2021.

³⁰ Mughal, Abdul Waheed. 2018. "Investigating the Issue of Out of School Children in Rural Pakistan: Implications for Policymakers." PhD Thesis, Loughborough University.

³¹ In the rural circles of Peshawar, for instance, between 2003 to 2012 there were around 40 fatal and 75 non-fatal road crashes each year. On average, 26 pedestrian deaths occurred each year in the rural northern and southern parts of the city, while 52 pedestrians were injured annually. Shah, Syed Akhtar, Numan Ahmad, and Ahn Byung Ha. 2018. "Pedestrians' Exposure to Road Traffic Crashes in Urban Environment: A Case Study of Peshawar, Pakistan." *Journal of the Pakistan Medical Association* 68 (4).



tendering, and construction. When construction is complete, the facilities are handed over to the E&SED for operation. There is currently no data-driven process that optimizes site selection, based on accessibility to population centers. In the absence of such processes, prioritization of facilities to be constructed and site selection is often based on subjective considerations, which may not lead to optimal outcomes.

Health Access

18. **Accessibility and affordability of health services is a major issue, especially in the northern and southern districts of KP.** A lot of time is spent waiting for transportation and travelling to health facilities. Inability to travel to healthcare facilities has been associated with higher mortality and morbidity from conditions and diseases that are otherwise treatable.³² Analyses of existing and new household data suggest that lack of transport availability and large travelling distances rank among the main constraints for people, specifically women of child-bearing age.³³ Poor rural road conditions also lead to increased vulnerability in the face of public health emergencies (such as the COVID-19 pandemic), hindering access to essential medical services and preventive measures, such as vaccines.

Access to Markets

19. **Poor market integration can hurt smallholder farmers.** The agriculture sector provides livelihoods to 85 percent of the KP population.³⁴ Geospatial analyses show big gaps in access to markets, particularly in the northern and southern districts of the province. This, coupled with inadequate storage facilities, leads to significant post-harvest losses and an overall grim outlook for the province's agricultural output, as less than 10 percent of the total production of fruits and vegetables is processed in KP³⁵ Factors such as poor road conditions, great distances from farms to major urban centers and markets, as well as high transportation costs for southern districts can also be attributed to these losses. Sustainable and all-weather roads can aid in linking farmers to markets and buyers. As a result, strengthening rural road infrastructure can raise agricultural productivity and output, reduce losses, increase income, boost the economic activities and livelihoods of farming communities, and alleviate rural poverty.³⁶

20. **The low climate resilience of rural roads has impacted economic activity.** Extreme climate causes road damage and transport disruptions due to snow, embankment failures, flooding of carriageways, slope failures, and landslides. Such events are more intense in some areas and disrupt accessibility to basic services, as well as generate recurrent costs for lives, livelihoods, and the sustainability of infrastructure. In 2011, the GoKP found one-third of KP to be vulnerable to floods. In 2015, floods and landslides in the district of Chitral (north KP) caused

³² Weiss, D.J., Nelson, A., Vargas-Ruiz, C.A., et al. 2020. "Global Maps of Travel Time to Healthcare Facilities." *Nature Medicine* 26: 1835–8. <https://doi.org/10.1038/s41591-020-1059-1>.

³³ Iftikhar ul Husnain, Muhammad, Mudassar Rashid, and Usman Shakoor. 2018. "Decision-making for Birth Location Among Women in Pakistan: Evidence from National Survey." *BMC Pregnancy Childbirth* 18 (226). <https://doi.org/10.1186/s12884-018-1844-8>.

³⁴ Government of Khyber Pakhtunkhwa, Agriculture Departments (Budget Speech 2018-19). Available at: <https://agriculture.kp.gov.pk/page/budgetspeech201819>

³⁵ Based on data from the Planning Commission and the WB's estimates.

³⁶ In Punjab, for instance, the construction of approximately 8,104 km of rural roads in several districts, carried out under a rural road development program, is estimated to have generated PKR 5,559 million in annual monetary benefits for wheat farmers in those districts. See: Chaudhry, Ahmen, Umair Mazher, Mannan Hassan Khan, and Muhammad Avais Tahir. 2020. "How Rural Roads Affect the Farmers? An Empirical Analysis of Farm- Gate Prices in Punjab, Pakistan." Publication No. 447, Punjab Economic Research Institute, Lahore.



damage worth approximately PKR 4,289.26 million (US\$42 million) to roads and bridges.³⁷ In addition, transport was disrupted, affecting the poorest rural villages.

C. Relevance to Higher Level Objectives

21. **The Project is consistent with the World Bank Group’s (WBG) Pakistan Country Partnership Strategy (CPS) FY15–FY19 discussed by the Board on May 1, 2014 (Report No. 84645-PK) and subsequently extended to FY21 under the corresponding May 2017 Performance and Learning Review (Report No. 113574). It has been extended further during the COVID-19 crisis and remains in effect at the present time.** Boosting access to schools and healthcare facilities through all-weather rural roads will contribute to human capital development in KP and supports CPS Results Area 4 (Service Delivery), while the project’s focused interventions for girls supports Results Area 3 (Inclusion). Mainstreaming climate resilience practices in infrastructure planning and investments will contribute to achieving greater climate resilience to disasters, in line with Results Area 3 of the CPS. The proposed project also supports the 2019–2023 Sustainable Development Strategy of KP, the Tribal Decade Strategy 2020–2030, and Coping Strategy for COVID-19, which include institutional reforms, priority allocation of resources to support the rehabilitation and maintenance of rural roads in selected areas, and income generation through employment opportunities.³⁸

22. **The project supports interventions under Pillar 2: Protecting Poor and Vulnerable People of the WBG crisis response.** These include, among others, support for employment opportunities and productivity improvement for vulnerable households, informal businesses, and microenterprises. It also supports the policies/actions of the federal and the provincial governments to implement a robust economic recovery plan post COVID-19, where job creation (direct, indirect, and induced employment) in the province is a key pillar. Rural road rehabilitation and maintenance has the highest rate of job creation/construction costs,³⁹ creates opportunities for women (through microenterprises, which have been successful in other countries), and has strong multiplier effects. Most of the construction inputs for rural roads are domestic producers and suppliers. This approach also improves community ownership of the infrastructure throughout the life of the project.

23. **The expected results of the project will contribute directly to achieving seven Sustainable Development Goals (SDGs).** The proposed project will contribute to achieving SDG 1: No Poverty, as it could boost employment opportunities for poor and vulnerable populations in rural KP. Boosting all-weather access to healthcare facilities through road rehabilitation will contribute to achieving SDG 3: Good Health and Well-being. Improving access to schools, with a particular focus on girls, will contribute to SDG 4: Quality Education for All. The project’s focus on building resilient infrastructure, including all-weather roads, and institutionalizing sustainable development practices will contribute to the achievement of SDG 9: Industry Innovation and Infrastructure. The focus of SDG 11: Sustainable Cities and Communities is supported by the project’s target of ensuring access to safe, affordable, accessible, and sustainable transport systems for all and improving road safety, with special attention to the needs

³⁷ Provincial Disaster Management Authority Khyber Pakhtunkhwa. 2021. *Chitral Floods 2015: Recovery Needs Assessment and Action Framework*, December 8, 2021. <https://www.pdma.gov.pk/sub/uploads/Chitral%20Floods%20-%20Recovery%20Needs%20Assessment.pdf>.

³⁸ The new CPF is currently under preparation and this operation is expected to be aligned with its objectives

³⁹ Robust evidence from Latin America and the Caribbean shows that US\$1 billion may produce from 200,000 to 500,000 direct jobs in rural road maintenance. Schwartz, Jordan, Luis Andres, and Georgeta Dragoiu. 2009. “Crisis in Latin America: Infrastructure Investment, Employment and the Expectations of Stimulus.” *Journal of Infrastructure Development* 1 (2): 111–31.



of vulnerable communities. The project will also directly contribute to SDG 13: Climate Action, in mitigating the impacts of climate change by reducing greenhouse gas (GHG) emissions through improved road quality, which will also ultimately facilitate improved public transport. The project will also contribute to SDG 17: Partnership for the Goals, by supporting effective and targeted capacity-building.

24. **Synergies with other WB projects in KP will maximize the benefits of investments to support human development.** KPRAP has strong synergies with the ongoing projects and has the potential to supplement and scale up the activities that promote the enrollment of students, especially girls; improve health conditions through accessibility to health services; and reduce transport costs for the farmers, thereby improving their incomes through efficient connectivity to markets. In addition, improved rural roads ensure efficient connectivity to provincial and national roads. There are several complementary operations in the education, health, and agriculture sectors under preparation and implementation in KP. In terms of addressing school enrollment particularly for girls, the Actions to Strengthen Performance for Inclusive & Responsive Education Program (ASPIRE), Khyber Pakhtunkhwa Spending Effectively for Enhanced Development Program (KP SPEED), and Human Capital Investment (HCI) projects focus on school and toilet construction, as well as school construction norms to ensure female friendly and climate resilient infrastructure. HCI and KP SPEED also focus on improving the availability, utilization, quality, and public resource management of primary healthcare. The KP Irrigated Agriculture Improvement project aims to improve the capacity of farmers and performance of agriculture. KPRAP also complements the Khyber Pass Economic Corridor Project, which is expected to benefit consumers, producers, and traders along the Khyber Pass from reductions in transit costs and times for goods and from investments in private sector development. Three additional operations include: one under preparation to support social development and basic services provision (under preparation), and project to support tourism activity and regional integration with neighboring countries. The project will also complement other initiatives in improving internet connectivity through the provision of basic fiberoptic infrastructure.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

25. The Project Development Objective (PDO) is to improve safe and climate-resilient rural accessibility to schools, health facilities and markets in selected districts of Khyber Pakhtunkhwa.

PDO Level Indicators

26. The proposed PDO indicators⁴⁰ are:
- i. Access to schools: Travel time savings for rural population to access nearest school in selected districts.
 - ii. Access to health services: Travel time savings for rural population to access nearest health facility in

⁴⁰ Travel time savings are in person-hours/km. Person-hours is a composite measure that takes into account: (i) the travel time between a populated place and the nearest facility (school/market/healthcare facility), as well as (ii) the population living in the populated place. Travel time savings result from improvement in road conditions and have been expressed on a per kilometer basis, averaged across the initial list of 76 roads (see next footnote). The exact roads to be upgraded, and associated travel time savings will be determined based on detailed design and ground surveys during implementation.



- selected districts.
- iii. Access to markets: Travel time savings for rural population to access nearest market in selected districts.
 - iv. User satisfaction with rural road transport, disaggregated by gender.

B. Project Components

- 27. The project comprises four components, as presented below.
- 28. **Component 1: Safe and Climate Resilient Access (IDA: US\$274 million; GoKP: US\$10 million).**
 - (a) **Road upgrading and rehabilitation in select districts, including design, rehabilitation, maintenance and supervision of works.** This sub-component will finance designs, rehabilitations, maintenance, and supervision of works for rural roads in selected districts. Starting with a long list of roads shared by the GoKP (based on the accessibility analysis),⁴¹ roads and districts were prioritized for upgrading and rehabilitation based on the criteria that improving these identified roads would maximize access gains to schools, markets, and healthcare facilities.⁴² Almost all the roads proposed by the GoKP are present in areas vulnerable to snowfall and floods. Thirty percent of the roads proposed under this component are unpaved and will be paved and/or upgraded to higher levels, i.e., surface treated, asphaltic pavement.
 - (b) **Improvement of climate resilience of infrastructure through climate investments for rural roads to ensure all-weather accessibility to basic services, including the raising of embankments, provision of side drains, improvement of culverts, ditches, vegetation, bridges, enhanced slope protection, adoption of design standards for pavements, and climate investments to mitigate effects of rainfall and high temperatures.** This sub-component will also finance climate investments (design, works, and maintenance) for rural roads to ensure all-weather accessibility to basic services. This includes but is not limited to raising embankments, providing side drains, improvement of culverts, ditches, vegetation, bridges, enhanced slope protection, adopting design standards for pavements that reflects a higher level of climate resilience, a decision to seal previously gravel roads, and geometric improvement of roads to enhance road safety. Drainage design will also reduce the effects of more frequent and increased precipitation. In addition, the component will include green techniques, including use of vegetation, geo-mesh, gabions, pavement seals, etc., to mitigate effects of rainfall and high temperatures. Adaptation measures through resilience planning at the network level will ensure continuous access to schools, health facilities, and markets.
 - (c) **Improvement of road safety infrastructure and equipment in the vicinity of schools, health facilities and marketplaces, including the provision of sidewalks, bike lanes, road markings, signage, and traffic calming measures.** This sub-component will improve road safety infrastructure and equipment in the vicinity of schools, health facilities, and marketplaces to ensure the safety of children, pedestrians, and cyclists. Infrastructural improvement in these areas will improve the safety of commuters and support climate adaptation and mitigation measures. These improvements will include the provision of sidewalks, bike lanes (if necessary), road markings, signage, traffic calming measures, i.e., rumble strips, marking of reduced speed zones, delineators, traffic lights, guard rails. Specifically in the vicinity of schools, ramps to

⁴¹ An initial list of 76 roads with a total length of approximately 1,200 km was shared by the GoKP.

⁴² Health care incorporates primary/secondary/tertiary facilities. "Markets" refers to all markets; however, access to central markets and the provincial capital, Peshawar, are also available separately.



facilitate the movement of differently abled children will also be considered where appropriate. Additionally, crowd-sourcing platforms such as the Safe2School app can be utilized in enhancing the safety of school-going children and in reducing preventable traffic-related casualties and injuries using real-time data collected from app users on their daily commute.⁴³

- (d) **Inclusion of gender approach and universal access features and measures in the design, construction/rehabilitation, and maintenance of rural roads.** This component will include gender considerations during the implementation of the project. Various options for direct and indirect employment will be explored in the design, rehabilitation, and maintenance of rural roads, keeping in view the social norms of the province, e.g., ensuring inclusion of women in the labor force for road rehabilitation (bidding documents will include provision to employ a minimum of 5 percent of women), in order to increase female labor force participation. Also, a pilot for routine maintenance using microenterprises will be implemented, aimed at boosting female labor participation rate in the sector by predominating employing women to undertake road maintenance tasks.⁴⁴ Similarly, designs and works in the vicinity of schools and facilities will include universal access features and measures.
- (e) **Provision of fiberoptic infrastructure to facilitate the expansion of internet connectivity in the future.** This component will consider the provision of basic fiberoptic infrastructure, i.e., ducts and manholes alongside selected roads to facilitate the expansion of internet connectivity in the future. This component will be implemented as per the telecom and digital plan of the GoKP.

29. **WB support under this component will cover COVID-19 health protocols, gender-based violence (GBV) action plans, emergency and contingency plans to address natural disasters, and auditing.** The GoKP will be responsible for utility relocation, stakeholder compensation, and other social costs.

30. **Component 2: Safe and Affordable School Journeys for Girls (IDA: US\$14 million).** This will support the provision of subsidized school transport for girls from marginalized communities. Improving transport to and from school has been shown to improve school participation and regular attendance.⁴⁵

31. The key features of the intervention are as follows:

- (a) **Target population.** This component will focus initially on middle school-age girls where home-to-school distances are much larger than for primary schools. Once the intervention is more mature, it may be extended to upper primary school, where OOS rates are still significant (albeit lower than in middle schools). The intervention will target both OOS girls (to bring them into the fold) and girls who are currently enrolled in school but are facing difficulties with daily commutes (to facilitate regular attendance). For this project, OOS girls are defined as those that have not attended school for at least six months prior to receiving subsidized transport. The project aims to support the enrollment of over 5,000

⁴³ The Safe2School application has been developed and funded by the Global Road Safety Facility. It uses real-time crowd-sourced data to assess the road safety of users such as schoolchildren, by flagging safety issues and dangerous locations on school routes, allowing parents and local authorities to shape interventions accordingly.

⁴⁴ The pilot sustainable microenterprises for routine maintenance will initially be implemented at a small-scale, involving only 1 or 2 districts. The aim of the pilot is to collect lessons learned, which can be applied to the implementation of future programs.

⁴⁵ The KP Sustainable Transition and Retention in Delivering Education around 2018 in two KP districts (Kohat and Swabi) showed improved attendance and retention rates in response to the provision of subsidized transport. Several programs in Zambia, Brazil, and India have shown similarly positive outcomes.



such OOS girls cumulatively over its course.⁴⁶ The bulk of beneficiaries (around 60,000) are expected to be girls that are already enrolled in school, in which case the project will support their regular attendance and reduce attrition. Such girls will be supported cumulatively over the course of the project. While the intervention will focus primarily on female students, a small number of female teachers may also be supported to enhance safety perceptions among parents.

- (b) **Districts.** This component will be implemented in Kohistan, Torghar, Hangu, Dera Ismail Khan, and Lakki Marwat (these have been chosen provisionally) as they have among the highest rates of OOS girls.⁴⁷ District choices will be refined based on detailed surveys of vulnerable populations and local availability of transportation for the intervention.
- (c) **Selection of schools and beneficiaries.** Specific schools and beneficiaries will be selected by the GoKP E&SED within the first year of the project being declared effective, based on a detailed survey of OOSC populations in the chosen districts, and available school choices. Schools will be selected based on the following criteria: (i) public schools as well as low fee private or community schools, as these may be more practical choices in certain communities; and (ii) schools with functioning parent teacher council (PTC) or equivalent administrative body to coordinate the intervention.⁴⁸ Beneficiaries will be selected based on the following criteria: (i) a home-to-school threshold of 1.5 km,⁴⁹ which may be adjusted based on the detailed survey; (ii) needs, defined based on qualification for other cash transfer programs (such as the Benazir Income Support Program), while ensuring that children are not already receiving other subsidies for transportation; and (iii) lack of access to other private means of transport. Children will be required to maintain an attendance of at least 80 percent⁵⁰ (decided in consultation with the GoKP and to be monitored on a semi-annual basis) to remain eligible for the subsidy. Smaller scale pilots may be considered in parallel with the detailed study, subject to data availability and readiness of the Project Implementation Unit (PIU).
- (d) **Level of subsidy.** The project will subsidize up to 70 percent of transport costs (a survey of transport costs undertaken by I-SAPS in rural KP found them to be typically in the range of PKR 1,000 to PKR 2,500 per month), with parents being expected to cover the remainder. Based on this level of subsidy, the budget and reasonable ramp up in numbers, over 65,000 girls⁵¹ may be supported during the course of the project.

⁴⁶ Note that this may not be 5,000 unique individuals, as some girls that are supported to re-enroll may remain enrolled for several years thereafter and will continue to receive the subsidized transport provided, they meet the attendance bar.

⁴⁷ NMDs have been avoided for this intervention to avoid any overlap with the KP Rural Investment and Institutional Support Project, which will develop local service delivery models leveraging village councils and may include accessibility related interventions. OOS rates for rural girls in the five districts are: 90 percent (Kohistan), 84 percent (Torghar), 62 percent (Hangu), 62 percent (Dera Ismail Khan) and 58 percent (Lakki Marwat).

⁴⁸ The District Performance Scorecard introduced by the GoKP E&SED tracks whether public schools have functioning PTCs, led by school headteachers who are appointed civil servants.

⁴⁹ Distances longer than 1.5 km have been shown to affect schooling outcomes in other contexts. See, for instance: Bosch Lander S.M., Jonathan C.K. Wells, Sooky Lum, and Alice M. Reid. 2020. "Associations of the Objective Built Environment Along the Route to School with Children's Modes of Commuting: A Multilevel Modelling Analysis (the SLIC Study)." *PLoS ONE* 15 (4): e0231478. <https://doi.org/10.1371/journal.pone.0231478>.

⁵⁰ Conditional cash transfer programs like the Waseela-e-Taleem cash transfer scheme piloted in 2012 across Pakistan used 70 percent as the minimum attendance bar.

⁵¹ Note that 65,000 is the cumulative figure over the course of the project and may not represent unique beneficiaries. Girls supported in the first year of the intervention may continue to receive support in subsequent years so long as they remain enrolled and attend school



- (e) **Modality.** PTCs will be strengthened to sign and monitor contracts with appropriately experienced and qualified local private transport providers, together with the PIU. The project will fund the development of contracts that will include key performance indicators (KPIs), safety, and service standards. Local private transport providers will be selected following a community-driven development method, as per the World Bank's Procurement Regulations. If necessary, transport providers will be trained on safety, security, and gender considerations. As community schools and low fee private schools generally do not have formally appointed PTCs, equivalent structures led by head teachers will be leveraged or new structures involving parents will be created, where necessary. To reduce the risk of mismanagement, payments to service providers will be made directly by the PIU through its Designated Account (DA) using e-wallets, upon verification of adherence to contract terms by the PTCs (overseen by education specialists in the PIU, with the backing of the E&SED). Parents will not receive any money directly.
- (f) **Communication.** The KP Free Compulsory Primary and Secondary Education Act 2017⁵² allows for the formation of community-led School Attendance Authorities (SAAs) for each school, to ensure that children under its jurisdiction attend school. SAAs have the power to direct parents to send their children to school and can pursue legal action if parents fail to comply. The GoKP will notify these authorities in the selected districts to inform communities of the subsidized transport provision. The project will finance part of the materials to support SAAs in their enforcement and supervision work.
- (g) The budget allocated for this component includes a buffer in case the cost of transport services increases with time (beyond the assumed figure of PKR 2,500 per month), or if families are unable to pay 30 percent of the transport costs, as envisaged, and other unforeseen cost escalations.

32. **Sustainability of the intervention is key.** The GoKP has agreed to continue the subsidized transport provision beyond the project lifespan. A covenant to this effect has been included in the project financing agreement. The project will fund a rigorous impact evaluation (mid-term and end line) under sub-component 3.2 to assess the impact of the intervention on enrollment and attendance. Appropriate comparators will be identified, such as schools from the same or neighboring districts not chosen for the intervention. Data collection at the school and local authority levels will be strengthened where necessary.

33. **Component 3: Project Management and Institutional Strengthening (IDA: US\$12 million).** This component covers two sub-components summarized below:

34. *Sub-component 3.1: Project Management (IDA US\$5 million).* Provision of support for Project management, implementation, and monitoring, technical assistance and capacity building for the staff of the PIU, education department, Project audit, and implementation and monitoring of the environmental and social safeguards standards. The project resources will finance, inter alia, the administrative and operational costs related to implementation and monitoring of Component 1 and 2, technical assistance (TA), the core staff of the PIU, auditing costs, capacity building for the PIU staff, E&SED, and implementation and monitoring of the environmental and social (E&S) safeguards standards.

regularly.

⁵²Section 5 of the Khyber Pakhtunkhwa Act No. XII of 2017.

http://kpcode.kp.gov.pk/uploads/2017_12_THE_KHYBER_PAKHTUNKHWA_FREE_COMPULSORY_PRIMARY_AND_SECONDARY_EDUCATION_ACT_2017.pdf



35. *Sub-component 3.2: Institutional Strengthening Program (IDA US\$7 million).* Carrying out of a series of institutional strengthening programs, including improvement of policies for road sustainability, road funding, financing, resource allocation, procurement and management of road works contracts, development of a GIS based road access management system, implementation of pilot sustainable microenterprises for routine maintenance with gender considerations, introduction of modern and climate resilient design and construction practices, tolling policy, road maintenance policy, e-tolling, performance-based contracts, public–private participation in roads, the use of geo-enabling initiative for monitoring and supervision (GEMS), development of tools and capacity strengthening of E&SED and CWD to leverage geospatial analyses, and carrying out impact evaluation of activities under Component 2. The sub-component will:

- (a) Finance comprehensive road sector reforms to improve policies for road sustainability, road funding, financing, and the capacity of the CWD to select, prepare, and allocate efficient resources, and procure and manage road works contracts, including emergency works in the event of floods, landslides, earthquakes, and other natural disasters, etc. It will finance the provision of hardware, software, and training for the development and operationalization of a geographic information system (GIS) based RAMS⁵³ with a capability to plan and maintain the network based on actual requirements, accessibility, and the risk of climate vulnerability. It will also support the introduction of modern and climate resilient designs and construction practices, paving decision-making tools (e.g., SPADE-PLUS), preparation of tolling policy, road maintenance policy, support to scale up performance-based contracts through coordination with the Asian Development Bank (ADB) on existing financed projects, and public–private participation in roads (project preparation and contract management).
- (b) Use the WB developed GEMS for remote monitoring of road upgrading and infrastructure works funded by the project.
- (c) Develop tools and boost the capacity of the E&SED and CWD to leverage geospatial analyses to select sites for the construction of schools. With such tools and accompanying changes to decision-making processes, the GoKP will be able to optimize infrastructure investments to boost access to schools. It will build on efforts to strengthen data on schools (including private schools) funded under the KP HCI project.⁵⁴ The approach can also be extended to other social amenities such as healthcare facilities and markets, subject to the availability of data and with support from concerned departments.
- (d) Fund the impact evaluation of interventions in Component 2.

36. **Component 4. Contingent Emergency Response.** Provision of immediate response to an Eligible Crisis or Emergency, as needed. This is a zero-dollar component that can be triggered in future crises, considering the vulnerability to floods and landslides in KP.

⁵³ Through collaboration with the Asian Development Bank.

⁵⁴ See for instance, the work done by Geo-referenced Infrastructure and Demographic Data for Development in Sierra Leone: GRID3. 2021. “Sierra Leone Government uses GRID3 Insights for New School Infrastructure and Catchment Area Planning Policy.” <https://grid3.org/news/report-provides-insight-for-improving-access-to-education-in-sierra-leone>; and in Nigeria: GRID3. 2020. “How Geospatial Data Can Help Solve Nigeria’s Educational Challenges.” <https://grid3.org/news/how-geospatial-data-can-help-solve-nigerias-educational-challenges>.



C. Project Beneficiaries

37. **The project will directly benefit two groups: better roads for 1.7 million⁵⁵ inhabitants (of which 0.8 million are women in the most vulnerable districts), and better roads and safe transport to school for 65,000 girls in five priority districts.** Improved access to education, healthcare facilities, and markets will improve opportunities for girls to enroll and regularly attend school and therefore enter the labor market with better qualifications and earn higher incomes. Better access to health services will improve the quality of life of mothers and children (pregnant women, post-natal check-up, vaccination, etc.), while access to markets will reduce production losses and improve farmers' income. The first group of beneficiaries includes road users and people living near the roads to be maintained, who will benefit from improved road conditions. More resilient roads will reduce reconstruction costs after eventual disasters (flooding and landslides) and ensure all-weather access to services. In addition, the project will support the reduction in travel time for users and transport costs for operators. Components 1 and 2 will have an impact on the education, health, and income of rural communities. Component 2 will directly support the enrollment of up to 5,000 OOS girls and the regular attendance of around 60,000 girls that are already enrolled in school.⁵⁶ The project will also improve the capacity of the CWD (sub-component 3.2) for road prioritization based on climate risks, RAMS and geospatial analysis; financing and long-term road sustainability; and improved technical credibility to request and manage additional resources more efficiently. The project will generate employment opportunities for women during the construction and in the post-construction phase, helping to reduce the socioeconomic impact of COVID-19. Small-scale farmers will benefit through lower transport costs and efficient movement of their produce goods, especially time and temperature sensitive produce.

D. Results Chain

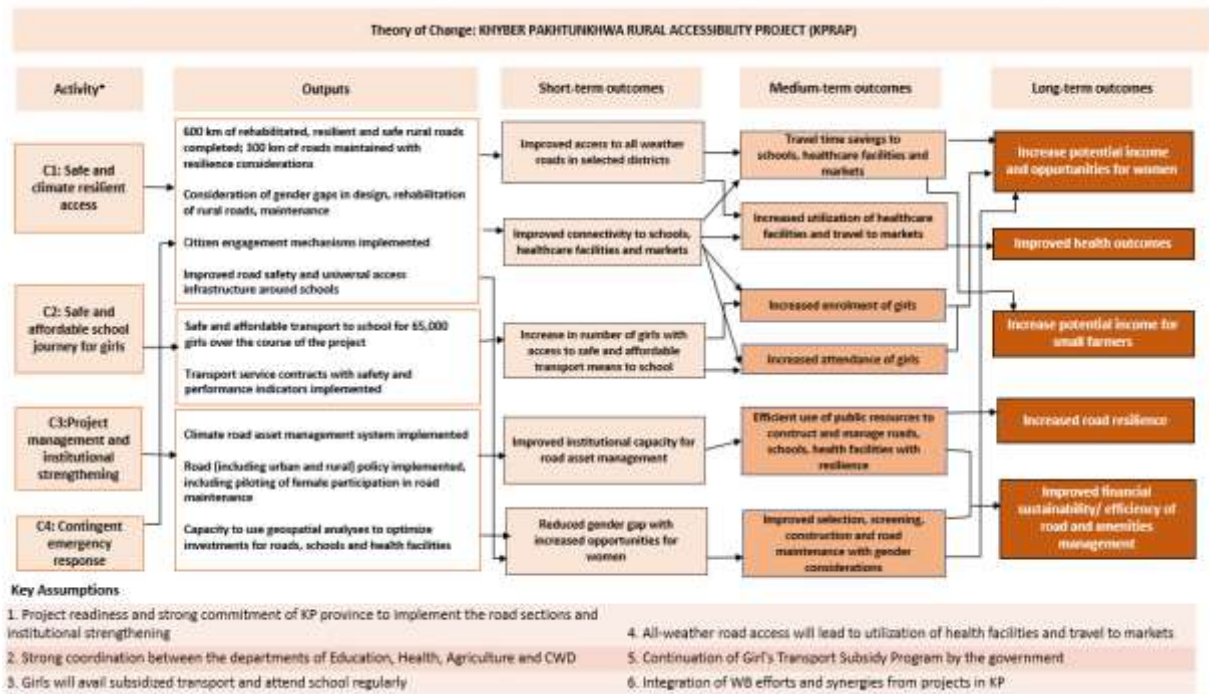
38. The theory of change of the proposed project is reflected below.

⁵⁵ The total population of the 14 districts is 9.9 million. The project's outreach is assumed to be 17 percent since project's selected roads won't cover the entire districts.

⁵⁶ These may not be 5,000 unique individuals. Refer to footnote 46.



Figure 1: Project Theory of Change



E. Rationale for Bank Involvement and Role of Partners

39. **The Bank has a long history of supporting rural roads projects globally, including in Bangladesh, Nepal, Peru, and China, and has built knowledge and lessons from these projects.** A notable example is the WB’s support for the Pradhan Mantri Gram Sadak Yojana program in India that has to date completed about 650,000 km⁵⁷ of rural road improvements and is estimated to have benefited around half of the country’s population. The WB has supported programs that have involved women in routine maintenance with microenterprises (Peru and India). Governments have improved policies and developed institutions and road asset systems to manage large roads and sustainable programs with appropriate policies, planning, prioritization, and implementation. These countries have improved funding and the allocation of resources for road sustainability. Currently, the Bank is engaged with the CWD under the Khyber Pakhtunkhwa Integrated Tourism Development Project (KITE). CWD-KP has recently completed a rural roads project supported by the Japan International Cooperation Agency and is also implementing a provincial road improvement project with assistance from the ADB. This project has synergies with the initiatives of the other donors, especially the ADB, and will be implemented in close coordination with other donors to strengthen the capacity of the CWD. A key value added by the Bank will be the integration of the expertise and project activities led by the Bank’s Education, Health, and Agriculture Global Practices to maximize development impact in KP.

F. Lessons Learned and Reflected in the Project Design

⁵⁷ Pradhan Mantri Gram Sadak Yojana, Government of India. <http://omms.nic.in/>.



40. **Lessons learned from similar rural road projects in Pakistan, South Asia, and other regions have been integrated into the project design as summarized below.**

41. **Strong analytical work to maximize accessibility to schools, healthcare facilities, and markets.** The proposed project has been planned based on geospatial analysis, which helped in identifying the districts in the province that most lacked accessibility to schools, healthcare facilities, and markets. A second analysis in the field to identify the key transport barriers for students helped to select the priority districts with the largest gaps in school enrollment and attendance of girls.

- (a) **Climate asset management system for road investments.** Experience from previous projects found that the lack of a climate asset management system has increased the maintenance backlog of the road network in the province. Moreover, previous investments in roads ignored the importance and reliability of accessibility on the socioeconomic conditions of rural communities. Setting up and operationalization of a GIS-based RAMS will cover these identified gaps and prioritize future investments and emergency response. Initial experience in an asset management system led by the ADB needs to be scaled up using international experience.
- (b) **Climate co-benefits.** The proposed project has been prepared under a climate change approach, highlighting the major challenges for climate change and resilience in the province. The results of the geospatial analysis are aligned with the map of the province of natural risks (floods and landslides). To address the climate change challenges, the priority districts have been selected and a range of specific activities have been incorporated in the project design (details in section IV F below).
- (c) **Improving the school attendance of girls requires a combination of effort and strong synergies from different WB operations in KP.** The proposed project could improve the enrollment of girls in schools if the major barriers associated with transport are addressed. The analysis has identified a combination of factors that limit the access of girls to schools that include personal security, social (availability of female teachers, norms, and traditions), economic (poverty), transport (distance to school, reliable transport for girls and female teachers, and road safety), and school infrastructure (such as toilets for girls). To scale up the enrollment of this target group, the proposed project is working closely with the Bank's education and social teams.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

42. **The CWD of the GoKP will implement the project through a dedicated PIU. The PIU has been created and is headed by a Project Director (PD) who is CWD staff.** The PD is assisted by a team comprising a procurement specialist, an infrastructure engineer, E&S safeguards specialists, a financial specialist, and two education specialists. The PIU will be supported by a Design and Supervision Consulting firm. Upon completion, the rehabilitated roads will be handed back to the CWD for its maintenance (see details of the organization and the roles of the PIU in Annex 1).

43. **A cross-sectoral Implementation Committee (IC) will be created for the proposed project.** The GoKP Planning and Development Department, with the assistance of the CWD, will set up an IC to organize and coordinate project activities from construction to operation. The IC will be led by the CWD and will comprise the



Departments of Education, Health, and Agriculture. The Project Operations Manual (POM) will describe the roles and responsibilities of the IC. The POM has already been completed and agreed during negotiations.

B. Results Monitoring and Evaluation Arrangements

44. The monitoring and evaluation (M&E) system has been designed to monitor the progress of the project and the achievement of expected results. The PIU will collect relevant data (with consultant support) during the design and construction phase of the project. Mid-term, monthly, and quarterly monitoring reports (design, construction, E&S) will be submitted to the Bank for review and advice. The structure of reports has been outlined in the POM. Remote monitoring using GEMS will also be undertaken as noted in Component 3. Independent verification agents may be appointed to do a sample-based end-to-end periodic verification of the process of making payments to transport service providers, if deemed necessary during implementation under Component 2.

C. Sustainability

45. **The proposed project has a strong focus on sustainability of investments ensured through climate resilience and mitigation techniques, maintenance and asset management, and institutionalization of transport subsidy.** The project will help integrate RAMS during upgrading/rehabilitation of the network. RAMS will enable the CWD to prioritize its future investments based on optimum economic, climate, environmental, and social impacts. Component 3 will help CWD to improve its capacity for maintenance of the network through emergency contracts, contingency planning, and project management. The project includes covenants that require the GoKP to approve and implement the road maintenance policy and extend the subsidized transport services for girls.

IV. PROJECT APPRAISAL SUMMARY

A. Technical and Economic Analysis

Technical Analysis

46. **The project aims to improve all-weather access to basic services including education, healthcare facilities, and markets in priority districts of KP, through the improvement of rural roads.** These roads will be improved through the incorporation of climate resilience and mitigation measures in the investments.

47. **Road Safety.** A preliminary assessment of road safety using the Road Safety Screening Tool (RSSAT) was carried out. The overall Project Safety Impact metric is less than 1, indicating an overall reduction of almost 14 percent in fatalities predicted for the project scenario, compared to the current baseline condition at this stage. Road safety assessments will be carried out once again during the implementation of Component 1 for selected roads, upon availability of the required data. Based on the results of the RSSAT, safety measures such as road signs, barriers, traffic calming measures, in the vicinity of schools and other facilities, and pavement markings will be incorporated in the final designs of selected roads in order to cope with post-project traffic flows. The project also includes road safety awareness campaigns during and after construction and will strengthen institutional aspects.



48. **The designs and bidding documents** will include the technical specifications and key elements to address the needs of accessibility, mobility of girls, climate change, and road safety. During project implementation, the WB team will organize capacity-building activities for relevant stakeholders to manage the road safety data.

49. **Readiness and client commitment.** As a condition for effectiveness, the PIU is expected to be fully staffed with appropriately qualified and experienced personnel. To accelerate implementation post effectiveness, the GoKP through the CWD will prepare detailed designs for a demonstrative package of roads, the tenders for which will be awarded during the first year of project implementation.

Economic Analysis

50. **The proposed project is economically feasible, with four sources of benefits:** (i) savings in travel time and vehicle operating costs; (ii) increase in the potential income throughout the working lifetimes of children that are expected to spend an additional year in school due to the provision of all-season access to schools (Component 1) and subsidized transport for girls (Component 2); and (iii) savings in reconstruction costs and extension in the life of the road associated with climate investments; and (iv) reduction in road traffic injuries and fatalities through an improvement in road safety. **The economic analysis has yielded robust results: the net present value (NPV) for the project is US\$341 million using a 6 percent WB discount rate, with an overall IRR of 23 percent.** The NPV for the project is US\$74 million using a 12 percent GoP discount rate.⁵⁸ Additional benefits of improved access to healthcare facilities and markets have not been assessed, suggesting that the results presented here are likely to be conservative.

51. **Costs.** The economic analysis is premised on a 30-year lifespan for the roads upgraded under the project. The costs comprise: (i) rural road rehabilitation, and periodic and routine maintenance costs across 30 years; (ii) measures to enhance climate resilience; and (iii) subsidized transport provision. Costs paid out from project funds, the GoKP (for maintenance beyond project lifetime and continuation of the subsidized transport provision), and families (for the subsidized transport). The present value of costs is US\$216 million with the WB's discount rate of 6 percent, and US\$161 million using the GoP's discount rate of 12 percent.

52. **Benefits** from the four different sources described above are as follows:

- The economic benefits from savings in travel time and vehicle operating costs assume that 40 road sections will be upgraded and maintained for a period of 30 years. The present value for savings in travel time and vehicle operating costs are US\$85 million and US\$75 million respectively, using a 6 percent WB discount rate. When using the 12 percent GoP discount rate, the present values are US\$48 million and US\$42 million, respectively.
- Both road rehabilitation and the provision of subsidized transport are expected to positively impact enrollment by boosting all-weather access to schools. Each additional year of enrollment in school is expected to yield a higher potential income throughout the working lifetimes of beneficiaries. The "benefits" are therefore the difference in the potential lifetime incomes with and without the interventions aggregated across all project beneficiaries. The present value for benefits associated with the additional enrollment of girls is US\$137 million using a 6 percent WB discount rate or US\$14 million using a 12 percent GoP discount rate. For boys, the economic benefits are US\$15 million and US\$2 million, respectively.

⁵⁸ This discount rate is used in line with the Government of Pakistan's Manual for Development Projects (2019). https://www.pc.gov.pk/uploads/psdp/Manual_PDF.pdf



- The economic benefits associated with climate investments are savings in potential road reconstruction costs and the extension in the life of rural roads. With climate investments undertaken, and improved resilience and capacity of the rural roads, annual reconstruction costs will be brought down. The present value of both these economic benefits is US\$123 million using the 6 percent WB discount rate or US\$79 million using the 12 percent GoP discount rate.
- Economic benefits associated with an improvement in road safety have been estimated using the RSSAT tool. Benefits are based on the number of avoided fatalities with the project vs. without the project for a period of 20 years. A preliminary assessment shows the present value to be US\$102 million using the 6 percent WB discount rate, or US\$55 million using the 12 percent GoP discount rate.

53. **In addition to the benefits analyzed above, stated interventions are expected to generate other benefits.** The EA focused on OOSC, but the majority of beneficiaries are expected to be children that are already enrolled in school, who will benefit from improved attendance and reduced risk of dropout. Furthermore, education has wide-ranging, transformative, and intergenerational health benefits for girls: each additional year of schooling a girl completes reduces the infant mortality rate by 5 to 10 percent. Likewise, educated mothers are twice as likely to send their children to school.⁵⁹ Moreover, road rehabilitation projects bring about significant improvements in the mobility and living conditions of surrounding communities. The project is expected to create jobs and allow locals round-the-year access to public services, reduce the time women/girls spend collecting fuel and resources, and demonstrate a reduction in gender disparities in education and health outcomes. There are also significant environmental benefits: a reduction in GHG emissions by extending the life of a road and reduced fuel consumption and maintenance costs.

B. Fiduciary

Financial Management

54. **The financial management (FM) risk of the project is assessed as Moderate.** The FM assessment concluded that the PIU has the capacity to set up an adequate FM system for the project, which can provide reasonable assurance and accurate and timely information on the status of the funds, as required by the WB.

55. **This project will leverage the existing FM and disbursement arrangements that are functioning effectively in the Bank-financed KITE.** A dedicated Financial Management Specialist (FMS) will be engaged/hired for the duration of KPRAP in accordance with the terms of reference (ToRs) acceptable to the Bank. In the interim, the PIU will utilize the resources available under the Shared Services Unit (SSU). Government budgeting processes will apply, whereby KPRAP's budget will be a part of the GoKP's Annual Development Plan. The PIU will maintain separate books of accounts on a cash basis of accounting to record KPRAP related receipts and payments. Project transactions will be subject to compliance with the government's internal control environment, that is the General Financial Rules and Accounting Policies and Procedures Manual. Semi-annual Interim Unaudited Financial Reports (IUFs) will be submitted to the Bank within 45 days of the close of each semester. The project's financial statements will be prepared in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS). A segregated DA will be opened for receipt and utilization of the credit. The DA will be operated in accordance with the provisions of "Revised Accounting Procedure for Revolving Fund Account (Foreign Aid

⁵⁹ UNESCO. 2013. *Education Transforms Lives*. Paris: UNESCO



Assignment Account)” dated August 2, 2013, issued by the Finance Division. Disbursements will be report based, where advances equivalent to six months’ forecast will be provided to the DA and subsequent semi-annual IUFs will be the basis of documentation of the expenditures.

56. **External Audit:** The Auditor General of Pakistan (AGP) will conduct the annual audit of the Project’s annual financial statements. For each financial year closing on June 30, the audited financial statements for the project will be due to the Bank within six months of the close of the financial year (i.e., by December 31).

57. **Retroactive Financing:** Retroactive financing will be allowed for up to 20 percent of the credit amount for payments made against eligible expenditures incurred up to 12 months preceding the project signing date, provided that the procurement procedures and E&S considerations are acceptable to the Bank.

Procurement

58. **Procurement activities will be carried out following the WB’s Procurement Regulations for IPF Borrowers.** Some of the procurement activities may follow the provincial procurement procedures of KP for national market approach subject to conditions specified in the procurement plan. The project will be subject to the WB’s Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants.

59. **A Project Procurement Strategy for Development (PPSD) has been developed by PIU.** Based on the analysis of PPSD, a procurement plan covering the first 18 months of project implementation has been prepared and submitted to the Bank team for approval through Systematic Tracking of Exchanges in Procurement (STEP) prior to project negotiations.

60. **The WB carried out a procurement risk assessment of PIU.** Procurement related risks are identified, and mitigation measures are agreed with the project entity. The details of the procurement arrangement are in Annex 1.

C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

D. Environmental and Social

61. **The Borrower through the GoKP has prepared the E&S instruments with guidance and support from the WB.** Table 1 shows details of the disclosure of the various E&S instruments. The relevant parts of the instruments will be incorporated in the procurement documents for contractor(s) and the supervision firm.



Table 1: Disclosure of E&S Instruments

Prior to appraisal (drafts were disclosed by April 26, 2022)	Prior to Project Financing Agreement effectiveness	Before construction contract start date
Environmental and Social Management Framework (ESMF). Resettlement Framework (RF). Labor Management Procedure (LMP). Stakeholder Engagement Plan (SEP). Environmental and Social Commitment Plan (ESCP).	Final versions of the ESMF, the RF, the LMP, and the SEP. Draft Grievance Redress Mechanism (GRM) for the project.	Labor-related GRM and a workers' Code of Conduct. Security, Health and Safety Management Plan for works. Final version of GRM.

Source: World Bank, based on the Borrower's information.

62. **Social impacts.** Upgrading and maintenance activities of rural roads will bring social benefits for rural communities. Although land acquisition is not expected,⁶⁰ potential adverse impacts on communities are expected in terms of labor influx, which may generate additional social risks and impacts, including increase in GBV, impacts on community dynamics as a result of incoming workers, child labor, and increased pressure on community resources. The prevailing security situation in KP may affect project supervision and labor management. Potential social impacts could also relate to increased inequality and elite-capture, depending on road and route selection undertaken under Component 1. While social relations are generally smooth amongst the tribes that populate the NMDs and lagging districts, some social tensions have emerged over access to humanitarian and development resources. Component 2, which will facilitate safer access for girls to schools, may face resistance due to prevailing norms related to women's mobility. It will also need to incorporate measures necessary to keep students safe amid the COVID-19 pandemic, as well as driver training and associated road safety measures. There are concerns related to GBV and the need for gender sensitivity in both preventing and responding to GBV. A security assessment for the selected districts has been carried out by the WB.

63. **An ESMF has been prepared, cleared, consulted upon, and disclosed to serve as a guide and set out the principles, rules, and procedures to screen, assess, and manage the potential E&S impacts and to prepare the site-specific Environmental and Social Impact Assessments/Environmental and Social Management Plans for the road sections.** The ESMF also specifies the procedures for assessing vulnerable and marginalized communities and proposes strategies for gender and social inclusion. In addition, an RF, LMP, and SEP have also been prepared.

E. Climate Change, Disaster Screening, and Climate Co Benefits

64. **Climate Change and Disaster Screening.** An in-depth screening of the proposed project for climate change and disaster risks was conducted using the World Bank Climate and Disaster Risk Screening. The results rated the project as Moderate. The screening assessed the current and future exposure of the project location to relevant climate and geophysical hazards including precipitation and flooding, earthquakes, landslides, and extreme temperatures in some areas. The results rated the project risk as Moderate.

65. **Climate Co-benefits.** The project will address the identified climate change risks. These include but are not limited to: (i) the selection/prioritization of roads from the long list of roads based on accessibility and the climate risk of 14 vulnerable districts in KP; and (ii) adopting climate resilient designs for the carriageway and off-

⁶⁰ Land acquisition, although not expected, has been classified relevant as a pre-emptive action. An RF has also been provided for this purpose.



carriageway works, including but not limited to raising the embankments (if necessary), provision of side drains, improvement of culverts, vegetation, bridges, enhanced slope protection, adopting design standards for pavements that reflect a higher level of climate resilience, a decision to seal previously gravel roads, and geometric improvement of roads to enhance road safety. Drainage design will consider the effects of more frequent and increased precipitation. Thirty percent of the roads proposed are unpaved and will need to be paved as an adaptation measure. Resilience planning at the network level would provide continuous access to schools, health facilities and markets. Additional activities to address climate change impacts due to rainfall, high temperatures, and earthquakes are reflected in Table 2. Component 1 will also improve infrastructure in the vicinity of schools, health facilities, and markets to ensure the safety of pedestrians and cyclists to and from these facilities. These improvements will include the provision of sidewalks, bike lanes, bus stops, road markings, signage, traffic calming measures, i.e., rumble strips, marking of reduced speed zones, delineators, guard rails. Component 3 includes capacity building of the CWD on climate resilience planning and on adopting a life cycle approach to assets, based on RAMS data. This would ensure better allocation of resources, resulting in savings in the provincial budget, that may be allocated to other sectors.

Table 2: Additional Activities to Address Climate Change Impacts

Type of works	Additional activities to address climate change	Effect
Carriageway works	Pavement surface sealing (crack seal, fog seal, slurry seal, etc.).	Increasing the resilience of the pavement surface course against the impact of traffic, water, and freezing.
Off-carriageway works	Installation of slope vegetation.	Increasing the resilience of slopes to erosion caused by water and wind.
	Installation of low-cost slope stability measures (gabions, benching, geo-mesh, etc.).	Increasing the resistance against occurrence of landslides and rockfalls caused by increased ground forces (by ground movement, water, and earthquakes), as well as due to erosion by water and wind.
	Reinstatement and improvement of slope stability.	Providing sufficient stability and increasing resistance against the occurrence of landslides and rockfalls caused by increased ground forces (by ground movement, water, and earthquakes).
Drainage	Clearing and grubbing of ditches.	Enabling protection of the road body from the impact of normal and heavy rainfalls/floods and from the impact of groundwaters.
	Construction of ditches lined with stone or concrete.	Enabling protection of the road body from the impact of normal and heavy rainfalls/floods and from the impact of groundwaters, including protection of ditches' surface from erosion; controlling water flow towards culverts.
	Replacement of existing pipe culverts and the construction of new reinforced pipe culverts.	Enabling protection of the road body from the impact of normal and heavy rainfalls/floods and from the impact of groundwaters.



Type of works	Additional activities to address climate change	Effect
Weight and axle load bridges	Establishment of axle load control regime.	Protection of the pavement structures from increased loads and damage, thus also increasing the capacity to sustain the impact of water and high temperatures.
Emergency contingencies	Contingency amount for emergency activities (activated upon the occurrence of an emergency event).	Repair of damage caused by floods, erosion, earthquakes, and similar natural catastrophic events to reinstate traffic and safe access.

F. Gender

66. **Gender actions.** To address the gender gaps in education and labor force participation outlined above (see paragraphs 6 and 12–15), the proposed project will support improved access of females to schools, health facilities, and markets through the provision of all-weather roads, with Component 2 focusing on boosting girls’ enrollment in schools through the provision of subsidized transport. Additionally, intensive behavioral change communication campaign (beyond the SEAH mitigation measures) to raise awareness among students, teachers, school staff, parents and transport service providers on prevention and response to sexual harassment women and girls face in public transport will be conducted. Several sustainability measures (see paragraph 32) will support continuation of the transport subsidy scheme beyond the life of the project. The combination of these activities is expected to narrow gender gaps in enrollment and attendance since accessibility to school and safety during commute have been cited as key barriers to girls’ school participation. The project also addresses gender gaps in the construction/rehabilitation of rural roads, maintenance, and other indirect activities. A minimum rate of participation of women will be included in the bidding documents. The project will include a communication plan on opportunities for women in road rehabilitation and maintenance. A strong gender action plan will be prepared by the GoKP, including targeted trainings to women in required skills to ensure continued employability. Working conditions will also be improved by strengthening institutional systems to respond to sexual harassment building on the mitigation measures identified during SEAH risk mitigation. The pilot for routine maintenance using microenterprises will also generate employment opportunities for women beyond the project period.

67. **Gender Indicators.** Relevant PDO and intermediate indicators and targets in the results framework track the project’s gender impacts. This includes a target to increase the attendance rate of girls receiving the subsidized transport scheme by 7 percentage points, as well as a target to cumulatively provide 5,000 OOS girls over the course of the project with subsidized transport.⁶¹ In addition, contractors for construction will report the percentage of women employed in direct and indirect work under the project and will be responsible for ensuring that female employees are not subjected to discriminatory working conditions, for instance by guaranteeing fair and equal wages. The project also targets at least an overall 5 percent women's participation in project-supported civil works, including complementary activities.

G. Citizen Engagement

68. **The proposed project will include a strong citizen engagement approach:**

- (a) Extensive consultations with key stakeholders (i.e., tehsils, local communities, parents, patients, farmers,

⁶¹ These may not be 5,000 unique individuals. Refer to footnote 46.



and road users) during the project design and implementation, including focus groups, field visits, and round table discussions.

- (b) Feedback mechanisms, such as regular consultation on project implementation and satisfaction surveys on the accessibility and safety of rehabilitated roads and improved transport to school.

V. GRIEVANCE REDRESS SERVICES

69. Communities and individuals who believe that they are adversely affected by a WB supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the WB's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the WB's corporate GRS, please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

VI. KEY RISKS

70. **The overall risk to achieving the PDO is rated Substantial** based on substantial risks in political and governance, macroeconomic, institutional capacity for implementation and sustainability, fiduciary (procurement), E&S, and other (security and COVID-19) risks. The potential impact and likelihood of the risks and key risk management measures are described below.

71. **Political and governance risk is rated as Substantial, considering the current political context and its effects.** The current political uncertainties may delay decisions due to changes in priorities and staff rotation. However, the project is designed to improve access to basic services and the creation of jobs and opportunities in the province, which has been the priority of both federal and provincial governments. The proposed project will also include mechanisms for strong dialogue and participation between the GoKP and federal authorities, action plans to manage project progress, and the implementation of a GRM to address concerns and allow response in a timely manner.

72. **Macroeconomic risk is rated as Substantial.** The macro-fiscal situation in the country exposes the GoKP to fiscal shocks and risks. A restricted fiscal space may lead to delays in approvals and release of resources for project implementation. This will be mitigated by ensuring the GoKP prioritizes project expenditures in its annual budget and development plans.

73. **Institutional capacity for implementation and sustainability is rated as Substantial.** The implementation of previous projects showed a lack of coordination, delays in decision-making and delays in implementation of project activities when working with different departments of the GoKP. As this project will involve working with four departments of the GoKP (CWD, Education, Health, and Agriculture), proactive measures to mitigate risks are



crucial. These mitigation measures include establishing an IC responsible for coordinating project activities not later than 90 days after project effectiveness, as well as the inclusion of two qualified education specialists in the PIU who will bring relevant expertise and coordinate with the relevant education authorities. Additionally, regular portfolio review meetings and project supervision will help to take action.

74. **The fiduciary (procurement) risk is rated as Substantial.** Given procurement delays in other projects and a slow learning curve, the procurement risk is rated as Substantial at entry. A mitigation plan to strengthen the procurement capacity includes: (i) hiring qualified staff with experience; and (ii) developing a detailed contract management plan. In addition, the PIU will receive training and the WB could provide Hands-on Expanded Implementation Support. Likewise, there are fiduciary risks associated with the payment to the local transport service providers, which can be minimized through cooperation with the GoKP and the PTCs.

75. **The E&S risks and impacts are rated as Substantial.** The rehabilitation and maintenance of rural roads in the selected districts may have general adverse E&S risks and impacts, including health and safety risks due to COVID-19, incidences of GBV (including but not limited to potential SEAH risks for girls by transport service providers), and the presence of social norms that may affect the enrollment and attendance of girls. Other risks include labor influx. Based on the security assessment, the Borrower through the GoKP has prepared gender plans based on the project's gender strategy outlined in the ESMF, including measures to address GBV and sexual harassment. The capacity of the PIU and GoKP related to the WB's Environmental and Social Standards (ESS) will be strengthened in managing the project's E&S and impacts. The PIU's staffing includes an environmental specialist, a social specialist, and a health and safety specialist. This team will be strengthened with additional E&S staff during construction. The ESCP includes specific actionable capacity-building measures. Furthermore, a strong supervision firm, financed by the credit, will be hired to control the quality of work and progress, including supervision of the project's E&S aspects. The preparation, review, and implementation of traffic management plans during construction will help mitigate the risk of road fatalities and accidents.

76. **Other risks, such as security and COVID-19 risks, are rated as High.** A detailed security assessment by the WB showed an increase in violent activities in KP. However, the GoKP will ensure adequate security arrangements during the implementation of the project. The WBG team will also receive security training, work closely with the GoP, GoKP, CMU, WBG Security Specialists, and the United Nations to address evolving security considerations. Field missions for M&E purposes by the WBG to the project sites will be governed by security considerations and Bank protocols. Similarly, the ongoing pandemic may have an impact on project implementation, including on travel for Bank staff, international consulting firms, and contractors.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Pakistan

Khyber Pakhtunkhwa Rural Accessibility Project (KPRAP)

Project Development Objectives(s)

The Project Development Objective is to improve safe and climate-resilient rural accessibility to schools, health facilities and markets in selected districts of Khyber Pakhtunkhwa.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	End Target
Access to schools			
Travel time savings for rural population to access nearest school in selected districts (Number)		0.00	200.00
Access to health services			
Travel time savings for rural population to access nearest health facility in selected districts (Number)		0.00	2,000.00
Access to markets			
Travel time savings for rural population to access nearest market in selected districts (Number)		0.00	2,500.00
User satisfaction with rural road transport, disaggregated by gender (Percentage)		0.00	50.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Component 1: Safe and climate resilient access							
Rural roads upgraded / rehabilitated with climate resilient and road safety measures (Kilometers)		0.00					600.00
Resilience considerations adopted in road selection, designs and work (Yes/No)		No					Yes
Project beneficiaries with improved climate resilient road access to schools, health facilities and markets in priority districts (gender disaggregated) (Number)		0.00					1,700,000.00
Female participation in labor force for works or complementary activities in the project (Percentage)		0.00					5.00
Component 2. Safe and affordable school journeys for girls							
Attendance rate for girls receiving subsidized transport (Percentage)		73.00					80.00
Number of girls receiving subsidized transport per year (Number)		0.00	0.00	5,000.00	10,000.00	20,000.00	30,000.00
Number of girls receiving subsidized transport per year, that were initially out of school (Number)		0.00	0.00	400.00	800.00	1,600.00	2,400.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Standard contract developed for signing between PTCs, PIU-CWD and transport service providers (Yes/No)		No					Yes
Detailed study done to identify beneficiaries for Component 2 (Yes/No)		No					Yes
Component 3. Project management and institutional strengthening							
Feedback from stakeholder incorporated in project implementation (Percentage)		0.00					60.00
Road asset management system implemented (Yes/No)		No					Yes
Tool built to facilitate resource allocation for the construction of schools, based on geospatial analyses (Yes/No)		No					Yes

Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Travel time savings for rural population to access nearest school in selected districts	This indicator measures the decrease in person-hours per kilometer (number) of road upgraded, for trips between a populated place	Annually	Supervision report	Geospatial analyses will be used to determine travel time savings to the nearest school of each type (primary,	PIU



	and the nearest school after the improvement of rural roads in selected districts.			middle, and secondary) in the vicinity of roads selected for upgrading. Road conditions before and after the road upgrades will be compared. The total person hours (travel time) savings to schools will be divided by the length of road segments upgraded. Detailed methodology has been documented in the project files.	
Travel time savings for rural population to access nearest health facility in selected districts	This indicator measures the decrease in person-hours per kilometer (number) of road upgraded, for trips between a populated place and the nearest healthcare facility after the improvement of rural roads in selected districts.	Annually	Supervision report	Geospatial analyses will be used to determine travel time savings to the nearest healthcare facility (any one of primary/secondary/tertiary facilities) in the vicinity of roads selected for upgrading. Road conditions before and after the road upgrades will be compared. The total person hours (travel time) savings for health facilities will be divided	PIU



				by the length of road segments upgraded. Detailed methodology has been documented in the project files.	
Travel time savings for rural population to access nearest market in selected districts	This indicator measures the decrease in person-hours per kilometer (number) of road upgraded, for trips between a populated place and the nearest market after the improvement of rural roads in selected districts, including in the South of KP.	Annual	PIU	Geospatial analyses will be used to determine travel time savings to the nearest market in the vicinity of roads selected for upgrading. Road conditions before and after the road upgrades will be compared. The total person hours (travel time) savings will be divided by the length of road segments upgraded. Detailed methodology has been documented in the project files.	PIU
User satisfaction with rural road transport, disaggregated by gender	The indicator measures the variation in the perception of quality of service and safety of the trips taken by users and operators, disaggregated by gender.	Once every two years	Ad-hoc satisfaction survey conducted by an independent consultant to	Survey with specific questions to identify the perception of passengers and transport operators regarding the improvements	PIU



			<p>assess the perception of a sample of users and operators regarding the quality of roads, road safety and quality of service</p>	<p>associated with the project in terms of quality of road, quality of transport, safety, etc.</p>	
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Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Rural roads upgraded / rehabilitated with climate resilient and road safety measures	The indicator measures the total number kilometers (km) of roads improved (rehabilitated and maintained) in selected districts	Annual	Supervision report	Technical report prepared by the supervision firm	PIU
Resilience considerations adopted in road selection, designs and work	The indicator measures the incorporation of resilience considerations for the identification, selection of districts, roads, and the implementation of works (design, rehabilitation and maintenance).	Annually	Supervisor report	Review of the planning and implementation process with emphasis on the incorporation of resilience considerations in different stages of the project cycle for rural	PIU



				roads: identification of districts, identification of works, incorporation of resilience in the designs, rehabilitation and maintenance of rural roads in KP, supported by the project.	
Project beneficiaries with improved climate resilient road access to schools, health facilities and markets in priority districts (gender disaggregated)	The indicator measures the potential number of people that will benefit from the improved rural roads in the selected districts, disaggregated by gender	Annually	Supervision report, population data	Using official population data in the vicinity of roads upgraded under the project in selected districts, disaggregated by gender.	PIU
Female participation in labor force for works or complementary activities in the project	Proportion of women in the labor force for works and complementary activities undertaken in the project.	Annual	Supervision report for works	Supervision firm to collect data from contractors, overseen by the PIU. Note that the women need not necessarily be involved in heavy or labor intensive work to qualify. Women providing office support for works under the project can also be counted towards this.	Supervision firm, overseen by the PIU.



Attendance rate for girls receiving subsidized transport	This indicator measures the attendance rates for girls receiving subsidized transport.	Annually	PIU, drawing from school level data with support from Elementary and Secondary Education Department	Tracked using attendance records at the school level.	PIU
Number of girls receiving subsidized transport per year	The indicator measures the number of girls receiving subsidized transport to school per year.	Annually	Department of Elementary & Secondary Education, GoKP, supported by PTCs	Number of girls receiving subsidized transport in selected schools and districts. Some girls may receive subsidized transport over multiple years, by virtue of being enrolled and attending school regularly. Such girls will count towards the figure for each year that they receive the provision.	PIU, supported by the Department of Education
Number of girls receiving subsidized transport per year, that were initially out of school	This indicator measures the number of girls receiving subsidized transport to school, that were initially out of school.	Annually	Reports from schools and/or transport service providers.	For the purpose of this indicator, out of school girls will be defined as those that have not attended school at least for the past 6 months	PIU, supported by the Elementary and Secondary Education Department .



				(net of holidays) prior to receiving the subsidized transport. Such girls that continue to receive subsidized transport in subsequent years after the first year of inclusion will still be counted as out of school girls for the purpose of this indicator.	
Standard contract developed for signing between PTCs, PIU-CWD and transport service providers	This indicator tracks whether the base contract(s) for the subsidized transport provision have been developed for use by the PIU and PTCs to engage transport service providers.	Annually	Finalized standard contract document.	The final standard contract developed as a result of technical assistance/consultancy support will serve as proof that the indicator has been met.	PIU, supported by the Department of Education
Detailed study done to identify beneficiaries for Component 2	This indicator tracks whether the detailed study to identify beneficiaries for the subsidized transport provision has been done	Once, after the end of the detailed study. And again after each time it is updated.	Detailed study report.	The final report for the detailed study will serve as proof that the indicator has been met.	PIU, supported by the Elementary and Secondary Education Department



Feedback from stakeholder incorporated in project implementation	The indicator measures the extent to which suggestions and feedback from stakeholders (including the public) is incorporated during project implementation. It is measured by counting the proportion of individual pieces of feedback which has been incorporated.	Semi-annual.	PIU reports	Focus group discussions, meetings, hearings, and other instruments to collect feedback from stakeholders during project implementation (selection of roads, designs and construction/rehabilitation/maintenance).	PIU
Road asset management system implemented	This indicator tracks whether a road asset management system has been adopted by CWD. The system will assist CWD in the management of road planning and sustainability, including the efficiency in the allocation of resources for rural roads in KP. The system could comprise a combination of software, analytical tools, processes, together with appropriate training/capacity building.	Annually	Annual progress reports and final report developed by independent consultants	Independent verification of the implementation of Road Asset Management System (RAMS) and the institutional capacity of CWD to identify, select and manage the rural road network, allocation of resources and sustainability.	PIU
Tool built to facilitate resource allocation for the construction of schools, based on geospatial analyses	This indicator tracks whether CWD/E&SED adopts geo-spatial analyses to factor in accessibility considerations for the	Annually.	Independent evaluation.	Independent verification of the adoption of geospatial analysis by CWD/E&SED to allocate	PIU, supported by the Department of Education.



	selection of school construction sites.			resources on construction of schools.	
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ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Pakistan

Khyber Pakhtunkhwa Rural Accessibility Project (KPRAP)

- 1. The GoKP will be responsible for implementation of the proposed project, including FM and financial reporting.** It will be assisted by the CWD. The GoKP will set up a PIU. The GoKP will be strengthened with qualified staff for these roles. Its role and responsibility will be included in the POM.
- 2. The PIU will be responsible for:** (i) carrying out technical, legal, monitoring and reporting, and communications activities, as well as E&S risk (as detailed in the ESMF and the ESCP); (ii) preparing and regularly updating the program execution plan, the annual work plan, and the procurement plan; (iii) supporting the selection process for works, goods, and consulting services; (iv) interfacing with the CWD to prepare the budget for the proposed project; (v) supervising works and consultancy contracts and their compliance with the developed E&S instruments; and (vi) monitoring progress based on the results framework and GRM, carrying out consultations and surveys, as well as reporting and communication. The PIU will also carry out the following roles to ensure compliance with WB ESS: (i) ensures knowledge of and compliance by the contractor and supervisor with the project E&S instruments; (ii) work with other authorities to obtain the necessary permits, licenses, and authorizations; and (iii) work closely with all government stakeholders, local authorities, consultants, works contractors, and community groups to ensure compliance with the ESCP, the ESMF, the RAP, and the SEP. The detailed roles and responsibilities are included in the POM.
- 3. The GoKP will hire a core team for the PIU,** including a PD, an FMS, a procurement specialist, an environmental specialist, a social specialist, a safety and health specialist, two education specialists, an M&E specialist, an FM assistant, a communications specialist, and field staff to work proactively with local authorities (as will be detailed in the POM and ESCP). The PIU core staff is expected to be hired before the Project Financing Agreement becomes effective.
- 4. Interdepartmental coordination.** An IC (led by the CWD) will be established before the start of works to ensure adequate coordination with the Departments of Education, Health, and Agriculture on project implementation. The POM defines the role of the IC. The Departments of Education, Health, and Agriculture of KP will play an active role in the proposed project implementation.
- 5. The GoKP, with the assistance of the CWD and PIU, will hire a construction supervision firm.** The supervision firm will oversee the quality of works and progress, including the supervision of project E&S aspects and the project equipment, and function as a technical interface and a conduit to transfer knowledge by coordinating interactions between the PIU, CWD, GoKP, other entities, and civil works contractors. The firm will have a field-based supervision team, including an environmental specialist, a social specialist, and a health and safety specialist. Geo-enabled remote monitoring would be crucial for the PIU to keep tabs on the progress of works and could quickly identify sub-projects that require greater attention. The PIU will be supported in developing questionnaires (with accompanying photos and videos) to be filled out by contractors and/or the supervision firm on a regular basis.



6. **School transport operators.** To implement Component 2, the PIU and PTCs will hire selected transport operators for the provision of transport service for girls. Once the project is completed, the GoKP will continue and extend these services.

Financial Management

7. **FM Staffing.** Before the credit is declared effective, the PIU will hire/engage a dedicated FMS for the duration of KPRAP in accordance with the ToRs acceptable to the Bank. In the interim, the PIU will utilize resources available under the SSU. The FMS will be supported by an Accounts Officer.

8. **Budgeting and Planning.** The project will be a part of the Annual Development Plan of the GoKP. A unique Cost Centre Number/DDO Code will be assigned by the Finance Department in the Budget Book for the project to record the expenditures against the allocation. The PIU will prepare an annual work plan and a cash plan that will provide a quarterly break up of planned activities and associated costs. Budget utilization will be monitored on a quarterly basis for budget variance.

9. **Fund Flow Arrangements.** A segregated DA will be opened for receipt and utilization of the project credit. The DA will be operated under the provisions of “Revised Accounting Procedure for Revolving Fund Account (Foreign Aid Assignment Account)” dated August 2, 2013, issued by the Finance Department. Disbursement from the WB to the PIU will be report based. The PIU’s DA will be front-loaded with an advance based on six months’ cash forecast submitted by the PIU and approved by the WB. The PIU will report utilization against the advances in the bi-annual IUFRRs along with the forecast of funds requirement for the next six months.

10. **For Component 2, the government share of the payments to transport service providers will be made directly through the DA of the PIU based on the certification of the PTCs on the provision of transport services in accordance with contracts.** Transport service contracts will be signed by the transport service provider, PIU, and PTCs. Transport service providers will submit invoices directly to the PIU. Before doing so, they will need to obtain the PTCs’ endorsement confirming that the transport services have been rendered satisfactorily. Education specialists within the PIU will be responsible for validating the invoices and recommending (on behalf of E&SED) to PD, PIU on processing payment. Payments will be made into transport service providers’ bank accounts or mobile wallets (as the case maybe). Eligible expenditures under the categories of goods, works, non-consulting services, subsidies for transport services to and from schools, incremental operating costs, training, and workshops will be financed from the credit at 100 percent up to the overall credit amount of US\$300 million. These arrangements will be road tested and confirmed on a pilot basis prior to full scale implementation.

11. **Retroactive Financing.** Retroactive financing will be available under the project for an amount up to 20 percent of the credit amount for eligible expenditures incurred by the implementing agency up to a period of 12 months preceding the date of signing of the Financing Agreement. Eligible expenditures include incremental operating costs (as defined in the Financing Agreement), consultancy services, goods, works, and non-consultancy services. All expenditures for which retroactive financing is sought will be submitted to the Bank to verify their eligibility as per project objectives and relevant guidelines, including all applicable Bank procurement guidelines.

12. **Internal Controls.** Project transactions will be subject to compliance with the GoKP’s internal control environment—General Financial Rules, Accounting Policies and Procedures Manual, and relevant internal controls stated therein. These internal controls include budget checks, a well-defined and segregated scheme of



assignments, delegation of financial power rules that delineate the categories of officers and expenditure-sanctioning competencies, and custody of assets. Project expenditures will be incurred by the implementing agency in accordance with these internal controls. Maintaining the books of accounts and preparation of financial reports will be the responsibility of the FMS, while the PD will approve the financial reports for submission to the Bank.

13. **Accounting.** Separate books of accounts will be maintained for project transactions. The project FMS and the Accounts Officer will work with the Accountant General KP to include the transactions of the project in the National Financial Management Information System. The cash register, the fixed assets register, and the invoices register will be maintained in MS Excel.

14. **Interim Financial Reporting.** The FMS will prepare and furnish IUFs to the Bank in the agreed format within 45 days of the close of each fiscal semester that will report receipts and payments during the semester according to project components, variance analysis against the planned targets, and reconciliation of the project's accounting records with Client Connection.

15. **Annual Financial Statements.** The FMS will also prepare the project-level annual financial statements in accordance with Cash Basis IPSAS. The financial statements will cover a period of one financial year and will be submitted to the auditors within two months of the close of the financial year.

16. **Audit.** The Directorate General Audit (KP), as representative of the AGP, will carry out the annual audit of the project's annual financial statements. The audit may also cover the physical verification of assets procured from the credit proceeds. For each financial year ending on June 30, acceptable audited financial statements for the project will be submitted to the Bank by December 31, i.e., within six months of the close of the financial year.

Procurement

17. **Procurement activities will be carried out following the WB's Procurement Regulations for IPF Borrowers.** All the procurement activities under this project will follow the WB Procurement Regulations for IPF Borrowers (Procurement in Investment Project Financing, Goods, Works, Non-Consulting and Consulting Services – Fourth Edition, November 2020). Some of the procurement activities may follow the provincial procurement procedures of KP for national market approach subject to conditions specified in the procurement plan approved by the Bank team. The project will be subject to the WB's Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised as of July 1, 2016, Anti-Corruption Guidelines).

18. **A PPSD has been developed by PIU.** The PPSD establishes the best procurement arrangements that will ensure value for money while efficiently achieving the PDO. Specifically, an initial list of 76 roads with a total length of approximately 1,200 km has been planned into 35 packages with variable number of lots. These shall be procured through "Open – National – RFB" process with traditional admeasurement contract. There is one contract of Consultancy Services for design, procurement support, and construction supervision of Rural Access Road and School Zone Upgradation. Under Component 2, PTCs will be strengthened to sign and manage contracts with appropriately experienced and qualified local private transport providers. The project will fund the development of contracts that will include KPIs, safety, and service standards. Local private transport providers will be selected following a community-driven development method, as per the WB's Procurement Regulations. Based on the



analysis of the PPSD, a procurement plan covering the first 18 months of project implementation has been prepared and submitted to the Bank team for approval through STEP prior to project negotiations.

19. **The WB carried out a procurement risk assessment of implementation entities.** This assessment concluded that the implementing entity (IE) has general procurement capacity and staff but still needs more resources in the procurement of goods, consulting services, and works under WB Procurement Regulations. Key procurement related risks and their mitigation are provided in Table A1.1.

Table A1.1: Procurement Related Risks and Mitigation Measures

Risk	Description	Mitigation
Integrity and Oversight Risks	Audit institutes including internal audit are not adequately capacitated to understand the procurement requirements and often identify deviations and violations that are not referenced to correct legal requirement.	(i) All key procurement documents clearly refer to procurement arrangements stated in legal agreements. (ii) Joint Procurement Clinics with the decision-making staff of IEs to contextualize the legal application of procurement.
Procurement Process Risk	In absence of extensive working experience of PIU with WB Procurement Regulations there could be interpretational issues in Bid evaluation, use of single stage two envelope for all types of procurement and absence of experience to manage environmental, social, health and safety risks related to procurement process.	(i) Topical Procurement Clinics for complex procurements to be led by Bank. (ii) Familiarization Clinics led by procurement staff of IEs. (ii) Develop functional and performance specifications. (iii) Bank's Aide Memoire and Technical Reports etc. will be used to confirm consistency of process.
Market Readiness	The market is well-developed for all the identified procurements. However, the exchange risk impacts all inputs into contracts. The target market is on and off impacted by fraud and corruption risks. The market is not so hands-on in managing environmental, social, health and safety risks.	(i) Price adjustment mechanisms. (ii) Conducting red flags clinics. (iii) Familiarization of prospective consultants and bidders in pre-proposal conference and pre-bid meetings about environmental, social, health and safety risks.

20. **Oversight and Monitoring.** The Bank team will conduct annual (or ad hoc as needed) procurement post review in addition to prior review as required in the procurement plan and regular implementation support missions. External oversight is performed by the AGP, Competition Commission, Federal Investigation Agency, National Accountability Bureau, Public Accounts Committee, Public Procurement and Regulatory Authority(/ies). These entities have a national and subnational mandate and get directly and indirectly associated with various



stages of procurement and contract management. The IE is required to follow delegation of financial powers whereby procurement transaction from planning, bidding, award, and payments follow a defined hierarchy culminating at principal accounting officer (head of IE). These mechanisms ensure an adequate internal and external oversight of procurement that provides timely and regular feedback, for example, through procurement audits and reviews.

Strategy and Approach for Implementation Support

21. **Project implementation will require substantial support from the WB task team.** Implementation support will consist of the regular semi-annual missions by the WB team; meetings and audio conferences between the WB team, the PIU and CWD, and other relevant stakeholders; revision of quarterly reports and provision of recommendations; and close coordination with WB staff based in Pakistan. The Bank team will carry out field visits to construction sites and hold meetings with key stakeholders. Additional support will be provided by the WB's procurement, FM, and ESS specialists. Implementation support will emphasize the quality of the ToRs for the project works contracts, a strategy for the implementation of the SEP and RAP, and the implementation of the ESMF with its correspondent management plans and the ESCP. The Implementation Support Plan will be reviewed at least once a year to ensure that it continues to meet the implementation support needs of the project.

Implementation Support Plan

22. **Strategic support:** Bank supervision missions will meet with national and provincial authorities to: (i) review progress of the project's activities in achieving the PDO; (ii) discuss the strategic alignment of the project with GoKP priorities and the interests of key stakeholders; (iii) promptly address any deviations from agreed applicable Bank policies and procedures; and (iv) evaluate progress on crosscutting issues, such as M&E, training, communications, dissemination of project results and experiences, and coordination among relevant stakeholders.

23. **Technical support:** Supervision will focus on ensuring the technical quality of bid documents and evaluation reports, and review construction plans, as well as ensure the integration of ESS, road safety, and universal accessibility and gender considerations into works and other activities. During construction and commissioning, the Bank will provide technical support to ensure that the technical contractual obligations are met. The team's engineer will conduct regular site visits during project implementation and involve other technical specialists as needed.

24. **Fiduciary support:** The WB will provide periodic supervision of procurement and FM aspects. The WB's team will: (i) perform desk reviews of project Interim Financial Reports and audit reports, and will follow up on any issues raised by auditors; (ii) review the operation of the control systems and arrangements; (iii) update the FM rating in the FM Implementation Support and Status Report, as needed; (iv) provide training and guidance on conducting procurement in compliance with the Procurement and Anti-Corruption Guidelines and the POM; (v) work with the GoKP and the PIU to enhance capacity in procurement and FM to facilitate project implementation; (vi) review procurement documents and provide timely feedback to the PIU; and (vii) help monitor project progress against the procurement plan. Supervision of both the procurement and FM aspects of the project will be carried out semi-annually during the regularly scheduled WB supervision missions, with continued contact between these visits as needed.



25. **Environmental and Social Risk Management support:** The WB has provided support to the Borrower through the GoKP in preparing the Environmental and Social Risk Management instruments required by the Environmental and Social Framework, i.e., the ESMF, the RAP, the LMP document, the SEP, and the ESCP. The WB will continue its support throughout project implementation to ensure that these ESF instruments are adhered to. ESS specialists will participate in WB implementation support missions at least twice a year and will maintain close communication with the project agencies in between these regular missions.

Table A1.2: Main Focus in Terms of Support to Implementation

Time	Focus	Skills needed	Resource estimate
First 12 months	Project management and project implementation support coordination	Team leaders	10 weeks
	Social standards	Social specialist	10 weeks
	Environmental standards	Environmental specialist	10 weeks
	Technical and quality procurement review of ToRs, technical reports, and bidding documents	Task team leader, technical specialists, procurement specialist, and FM	12 weeks
	Procurement review of bidding documents	Procurement specialist	4 weeks
	FM supervision	FM specialist	4 times per year
	Gender-related activities	Gender specialist	2 times per year
	Road safety and traffic management	Road safety specialist	2 times per year
	12–36 months	Contract execution and contract management	Task team leader, technical specialists

Table A1.3: Skills Mix Required

Skills needed	Number of staff weeks	Number of trips	Comments
Team leaders	8	4	Pakistan
Environmental specialist	4	2	Pakistan
Social specialist	5	2	Pakistan
Procurement specialist	4	2	Pakistan
FM specialist	4	1	Pakistan
Legal counsel	1	0	Pakistan
Gender specialist	2	1	Pakistan
Road safety specialist	6	2	Headquarters