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IDA/R2017-0296/1

September 1, 2017

**Closing Date: Thursday, September 21, 2017
at 6:00 p.m.**

FROM: Acting Vice President and Corporate Secretary

Pakistan - FATA Temporarily Displaced Persons Emergency Recovery Project

Additional Financing

Project Paper

Attached is the Project Paper regarding a proposed additional credit to Pakistan for the FATA Temporarily Displaced Persons Emergency Recovery Project (IDA/R2017-0296), which is being processed on an absence-of-objection basis.

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Report No: PAD2141

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR 81 MILLION
(US\$114 MILLION EQUIVALENT)

TO THE

ISLAMIC REPUBLIC OF PAKISTAN

FOR A

FATA TEMPORARILY DISPLACED PERSONS EMERGENCY RECOVERY PROJECT

AUGUST 30, 2017

Social Protection and Jobs Global Practice
South Asia Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective July 31, 2017)

Currency Unit = Pakistani Rupee (PKR)
PKR 105.34 = US\$1
US\$1.407 = SDR 1

FISCAL YEAR

July 1 – June 30

ABBREVIATIONS AND ACRONYMS

AF	Additional financing
CPS	Country Partnership Strategy
CWG	Child Wellness Grant
DoH	Department of Health
EAD	Economic Affairs Division
ERP	Emergency Recovery Project
ERG	Early Recovery Grant
ESMP	Environmental and Social Management Plan
FATA	Federally Administered Tribal Areas
FDIHS	FATA Development Indicators Household Survey
FDMA	FATA Disaster Management Authority
FSRRS	FATA Sustainable Return and Rehabilitation Strategy
GoP	Government of Pakistan
GRM	Grievance redress mechanism
GRS	Grievance redress service
IDB	Islamic Development Bank
ISR	Implementation Status and Results Report
KP	Khyber Pakhtunkhwa
LSG	Livelihood Support Grant
M&E	Monitoring and evaluation
MDTF	Multidonor trust fund
MIS	Management information system
NADRA	National Database and Registration Authority
OSS	One-Stop Shop
PDO	Project Development Objective
PMU	Project Management Unit
SC	Steering Committee
SORT	Systematic Operations Risk-rating Tool
TA	Technical Assistance
TDP	Temporarily displaced person
UN	United Nations

UNDP
WFP

United Nations Development Programme
World Food Programme

Vice President:	Annette Dixon
Country Director:	Patchamuthu Illangovan
Senior Global Practice Director:	Michal Rutkowski
Practice Manager/Manager:	Stefano Paternostro
Task Team Leaders:	Amjad Zafar Khan, Ali Nadeem Qureshi

PAKISTAN
FATA TEMPORARILY DISPLACED PERSONS EMERGENCY RECOVERY PROJECT

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ADDITIONAL FINANCING DATA SHEET

Pakistan

FATA Temporarily Displaced Persons Emergency Recovery Project (P160941)

SOUTH ASIA

SOCIAL PROTECTION AND JOBS

Basic Information - Parent									
Parent Project ID: P154278				Original EA Category: B - Partial Assessment					
Current Closing Date: 28-Feb-2019									
Basic Information - Additional Financing (AF)									
Project ID: P160941				Additional Financing Type (from AUS): Scale Up					
Regional Vice President: Annette Dixon				Proposed EA Category: B - Partial Assessment					
Country Director: Patchamuthu Illangovan				Expected Effectiveness Date: 30-Nov-2017					
Senior Global Practice Director: Michal J. Rutkowski				Expected Closing Date: 30-Jun-2019					
Practice Manager/Manager: Stefano Paternostro				Report No: PAD2141					
Team Leader(s): Amjad Zafar Khan, Ali Nadeem Qureshi									
Borrower									
Organization Name		Contact		Title		Telephone		Email	
Economic Affairs Division		Shahid Mahmood		Secretary		92-51-9212769		secretary@ead.gov.pk	
Project Financing Data - Parent (FATA Temporarily Displaced Persons Emergency Recovery Project - P154278) (in US\$, Millions)									
Key Dates									
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date		
P154278	IDA-57190	Effective	26-Aug-2015	23-Sep-2015	21-Dec-2015	28-Feb-2019	28-Feb-2019		
Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed

P154278	IDA-57190	Effective	XDR	53.40	53.40	0.00	43.06	10.34	80.64
Project Financing Data - Additional Financing (FATA Temporarily Displaced Persons Emergency Recovery Project - P160941) (in US\$, Millions)									
<input type="checkbox"/> Loan <input type="checkbox"/> Grant <input type="checkbox"/> IDA Grant <input checked="" type="checkbox"/> Credit <input type="checkbox"/> Guarantee <input type="checkbox"/> Other									
Total Project Cost:		114.00		Total Bank Financing:		114.00			
Financing Gap:		0.00							
Financing Source - Additional Financing (AF)								Amount	
International Development Association (IDA)								114.00	
Total								114.00	
Policy Waivers									
Does the project depart from the CAS in content or in other significant respects?								No	
Explanation									
Does the project require any policy waiver(s)?								No	
Explanation									
Team Composition									
Bank Staff									
Name	Role	Title	Specialization	Unit					
Amjad Zafar Khan	Team Leader (ADM Responsible)	Sr Social Protection Specialist	Social Protection	GSP06					
Ali Nadeem Qureshi	Team Leader	Social Protection Specialist	Social Protection	GSP06					
Khalid Bin Anjum	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	Procurement	GGO06					
Akram Abd El-Aziz Hussein El-Shorbagi	Financial Management Specialist	Sr Financial Management Specialist	Financial Management	GGO24					
Afzal Mahmood	Team Member	Program Assistant	Logistics	SACPK					
Aliya Kashif	Team Member	Health Specialist	Health	GHN19					
Anwar Ali Bhatti	Team Member	Financial Analyst	Disbursement	SACPK					
Daisy Lopez Zita	Team Member	Finance Analyst	Disbursement	WFALN					

Juan Carlos Alvarez	Counsel	Senior Counsel	Legal	LEGES	
Lansong Zhang	Team Member	Operations Analyst	Operations	GSP02	
Lucian Bucur Pop	Team Member	Sr Social Protection Specialist	Monitoring and Evaluation	GSP01	
Najm-UI-Sahr Ata-Ullah	Safeguards Specialist	Senior Social Development Specialist, Safeguard Po	Social Safeguards	GSU06	
Rahat Jabeen	Safeguards Specialist	Environmental Specialist	Environmental Safeguards	GEN06	
Sher Shah Khan	Team Member	Senior Public Sector Specialist	Governance	GGO18	
Victor Manuel Ordonez Conde	Team Member	Senior Finance Officer	Disbursement	WFALA	
Extended Team					
Name		Title	Location		
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Pakistan		South Waziristan Agency			
Pakistan		Orakzai Agency			
Pakistan		North Waziristan Agency			
Pakistan		Kurram Agency			
Pakistan		Khyber Agency			
Institutional Data					
Parent (FATA Temporarily Displaced Persons Emergency Recovery Project - P154278)					
Practice Area (Lead)					
Social Protection & Jobs					
Contributing Practice Areas					
Fragility, Conflict & Violence; Governance; Health, Nutrition & Population					
Additional Financing (FATA Temporarily Displaced Persons Emergency Recovery Project - P160941)					
Practice Area (Lead)					
Social Protection & Jobs					
Contributing Practice Areas					

Fragility, Conflict & Violence; Governance; Health, Nutrition & Population
Consultants (Will be disclosed in the Monthly Operational Summary)
Consultants Required? Consultants will be required.

I. Introduction

1. This Project Paper seeks the approval of the Executive Directors to provide an additional credit in an amount of US\$114 million to the Pakistan FATA Temporarily Displaced Persons Emergency Recovery Project (P154278), Credit No. 5719–PK.

2. The proposed additional financing (AF) would help finance the costs associated with (a) meeting the financing gap to provide 326,000¹ eligible families of temporarily displaced persons (TDPs) with the Early Recovery Package, up from 120,000 under the original project; (b) scaling up the Child Wellness Package to 15 One-Stop Shops (OSSs), up from 4 under the original project, and increasing accordingly the number of participating families with children between the ages of 0 and 2 years in the five affected Federally Administered Tribal Areas (FATA) agencies from 64,000 to 300,000; and (c) increasing the allocation of the Technical Assistance (TA) to meet additional project management, supervision, training, and incremental operating costs consistent with the extension of the closing date from February 28, 2019, to June 30, 2019. The design of the project, including the original project components, the Project Development Objective (PDO), and the results indicators, would remain unchanged. The proposed scale-up would lead to increased targets in selected PDO and intermediary outcome indicators as described in Annex 1. The original project would also be restructured to extend the project closing date to June 30, 2019.

3. The Government has also contributed to the program in the amount of US\$10 million as its share of financing. The Government's financing will contribute to meeting the overall targets that have been established and has been accounted for in calculating the remaining funding requirements being financed through this AF.

4. The proposed AF would provide an opportunity for institutionalizing long-term transformative systems to support displaced populations and create a sound foundation for establishing social protection systems in a fragile, conflict-affected setting. The AF is also expected to be instrumental in improving awareness and promoting uptake of services aimed at addressing malnutrition and stunting.

II. Background and Rationale for Additional Financing in the Amount of US\$114 Million

A. Background

5. Following the militancy crisis in FATA, the Government of Pakistan (GoP) launched major security operations to root out the pockets of militants. Significant damage to physical infrastructure and services resulted, and a large number of families lost their homes and livelihoods. Approximately 340,000 families were estimated to have been displaced from five

¹ 326,000 TDP families eligible for the Early Recovery Grant (ERG) and Livelihood Support Grant (LSG) are expected to participate, considering an 80 percent uptake from 340,000 displaced families and a 20 percent approval rate of new appeals for inclusion, and 300,000 families in five agencies of FATA with children between the ages of 0 and 2 years that are eligible for the Child Wellness Grant (CWG).

affected agencies² of FATA. Starting from 2015, reports from the Government indicated that the military operation had restored the state's writ, and many areas were declared safe for the repatriation of displaced persons. However, the reconstruction and establishment of public service delivery institutions would still require time and effort. Keeping in view the need for improved governance and development in the crisis-affected region, a FATA reforms committee set up by the Government has recently recommended the integration of FATA with Khyber Pakhtunkhwa (KP) Province over a transition period of five years. The committee's report specifically focuses on rehabilitation and reconstruction; land settlement; socioeconomic development; local government; and judicial, legal, and police reforms. Accomplishing this ambitious agenda still has a long way to go because of the complex constitutional status of FATA and the still-prevalent security concerns on the ground.

6. The original project, designed following the conclusion of military operations in FATA, was aligned with the FATA Sustainable Return and Rehabilitation Strategy (FSRRS) in which cash transfers were recognized as an appropriate tool to catalyze the return and rehabilitation of the TDP families. Survey data³ revealed that families in militancy-crisis-affected areas, especially displaced families, moved out because of significant damage to infrastructure, lack of social services, and severe shocks such as significant losses of livelihood and a drop in earnings that led to insufficient food consumption and harmful coping strategies. Outbreaks and reports of polio, malnutrition, stunting, and wasting in FATA had made child health and nutrition an area of priority for the Government. Only 33.9 percent of children between the ages of 12 and 23 months were fully immunized, compared to the national average of 76 percent. The proportions of stunted children and underweight children were 49 percent and 30 percent, respectively.⁴

7. Against this backdrop, the World Bank supported the GoP in launching a program to assist in the early recovery of families affected by the militancy crisis, promote child health, and strengthen emergency response safety net delivery systems in the affected areas of FATA. Of the 340,000 displaced families, it is estimated that a caseload of 326,000 families would participate in the program, considering 80 percent uptake and 20 percent approval rate of new appeals for inclusion. These 326,000 TDP families, on their voluntary return to their region of origin, are entitled to benefit under the GoP program. The original IDA credit of SDR 53.4 million through the FATA TDP Emergency Recovery Project (ERP) was intended to support a maximum of 120,000 participating TDP families.

8. The original project had three main components: (a) delivery of Early Recovery Package, which includes reimbursement of the Early Recovery Grant (ERG) and provision of the Livelihood Support Grant (LSG); (b) the piloting of the Child Wellness Grant (CWG); and (c) TA for strengthening program management and oversight.

9. The ERG is a one-time transfer of PKR 35,000 (approximately US\$350) per family to assist the TDPs to settle after returning and to offset their transportation costs. The LSG provides

² Kurram, Orakzai, Khyber, North Waziristan, and South Waziristan.

³ Post-Crisis Needs Assessment 2010.

⁴ FATA Development Indicators Household Survey (FDIHS) 2013–14.

monthly income support of PKR 4,000 (approximately US\$40) per month per TDP family for four months as subsistence support while livelihoods are reestablished. The CWG aims to promote the uptake of selected child health services offered to both TDP and non-TDP families with children aged 0–2 years in four pilot OSSs in the affected areas. According to the original project design and financing parameters, 64,000 families may receive support under this component. The CWG is provided in three equal installments of PKR 2,500 (approximately US\$25) each, conditional on attending periodic health awareness sessions at the OSS that provide messages on nutrition, hygiene, and immunization. The OSS also provides services for immunization and growth monitoring of the children, which families can voluntarily take up.

B. Relation to Country Partnership Strategy

10. The original project and the proposed AF are consistent with Pakistan’s Country Partnership Strategy (CPS) for FY2015–20. The project will contribute to CPS outcomes 3.2 (Reduced Vulnerability for Groups at Risk) and 3.3 (Increased Resilience to Crisis and Disasters in Targeted Regions) by reducing the vulnerability and increasing the resilience of returning TDPs through income support. The project also aims to support CPS outcome 4.2 (Improved Access to Maternal-Child Health and Nutrition Services) by facilitating the provision of child health services in the FATA region.

C. Summary of Project Progress and Results to Date

11. The project became effective on December 21, 2015, and all components progressed rapidly. The GoP is in compliance with the legal covenants and fiduciary performance standards. Progress toward achievement of the PDO has been consistently rated as Satisfactory since effectiveness. Implementation progress, monitoring and evaluation (M&E), and project management ratings are Satisfactory, while fiduciary ratings are recorded as Moderately Satisfactory in the last Implementation Status and Results Report (ISR). By March 2017, the Government had made rapid progress—establishing 13 OSSs and processing over 130,000 beneficiaries for the LSG (compared to a project target of 70,000 for FY2017) and 40,000 beneficiaries for the CWG (against a target of 20,000 for FY2017). The CWG pilot has recorded strong performance, with 61 percent of the beneficiaries voluntarily choosing to receive the Child Wellness Package⁵—immunization, growth monitoring, and referral services—after attending the awareness sessions. The ERG payments to 100,000 beneficiaries have been reconciled for reimbursement according to the procedures agreed under the project (project target - 70,000).

12. The project design has proved successful, with the OSSs providing a convenient and secure space for beneficiaries to access services, including income support and awareness sessions, in a conflict-affected region facing several logistical and sociocultural constraints. The project has built robust systems for registration/enrollment of beneficiaries, a sound and transparent payment delivery system, an information management system with advanced controls and technological solutions, and a grievance redress system—providing the foundation

⁵ The Child Wellness Package is provided by the FATA Department of Health (DoH) at the OSS.

for the delivery of other development interventions.⁶ As an example, the Government is now considering using the established OSSs and systems for the delivery of a housing grant supported by the Islamic Development Bank (IDB).

13. As implementation progress for the LSG and CWG was faster than that for the ERG, the Government projected that the funds allocated to the LSG and CWG would be exhausted before June 2017. Consequently, the Government requested a change in the allocation of expenditure categories through restructuring of the project. The project restructuring, approved in February 2017, reallocated US\$15 million from the ERG to the LSG (US\$12.5 million) and CWG (US\$2.5 million).

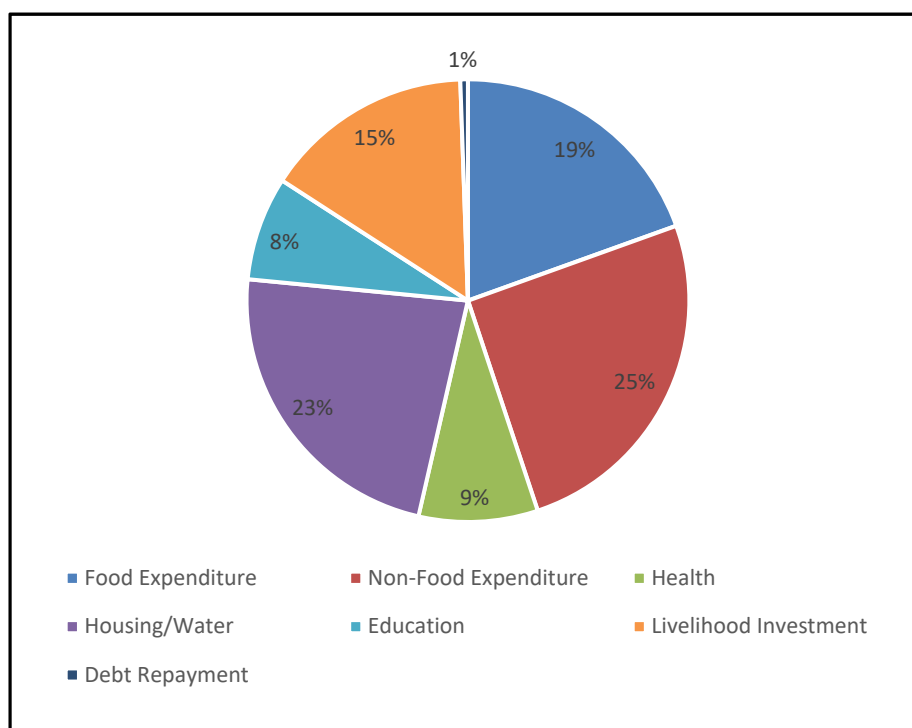
14. Disbursements to date represent 80 percent of the total credit amount. The project is expected to exhaust project funds by August 2017 at the current rate.

15. The project design also included a Beneficiary Assessment Survey to measure the project impacts and beneficiaries' perceptions on the program's utility. The results from the first round of this survey are scheduled for October 2017; however, a third-party assessment was conducted by the project monitoring team to gather beneficiaries' perceptions and anecdotal evidence from 341 families. The survey provided positive evidence on the program's utility and service delivery.

16. Key findings include the following: 93 percent of the respondents were satisfied with the processes at the OSS, 82 percent received the LSG at their first visit to the OSS, 99 percent reported that the processing time required at the OSS was one hour or less, 99 percent reported that there was no rent seeking for provision of service, 98 percent found the Information Desk at the OSS useful, 83 percent were happy with the payment delivery mechanism, and 98 percent had already withdrawn the full cash amounts from their accounts. Findings from the survey demonstrate that all systems, procedures, and processes are operating as envisaged, and services are being received and used by beneficiaries; these findings corroborate information being received from the third-party monitoring firm hired by the World Bank, the operations review firm, and the project team. Only 54 percent of the respondents were aware of the grievance redress mechanism (GRM), and this is one of the main areas identified for further improvement. Figure 1 depicts the pattern of grant use by the project beneficiaries, which is aligned with the expectations of the program.

⁶ Program Design Process Flow is attached as Annex 3.

Figure 1. Grant Utilization



17. Gender issues and voice and accountability for women were included in the project design. Both supply- and demand-side issues were accounted for in agency-specific contexts, as well as the changing nature of risks to women. On the demand side, Component 2 (Child Wellness Package) of the project specifically promotes attendance at Health Awareness Sessions at OSSs by women and their children. On the supply side, the project promoted construction of OSSs at health facilities, which women consider more accessible than other government buildings; segregated waiting areas were established to promote participation by women; and Health Awareness Sessions are delivered by female health workers to ensure that women feel comfortable, which is in line with local requirements. OSSs are gender- and child-friendly and secure, and the DoH staff are trained to meet the specific needs of women and children. A communications and mobilization firm has been hired to ensure that women's concerns are adequately met and beneficiary outreach is conducted. To ensure that the program remains inclusive of women, the core indicators in the results framework will include gender-disaggregated data for effective monitoring.

D. Rationale for Additional Financing

18. The program remains a critical pillar in the Government's approach to restoring the state-citizen relationship and strengthening emergency response safety net delivery systems in FATA. Under the original project, the GoP had envisaged that the funding gap over and above IDA support would be covered either through assistance from other development partners or through GoP funds. So far, with the help of other development partners, the Government has been able to raise US\$10 million, which has already been invested in the program. Because of lower-than-expected response from other development partners and fiscal constraints facing the

GoP, additional IDA resources to cover the financing gap were seen as critical to ensure smooth rehabilitation of returnee households in the crisis-affected areas. Moreover, the high uptake rate (61 percent) of the health services (immunization and growth monitoring) under the Child Wellness Package provides a strong argument for scaling up the CWG pilot to all 15 OSSs, to address the stark reality of low immunization and high stunting rates of children in FATA.

19. The successful implementation of the OSS model through the project has demonstrated a potential mechanism for the provision of a number of other services to citizens in a conflict-affected and fragile environment. Thus the Government can use the OSS model to deliver other services, which it has difficulty providing otherwise. The AF would provide further support and time for the Government to consider institutionalizing the OSS model and developing plans for introducing other services beyond the life of the project.

20. The proposed AF for the FATA TDP ERP would support (a) covering the financing gap under Component 1; (b) scaling up Component 2 to support a conditional cash transfer program to promote child health; and (c) providing additional funding for Component 3 to support incremental operating costs and project management, including M&E activities, consistent with the extension of the project.

E. Coordination with Other Development Partners

21. During the recent crisis, the Government has been able to mobilize considerable support from various development partners for return and immediate rehabilitation of TDPs, housing, and reconstruction. This substantial financial commitment covers infrastructure, agriculture, health, and education. With support from development partners, the Government has already set up initiatives from a multidonor trust fund (MDTF) (US\$120 million) established by UK Aid, Japan International Cooperation Agency, United States Agency for International Development, and European Union, housed at the United Nations Development Programme (UNDP) with United Nations (UN) agencies including United Nations Children's Fund, World Food Programme (WFP), Food and Agriculture Organization, and UNDP to rehabilitate physical infrastructure, strengthen law and order, expand government service delivery, reactivate and strengthen the economy, and strengthen social cohesion and peace building. Projects being implemented through the UN MDTF include support to reconstruct damaged public sector infrastructure (schools, hospitals, and so on) and provide safe drinking water, life-saving basic sanitation, shelter to the most vulnerable returning families, nutrition and food support, and livelihood opportunities through asset transfers and skill training. In addition, the IDB has provided housing reconstruction support through the Economic Affairs Division (EAD) for FATA's TDPs. Another important source of funding for FATA is the MDTF for KP, FATA, and Balochistan, administered by the World Bank, with its three program pillars: (a) growth and job creation, (b) policy reform, and (c) governance and service delivery. So far, 13 projects have been supported through the MDTF.

22. As in the past, the project will continue to make efforts to ensure complementarity between support provided by the Government, World Bank, and other development partners for the relief, return, and rehabilitation of the displaced population of FATA. Coordination with

development partners would allow the project to benefit from the support for restoring and strengthening of service delivery—in particular, the supply side of health services and the child nutrition package—provided to the FATA Secretariat.

F. Potential Risks and Mitigation

23. The overall risk rating for the proposed AF has been brought down from High to Substantial. Annex 4 presents the Systematic Operations Risk-rating Tool (SORT), providing justification for changes in the risks.

III. Proposed Changes

Summary of Proposed Changes	
The AF for the FATA TDP ERP will support the GoP in (a) meeting the financing gap to provide 326,000 eligible TDP families with the Early Recovery Package, up from 120,000 under the original project; (b) scaling up the Child Wellness Package to all 15 OSSs, up from 4 under the original project, and increasing accordingly the number of participating families with children between the ages of 0 and 2 years from 64,000 to 300,000; and (c) increasing the allocation of the TA to meet additional project management, supervision, training, and incremental operating costs consistent with the extension of the closing date from February 28, 2019 to June 30, 2019.	
Change in Implementing Agency	Yes [] No [X]
Change in Project's Development Objectives	Yes [] No [X]
Change in Results Framework	Yes [X] No []
Change in Safeguard Policies Triggered	Yes [] No [X]
Change of EA category	Yes [] No [X]
Other Changes to Safeguards	Yes [] No [X]
Change in Legal Covenants	Yes [] No [X]
Change in Loan Closing Date(s)	Yes [X] No []
Cancellations Proposed	Yes [] No [X]
Change in Disbursement Arrangements	Yes [] No [X]
Reallocation between Disbursement Categories	Yes [] No [X]
Change in Disbursement Estimates	Yes [X] No []
Change to Components and Cost	Yes [X] No []
Change in Institutional Arrangements	Yes [] No [X]
Change in Financial Management	Yes [] No [X]
Change in Procurement	Yes [X] No []
Change in Implementation Schedule	Yes [X] No []
Other Change(s)	Yes [] No [X]

Development Objective/Results						
Project's Development Objectives						
Original PDO						
The Project Development Objective is to support the early recovery of families affected by the militancy crisis, promote child health, and strengthen emergency response safety net delivery systems in the affected areas of FATA.						
Change in Results Framework						
Explanation:						
The scale-up would lead to increased targets in selected PDO and intermediary outcome indicators. About 326,000 TDP families eligible for the ERG and LSG are expected to participate, considering an 80% uptake and a 20% approval rate of new appeals for inclusion, and 300,000 families in five agencies of FATA with children between the ages of 0 and 24 months that are eligible for the CWG. The revised result indicators project a realistic target of around 80% of the total families to be supported by the project under each component. Key changes include (a) increase in total number of participating family beneficiaries of Early Recovery Package to 260,000, and (b) increase in total number of families with children aged 0–24 months attending child health awareness sessions to 240,000.						
Compliance						
Covenants - Additional Financing (FATA Temporarily Displaced Persons Emergency Recovery Project - P160941)						
Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
IDA	Schedule 2, Section 1, B, 2(b)	The Recipient shall ensure that each OSS is adequately staffed with professional health staff with the necessary experience and qualifications acceptable to the Association and operating under terms of reference agreed to between the Recipient and the Association.		<input checked="" type="checkbox"/>	CONTINUOUS	New
Conditions						
Source of Fund		Name		Type		
Description of Condition						

Risk					
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				Moderate	
7. Environment and Social				Moderate	
8. Stakeholders				Substantial	
9. Other				High	
OVERALL				Substantial	
Finance					
Loan Closing Date - Additional Financing (FATA Temporarily Displaced Persons Emergency Recovery Project - P160941)					
Source of Funds			Proposed Additional Financing Loan Closing Date		
International Development Association (IDA)			30-Jun-2019		
Loan Closing Date(s) - Parent (FATA Temporarily Displaced Persons Emergency Recovery Project - P154278)					
Explanation:					
The AF for the FATA TDP ERP will support the GoP in (a) meeting the financing gap to provide all 326,000 participating TDP families with the Early Recovery Package, up from 120,000 under the original project and (b) scaling up the Child Wellness Package to all 15 OSSs, up from 4 under the original project, and increasing the number of participating families with children between the ages of 0 and 2 years in the five affected FATA agencies from 64,000 to 300,000. To cater to the additional load of TDP families and families with children between the ages of 0 and 2 years and to ensure that all families enrolled in the program are able to receive the intended support, an extension to the project end date and loan closing date of the original credit is proposed.					
Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)
IDA-57190	Effective	28-Feb-2019	28-Feb-2019	30-Jun-2019	
Change in Disbursement Estimates (including all sources of financing)					
Explanation:					
The AF will result in a change in projections of the uptake of Component 1 from 120,000 families to 326,000 families and of the Child Wellness Package from 64,000 families to 300,000 families. Furthermore, additional TA and operating costs will be associated with extending the project by four months. These					

increased targets will result in an overall disbursement projection of US\$196.3 million. Of this amount, US\$10 million has been contributed by the Government. The remaining gap of US\$186.3 million is being covered by the World Bank under the original project and the AF. The AF project will also allow the provision of retroactive financing for payments against eligible expenditures.

Expected Disbursements (in US\$, Millions) (including all sources of financing)

Fiscal Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Annual	106.00	68.35	11.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative	106.00	174.35	186.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Allocations - Additional Financing (FATA Temporarily Displaced Persons Emergency Recovery Project - P160941)

Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement % (Type Total)
			Proposed	Proposed
IDA	US\$	Goods, non-consulting services, consultants' services; incremental operating costs and training for component 3	2,300,000.00	100.00
IDA	US\$	Cash grants amounts disbursed for Early Recovery Grants	82,700,000.00	100.00
IDA	US\$	Cash grants amounts disbursed for Livelihood Support Grants	8,700,000.00	100.00
IDA	US\$	Cash grants amounts disbursed for Child Wellness Grants	20,300,000.00	100.00
		Total:	114,000,000.00	

Components

Change to Components and Cost

Explanation:

The AF increases the allocation under each component to meet the new targets under the project. The total project size is US\$186.3 million. Because of exchange rate fluctuations, the original project, amounting to SDR 53.4 million (equivalent to US\$75 million at the time of project approval), is currently equated to US\$72.3 million, which now leaves a gap of US\$114 million to be covered by the proposed AF. The proposed amount takes into account exchange rate losses incurred during the period as well.

Current Component Name	Proposed Component Name	Current Cost (US\$, Millions)	Proposed Cost (US\$, Millions)	Action
Component 1: Early Recovery Package for Temporarily Displaced Persons	Component 1: Early Recovery Package for Temporarily Displaced Persons	62.20	148.90	Revised
Component 2: Promoting child health in selected areas of FATA	Component 2: Promoting child health in selected areas	4.80	27.40	Revised

	of FATA			
Component 3: Strengthening program management and oversight	Component 3: Strengthening program management and oversight	8.00	10.00	Revised
	Total:	75.00	186.30	
Other Change(s)				
Implementing Agency Name		Type	Action	
National Database and Registration Authority (NADRA)		Implementing Agency	No Change	
Change in Procurement				
Explanation: Procurement for the proposed AF will be carried out in accordance with the World Bank’s Procurement Regulations for IPF Borrowers, July 2016, and the provisions stipulated in the Legal Agreement. A Project Procurement Strategy for Development has been developed by the borrower for the upcoming procurement activities. The procurement performance, as rated in the last ISR, is Moderately Satisfactory.				
Change in Implementation Schedule				
Explanation: To cater to the additional load of TDP families and families with children between the ages of 0 and 2 years and to ensure that all families enrolled in the program are able to receive intended support, it is proposed that the original credit closing date be changed.				

IV. Appraisal Summary

Appraisal Summary	
Economic and Financial Analysis	
<p>Explanation:</p> <p>In the absence of representative data for FATA, the economic analysis will continue to elaborate economic rationale, benefits level, structure, cost, and expected impact, rather than providing a complete cost-benefit analysis. The impact of the ERG and LSG continues to be reduced food insecurity and vulnerability of returning families through facilitating livelihood restoration and reducing the necessity to adopt coping strategies that are harmful in the long run. The CWG is expected to promote positive health-seeking behavior and increase children's health checkup visits. Poor child health statistics according to the FDIHS 2013–14, combined with strong international evidence on the positive impact of a conditional cash transfer, led to the design of the CWG package. Estimates prepared by the GoP are that 300,000 families in five agencies of FATA with children between the ages of 0 and 24 months will be eligible for the CWG during the period of implementation. The establishment of OSSs is expected to generate returns beyond the life cycle of the project, by strengthening emergency response safety net delivery systems that could be used for future emergency interventions in the targeted areas.</p>	

Technical Analysis
<p>Explanation:</p> <p>The ERG, amounting to US\$350 per family, was calculated to cover large fixed costs associated with transportation, livelihood restoration, and securing adequate living conditions. The benefit may contribute to the purchase of immediate necessities and potential housing repair/reconstruction but may also be used to invest in assets. The LSG is delivered in four monthly installments of US\$40 per family after the return to FATA. The benefit period of four months corresponds to the average length of an agricultural cycle for wheat or maize, the main crops cultivated in FATA, and the benefit amount is the median food consumption level (net of the WFP food basket distributed to returnees) of the bottom 40 percent in KP, adjusted for average family size in FATA. The benefit amount is independent of family size because of low variation in family size in the targeted areas and the limited capacity to deliver differentiated benefits in emergency situations.</p> <p>The CWG, amounting to US\$75, is provided to each family in FATA with children under 24 months upon attendance of mandatory health awareness sessions. The grant is paid in three installments of US\$25, corresponding to three visits to the point of service, occurring at the first contact, two months later, and nine months later. This periodicity corresponds to key episodes of health checkups and immunization for young children. The grant amount was calculated to cover both the opportunity cost and transportation cost of families to go to the OSS. Round-trip costs per family for one visit were estimated at US\$12. The opportunity cost of bringing children to the health center was proxied by two average daily wages for FATA, estimated at US\$13. Other technical aspects pertaining to implementation and operations, taking into account in-country experiences, continue to include computerized National Identity Cards and biometric-based identification and enrolment of eligible beneficiaries, technology-based cash transfers and robust management information system- (MIS-) based grievance and case management systems, and effective use of local communication channels.</p>
Social Analysis
<p>Explanation:</p> <p>No social safeguard policies were triggered for the project. The design of the project remains the same; therefore, no major changes are envisaged. Through a comprehensive consultation, the project established a beneficiary outreach mechanism. A communication and mobilization firm was engaged to stimulate demand, create awareness, dispel misconceptions surrounding vaccinations, and mobilize beneficiaries. The project developed a communication strategy to create awareness. Beneficiary feedback surveys will be used to obtain continuous feedback and to fine-tune project activities. These surveys will include both quantitative and qualitative aspects and will include women as far as possible. The project has a robust GRM, which uses technology-based mechanisms for grievance redress. During implementation, the role of local institutions (FATA Disaster Management Authority [FDMA] and political agents) and buy-in from tribal elders remained critical and ensured effective mobilization of beneficiaries. Their role was also key to the mobilization of women and their attendance at Health Awareness Sessions.</p>
Environmental Analysis
<p>Explanation:</p> <p>The GoP has been implementing an Environmental and Social Management Plan (ESMP) in accordance with the national regulatory requirements and World Bank guidelines. Given that the design of the operation remains unchanged, the project does not anticipate any direct environmental safeguard impacts that are different from those of the original project. All risk mitigation measures adopted under the original</p>

project—in particular, training of DoH staff, safe disposal of used vaccines, and maintenance of cold chain for storage of vaccines—will continue to be observed and will be monitored in all OSSs where the CWG is introduced. The EAD, through the FATA DoH, remains responsible for the ESMP implementation. The ESMP focal points have been designated within the EAD and DoH to ensure implementation of the ESMP.

Risk

Explanation:

Technical design of project or program, fiduciary, environment, and social risks are now lowered to Moderate. The overall risk of the project has also been lowered from High to Substantial, as explained in Annex 4.

V. World Bank Grievance Redress

24. Communities and individuals who believe that they are adversely affected by a World Bank (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 noncompliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1 - Revised Results Framework and Monitoring Indicators

Project Name:	FATA Temporarily Displaced Persons Emergency Recovery Project (P160941)	Project Stage:	Additional Financing	Status:	DRAFT
Team Leaders:	Amjad Zafar Khan, Ali Nadeem Qureshi	Requesting Unit:	SACPK	Created by:	Lansong Zhang on 18-Sep-2016
Product Line:	IBRD/IDA	Responsible Unit:	GSP06	Modified by:	Ali Nadeem Qureshi on 24-Aug-2017
Country:	Pakistan	Approval FY:	2018		
Region:	SOUTH ASIA	Lending Instrument:	Investment Project Financing		
Parent Project ID:	P154278	Parent Project Name:	FATA Temporarily Displaced Persons Emergency Recovery Project (P154278)		

Project Development Objectives

Original Project Development Objective - Parent:

The Project Development Objective is to support the early recovery of families affected by the militancy crisis, promote child health, and strengthen emergency response safety net delivery systems in the affected areas of FATA.

Proposed Project Development Objective - Additional Financing (AF):

No Change

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators

Status	Indicator Name	Corporate	Unit of Measure		Baseline	Actual (Current)	End Target
Revised	Beneficiary Families of Early		Number	Value	0.00	100,515.00	260,000.00

	Recovery Package	<input type="checkbox"/>		Date	31-Aug-2015	12-Mar-2017	30-Jun-2019
				Comment			This indicator will be disaggregated by gender (in absolute numbers)
Revised	Number of families with children aged 0–24 months attending child health awareness sessions	<input type="checkbox"/>	Number	Value	0.00	40,404.00	240,000.00
				Date	31-Aug-2015	12-Mar-2017	30-Jun-2019
				Comment			
Revised	Number of fully functional One-Stop Shops with access to MIS	<input type="checkbox"/>	Number	Value	0.00	13.00	15.00
				Date	31-Aug-2015	12-Mar-2017	30-Jun-2019
				Comment			
Intermediate Results Indicators							
Status	Indicator Name	Corporate	Unit of Measure		Baseline	Actual (Current)	End Target
Revised	Proportion of grievances addressed within 60 days	<input type="checkbox"/>	Percentage	Value	0.00	31.50	50.00
				Date	15-Aug-2015	12-Mar-2017	30-Jun-2019
				Comment			
Revised	Beneficiary Families of the Child Wellness Grant	<input type="checkbox"/>	Number	Value	0.00	40,404.00	240,000.00
				Date	15-Aug-2015	12-Mar-2017	30-Jun-2019
				Comment			This indicator will be disaggregated by gender (in absolute numbers)
Revised	Number of One-Stop Shops		Number	Value	0.00	13.00	15.00

	providing child health services	<input type="checkbox"/>		Date	15-Aug-2015	12-Mar-2017	30-Jun-2019
				Comment			
Revised	Proportion of beneficiaries satisfied with the Early Recovery Package	<input type="checkbox"/>	Percentage	Value	0.00	0.00	60.00
				Date	31-Aug-2015	12-Mar-2017	30-Jun-2019
				Comment		Pending hiring of the Beneficiary Survey Firm for collection of data against this indicator	
Revised	Proportion of beneficiaries satisfied with the Child Health Grant	<input type="checkbox"/>	Percentage	Value	0.00	0.00	60.00
				Date	15-Aug-2015	12-Mar-2017	30-Jun-2019
				Comment		Pending hiring of the Beneficiary Survey Firm for collection of data against this indicator	
Revised	Public information campaign carried out according to the agreed communication strategy	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	31-Aug-2015	12-Mar-2017	30-Jun-2019
				Comment		The communication and mobilization firm has been hired and has commenced the public information campaign.	

Revised	Proportion of eligible families informed about their eligibility for the Child Wellness Grant	<input type="checkbox"/>	Percentage	Value	0.00	0.00	85.00
				Date	31-Aug-2015	12-Mar-2017	30-Jun-2019
				Comment		The communication and mobilization firm has been hired and has commenced informing families about their eligibility. Pending hiring of the Beneficiary Survey Firm for collection of data against this indicator.	
Revised	Number of NADRA and stakeholder staff trained on the MIS	<input type="checkbox"/>	Number	Value	0.00	137.00	200.00
				Date	31-Aug-2015	12-Mar-2017	28-Feb-2019
				Comment			
Revised	Dissemination of monitoring and evaluation report on a semi-annual basis, within one month from the end of the previous six months	<input type="checkbox"/>	Number	Value	0.00	1.00	6.00
				Date	31-Aug-2015	12-Mar-2017	30-Jun-2019
				Comment			
Revised	MIS for enrollment and payments in place	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	31-Aug-2015	12-Mar-2017	30-Jun-2019
				Comment			
Revised	Operations review of project		Yes/No	Value	No	No	Yes

	cycle conducted	<input type="checkbox"/>
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Date	31-Aug-2015	12-Mar-2017	30-Jun-2019
Comment		The review has commenced. The report will be submitted at the conclusion of the current cycle.	

Annex 2 - Revision in Project Design and Costs

1. Under the AF, the PDO and the component structure will remain the same as the original project, with increasing targets under each component. The total funding requirement for covering expected participating families⁷ in FATA is estimated at US\$196.3 million. In February 2017 the GoP requested the World Bank to cover the estimated financing gap of US\$114 million, which could not be secured from GoP resources. The proposed AF will address the financing gap faced by the Government to support an estimated 326,000 participating TDP families with the Emergency Recovery Package⁸ and to scale up the Child Wellness Package to all 15 OSSs, covering 300,000 families. The proposed AF will also extend the closing date of the original project from February 28, 2019, to June 30, 2019.⁹

2. Table 2.1 provides cost allocation, and Table 2.2 shows the Indicative Financing Plan for the AF.

Table 2.1. Estimated Cost of the AF (US\$, millions)

Component Name	Current Cost ^a	Proposed Cost
Component 1: Early Recovery Package for Temporarily Displaced Persons	57.5	148.9
Component 2: Promoting child health in selected areas of FATA	7.1	27.4
Component 3: Strengthening program management and oversight	7.7	10.0
Total	72.3	186.3

^a During the restructuring of the project (approved on February 21, 2017), based on changes in the US\$/SDR conversion rates, SDR 53.4 million was estimated to be equivalent to US\$72.3 million.

3. Because of the U.S. dollar/SDR exchange rate fluctuations, the original project amount of US\$75 million is currently equated to US\$72.3 million. The AF takes the exchange loss into account and raises the total support to US\$186.3 million.

Table 2.2. Indicative Financing Plan (US\$, millions)

Component Name	January–December 2017	January–December 2018	January–June 2019	Total
Component 1: Early Recovery Package for Temporarily Displaced Persons	66.5	24.9	—	91.4
Component 2: Promoting child health in selected areas of FATA	0.9	9.7	9.7	20.3
Component 3: Strengthening program management and oversight	—	0.4	1.9	2.3
Total:	67.4	35.0	11.6	114.0

⁷ The 326,000 TDP families eligible for the ERG and LSG are expected to participate, considering an 80 percent uptake from 340,000 displaced families and a 20 percent approval rate of new appeals for inclusion, and 300,000 families in five agencies of FATA with children between the ages of 0 and 2 years that are eligible for the CWG.

⁸ The Emergency Recovery Package includes support for reimbursing the Government for the ERG and provision of the LSG to project beneficiaries.

⁹ After December 31, 2018, no new beneficiaries will be enrolled under the project.

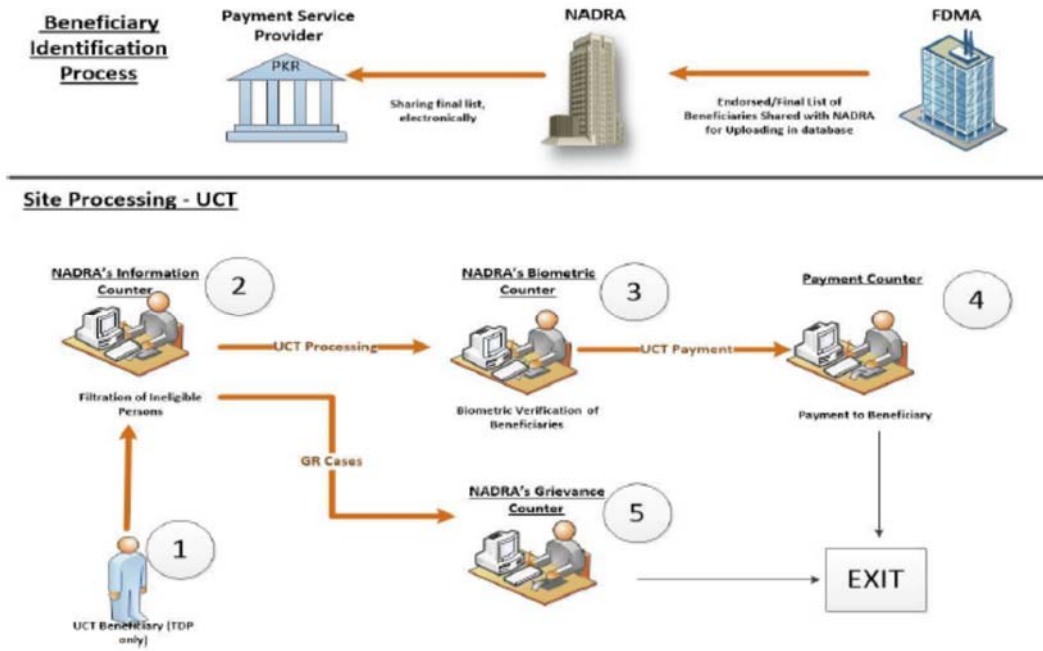
4. The implementation arrangements under the AF will continue to be the same as for the original project. The EAD will be responsible for the overall coordination and monitoring of the project, with NADRA the implementing entity, and will provide a platform for project coordination with key stakeholders. The Steering Committee (SC)¹⁰ will continue to provide overall operational oversight and decision-making support with regard to key project outcomes and deliverables.

¹⁰ Composed of key stakeholders, including the EAD, Ministry of Finance, Ministry of States and Frontier Regions, Support and Management Secretariat, and the allied government departments' agencies of FATA (which include the FDMA, DoH, and Return and Rehabilitation Unit).

Annex 3 - Program Design Process Flow

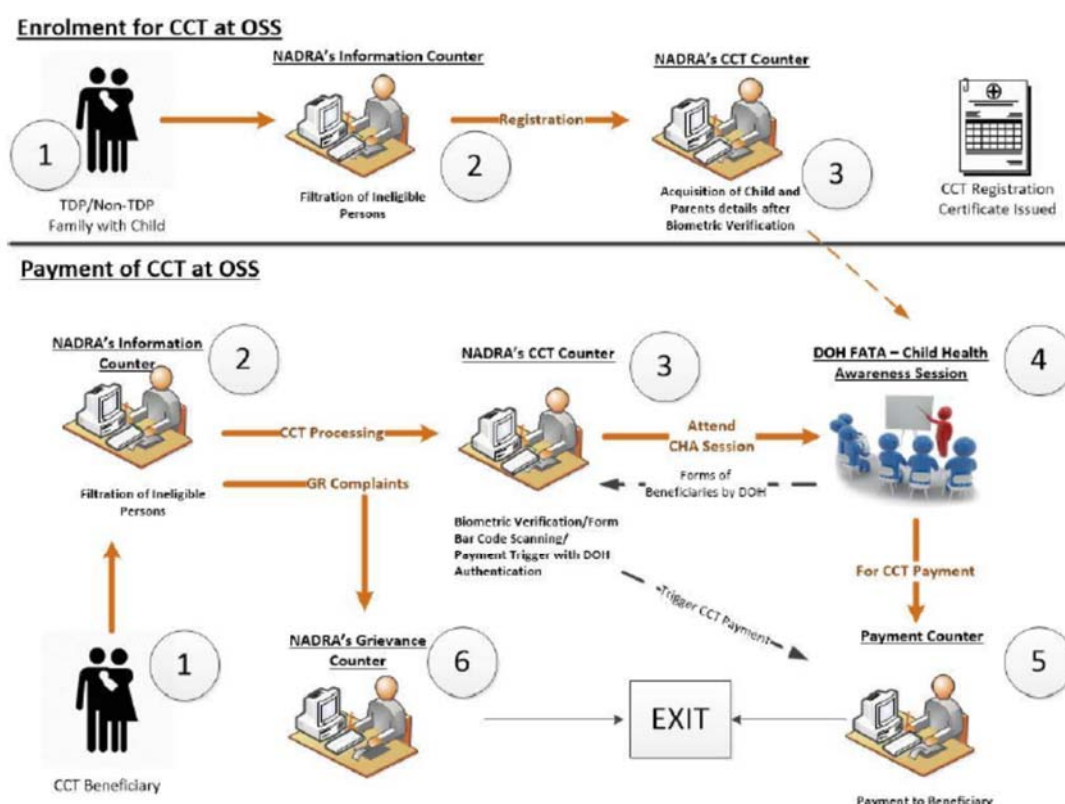
- Figure 3.1 describes the process flow for the LSG enrolment and payment.

Figure 3.1. Process Flow for the LSG Enrolment and Payment



2. Figure 3.2 describes the process flow for the CWG enrolment and payment.

Figure 3.2. Process Flow for the CWG Enrolment and Payment



Monitoring

3. The FATA TDP ERP MIS developed and managed by NADRA gathers, stores, and processes information on each of the FATA TDP ERP processes (Enrolment, Verification, Uptake of Child Wellness Services, Payments, Grievance Redress, and Project Management). The MIS provides data against key indicators required for generating reports available on a web portal available to key project stakeholders. This system provides the first layer of operational oversight and reporting for the project.

4. A third-party operations review firm was engaged to ensure adherence to processes outlined in the Operations Manual through spot checks and process evaluation. The operations review firm provides timely feedback to project managers and the Operations Review Committee for improvements and course corrections where required.

5. The World Bank task team engaged a third-party monitoring firm to carry out spot checks and process evaluation. The firm reports on the complete cycle of operations, including training, enumeration, data entry, payment, and case management systems. Through this investment, an additional layer of oversight was added to strengthen the accountability, transparency, and performance monitoring of the project.

Grievance Redress Mechanism

6. A case management system was established to guide concerned stakeholders (that is, NADRA, DoH, FATA, payment service provider(s), FDMA, and beneficiaries) on their respective responsibilities for the resolution of beneficiaries' appeals and complaints in relation to enrolment, payments, quality of service, and updating household information. The system allows beneficiaries to lodge appeals or complaints, which are recorded in the project's MIS. These appeals and complaints are sorted and directed to the concerned departments for resolution within 60 days. Appeals and complaints not resolved within the stipulated period are then raised as red flags in the system for further action.

7. A 24-hour telephone complaint hotline has been established as a secondary way for beneficiaries to lodge their complaints and follow up on progress.

Annex 4 - Proposed Systematic Operations Risk-rating Tool (SORT)

1. **The overall risk of the project is lowered from High to Substantial.**
2. **Political and governance (Substantial).** Because of continued militancy, lack of formal government control, weakening of the informal governance structures managed under the traditional authority of local leaders, and continued security challenges, local institutions remain weak. However, political commitment, ownership, and public opinion in favor of provision of support to TDPs is high. Improved citizen-state relationship, governance, and service delivery are important components of long-term development and governance reforms embedded in the FSRRS, envisaged to be initiated parallel to the rehabilitation support phase. The FATA Reforms Committee has recently recommended the integration of FATA with KP Province over a transition period of five years with a focus on rehabilitation and reconstruction; land settlement; socioeconomic development; local government; and judicial, legal, and police reforms. Implementation of these reforms is expected to be a difficult undertaking, given the constitutional nature of FATA and the prevalent security situation. The risk rating remains the same as under the original project.
3. **Macroeconomic (Substantial).** Risks stemming from possible domestic and external shocks are substantial. Macroeconomic risks have declined in recent years with the Government's reform program supported by the International Monetary Fund Extended Fund Facility. However, slippages in the ongoing fiscal consolidation process and failure to reverse the recent poor performance in exports and foreign direct investment inflows may affect macroeconomic stability. Delays or rollbacks in much-needed structural reforms may weaken growth prospects and discourage private investment. Remittances might continue to decline if Gulf countries stop or reduce migration. Domestic or regional security risks may discourage investment and undermine fiscal consolidation. Risk remains the same as under the original project.
4. **Technical design of project or program (Moderate).** The project has built robust systems for registration/enrolment of beneficiaries, a sound payment system, an information management system using cutting-edge technological solutions, and a GRS. As the project has successfully tested the technical design through implementation, the rating has been lowered from Substantial to Moderate.
5. **Institutional capacity for implementation and sustainability (Substantial).** In the aftermath of the crisis, capacity gaps at the FATA Secretariat remain a challenge, with each department's resources thin and overstretched. The EAD and the SC will continue efforts to coordinate support for the resolution of key capacity gaps. NADRA's operationalization of the OSS has considerably reduced the burden on the fragile institutional mechanism on the ground. The Project Management Unit (PMU) at the EAD and NADRA is consistently providing on-the-job training to the DoH staff to build capacity. However, continued challenges to service delivery, particularly security issues and low capacity at the FATA Secretariat, increase risks to sustainability. Risk remains the same as under the original project.

6. **Fiduciary (Moderate).** Financial management capacity is adequate. The project implementing entities are managed by qualified staff, acceptable accounting and reporting systems with proper segregation of duties are maintained, and no bottlenecks in the funds flow were noted during the first year of operation. The first audit report for the project, due March 31, 2017, has been received. Procurement capacity remains adequate, and all but one of the major procurement activities have been completed. The procurement process for cases subject to prior review is acceptable. The approval processes require streamlining. On the basis of the performance and the capacities maintained at the EAD PMU and NADRA's project office, the risk has been lowered from Substantial to Moderate.

7. **Environment and social (Moderate).** The ESMP under the original project adequately mitigates risks. Because all safety protocols have been followed under the original project—in particular, training of DoH staff, safe disposal of used vaccines, and maintenance of cold chain for storage of vaccines—the rating has been lowered from Substantial to Moderate. Through project implementation, observation of the protocols in the ESMP will continue and will be monitored in all OSSs where the CWG is introduced.

8. **Stakeholders (Substantial).** The SC has performed well under the original project, and the strategy to mitigate coordination risk by formalizing regular information-sharing processes and protocols among stakeholders remains unchanged. Communication and mobilization protocols remain unchanged. The EAD's convening power with project stakeholders has proven effective. However, because of low capacity at the FATA Secretariat and uncertainty due to proposed reforms, challenges to effective coordination are expected to continue. Therefore, the risk remains the same as under the original project.

9. **Other - security (High).** While improvements have resulted in a steady return of TDPs to their areas of origin, security challenges remain. Effective assessment of the current security situation is curtailed by the World Bank team's limited accessibility to FATA's affected areas. This necessitated an assessment based on information gathered from various sources, generated primarily by government agencies. The team continues to face difficulties in direct monitoring and supervision in the field. Retaliation from militant groups and the ensuing Government response remains a threat. Despite external security risks, the flexibility and efficacy of the OSS design has been critical to project implementation. Affected agencies are fully cordoned off by either the army or the paramilitary forces, and all movement continues to be strictly monitored. The World Bank team continues to work closely with the EAD and NADRA to assess the situation and remains prepared for any necessary change of course. The rating remains unchanged at High.

10. **Other - climate and disaster risk (Low).** The project provides cash grants to support TDP families and families with children between the ages of 0 and 2 years in the affected areas. As no physical investment has been made by the project, climate and disaster risks to the project are minimal. The project will continue to monitor climate and geographical risks throughout implementation.

Annex 5 - Revised Implementation and Support (Fiduciary)

Financial Management

1. The EAD PMU is responsible for managing the financial flows of cash transfers to eligible beneficiaries under Components 1 and 2. NADRA will continue to manage all agreed implementation, procurement, and operational requirements, including capacity enhancement support for the EAD, FATA Secretariat, FDMA, and FATA DoH under Component 3. No changes in the financial management arrangements are envisaged.

2. Financial management arrangements were rated Moderately Satisfactory during the previous ISR. The EAD and NADRA have separate Designated Accounts established in US dollars. Acceptable interim financial reports and audited financial statements of the EAD PMU were received on time. It is recommended that the EAD, NADRA, and National Bank of Pakistan develop an MIS portal for verification of the LSG and CWG grants paid under the project. NADRA's audited financial statements for the year ended June 30, 2016, due for submission to the World Bank by March 31, 2017, have been received.

Procurement

3. NADRA, the implementing entity for the original project, was established in March 2000 as an autonomous agency under the Ministry of Interior. The entity will remain responsible for carrying out procurements under the AF. NADRA has the mandate to manage the civil registration database of all the citizens of Pakistan. It follows Federal Public Procurement Rules, which were promulgated in 2004. The procurement function is centralized and is being carried out by the Procurement Department. Even before the current engagement under the FATA TDP ERP, NADRA has previously implemented a World Bank-supported Flood Emergency Cash Transfer Project with Highly Satisfactory procurement performance. The current FATA TDP ERP has also been executed smoothly and has a Moderately Satisfactory rating. A dedicated procurement consultant, with adequate capacity, has been engaged to be responsible for the project activities according to the approved Procurement Plan following the World Bank's guidelines on the procurement of goods and consultant services for the original project. The AF of this project is dated after July 1, 2016; therefore, the new Procurement Framework is applicable for the AF. Capacity for implementation under the new Procurement Framework will be enhanced through planned workshops.

4. Though the majority of procurements have already been concluded successfully, one major procurement (hiring of beneficiary survey firm) has been delayed because of slow decision-making between the Government entities involved. The last supervision mission noted that there was improvement in coordination and things have started to move. Progress on completion of the procurement action is being closely monitored.

5. Information on the procurement needs of all the entities involved with the Government has yet to be collected under the AF. The procurement activities that have been identified until now for the AF are shown in Table 5.1.

Table 5.1. Procurement Activities Identified for the AF

Contract Title, Description, and Category	Estimated Cost (US\$) and Risk Rating	World Bank Oversight	Procurement Approach	Selection Method	Evaluation Method
Procurement of solar refrigerators (goods)	107,843.00 Substantial	Prior review	Direct	Negotiation	None