I. Project Context

Country Context

Faced with rising militancy, in early 2009, the Government of Pakistan (GoP) launched major security operations in the Khyber Pakhtunkhwa (KP) and Federally Administered Tribal Areas (FATA). The crisis has imposed a huge economic cost, on top of the obvious human tragedy. The ensuing hostilities led to significant damage to physical infrastructure and services while displacing some 3 million people. While the majority of the Temporarily displaced persons (TDPs) have returned to their places of origin, many have lost their homes and livelihoods. Those who stayed behind have suffered equally and tend to be just as poor and vulnerable as the TDPs.

In response, the Government of Pakistan (GoP) was quick to initiate the rapid post-crisis recovery and reconstruction efforts in collaboration with international and national humanitarian agencies. In 2009, the Government of Pakistan (GoP) requested the Asian Development Bank (ADB) and the World Bank to jointly conduct a Damage and Needs Assessment (DNA) to ascertain the extent of post-crisis impact on various sectors and local communities. Since the beginning, donor support has been coordinated by the Planning Commission at the Federal Level, while the Provincial
Rehabilitation, Reconstruction and Settlement Authority (PaRRSA) was established to coordinate and implement these initiatives for both KP and FATA. The DNA covered the areas first affected by the militancy and GoP’s action to reestablish peace.

**Sectoral and institutional Context**

In view of the complex nature of the crisis and in order to address the root causes that lead to the crisis on a long term and in a sustainable manner, the Government also requested development partners including the World Bank, the Asian Development Bank (ADB), the United National Development Program (UNDP) and the European Union (EU) to jointly prepare a Post Crisis Needs Assessment (PCNA) covering the post crisis transitional/stabilization, medium term transformation/institution building, and consolidation/development periods. The PCNA was completed in 2010. The PCNA assessed and quantified the short and medium term social and economic needs of the region. Recognizing the need for a harmonized approach to respond to the crisis, the GoP requested the World Bank to establish a Multi Donor Trust Fund (MDTF) for the recovery and rehabilitation of the crisis affected areas of KP, FATA and Balochistan.

The MDTF became operational on August 5, 2010, and finances critical investments in support of reconstruction and peace building in the crisis affected areas. It finances stand-alone, flexible projects or program activities, including those co-financed by the government, bilateral or multilateral agencies. The MDTF is administered by the World Bank. In the first phase, the MDTF received US$140 million in pledges from ten donors: Australia, Denmark, Finland, European Union, Germany, Italy, Turkey, UK, USA and Sweden.

The GoP has requested the World Bank’s assistance to help respond to the emergency situation resulting from the militancy and exacerbated by the 2010 floods. The challenges of the dual emergency require mobilization of a significant amount of resources in a timely manner to limit the negative effects of the shock and to immediately revive economic activities in the crisis-affected areas. The GoP recognizes the extent of challenge it faces in restoring peace and economic growth to the crisis affected areas and for ensuring sustainable development of the local communities through rehabilitating their livelihoods and access to basic service infrastructure.

As an administrator of the MDTF, the World Bank is well placed to help Pakistan cope with these challenges due to its substantial international and regional experience (including in post conflict situation response) in rehabilitating the service infrastructure and creating livelihoods opportunities. There is significant knowledge and experience available through World Bank financed projects notably the Community Infrastructure Project phase I and II in KP; and the Pakistan Poverty Alleviation Fund phases I, II and III. Building on the Community Driven Development (CDD) approach adopted by these projects, the communities in FATA would benefit through similar interventions. The CDD approach would focus on channeling the flow of information and funds between communities and formal state institutions where communities would have high degree of involvement in identifying and implementing the priority services in post-conflict scenario, and would be introduced to innovative approaches for providing feedback to the state institutions with collective delivery responsibilities.

There are no changes to the project development objective. The Additional Financing seeks to address existing and new challenges and expand the project outreach to the entire FATA i.e. from 3 agencies to 7 agencies and 6 FRs. The change in scope would provide the much needed flexibility.
to the project to address priority community needs, especially those of TDPs as and when they emerge. Given the resource constraint and on the basis of the areas to which TDPs have returned so far and those cleared by the government for developmental work, the project will focus on (i) the existing three agencies of Bajaur, Mohmand and South Waziristan, (ii) deepening and expansion of interventions in South Waziristan, (iii) initiate interventions in select cleared areas of North Waziristan; and (iv) extend its outreach to Khyber Agency and FRs Bannu and Tank.

II. Proposed Development Objectives
A. Current Project Development Objectives – Parent
To improve livelihoods and access to basic service infrastructure in selected Agencies in FATA.

III. Project Description
Component Name
Component A: Community Development and Social Organization
Comments (optional)
This would include social mobilization of local communities with a special focus on youth & and vulnerable groups and build capacity through training, peer learning and mentoring by more established groups. The social mobilization process is aimed at enhancing social and financial capital and enhancing skills at the community level. This will enable rural communities of FATA to access and utilize public as well as private goods. This component will also help develop appropriate tools for behavioral change communications to sensitize, raise awareness and manage community expectations, build trust in and oversight of state institutions, aid the formation of an inclusive identity and create an engaged citizenry. (no change).

Component Name
Component B: Community Infrastructure and Services
Comments (optional)
This component will continue to focus on community physical infrastructure prioritized by the communities through their organizations. Inhabitants of the project's operational areas will be provided with training and other allied support while they are displaced.

Component Name
Component C: Livelihood Support
Comments (optional)
This component will continue providing context-based interventions for livelihood development i.e. restore and strengthen on farm, off-farm and non-farm livelihoods.

Component Name
Component D: Institutional Strengthening, Monitoring and Evaluation and Project Management
Comments (optional)
Revised Nomenclature Component D: Project Management and Implementation Support: The nomenclature is changed as institutional strengthening is already part of Component-A.

IV. Financing (in USD Million)

| Total Project Cost: 8.10 | Total Bank Financing: 0.00 |
V. Implementation
The existing project implementation arrangements will continue with the PMU focusing on project implementation and FATA Secretariat providing the overall direction, oversight and supervision.

VI. Safeguard Policies (including public consultation)

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<th>Safeguard Policies Triggered by the Project</th>
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<td>Environmental Assessment OP/BP 4.01</td>
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Comments (optional)

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