Report Number : ICRR0020296

1. Project Data

Project ID	Project Name
P128966	FATA Emergency Rural Roads Project
Country	**Practice Area(Lead)**
Pakistan	Transport & ICT

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
TF-13462	30-Jun-2015	16,000,000.00
Bank Approval Date	**Closing Date (Actual)**	
13-Nov-2012	12-Dec-2015	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	16,000,000.00	16,000,000.00
Revised Commitment	16,000,000.00	16,000,000.00
Actual	16,000,000.00	16,000,000.00

Sector(s)
Rural and Inter-Urban Roads(73%):Social Protection(18%):Public Administration - Transportation(9%)

Theme(s)
Conflict prevention and post-conflict reconstruction(100%)

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2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) for the Federally Administered Tribal Areas Rural Roads Project (FATA ERRP) was “to increase year round access for rural population in the conflict hit areas covered by the Project” (Emergency Project Paper, para 20).

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Components

Component 1: Infrastructure Rebuilding (appraisal cost US14.9 million; actual cost US$14.8 million). This consisted of civil works, including: (a) Construction of about 52 km of rural roads (43 km in Barjaur and 9 km in Orakzai), including related structures; and (b) associated relocation of utilities, land acquisition and resettlement.

Component 2: Project Management (appraisal cost US$1.1 million; actual cost US$1.195 million). This included support for: (a) Detailed Engineering Designs, Economic Analysis, Environmental and Social Safeguards Instruments, Bidding Documents; (b) Contract Administration and Construction Supervision; (c) Environmental and Social Safeguards; and (d) Other project management activities, such as procurement, financial management, and audits.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Costs: The actual cost of the project was US$16.0 million; this was same as the appraisal amount.

Financing: The project was financed by a Multi Donor Trust Fund (MDTF) to provide for a coordinated financing mechanism for donor support in areas affected by the crisis in the Federally Administered Tribal Areas (FATA). The original commitment and the actual amount was US$16.0 million. This amount was fully financed from the MDTF.

Borrower Contribution: There was no planned or actual Borrower contribution.

Dates: The project closing date was extended twice for a total of six months. The first extension was from the original closing date of June 2015 to October 2015 - to allow sufficient time for completion the works which were delayed due to the poor capacities of the contractors. The second extension, from October 2015 to December 2015 was given to address adverse weather condition which further delayed the project. The adverse weather delayed the asphalt paving, which needed a temperature well above freezing point. Security factors also delayed the project. For example, as the ICR noted, there were two suicide attacks during project implementation (paragraph 37).

3. Relevance of Objectives & Design

a. Relevance of Objectives

The PDO was relevant given the need for mechanisms to enhance opportunities for the population in a post-conflict context. The Pakistan Country Partnership Strategy (CPS) for FY10-13 recognized that conflict and insecurity represented major obstacles to economic development and poverty reduction. According to the CPS, the persistence of conflict in Khyber-Pakhtunkhwa (KP) Province and FATA posed a threat to some of the most vulnerable and marginalized populations in Pakistan, while also challenging economic stability across the country (paragraph viii).

At appraisal, the project was aligned with the CPS, falling under both Pillar 3 – 'Improving Infrastructure to Promote Growth' and Pillar 4 – Improving Security and Reducing the Risk of Conflict'. Under Pillar 3, the CPS sought to improve efficiency and reliability of the transport and logistics network and under Pillar 4, the CPS supported increased responsiveness and effectiveness of the state. Under this pillar the CAS states that the persistence of conflict in KP and FATA poses a threat to some of the most vulnerable and marginalized populations in Pakistan, while also challenging economic stability across the country. The absence of employment opportunities and inadequate livelihoods in FATA and KP has created a favorable environment for opportunistic militant groups whose economic incentives for potential recruits greatly outweigh available opportunities. Investments in transport (roads) is critical. Therefore, addressing transport issues remains highly relevant in KP Province.

The project objectives remained aligned with the current CPS for FY15-19, which seeks to address sources of fragility and conflict, with an emphasis on restoring trust between citizens and the Governments of KP, FATA, and Baluchistan (paragraph 35 and Annex XV). However, this CPS is more selective than the previous one and did not include a specific focus on the transport sector.

While there is clear alignment between the objective and the CPS, the relevance of the objective is pitched at a level that does not adequately reflect a potential solution to a development problem. While acknowledging the difficulty of the operational environment, the objective should be directed at a level where it can be traced to what the increased access to roads is likely to lead to, whether it be markets, education, health services or other factors affecting community livelihoods. These may be longer term targets, but tracking them and identifying them is an important aspect of a successful development operation.

Rating

Modest

b. Relevance of Design

The project design logic was simple, clear and realistic and facilitated quick implementation by local contractors (para 61). The objective was clearly stated, and the project's components were highly relevant to the objective. The project was designed as an emergency intervention to support the immediate recovery in the Balochistan and Khyber-Pakhtunkhwa provinces. According to the ICR the selected roads were the most critical routes to connect conflict affected areas and remove isolation of the population, thereby improving the well-being of un-served and underserved low income communities in Orakzai and Bajaur (paragraph 26). However, the scope of the project management component was limited and the ICR suggested that the project could have included some capacity building for the Works and Services Department, particularly in road maintenance, to ensure sustainability of the investments (para 32).

The ICR notes that "the results framework, primarily the indicators, was undoubtedly the weakest part of the design. It was not well defined, lacked key baselines and targets and thus it could not provide an exact measure of the PDO" (para 63). However, while acknowledging these flaws, the ICR states that the "the single most important feature for achievement of the objectives was the design of the project concept—the simplicity and clarity of the activities and the implementation arrangement under which they were carried out" (para 63).

Rating

Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

Increase year round access for rural population in the conflict hit areas covered by the project.

Rationale

Outputs

At appraisal, the majority of villages were connected through fair weather non-motorable earthen tracks. Seven rural roads were constructed — three in the Bajaur Agency and four in the Orakzai Agency. The total length of these seven rural roads is about 50 km, 42 km in Bajaur Agency and 8 km in Orakzai Agency. These roads were all-weather-paved rural roads. The ICR drew attention to the simple project design which facilitated quick implementation of the civil works by local contractors (para 61).

Outcomes

With the construction of all-weather roads, the project increased access to the remotely located areas of Kulala and Kharkano in the Bajaur Agency and Largri Tan, Dop Sana, Dargai, Shamim Jan Killi, Palosia, Hakim Killi, Ghakhi, SharoDoghal in the Lower Orakzai Agency. The ICR reports that the populations in these villages would benefit from improved travel time, lower transport costs, and accessibility to district markets, hospitals, schools and district headquarters (paragraphs 89 to 91). While the ICR does not provide direct evidence with respect to "increased year round access" because of the serious impediments to the measurement of road utilization, it provided evidence on seven roads that were built (totaling 50 km) and described the year round economic and social importance for each of those roads to the population living adjacent to these roads (paragraphs 70 to 76). The narrative in the ICR supported the expectation that there were clearly substantial increases in year round access of the rural population in project areas to markets and social services whereas at appraisal there was very little access.

Rating
Substantial

5. Efficiency

At appraisal an economic analysis was prepared for 5-roads. Reduced vehicle operating costs and increases in travel speeds were taken as measures of project economic benefits resulting from improved roads (pages 51 and 52). Project Costs included capital costs, annual operation and maintenance costs as well as periodic maintenance costs (page 53). The estimated Benefit/Cost ratio was 1.75 and the economic rate of return (ERR) was 19 percent.

At completion, the Bank’s Highway Development and Management Model (HDM-4) was used for the analysis. The analysis included the seven rural roads constructed by the project. The assumptions at completion were same as those for appraisal. Annual Compound Growth Rate for traffic of 4 percent was used. The Benefit/Cost ratio was 1.97 and the ERR was 25.8 percent (page 18). The unit cost of construction was US$320,000 per km - a reasonable cost when compared with evidence on construction costs in similar areas in Pakistan.

The project's implementation experienced a six-month delay due to poor capacity of the contractors and adverse weather conditions. However, there were no cost overruns.

Efficiency Rating
Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	19.00	0 ☑Not Applicable
ICR Estimate	✓	25.80	0 ☑Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of objectives is rated modest due to the low bar set for the objective, so while the relevance of design is rated substantial against the PDO, the overall position on relevance is modest. The achievement of the objective — to increase year round access for rural population in the conflict-hit areas covered by the project - is assessed as substantial. Efficiency is rated substantial. Thus, the overall outcome is rated moderately satisfactory.

a. Outcome Rating
Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating

There is a high risk that project benefits may not be sustained in the longer-term because of:
(a) inadequate capacity and funding for road maintenance; and
(b) continued civil conflict in the region which may destroy or damage the roads rehabilitated under the project.

a. Risk to Development Outcome Rating
High

8. Assessment of Bank Performance

a. Quality-at-Entry

The project's design was relevant and appropriate in addressing key issues in connectivity in conflict affected areas of Bajaur and Orakzai and improving implementation capacity constraints of implementing agencies at the time (para 101). The project design incorporated lessons from previous emergency infrastructure projects: keeping design simple, such that there were only two components (one of which was managing the other), ensuring government commitment by choosing the rehabilitation of those roads identified by the FATA authorities, and strengthening implementation capacity in post crisis scenarios through outsourcing and dedicated staffing for the project. However, the project design did not factor in the rapid rotation of staff on the client side which presented a big challenge for continuity and has been highlighted in other post conflict projects such as the Afghanistan National Emergency Rural Access Project (ICR, paragraph 27).

The ICR reports that four issues arose during implementation that had not been adequately addressed during preparation (paragraph 28):
(a) Weak contractor capacity was not identified.
(b) Failure to achieve the PDO and monitor outcome and output indicators was identified in the Operational Risk Assessment Framework (ORAF) as a key risk, however the risk mitigation measures (simple and flexible design with manageable components and a single implementing agency) although valid, were inadequate to address the risks.
(c) The project team was aware of the difficulties in collecting data for PDO indicators. The mitigation measure did not identify secondary sources of information and proxies were not explored.
(d) Lack of compliance with environmental safeguards was due to the failure to appoint environmental specialists within the PMU, the supervision consultants and contractor, as defined in the environmental and social impact assessment as well as the environmental and social management plans (ESIA/ESMP).

Quality-at-Entry Rating
Moderately Satisfactory

b. Quality of supervision

The implementation of the project faced challenges due to the fragile security situation. The team could not physically supervise the project and had to rely on supervision consultants and third party monitoring. The ICR consluded that the team could have been more proactive in identifying issues and threats to the achievement of the PDOs and finding opportunities and solutions. The PMU visited the World Bank's office in Islamabad every three months and the Bank team visited the FATA secretariat in Peshawar regularly. However, the supervision and related documents were insufficiently detailed and with no action plans for next steps. Performance ratings in Implementation Status Reports (ISRs) were unrealistic. The MTR was implemented only a month before the project closing (paragraphs 103 and 104).

Supervision of the implementation of environmental safeguards had serious shortcomings. The project commissioned third party validation (TPV) for compliance with environmental safeguards toward the end of the construction activities. According to the TPV report there were significant weaknesses in compliance with environmental safeguards. The project failed to establish institutional arrangements for environmental management and no environmental trainings were conducted for the contractor as well as consultant's staff. Also almost no mitigation measures were implemented at the sites, and no environmental monitoring was conducted. The ICR reports that since the TPV was conducted toward the end of the project when most of the construction activities had already been completed, no corrective measures could be implemented to address the assessment findings (paragraphs 47 and 48).

Quality of Supervision Rating
Moderately Unsatisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. Assessment of Borrower Performance

a. Government Performance

The FATA Government gave high priority to the project and was committed to completing the construction and rehabilitation works. The Government agreed to use effective and transparent procurement procedures in a region that was unaccustomed to this, and to establish an independent Project Management Unit (para 106). The Government also implemented a national financial management system (developed under this project) which, despite some initial delays, allowed transactions to be displayed in the system in real time (para 56).

Government Performance Rating
Satisfactory

b. Implementing Agency Performance

The Project was implemented by the Works and Services Department (W&SD) of FATA. The ICR noted that it played a critical and commendable role in "coordinating various activities particularly resolving issues with contractors" (paragraph 107). There were challenges with the hiring of Project Management Unit (PMU) staff, and the project suffered from lack of management continuity. The human resource base in FATA was severely depleted and hence finding a senior project director for the PMU proved to be difficult. The project therefore started with a deputy director from the United Kingdom whose unfamiliarity with the rules and regulations in Pakistan delayed project start-up (ICR, paragraph 24). There was high turnover of subsequent project directors and replacements were not easy to find; in total there were four directors during project implementation. This was largely due to the fragile security situation in the FATA and periodically hampered smooth implementation of the project (ICR, paragraph 24).

Despite these limitations, the project activities were implemented with only six-month delay. The PMU functioned as the Project Secretariat supporting the Implementation Steering Committee. The PMU liaised with the representatives of Political Agents of Bajaur and Orakzai Agencies and was responsible for internal/external processing of all approvals. Implementation in the field, was done by Field Implementation Units within each of the divisional offices of W&SD in Bajaur and Orakzai Agencies, headed by the respective Executive Engineer and supported by Sub Divisional Officer and Divisional Accounts Officer. The technical capacity of the W&SD department was improved through working with supervision consultants (who were hired by the PMU) in areas such as project management, and social safeguards (ICR, paragraph 30).

Implementing Agency Performance Rating
Satisfactory

Overall Borrower Performance Rating
Satisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

The project's management (W&SD and the PMU) were responsible for M&E, but according to the ICR "The M&E design was perhaps the weakest link in the project" (paragraph 39). The PDO indicators established at appraisal: "(a) percentage increase in the share of rural population with all season access and, (b) percentage increase in number of motorized trips taken by beneficiaries living along the rural roads" ICR, paragraph 9) were relevant to the achievement of the project's objective. Although the fragile post-conflict conditions meant that baseline data for the indicators could not be collected and hence targets could not be realistically established (ICR, paragraph 12), the Emergency Paper

(PAD) had observed that there was almost not or negligible traffic on the majority of roads in 2012 when the project was approved because the roads were not motorable. Hence the baseline for "all season access" and "motorized trips" was effectively zero (ICR, paragraphs 14 and 68).

b. M&E Implementation

Monitoring during project implementation was done through supervision consultant employed by the PMU who submitted monthly progress reports. Physical outputs such as kilometers of roads constructed were well monitored (ICR, paragraph 66). On the other hand, increased access was not monitored (and also not mentioned in the in the ISRs or in the Aide Memoires) because of the insecurity in the region. At the project's completion the ICR noted that a survey by the PMU confirmed that growth in motorized traffic had increased substantially on project roads(ICR, Table 1 and paragraph 68). Third party monitoring confirmed that "year round access for the rural population" had increased (ICR, paragraphs 70 to 77).

c. M&E Utilization

Not reported in the ICR

M&E Quality Rating

Modest

11. Other Issues

a. Safeguards

At appraisal the project was assigned Environmental Category B as the potential adverse environmental impacts were of small scale or irreversible in nature, and could be addressed with the help of an appropriately designed and effectively implemented mitigation plan. The following two safeguards policies were triggered: Environmental Assessment (OP/BP 4.01), and Involuntary Resettlement (OP/BP 4.12).

Environmental Safeguards

The Government of Pakistan, through the FATA Secretariat, conducted an environmental and social impact assessment (ESIA). The key potentially adverse environmental impacts of the project included soil and water contamination caused by inappropriate waste disposal at the construction sites and construction camps, air quality deterioration caused by the road construction activities and operation of heavy machinery as well as asphalt plant, occupational health and safety risks for the construction workers and also for the local communities, and clearing of natural vegetation and cutting of trees for the road construction.

The project engaged independent environmental consultants to conduct Effects Monitoring in accordance with the ESIA and Environmental and Social Management Plans (ESMP) monitoring requirements. The project also commissioned third party validation (TPV) toward the end of the construction activities (ICR, paragraph 46). According to the TPV report there were significant weaknesses in compliance with environmental safeguards. The project failed to establish institutional arrangements for environmental management and no environmental trainings were conducted for the contractor as well as consultant’s staff. Also almost no mitigation measures were implemented at the sites, and no environmental monitoring was conducted (para 48). The ICR reports that since the TPV was conducted toward the end of the project when most of the construction activities had already been completed, no corrective measures could be implemented to address the assessment findings. The ICR reports that the project did not comply with the Banks environmental safeguards policy (paragraph 47).

Social Safeguards

A detailed Land Acquisition and Resettlement Plan (LARP) was prepared. The ICR reports that all land procured was "agricultural in nature with no residential land being procured and thus no resettlement activity of the communities in the project felt necessary" (paragraph 50). All Project Affected Persons (PAPs) and stakeholders were consulted to improve the design of project, and for preparation of safeguards documents throughout the execution phase of the project. The ICR reports that PAPs expressed their general satisfaction with the timely processing of their claims and issuance of payments. However, a few of the land owners mentioned that it would have been better if the rates compensated for their lost land had been higher considering the continuous inflation (paragraph 51). The ICR reports that the project complied with the requirements of the involuntary resettlement safeguards policy (paragraph 49).

b. Fiduciary Compliance

Procurement: The project experienced initial delays due to failed bid under NCB of seven rural roads when the procurement process was boycotted by the local construction industry. Local contractors boycotted the process because as they did not fulfill the financial qualification requirements for larger NCB packages and this boycott discouraged other contractors from the catchment area from participating. Tribal enmities made it almost impossible for a contractor of one geographical region to work in another (ICR, paragraph 21).

The ICR noted that the challenge for the local contractors was to meet the liquidity requirements. In order address the liquidity requirements of the contractors, security performance was waived and instead of a Bank guarantee (which was not available to contractors), contractors were allowed to pledge their equipment as security. The project design was also adjusted and the seven civil works contracts were re-packaged into 16 small contracts. A direct contracting process was followed, and contracts were proposed for award on the basis of assessed financial capacity of contractors comparable to the contract package (paragraph 35).

Financial Management: The ICR reports that the project complied with the Bank's financial management covenants. Audit reports and Interim Financial Reports were submitted to the Bank in a timely manner (ICR, paragraph 56). The ICR reported in paragraph 55 that a qualified and experienced Accounts Officer was hired who was supported by existing staff in the 'Budget and Accounts Section' in the Office of Chief Engineer, Works and Services (W&SD) Department and the Divisional Accounts Officer (DAO) of Bajaur and Orakzai Agencies. Separate books of accounts, on cash basis, were maintained by W&SD for the Project activities using the New Accounting Model (NAM).

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

None.

12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	---
Risk to Development Outcome	High	High	---
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---
Borrower Performance	Satisfactory	Satisfactory	---
Quality of ICR		Substantial	---

Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons

The ICR contains three lessons of which one has general application beyond the project. It is noted below:
Implementation of emergency projects in conflict areas with security issues inevitably poses serious challenges in terms finding and retaining qualified staff for the project management unit. In this project, the director was changed four times and there were changes in other key staff, which affected project implementation. A more sustainable option is to not set up a separate PMU but train the implementing agency staff who are responsible for project implementation.

14. Assessment Recommended?

No

15. Comments on Quality of ICR

The ICR is concise and it clearly presents the numerous issues that affected the project's implementation, performance and results. The assumptions informing the efficiency analysis are clearly set out. However the lessons were not all generally applicable.

a. Quality of ICR Rating
Substantial