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Report No: PAD1685

PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED GRANT

IN THE AMOUNT OF US\$15 MILLION

INCLUDING US\$13 MILLION FROM THE KP/FATA/BALOCHISTAN MULTI-DONOR TRUST FUND
AND US\$2 MILLION FROM THE CENTRAL ASIA-SOUTH ASIA TRANSMISSION PROJECT (CASA 1000) MULTI-DONOR TRUST FUND

TO THE
ISLAMIC REPUBLIC OF PAKISTAN
FOR A
PAKISTAN COMMUNITY SUPPORT PROJECT (CASA-1000)

12 January 2021

Social Development Global Practice

South Asia Region



CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2020)

Currency Unit = Pakistan Rupees (PKR)

US\$1 = PKR160.5

FISCAL YEAR

July 1 - June 30

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ABBREVIATIONS AND ACRONYMS

AG-KP	Accountant General of Khyber Pakhtunkhwa
AGP	Auditor General of Pakistan
CASA-1000	Central Asia-South Asia Project
CDCs	Community Development Council
CDD	Community-driven development
CDP	Community Development Plan
COI	Corridor of influence
CERC	Contingent Emergency Response Component
CSPs	Community Support Project
DC	Deputy Commissioner
DCOs	Deputy Commissioner Offices
DDC	District Development Committee
EIRR	Economic internal rate of return
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FATA	Federally Administered Tribal Areas
FM	Financial management
FMS	Financial Management Specialist
GDP	Gross domestic product
GoKP	Government of Khyber Pakhtunkhwa
GoP	Government of Pakistan
GRM	Grievance redress mechanism
IFR	Interim Financial Report
IUFR	Interim Unaudited Financial Report
KP	Khyber Pakhtunkhwa
KPI	Key performance indicator
M&E	Monitoring and evaluation
MA	Merged Areas
MDTF	Multidonor trust fund
MIS	Management information system
NTDC	National Transmission and Despatch Company Limited
O&M	Operations and maintenance
OMCs	Operations and Maintenance Committees
P&DD	Planning and Development Department
PIU	Project implementation unit
PMC	Participatory Monitoring Committee
PMU	Project Management Unit
PPSD	Project Procurement Strategy for Development
PSC	Project Steering Committee
QLCSP	Qabail-Led Community Support Project
SDU	Sustainable Development Unit
SMP	Social Mobilization Partner
SORT	Systematic Operational Risk Rating Tool
STEP	Systematic Tracking of Exchanges in Procurement
TDP	Temporarily displaced person
TDS	Tribal Decade Strategy
VLD	Voluntary land donation
WB-WS	Willing buyer-willing seller
YDC	Youth Development Committee

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Pakistan	Pakistan Community Support Project (CASA-1000)	
Project ID	Financing Instrument	Environmental Assessment Category
P151075	Investment Project Financing	B-Partial Assessment

Financing & Implementation Modalities

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

Expected Approval Date	Expected Closing Date
19-Jun-2020	30-Jun-2022
Bank/IFC Collaboration	
No	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to improve access to local infrastructure and strengthen community engagement in the project areas.



Components

Component Name	Cost (US\$, millions)
Community Outreach and Communications for CASA-1000	0.50
Community Mobilization and Capacity Building	2.00
Community Investments in Small Infrastructure Schemes	10.50
Project Management, Implementation, and Monitoring and Evaluation	2.00
Contingent Emergency Response Component	0.00

Organizations

Borrower:	Islamic Republic of Pakistan
Implementing Agency:	Sustainable Development Unit, Planning and Development Department, Government of Khyber Pakhtunkhwa

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	15.00
Total Financing	15.00
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	15.00
Community and Capacity Development Support Program	2.00
MDTF for Crisis Affected Areas of NWFP/FATA/Balochistan	13.00

**Expected Disbursements (in US\$, Millions)**

WB Fiscal Year	2020	2021	2022	2023
Annual	0.60	5.75	7.25	1.40
Cumulative	0.60	6.34	13.60	15.00

INSTITUTIONAL DATA

Practice Area (Lead)	Contributing Practice Areas
Social	Energy & Extractives

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

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



COMPLIANCE

Policy

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

[] Yes [✓] No

Does the project require any waivers of Bank policies?

[] Yes [✓] No

Safeguard Policies Triggered by the Project

	Yes	No
Environmental Assessment OP/BP 4.01	✓	
Performance Standards for Private Sector Activities OP/BP 4.03	✓	
Natural Habitats OP/BP 4.04	✓	
Forests OP/BP 4.36	✓	
Pest Management OP 4.09	✓	
Physical Cultural Resources OP/BP 4.11	✓	
Indigenous Peoples OP/BP 4.10	✓	
Involuntary Resettlement OP/BP 4.12	✓	
Safety of Dams OP/BP 4.37	✓	
Projects on International Waterways OP/BP 7.50	✓	
Projects in Disputed Areas OP/BP 7.60	✓	

Legal Covenants

Sections and Description

The Project Implementing Entity shall establish, by not later than two months after the Effective Date, and thereafter maintain, throughout Project implementation period: (a) Project Steering Committee; (b) Project Management Unit; and (c) Project Implementation Units, in accordance with Section I.A.1 of the Schedule to the Project Agreement.

**Conditions**

Type	Description
Disbursement	No withdrawal shall be made for payments under Category (1), unless and until the Recipient has adopted the CASA 1000 Community Outreach and Communications Plan, satisfactory to the Bank; or for Emergency Expenditures under Category (5), unless and until the Bank is satisfied that all of the conditions specified in Section III.B.1(c) of Schedule 2 to the Grant Agreement have been met in respect of said expenditures.



I. STRATEGIC CONTEXT

A. Country Context

1. **Pakistan is at a crossroads.** Periodic macroeconomic crises and a low human capital basis have constrained the country's growth prospects. Over the last two decades, economic growth in Pakistan has averaged at 4.4 percent a year, below the South Asian annual average of 6.3 percent. Low investment in HC, slow progress of structural reforms, low private investment, and slow export growth due to an overvalued currency, among others, have hindered growth prospects.¹ With a population growth rate of 2.4, Pakistan has seen a limited per capita real growth rate. The country was making good progress in stabilizing its economy and implementing much needed structural reforms. However, the global COVID-19 pandemic is impacting day-to-day life in Pakistan and will have significant negative impacts on the economy. The closure of businesses and disruption to the domestic supply chain are significantly affecting the services and manufacturing sectors, which account for nearly 80 percent of total GDP. The impact of the ongoing economic disruption is expected to contract GDP by 1.3 percentage points in FY20. There was a consistent and significant decline in poverty in Pakistan over the 14 years from 2001 to 2015, during which the poverty headcount measured using the national poverty line fell from 64.3 percent to 24.3 percent. These gains are likely to be reversed due to the COVID-19 pandemic and its associated containment measures. The economic contraction is expected to determine a sizeable increase in poverty, reversing the trend of sustained poverty reduction observed over the past 20 years. Urban workers employed in the informal sector and daily wage workers employed in the formal sector will bear the brunt of the slowdown. In rural areas, expected decline in off-farm employment opportunities is also likely to increase vulnerability to shocks of households relying on agriculture. It is important that the government prioritizes investments to ensure poverty reduction and human capital losses are quickly offset to bounce back strongly.
2. **The World Bank's rapid response to the COVID-19 crisis in Pakistan included the Pandemic Response Effectiveness in Pakistan project (\$200 million) and eight ongoing projects that quickly mobilized \$40 million for urgently needed equipment and supplies.** The second phase of the COVID-19 response is currently underway, which focuses on interventions to mitigate socio-economic disruption. This includes repurposing and restructuring existing operations and aligning the design of proposed operations to prioritize COVID-19 related interventions as well as support for the medium-term reform agenda so that Pakistan can rebound stronger as the COVID-19 crisis subsides. In Khyber Pakhtunkhwa (KP), the response has included support from immediate procurements through the Economic Revitalization of KP and FATA and the KP Integrated Tourism Projects.
3. **Khyber Pakhtunkhwa (KP) province has made significant progress in poverty reduction in recent years, though challenges remain and will be exacerbated by COVID-19.** Gender inequalities are high, and there are limited opportunities for the province's large youth population. Almost 85 percent of the province's population lives in rural areas, where access to public services and income generation opportunities are lower. The region is susceptible to natural events such as flash floods and extreme weather events, which in recent years have resulted in infrastructure damage and population movements.² While the merger of the former Federally Administered Tribal Areas (FATA)

¹ World Bank. 2019. Pakistan at 100: Shaping the Future. World Bank, Washington, DC. © World Bank.
<https://openknowledge.worldbank.org/handle/10986/31335> License: CC BY 3.0 IGO.

² Khyber Pakhtunkhwa Climate Change Financing Framework. Rep. Islamabad: Government of Khyber Pakhtunkhwa, 2018. Print. See also Pakistan Floods 2010: Preliminary Damage and Needs Assessment. Rep. Islamabad: Asian Development Bank and World Bank, 2010.



with the province is a positive step, it has also created new challenges. These are expected to be further exacerbated by the COVID-19 pandemic which may impact growth, enterprises, and access to services.

B. Sectoral and Institutional Context

4. **The merger of FATA (henceforth Merged Areas) with KP, one of the poorest regions in Pakistan, has increased the region's development needs.** In 2018, the Merged Areas were brought under the legal system and governmental authority of the Government of Khyber Pakhtunkhwa. Over the ten-year transition period, KP will continue to receive Federal Government support for the Merged Areas. However, Pakistan's fiscal challenges are expected to constrain the pace of development spending in the province to fulfill the vision of the merger. The Khyber Pakhtunkhwa Tribal Districts Transition Framework, for instance, is estimated to cost US\$1.38 billion over three years (2018-2020). The World Bank, which has been engaging in KP and the Merged Areas since 2010 through a series of project financed by a Multi-Donor Trust Fund (MDTF), will continue to support the region's development through a combination of MDTF projects and scaled-up interventions through International Development Association (IDA) financing in irrigated agriculture, human capital investment, renewable energy, tourism, and cities.
5. **A significant investment located in the Merged Areas is part of the Central Asia-South Asia Electricity Transmission and Trade Project (CASA-1000). Four participating countries³ are implementing Community Support Projects (CSPs) to share the benefits with local communities.** The CASA-1000 project aims to facilitate electricity trade between hydropower-surplus countries in Central Asia and electricity-deficient countries in South Asia by putting in place the electricity infrastructure and institutional arrangements necessary for this trade. The CSPs aim to ensure that the people living along the transmission line benefit from and support the CASA-1000 project, since they are likely to experience modest social and environmental impact of the transmission line but will not receive additional power supply.
6. **In Pakistan, the CASA-1000 transmission line will pass through approximately 100 kilometers of Khyber Agency in the Merged Areas and the Peshawar Subdivision, before connecting to a grid station in Nowshera.** Access to local infrastructure are major challenges in this area due to geography, security conditions and low population density.⁴ In these areas, the CSP will be implemented in communities that are located within a four-kilometer-wide "corridor of influence" (CoI) along the transmission line. Further, based on government demand and subject to availability of grant funding, the Pakistan CSP will gradually expand into other districts of the MA, as part of the government-supported Qabail-Led Community Support Project (QLCSP) to extend the outreach of community-driven development (CDD) projects across this region. GoKP considers the CSP as the precursor to the QLCSP—specifically, the CSP will establish the institutional architecture and technical capacity necessary for delivering a larger CDD project.
7. **The Pakistan CSP will use citizen engagement models, appropriately adjusted with lessons from COVID-19, for the construction and/or rehabilitation of infrastructure schemes that are responsive to local needs.** Recognizing the

Print.

³ In Tajikistan, Kyrgyz Republic, and Afghanistan, the CSPs were approved in 2019, 2018, and 2014, respectively.

⁴ "Options for Sharing CASA-1000 Project Benefits with Communities-Enroute," Social Action Bureau for Assistance in Welfare and Organizational Networking 2012.



dire need for local infrastructure in the MA, the GoKP has identified last-mile service delivery through community-driven development (CDD) as a priority under the Tribal Decade Strategy (TDS)—a comprehensive 10-year plan to accelerate local development and alleviate poverty in the MA. The plan emphasizes an inclusive, bottom-up model to address local needs with the participation of the tribal population, while improving the ties between the local population and state authorities.

8. **Establishment of community engagement platforms by the CSP, and local infrastructure schemes financed by the project, will promote resilience against the coronavirus disease (COVID-19).** Civic leaders who participate in social mobilization activities typically serve on the frontlines of community preparedness and response. The CSP will, as needed, conduct activities remotely through use of technology, practice social distancing, and learn from experience (see details below in paragraph 13). Once set up, community engagement platforms can be critical to communicate culturally appropriate messages on preventative measures to mitigate the spread of disease, as well as provide care for vulnerable groups such as the elderly or chronically ill. Local development projects become critical for supporting local livelihoods through labor-intensive public work programs, procurement of goods at the local level, new job opportunities, skills training and direct cash transfers. With the spread of COVID-19 in the northwestern region, the CSP can help mitigate the short-term and long-term impacts of the crisis and build resilience at the community level.

C. Relevance to Higher-Level Objectives

9. **This proposed Pakistan Community Support Project (“The Project” or CSP) is aligned with the World Bank Group’s Country Partnership Strategy (CPS, FY15–20) and with the twin goals of ending extreme poverty and promoting shared prosperity.** It is also aligned with the Pakistan@100 report which highlights the necessary reforms for Pakistan.⁵ The Project contributes to Results Area 3 of the CPS (Inclusion) and its sub-outcome 3.2 (Reduced Vulnerability for Groups at Risk), as well as to Results Area 4 (Service Delivery). The CSP will provide access to basic infrastructure for local communities (Component 3), as well as promote the inclusion of women and youth (Components 1 and 2). The Project schemes (Component 3) will contribute to alleviating the vulnerability of those living in border areas. Citizen engagement activities (Components 1 and 2) and local infrastructure investments (Component 3) support the Bank’s scaled-up response to situations of crisis.
10. **At the provincial level, the CSP will contribute to strategic efforts to accelerate development of the MA.** GoKP considers the CSP as the precursor to the flagship QLCSP, and it will help develop government capacity in implementing CDD for scaling up the QLCSP across all districts of the MA. More broadly, the CSP is aligned with the TDS and the Ten-Year Development Plan on Socioeconomic Development of FATA. The Project investments in small infrastructure in the targeted communities (Component 3), as well as the participatory capacity-building activities to enable local communities to take charge of local development (Component 2), support GoKP’s vision to eliminate the development deficit of the MA. Given its geographic scope, the Project is also aligned with the FATA Sustainable Return and Rehabilitation Strategy of 2015, supporting the rehabilitation of crisis-affected areas, and with the socioeconomic development plan under the FATA-KP merger Reforms Package.

⁵ World Bank Group (2014) Islamic Republic of Pakistan: Country Partnership Strategy, 2015-2020 (Report No. 84645-PK), the Performance and Learning Review (Report No. 113574).



II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

11. The Project Development Objective (PDO) is to improve access to local infrastructure and strengthen community engagement in the project areas.

PDO-Level Indicators

12. The key results indicators are as follows:

- (a) Number of households in the Project areas benefiting from community infrastructure schemes financed by the Project.
- (b) Percentage of households that report that community infrastructure schemes met their needs.
- (c) Number of community members participating in citizen engagement activities financed by the Project.
- (d) Percentage of households in the CASA-1000 “Corridor of Influence” (CoI) that report that the CSP is an effective response to the local impacts of the CASA-1000 transmission line.

B. Project Components

13. **The CSP components will address the needs of communities and build capacity for local development and the Project design is responsive to COVID-19 recovery as part of its community outreach, communication and social mobilization activities.** In the first three months of implementation, start-up activities, such as training of community mobilizers and verification of the Project communities, will be conducted remotely. If, at the time of the Project implementation, communities are still mandated to exercise social distancing, the Project will use alternative community engagement methods, including conducting small-group sessions; maintaining social distancing and personal hygiene in project activities; disseminating and collecting information through traditional media channels, mobile phone surveys, hotlines and social media; engaging with communities through local social influencers; limiting direct interaction with the Project staff; and holding virtual meetings to train community members. The specific guidelines will be included in the Operations Manual. The Project will also promote community adaptation and resilience against the evolving impacts of COVID-19. The community institutions that will be established by the Project and the activities under Component 1 and 2 will serve as crucial mechanisms to disseminate culturally appropriate messages, counter misinformation about the pandemic, and provide local feedback to healthcare providers. The subgrants under Component 3 will support access to health services, quarantine facilities and can include social work schemes to care for those in need. In addition, the Project will facilitate communities' efforts to get back to work by providing employment through labor-intensive public works, as well as support local enterprises



through local procurement of goods and services. The CSP has five components, outlined below.

Component 1. Community Outreach and Communications for CASA-1000 (US\$0.5 million)

Implementation of the CASA-1000 Community Outreach and Communications Plan, including the carrying out of community consultations and capacity building and training for Project Management Unit (PMU) staff.

14. **This component will create the conditions for a smooth construction of the CASA-1000 infrastructure and establish a two-way communication channel with the communities that may experience inconvenience but will not benefit directly from it.** The Project will reach every community located within a four-kilometer-wide Corridor along the route of the CASA-1000 transmission line, starting in Khyber Agency (MA), going through Peshawar Subdivision (KP), and ending at the site of the CASA-1000 Converter Station in Nowshera (KP).⁶ In these areas, activities will be rolled out in close coordination with the construction schedule of the CASA-1000 to ensure that communities are informed about the Project before the construction work takes place on the ground.
15. **The CASA-1000 Community Outreach and Communications Plan will serve as an operational guideline with a timed and sequenced list of activities, events, tools, messages, and products for engaging with communities.** It will be developed by an external partner specializing in high-risk operational communication and will incorporate measures to manage the impacts of the COVID-19 pandemic on community engagement activities (see details in paragraph 1).⁷ The activities and messages will highlight: (i) the direct and indirect benefits of the transmission line as well as the wider provincial and national benefits associated with improved energy supply and regional cooperation; and (ii) the community-level benefits, for both men and women, that will be delivered to communities through the CSP.
16. **The plan will be implemented by Social Mobilization Partners (SMPs) that will be hired and supervised by the Project Management Unit (PMU).** In addition, the Project will support capacity-building activities, including workshops and staff trainings required for the PMU staff to be able to supervise the implementation of the plan. The SMPs will perform all these activities by adapting to any restrictions caused by COVID-19 (details in paragraph 13). Under this component, the SMPs will be responsible for (i) informing communities about the objectives of the CASA-1000 transmission line; (ii) setting community expectations about the transmission line construction and any related activities that community members may observe in their area; (iii) addressing any misperceptions regarding the environmental and health impacts of large-scale electricity infrastructure; and (iv) informing communities about the development benefits they will receive through CASA-1000 and the CSP. The SMPs will report to the PMU of the CSP, which will coordinate field activities with the PMU of the CASA-1000 Electricity Transmission and Trade Project, i.e. the National Transmission and Despatch Company Limited (NTDC).⁸

Component 2. Community Mobilization and Capacity Building (US\$2.0 million)

⁶ According to geospatial analysis of the tentative route of the CASA1000 transmission line using satellite imagery, approximately 120 communities are located within the Corridor, with a total population of about 600,000.

⁷ The plan is currently being drafted by a national operational communications firm based in Pakistan.

⁸ The relationship between the two PMUs will be spelled out in the Operations Manual.



- (a) *Mobilization for implementation of local infrastructure schemes, including (i) establishment of community development councils or revitalization of existing community organizations to facilitate community participation and oversight; (ii) identification and planning of community development priorities; (iii) establishment of community governance, social accountability, and conflict resolution systems; (iv) opening of community joint-signatory accounts (where possible), bookkeeping, and contract management; and (v) establishment of committees for operations and maintenance and participatory monitoring.*
- (b) *Mobilization for citizen engagement and youth inclusion, including capacity building, training, and the establishment and implementation of feedback and accountability mechanisms.*
17. **This component will facilitate community participation in the planning, implementation, and operations and maintenance (O&M) of community infrastructure schemes in the Project areas.** In addition, it will finance citizen engagement and youth inclusion activities to promote community participation, increase community ownership and engage the youth in local development. The activities will be structured under two subcomponents and will target all communities located within the CASA-1000 Col. Subject to availability of resources and contingent on criteria to be specified in the Operations Manual, the Project may support activities in adjoining communities or districts of the MA, as part of the government's objective to support the rollout of the QLCSP.⁹ All activities will be adapted as needed to COVID-19 (see details in paragraph 13).

Subcomponent 2.1. Mobilization for Implementation of Infrastructure Schemes

18. **This subcomponent will mobilize communities to undertake local infrastructure schemes financed by the CSP (under Component 3) and will build capacity for CDD in the Project areas.** The Project will establish community development councils (CDCs) of elected community members that will serve as the main mechanism for community participation and oversight.¹⁰ The CDCs will be registered with the concerned line ministries to enable them to participate in donor- or government-funded initiatives other than the CSP. They will also be registered with the Deputy Commissioner Offices (DCOs), which will give them status to serve as the lowest tier of development platform in the Project areas.
19. **During and after project implementation, CDCs are expected to serve as community coping mechanisms against exogenous events such as COVID-19.** During the pandemic, the CDCs will help communicate culturally appropriate messages on preventative measures and proper hygiene practices, as well as serve as community feedback mechanisms and meet the basic needs of affected families. CDCs will conduct their activities adapting as needed to restrictions caused by COVID-19, as detailed in paragraph 13.
20. **The mobilization process will be outsourced to SMPs, which will be responsible for implementing the Project's Operations Manual for social mobilization, facilitation, capacity building, and technical support for CDCs.** Given the diversity of project activities and the target areas, the PMU may need to recruit multiple or separate SMPs to implement project activities under Component 1 and Component 2. The SMPs will be supervised directly by the PMU

⁹ Identification of any additional communities outside the CASA-1000 Col will be conducted during the first year of project implementation.

¹⁰ Recognizing that communities in the MA are traditionally based on association by tribe or clan, the project will work closely with these existing local structures during the formation of the CDCs. Community institutions to be consulted during the CDC formation will include agency development councils, peace (Amman) committees, *jirga* (council of elders), and tribal elders (*malik*). The Operations Manual will include specific guidelines for this process.



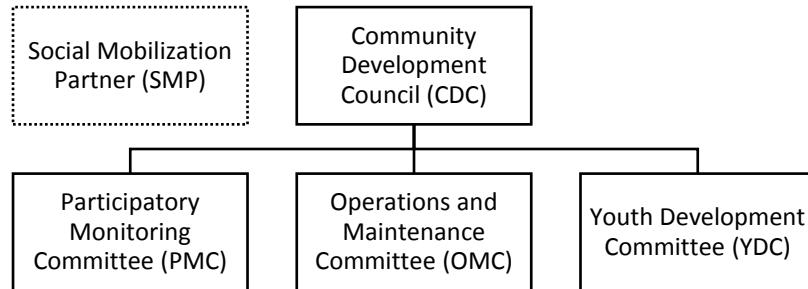
and, for this purpose, a Social Mobilization Unit will be set up within the Sustainable Development Unit (SDU), Planning and Development Department (P&DD), to enhance technical capacity for CDD in GoKP. The SMPs will be competitively recruited by the PMU based on their local footprint in the Project areas and will be registered with GoKP to ensure effective coordination among communities and Tehsil and/or District Administrations.

21. **The SMPs will help communities form their CDCs and put in place community-based mechanisms for participatory planning and management, monitoring, and O&M.** Particularly, they will assist communities with (i) formation of CDCs or revitalization of existing community organizations; (ii) identification and planning of community development priorities; (iii) establishment of community governance, social accountability, and conflict resolution systems; (iv) opening of community joint-signatory accounts (where possible),¹¹ basic bookkeeping, and contracting; and (v) formation of O&M and Participatory Monitoring Committees (PMCs). The guidelines for each activity will be provided in the Project's Operations Manual.
22. **The social mobilization process will follow a standardized subproject cycle (Figure 1).** The subproject cycle will begin with community outreach to introduce the Project's objectives, the implementation of infrastructure schemes, procurement and safeguard requirements, accountability and oversight mechanisms, and requirements for the effective participation of women and youth in decision-making. Once communities demonstrate their willingness to adopt this approach, CDC members will be determined through elections, with quotas for women and youth. The SMPs will address gender segregation in traditional institutions by reaching out to women separately during the mobilization process and will also use tailored tools to ensure that women participate as members in the CDCs.
23. **After CDC formation, the SMPs will assist communities in carrying out a participatory needs assessment, well-being ranking, and community mapping exercises to determine their development priorities.** The SMPs will support the CDCs in preparing Community Development Plans (CDPs) outlining the development priorities the community has determined through this participatory process. The participatory activities may be customized for women and men to ensure that different needs are reflected in the CDPs. The schemes selected for project financing will be assessed against a set of criteria, including the subgrant amount, technical design considerations, and compatibility with existing masterplans for that locality (see Component 3). With the assistance of the SMPs, the CDCs will work with the PMU to finalize the technical designs and tendering packages on behalf of the community, using standard government designs and local regulations. The CDCs' participation in the tendering process will be mandatory.
24. **During the implementation of the infrastructure scheme, the SMPs will help CDCs to establish O&M Committees (OMCs) to ensure the effective management and sustainability of the infrastructure schemes after the completion of civil works.** The OMCs will establish a community fund for monetary or in-kind contributions for minor repairs and maintenance of the schemes. In addition, the SMPs will train the CDCs to oversee civil works on site with the support of the PMCs, which will comprise youth and other volunteers. The PMC members will be selected through an open process, and their roles and responsibilities will be defined jointly with the CDCs to avoid any conflicts. The community institutions that will be established and supported by the Project are shown in Figure 1.

¹¹ Where commercial banks do not exist or opening community accounts in commercial banks is not possible because of local restrictions, the community resources will be kept and managed at the PMU level.



Figure 1. Community institutions under CSP



Note: The CSP will work with and/or revitalize existing community institutions in the Project areas.

25. **The SMP support to the CDCs will conclude six months after the completion of the infrastructure schemes.** During this phase, the SMPs will train the CDCs to become transparent, participatory local development organizations that can make decisions and implement the other priorities identified in their CDPs. The CDCs will be linked with other government agencies and donors working in their area for funding or additional schemes. In addition, the other community institutions established by the Project—PMCs and OMCs—will be trained on how to sustain their activities. This step will be crucial for developing and sustaining local capacity for CDD in the Project areas.

Subcomponent 2.2. Mobilization for Citizen Engagement and Youth Inclusion

26. **This subcomponent will finance citizen engagement activities to promote participation, strengthen local capacity to engage in monitoring, and establish robust mechanisms to collect, analyze, and respond to citizen feedback.** The objectives will be to mitigate risks that have previously deteriorated trust among citizens and in government institutions¹² and give the youth a leading role in local development.¹³ The youth will: (i) work with the CDCs to assist and monitor local development activities supported by the CSP; (ii) organize citizen engagement activities to promote trust and social cohesion in the community; and (iii) implement youth-centric local development projects in a participatory manner, provided there is demand for such activities. As in Subcomponent 2.1, all activities will be facilitated by the SMPs, promote the participation of both males and females, and adapt to restrictions caused by COVID-19 (details in paragraph 13).
27. **First, the SMPs will recruit youth into the PMCs on an honorary basis and train them to assist the CDCs in monitoring and promoting community participation in the Project activities.** The Project will support social audits, which will be conducted twice a year as public forums (with the participation of the PMU and relevant line ministries) to report back to the communities on the progress and fiduciary status of the Project. The PMCs will also use semiannual community scorecards to provide feedback and action plans on project implementation with the support

¹² Other sources of conflict may include the fact that only those communities that fall within the Col of the CASA-1000 transmission line will receive infrastructure schemes, whereas communities that may have experienced other large infrastructure projects will not receive such benefits from other entities. Recent cancellation of CDD projects in the former FATA may have led to perceptions of unfairness about the distribution of development benefits and exacerbated social divisions across the region.

¹³ In December 2015, the United Nations Security Council unanimously adopted Resolution 2250 on Youth, Peace and Security, emphasizing the importance of youth as “agents of change” in the maintenance and promotion of peace and security. This component will build on this resolution to provide youth with voice and a sense of connection to their communities.



of youth and other community members selected for monitoring and oversight roles. As elaborated in paragraph 13, virtual trainings may be used to adapt to restrictions due to COVID-19.

28. **Second, the SMPs will organize the youth into Youth Development Committees (YDCs) and promote their capacity to implement citizen engagement activities.** The training, which may be conducted virtually as needed due to COVID-19, will include programs on: (i) community mobilization and participatory monitoring; (ii) the participatory decision-making process for identifying needs and implementing youth-centric schemes; (iii) conflict resolution, reconciliation, trust, and peacemaking; and (iv) soft skills such as critical thinking, problem solving, psychosocial awareness, leadership, teamwork, and communication. These training sessions will be mandatory for youth wishing to participate in the Project. As needed, male and female youth will be organized in separate YDCs.
29. **Third, if there is demand, the YDCs will be given small funds from the CDC subgrant allocation under Component 3 (minimum of 10 percent) to implement activities identified by the youth.** These activities can focus on issues affecting the whole community (such as food security, health, traditional celebrations, evolving impacts of the COVID-19 pandemic) or affecting just the youth population. Following successful completion of the trainings, YDCs, with the guidance of the SMPs, will apply for a project-financed activity that meets the selection criteria. As part of this process, the YDCs will undertake a participatory needs assessment and decision-making to ensure that their project addresses local needs. Any trust-building activities of the YDCs will be carried out in collaboration with existing conflict resolution mechanisms in the Project communities.¹⁴

Component 3. Community Investments in Small Infrastructure Schemes (US\$10.5 million)

Provision of subgrants for local infrastructure schemes, including (a) rehabilitation of damaged or inactive infrastructure; (b) construction of new infrastructure; and (c) operations and maintenance of rehabilitated or constructed infrastructure.

30. **This component will provide subgrants for local infrastructure schemes to address local development priorities identified through the participatory processes outlined above.**¹⁵ The CDCs will be allocated subgrants based on a simple, transparent criteria, which will include: (i) community population; (ii) poverty rate; and (iii) participatory assessment of local infrastructure needs that are sensitive to the needs of community members, including women and youth. The subgrants will ensure that enough resources are allocated per community to have an impact on local economic development. Based on experience from previous projects in KP and the MA, subgrants are expected to vary between US\$30,000 and US\$50,000 per community.¹⁶ A minimum of 10 percent of the subgrant allocation will be reserved for activities by youth, and it will be mandatory for communities to contribute to the Project (in kind or cash).¹⁷ Communities can receive more than one subgrant cycle based on need and performance. The relevant criteria and details about the subgrants will be detailed in the Operations Manual.

¹⁴ In the MA, the *jirga* and the *maliki* systems are strong traditional institutions for the reconciliation and resolution of local disputes, whereas *hujras* serve as localized community centers where community members discuss all issues of importance from the individual to the community. The YSCs will work with these institutions to ensure local ownership of the youth-led trust-building activities.

¹⁵ Community-led decision-making will be a key principle for this component. Before any community scheme is funded, the CDCs and SMPs will provide evidence that the social mobilization process and participatory selection of schemes were undertaken as outlined above, taking into consideration any adaptations that may be necessary for social distancing requirements for COVID-19.

¹⁶ In certain cases, subgrants may be larger and therefore fall outside this range. Larger subgrants will be financed on an exceptional basis provided that the proposed investments are consistent with the project's social and environmental safeguards category.

¹⁷ In kind contribution to the project may include community labor for civil works.



31. **Once the communities identify their priority needs and develop their CDPs, the CDCs will choose infrastructure schemes from a menu of local schemes supported by the Project.** To manage the size and complexity of the infrastructure schemes financed by the Project across sites, the menu will include a “negative list” of schemes that are ineligible for support under the Project.¹⁸ All selected schemes and their O&M plans will need to be technically viable and sustainable according to criteria that will be detailed in the Project’s Operations Manual. Where the selected schemes already exist or are not technically feasible (because of the terrain, security, or resource constraints), the CDCs can use their subgrants to fund other schemes on the menu. Neighboring communities will be allowed to implement joint projects addressing common development needs, if they chose to do so.
32. **The menu of schemes will include the following:** (i) local on-grid and off-grid electricity infrastructure, including renewable energy (e.g., solar, wind, biogas, smokeless stoves, micro-hydro plants); (ii) street lighting in urban/peri-urban areas; (iii) school and health facilities; (iv) water supply and sanitation infrastructure; (v) rehabilitation of tertiary roads and farm-to-market access roads; (vi) local farm irrigation systems; and (vii) other local economic infrastructure that serves a public purpose (e.g., processing facilities for horticultural products, cold storage facilities, fruit polishing and packaging units, milk collection and chilling units). The ownership of economic infrastructure beyond the Project implementation period will be determined as part of the O&M. Where applicable, priority will be accorded to rehabilitation and O&M of electricity infrastructure or renewable energy technologies, but the ultimate decision for the scheme selection will rest with the communities.
33. **The procurement of civil works contractors and other goods and services will be undertaken by the CDCs.** The capacity of the CDCs to sign off and provide oversight on tender documentation will be developed through the SMPs. The Project will use the social mobilization process to build the capacity of community institutions to not only identify and plan, but also implement, operate, and maintain local infrastructure assets built by the Project and ensure effective CDC participation in future cycles of the QLCSP. The Operations Manual will provide that as needed, the PMU may undertake larger or more complex procurements or procurements for communities in which access to community bank accounts is restricted.
34. **All subprojects will be reviewed by the District Development Committee (DDC), a field-level entity chaired by the Deputy Commissioner (DC) with representatives of line ministries.**¹⁹ This step will ensure that the schemes financed by the Project are consistent with local development plans and documented in public records. Similarly, the schemes will take into consideration other donor- and government-funded programs to ensure that project interventions are complementary and not duplicative. All subprojects will be vetted by relevant professionals in the line ministries and will adhere to the approved schedule rates. Projects requiring advanced technical design and construction methods (such as micro-hydro, lining of channels, access roads, check dams, or integrated irrigation projects) may be implemented by the line ministries, but will be required to use community-based labor, material supply, and other inputs. Repair and maintenance will be the responsibility of the OMCs.
35. **The schemes selected by the CDCs under this component may support communities in coping with the evolving impacts of COVID-19.** The subgrants can be deployed to support access to health services, such as by financing the renovation of local health facilities or building temporary health clinics or quarantine centers. In addition, the civil works financed by the Project may get the communities back to work by providing employment through labor-

¹⁸ The full criteria will be specified in the Operations Manual. The project will not finance subprojects that require land acquisition or major civil works above a certain monetary threshold. To the extent possible, schemes will be undertaken on either publicly owned land or on land provided by the community through voluntary land donation (VLD).

¹⁹ The Operations Manual will specify the timeline (e.g., 30 days or less) and business standards for the DDC approval process.



intensive public works. Finally, CDCs may support social work schemes to care for elderly and those left in need as well as support local enterprises through local procurement of goods and services for civil works.

Component 4. Project Management, Implementation, and Monitoring and Evaluation (US\$2.0 million)

Provision of support for project management, implementation, and monitoring and evaluation to the Project Management Unit, including technical expertise and studies, procurement and contract management, financial management, local governance, social and environmental risk management, and maintenance and reporting of project's monitoring and evaluation, as well as feedback mechanisms.

36. **This component will finance operational expenditures and selected capital expenditures incurred by the Project implementing agency for overall coordination, management, and supervision of the Project activities.** In addition, it will finance the overall systems for the management of procurement, environmental and social safeguards, financial management (FM), and monitoring and evaluation (M&E) systems, including project audits and technical studies. It will also finance field offices or project implementation units (PIUs) in two locations.
37. **The project will establish a dedicated PMU under the SDU, P&DD in GoKP.** The PMU will recruit experts in CDD, civil engineering, project management, procurement, financial management, M&E, local governance, and social and environmental risk management. The PMU will prepare annual workplans and budgets, hire and manage the SMPs, and implement the Project according to the guidelines that will be provided in the Project's Operations Manual. The expenses financed under this component will include project staff, consultants, essential equipment, operating costs, technical assistance, and training necessary to carry out and supervise the Project activities. The expenses covered by the component will exclude the SMP costs, which will be covered under Components 1 and 2.
38. **A key set of activities financed under this component will be the maintenance and reporting of the Project's M&E and GRM.** The M&E system will track, document, and communicate the Project's progress and results and capture beneficiary satisfaction and grievances received through the GRM. These activities will be conducted by a dedicated M&E team in the PMU, which will be responsible for establishing a management information system (MIS), preparing project reports, and compiling progress and results of the activities under Components 1-3. The PMU will collate all the community-based participatory monitoring and social audit findings, as well as feedback received through the GRM, in the MIS, and will summarize them in semiannual reports. The PMU will also commission independent technical studies and evaluations to capture the results of the investments funded in Component 3 and evaluate the communications and social mobilization processes funded under Components 1 and 2. Before project completion, the PMU will produce a Project Completion Report summarizing the Project's independent evaluation results (see the M&E section for further details).

Component 5: Contingent Emergency Response Component (CERC) (US\$0.00)

Provision of immediate response to an Eligible Crisis or Emergency in Project areas, as needed, including: (a) provision of technical support to disaster authority; (b) carrying out activities to support service delivery, including construction of schools, rehabilitation and life management aid to persons with disabilities, support to gender mainstreaming, implementation of water supply and sanitation policies and improvement of water resource management, improvement of incentives for female teachers and students, and support to social safety net initiatives; (c) technical assistance and implementation support, including environmental and social management support, financial and



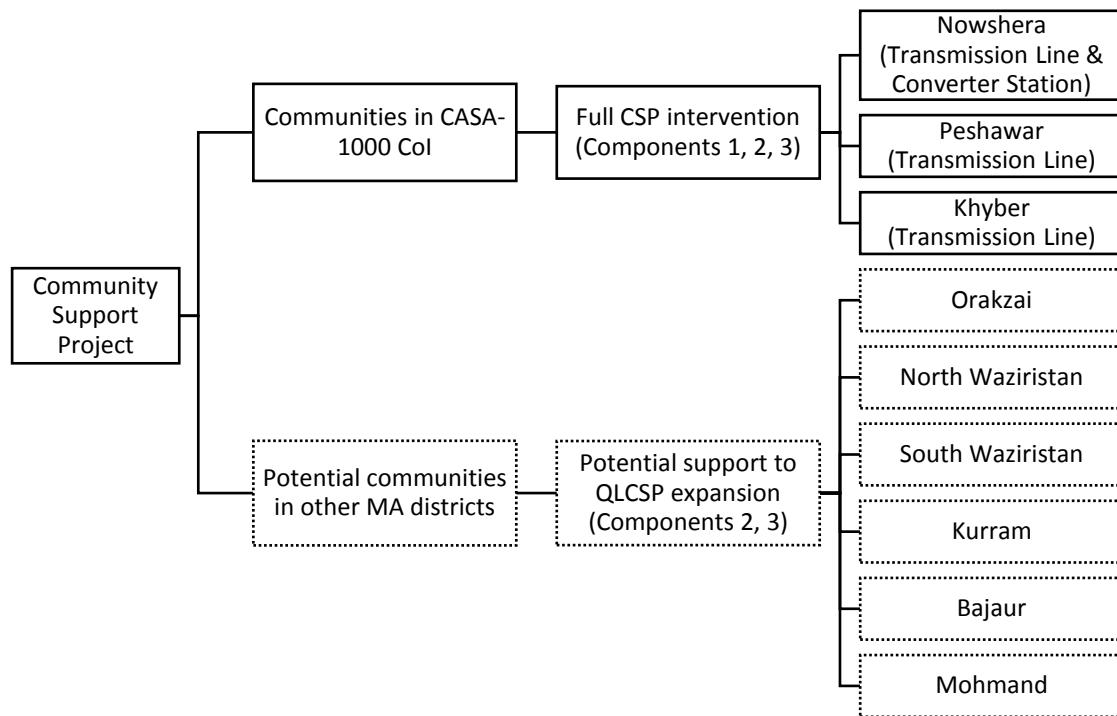
revenue management, communication campaign, and capacity building for implementing agencies and relevant government agencies; and (d) community support programs.

39. This component has been added to the Project for potentially providing immediate response to an Eligible Crisis or Emergency, should there be a need for emergency response during the Project implementation period. With the spread of the COVID-19 outbreak and its potential impact on communities, and because the northwestern region is susceptible to other natural events, this component may be triggered in the future.

C. Project Beneficiaries

40. **The CSP beneficiaries are residents of the communities located within a four-kilometer-wide Col along the route of the CASA-1000 transmission line.** The CASA-1000 transmission line will pass through approximately 100 km of territory across Khyber District (MA) and Peshawar Subdivision (KP), before connecting to a grid station near Nowshera (KP). The Project will target every community inside the Col. According to spatial analysis using satellite imagery, the CASA-1000 Col includes approximately 120 communities with a total population of 600,000 people. The communities differ in their geographical characteristics, ranging from barren mountainous areas in Khyber to well-connected peri-urban segments around Peshawar.
41. **The Project may support activities in communities or districts adjoining the Col to support the GoKP's objective to expand the QLCSP.** This support is subject to the availability of additional resources and contingent on criteria to be specified in the Operations Manual. The Project's potential coverage of additional districts in the MA will be determined during the first year of implementation (see Figure 2).

Figure 2. Typology of CSP communities



Note: The Project will be rolled out in the CASA-1000 Col. Other communities in the additional MA districts that fall outside the CASA-1000 Col but may be supported to expand the CDD approach across the MA will be identified during the first year of implementation (subject to availability of resources and criteria identified in the Operations Manual).

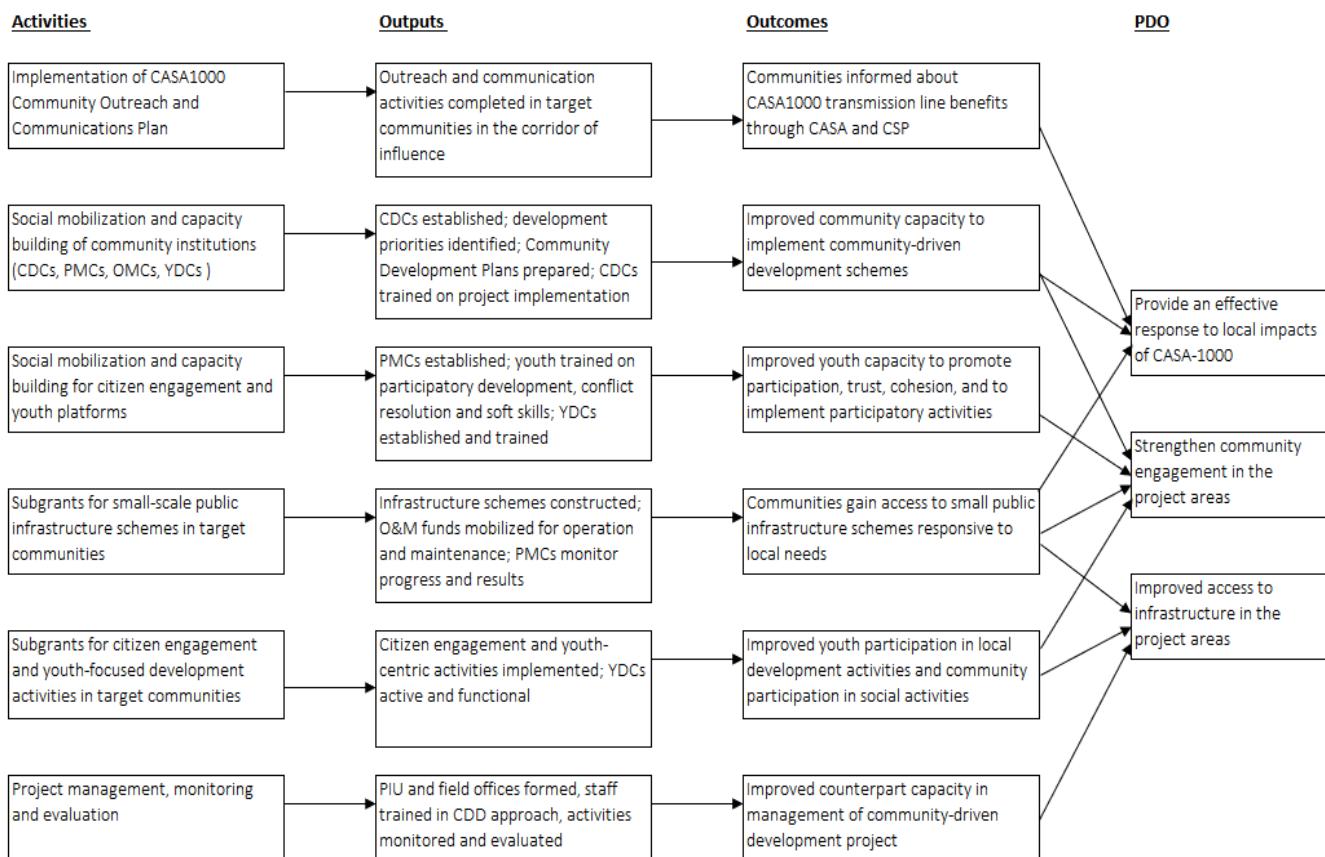
D. Results Chain

42. **The Project's results chain and theory of change focus on three objectives:** (i) increased access to local infrastructure schemes that are responsive to local needs; (ii) strengthened community engagement in local development activities; and (iii) provision of an effective response to local impacts of the CASA-1000 transmission line. On one hand, the Project will support overarching CASA-1000 objectives, with the CSP serving as an innovative benefit-sharing scheme to provide a response to the local impacts of the transmission line, and to create a supportive environment for CASA-1000 construction. On the other hand, through local infrastructure schemes and social activities, the Project will address local development needs, promote community engagement, and support participatory decision-making for communities to take ownership of local development in their areas. The citizen engagement and youth inclusion activities are expected to promote community participation, trust, and social cohesion at the community level, as well as give the youth improved roles and voice in community affairs. The detailed results chain is presented in Figure 4 with links to the Project's results indicators and PDO.²⁰

²⁰ Trust and cohesion outcomes are not directly reflected in the PDO because of sensitivities pertaining to the ongoing reform process in KP and MA.



Figure 4. Theory of Change



Note: The theory of change assumes that communities will be willing to engage with the Project; communities' decision-making authority will not be stifled by public authorities; high-capacity SMPs will be available and willing to operate in project areas; and funds to community institutions are managed efficiently and transparently and released in a timely manner.

E. Rationale for Bank Involvement and Role of Partners

43. **The World Bank is a development partner in the CASA-1000 project across Kyrgyz Republic, Tajikistan, Afghanistan, and Pakistan, and is therefore well placed to support GoP and GoKP in implementing the CSP.** In addition to providing infrastructure schemes that are responsive to local needs, the CSP's social mobilization and capacity-building activities will leverage the Bank's global experience and invest in local capacity for the CDD approach, providing a platform for future partners to support participatory local development in this crisis-affected region—including GoKP's own plan to scale up the CSP under the banner of QLCSP.



44. **In a complex project implementation environment, the World Bank is well-positioned to promote local service delivery in collaboration with other partners.** The Bank's approach to working through government systems and procedures, particularly the newly formed institutions in the MA, will build government capacity and promote the sustainability of the CDD approach. The Bank is already engaged in the KP and MA through other on-going projects supported by Multi-Donor Trust Fund (MDTF) for KP/FATA/Baluchistan and can leverage the support of the donors participating in MDTF. In addition, the World Bank will partner with several agencies, including the CASA-1000 partners, Department for International Development, and United States Agency for International Development, which are contributing co-funding in the amount of US\$2.0 million through the CASA-1000 Multi-Donor Trust Fund.

F. Lessons Learned and Reflected in the Project Design

45. **The CSP builds on extensive World Bank experience in CDD.** Global experience shows that CDD operations are effective in reaching large areas quickly, reducing the unit costs of infrastructure investments, and matching development resources with the locally defined needs of communities. CDD projects investing in public goods respond to local needs, promote the inclusion of poor and marginalized groups, including women and youth, and build local ownership by benefiting a wide group of beneficiaries at the community level.²¹ By transferring decision-making to communities, CDD projects reach post-crisis contexts quickly. The unit costs of investments are typically lower because of lower contractor overhead and community contributions of labor and materials.²² Local decision-making and direct oversight by local communities mitigate conflict and strengthen state legitimacy in conflict-affected areas, especially if the schemes are supplemented with measures to promote citizen engagement.²³
46. **Lessons from previous community-based projects in crisis-affected contexts in Pakistan and South Asia have informed the Project design and implementation arrangements.**²⁴ This Project's focus on the provision of public goods, without complementary livelihoods interventions, is grounded in GoKP's demand to refrain from distributing private benefits in the Project areas to mitigate the possibility of conflict and avoid implementation challenges that arose in previous livelihoods projects in KP and FATA.²⁵ Given the challenging implementation context, in terms of both local capacity and security, this Project will not support complex forms of livelihoods support that would entail individual- or household-level targeting, matching grants, asset transfer, or similar mechanisms.

²¹ What Have Been the Impacts of World Bank CDD Programs? Washington, D.C.: World Bank, 2013. Print. Social Development Notes.

²² Studies show that infrastructure and public works are built at lower costs than in other forms of service delivery; studies from the Philippines, Indonesia, Nepal, Burkina Faso, and Malawi demonstrate 15 to 40 percent lower costs, depending on the type of investments.

²³ Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict. United Nations and World Bank, 2018. Washington, DC. Print; World Development Report 2011: Conflict, Security, and Development. Washington, DC: World Bank.

²⁴ In Pakistan, previous projects that informed the design of the CSP include the KP Community Infrastructure Project; Pakistan Poverty Alleviation Fund; the Community Infrastructure and Services Project in Azad Jammu and Kashmir; FATA Rural Livelihoods and Community Infrastructure Project (RLCIP); and KP Southern Areas Development Project (SADP).

²⁵ For example, the assessment of the FATA RLCIP has shown that upstream diagnosis of skills and market constraints is an important prerequisite for designing successful skill training interventions that are market driven. The potential of RLCIP in creating job opportunities for community members, and particularly youth, was constrained by limited information on labor market needs.



III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

47. **The SDU, P&DD in GoKP will be responsible for project implementation.** The agency will establish a PMU with two field offices or PIUs: (i) Peshawar and Nowshera (overseeing project activities in the KP section of the COI); and (ii) Khyber District (overseeing project activities in the MA section of the COI). As needed, a third location of PIU may be set up in the MA, once the QLCSP support and expansion is determined during project implementation.
48. **The PMU will be responsible for planning, implementation, coordination, monitoring, and reporting of all project activities, as well as fiduciary management tasks, including procurement and financial management of project components.** The PMU will be equipped with technology needed to facilitate home-based work as needed due to restrictions created by COVID-19. The PMU will report to the Project Steering Committee (PSC), which will be chaired by the Additional Chief Secretary of KP. The PSC will serve as an oversight and decision-making authority with the participation of key administrative departments involved in the Project, including the Finance and Planning and Development Departments of GoKP. It will be responsible for the Project's overall strategic direction, approval of annual work plans, progress reviews, and other main decisions. The head of the PMU will coordinate activities with the Environment and Social Impact Cell in NTDC, the implementing agency for the CASA-1000 Electricity Transmission and Trade Project.
49. **The PMU will oversee the PIU field offices, which will work in close coordination with the District Commissioners.** Project funds will be disbursed by the PMU to the designated accounts of the CDCs and, on an exceptional basis, directly to contracting partners after the Bank's approval. The PMU, through the PIUs and other channels, will liaise with stakeholders at the provincial and district levels to ensure the smooth implementation of project activities. The District Development Committee (DDC), chaired by the Deputy Commissioner (DC), will review and approve the infrastructure schemes financed by the Project, whilst supporting the PIU during their implementation. The M&E Specialist of the PMU will coordinate monitoring arrangements with the PIU staff and the Monitoring Directorate of the SDU and P&DD, GoKP, and will also lead the external third-party M&E activities.

B. Results Monitoring and Evaluation Arrangements

50. **The PMU will carry out regular supervision of the Project's activities and prepare quarterly reports to be shared with the KP's Directorate of Monitoring and Evaluation, the PSC, the World Bank, and other stakeholders.** The PMU staff will include a dedicated focal point for M&E and a small team for regular field monitoring and report preparation. Additionally, the district-level field offices (PIUs) will each have focal points for M&E to collect information, prepare district-level updates, and facilitate preparation of the Project's quarterly reports. The World Bank will organize annual reviews to evaluate implementation progress against the annual work plans approved by the PSC. These annual reviews will be held with project staff from the PMU and PIUs and field staff of involved line directorates.
51. **Participatory, technology-based or other third-party monitoring arrangements will be used to monitor the Project's activities in areas where World Bank task team cannot visit due to the security situation or the COVID-19 pandemic.** The third-party monitors will work with the communities, local administration, project staff, line



directories, and other stakeholders for independent assessment of the Project's performance. These monitors will collect information on quality assurance and verification of the reported progress. As necessary, the Project will make use of such technology-based monitoring tools as Global Positioning System (GPS)-enabled devices for georeferencing and physical verification of project interventions. The Project will involve local communities and beneficiaries in monitoring project performance. Periodic social audits, community scorecards, and beneficiary surveys will be used for this purpose. Additionally, the Project will have a Grievance Redress Mechanism (GRM) and will involve the youth in monitoring activities through the PMCs.

52. **A series of project studies will be commissioned by the PMU.** The topics of these studies may include the impact of CASA-1000 transmission line and CSP investments, the quality of infrastructure investments provided under the Project, and the impact of participatory community-based service delivery on social outcomes such as participation of women and youth in local development. Finally, the Project will have a comprehensive communications strategy that will be included in the Operations Manual.

C. Sustainability

53. **At the project level, investments financed by the Project will be implemented in close coordination with the line ministries (through the DDC forum and the DCO) and will become a part of public records to promote long-term sustainability.** This will establish a link between the Project communities and government agencies and promote the long-term maintenance of the schemes. In addition, the Project will create OMCs to facilitate communities' operating and maintaining infrastructure investments. The SMPs will continue to support the CDCs and other community institutions established by the Project—namely PMCs and OMCs—for six months after the completion of the infrastructure schemes. They will assist the transformation of these institutions into transparent, participatory local development organizations that can make decisions and implement other aspects of their CDPs. The CDCs will be linked with other government agencies and donors working in their area for funding or additional schemes.

54. **At the policy level, the Project's approach will be sustained through ongoing efforts to address infrastructure deficits and promote local development in the MA.** The GoKP has identified last-mile service delivery through CDD as a priority under the TDS, a comprehensive 10-year plan adopted after the merger to accelerate local development in the MA. As part of this initiative, GoKP is planning to roll out a flagship CDD project, QLCSP, across the MA under the auspices of the same agency that will implement the CSP. The CSP is considered as the precursor to the QLCSP, and the project institutions established in the CASA-1000 Col communities and the institutional architecture and technical capacity developed through the CSP, will be sustained and scaled up under the QLCSP.

(i) Climate Change

55. **The Project will mitigate any climate-induced events that may pose risks to people or infrastructure during the implementation period.** The region faces an increased number of glacial lake outburst floods because of increased temperatures and intense precipitation. The Project will ensure that the design and construction of the physical infrastructure will include appropriate elements to mitigate the impacts of extreme meteorological and geophysical risks. Project activities will sensitize the implementing agencies to the risks posed by climate change through training and awareness activities. The Project sites will be screened for climate risk, and risk mitigation measures will be included in the design and feasibility studies.



IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic, and Financial Analysis

56. **CDD operations are effective at improving public infrastructure and access to services, and also have positive economic rates of return, especially compared to similar projects managed directly by higher-level government agencies.**²⁶ Given the demand-driven nature of the Project design, it is not possible to determine ex-ante what types of subprojects will be funded, or what their returns will be. However, previous projects provide strong evidence on the effectiveness of the CDD approach. For example, the Citizens Charter Afghanistan Project, building on the National Solidarity Project (NSP), has leveraged the CDD approach to reach 8 million beneficiaries through 5,000 subprojects, achieving high participation in local development council elections (77 percent) and inclusion of women (78 percent) and persons with disabilities (83 percent).²⁷ Previous evidence also suggests that in border areas and zones of low population density, delivering services can be expensive, and identifying economic investments with positive rates of return can be a challenge.
57. **Economic analyses of CDD projects in South Asia indicate that economic internal rates of return (EIRR) for rural infrastructure range from an average of 18 percent to 53 percent.** In Pakistan, two evaluations conducted for the Aga Khan Rural Support Project, which look at 132 infrastructure projects from 99 rural communities in northern Pakistan, show that regardless of project type, complexity, or physical conditions, infrastructure projects were better maintained in CDD projects than in non-CDD projects implemented by the local government.²⁸ Similarly, the EIRR for Afghanistan's National Solidarity Program (NSP-II) was estimated to be 18 percent. In the Project's next phase, the EIRRs for NSP-III's irrigation subprojects averaged 22 percent, and those for energy and transport subprojects averaged 18 percent. The NSP-III led to a range of improved outcomes for beneficiaries, including improved crop productivity, additional employment opportunities, and reduced social conflict in water sharing.²⁹ Compared to other development programs implemented by line ministries, Afghanistan's NSP had a higher efficiency rate of 71 percent for various investments, of which energy-specific investments (including micro-hydropower units and connection to mainline power services) had an even higher efficiency rate of 94 percent.³⁰ These cost savings are attributable to eliminating contractor overheads.
58. **The Project is expected to be associated with other economic and social benefits too.** These include time savings (e.g., for fuel and water collection, accessing infrastructure, travel time to markets); improved community capability to prioritize, plan, and implement local projects; improved capacity of local councils for local-level development planning, project implementation, financial management, and procurement; and lower costs of maintenance and repair of assets. Where feasible, energy-related investments will also contribute to climate change mitigation and adaptation measures, as well as improved resilience to natural disasters. The impacts of the outreach and

²⁶ See World Bank, 2018. Pathways to Peace.

²⁷ NSP's impact evaluation found increased school attendance, higher quality of girls' education, increased use of protected water sources, reduction in the time households spent collecting water, and increased electricity usage, as well as improved access to education, healthcare, and counseling services for women.

²⁸ Khwaja, A., 2009. Can good projects succeed in bad communities? *Journal of Public Economics*, 93.

²⁹ Afghanistan Third Emergency National Solidarity Project (P117103), Emergency Project Paper, June 10, 2010.

³⁰ Islamic Republic of Afghanistan Third Emergency National Solidarity Project (P117103). Emergency Project Paper. June 10, 2010.



communications activities are difficult to quantify; they aim to mitigate social risks and any potential financial loss from delays in the construction of the transmission line—activities that are essential for engaging with communities affected by the CASA-1000 project and addressing grievances pertaining to project activities.³¹

B. Fiduciary**(i) Financial Management**

59. **The FM assessment, which was conducted to ensure that sound FM arrangements are in place and the funds are used for the intended purpose, found the FM risk to be Substantial.** The FM arrangements will be carried out by the PMU. The Project will maintain one Designated Account and will make payments to communities for goods and services they acquire. If no bank accounts are available, and for projects that are larger or involve complex contracts, the PMU will make direct payments to vendors or service providers after following the verification protocol laid out in the Operational Manual (See Annex 1).

(ii) Procurement

60. **The contracts to be financed under the Project will be procured using the World Bank's Procurement Regulations for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services, dated July 1, 2016 (revised in November 2017 and August 2018).** The Bank will prior-review procurements as agreed in the Project procurement plan. A sample of procurements will be post-reviewed annually. The World Bank's online Systematic Tracking of Exchanges in Procurement (STEP) system will be used to manage the record of procurements financed by the Project, except for the CDD procurements that will be managed by the communities. For the latter, the communities will manage the agreed procurements in accordance with simplified procedures as contained in the Operational Manual. The outline of a procurement plan corresponding to various project components is presented in Annex 1. The procurement plan will be updated at least twice yearly, during the Project implementation support missions, but it may be updated whenever the need arises. A Project Procurement Strategy for Development (PPSD) is being prepared by the implementing agency, considering procurements during the first 18 months of implementation, and will be updated once the implementation begins.
61. **Project implementation support staff will be recruited in accordance with paragraph 7.32 of the World Bank Procurement Regulations.** The staff contracted in their individual capacity by the borrower to support project implementation will be selected in accordance with the approved selection method for Individual Consultants as defined under the World Bank Procurement Regulations. All positions to be financed through the Incremental Operating Cost are to be discussed with the Bank and agreed before the recruitment process begins. The Project will be subject to the World Bank's Anticorruption Guidelines, dated October 15, 2006, revised in January 2011, and as of July 1, 2016.

³¹ World Bank, 2018. Operationalizing the Pathways for Peace Study in Community-Driven Development Operations: Guidance Note.



C. Safeguards

62. **The impact assessment of the project concluded that most of the potential impacts associated with the subprojects financed by the Project will be temporary, localized in nature, with low to moderate severity, and largely reversible.** Further, with the help of appropriate mitigation and control measures, either most of these potential impacts will be avoided altogether, or their likelihood of occurrence and severity will be reduced, thus making these schemes environmentally responsible and socially acceptable. Adequate institutional arrangements and trainings for capacity building and budget have been proposed in the Environmental and Social Management Framework (ESMF) for smooth implementation of the Project with respect to safeguards. Considering all this, the Project is categorized as Category B with Moderate Risk.

(i) Environmental Safeguards

63. **The Project activities under Component 3 will provide subgrants to local development authorities for small infrastructure schemes, which will have moderate to low environmental risks associated with them during their construction and operation.** These schemes include (i) rehabilitation of damaged infrastructure; (ii) construction of new infrastructure; and (iii) O&M of the rehabilitated/constructed infrastructure. The environmental risks may include generation of dust, affecting air quality; noise; water contamination; and generation of solid waste and wastewater, mainly during the construction phase. Because of the sensitive location of the Project area, safety and security risks need to be considered during any subproject activities.

64. **The World Bank's Operational Policy (OP) 4.01, *Environmental Assessment*, has been triggered, requiring detailed environmental and social assessment of the Project.** As the exact nature and location of the subprojects is not known at this stage, an ESMF has been prepared for the Project, which includes a subproject screening procedure.³² If the screening of a subproject indicates that there will likely be significant irreversible adverse impacts, the subproject will not be financed under the Project. If the screening process concludes that the subproject will cost more than US\$30,000³³ or is complex in nature and likely to have a low to moderate level of negative environmental and social impacts, then an Environmental and Social Management Plan (ESMP) needs to be prepared before work on the subproject begins. Otherwise, the environment and social screening checklist will suffice for the subproject schemes.

65. **It is expected that the subprojects proposed under the Project will be located in areas where the natural habitat has already been significantly modified, as a result of cultivation and associated activities.** However, as the nature and location of the Project interventions are not finalized at this stage, OP 4.04, *Natural Habitats*, is triggered for subproject interventions that may have potential impacts on the natural habitat. The environment and social screening checklist includes the criteria for impacts on natural habitats. If subprojects are likely to have any impacts on the natural habitat, the ESMP will include the assessment and detailed mitigation and monitoring plan to offset the impacts.

³² The ESMF is publicly available on the P&DD website:

<http://pnd.kp.gov.pk/page/qabailedcommunitysupportproject/csp>

³³ The cost ceiling has been assessed based on the expected average cost per scheme. The cost may be reassessed during project implementation and development of the project's Operations Manual.



66. The other project components (Components 1, 2, and 4) are focused on community outreach, social mobilization, and capacity-building activities, which are not likely to have any negative environmental impacts.

(ii) Social Safeguards

67. **OP 4.12, *Involuntary Resettlement*, applies to the Project, and a Resettlement Policy Framework has been prepared as part of the ESMF.** The Resettlement Policy Framework will guide the preparation of any Resettlement Action Plans that need to be prepared for subprojects. All identified and selected subprojects will be subject to environmental and social (including resettlement) impact screening. Detailed procedures for these screenings will be included in the Project's Operations Manual.
68. **Publicly owned land will be used to the extent possible for subprojects. Where publicly owned land is not available, the voluntary land donation (VLD) or willing buyer-willing seller (WB-WS) approach will be used.** Land donation is practiced in projects where communities agree to voluntarily provide land so the whole community benefits, provided the land donation is minor (less than 10 percent of the landowner's total land), and has no livelihood or resettlement impacts. A VLD approach offers landowners the choice to say "No" to land donation. The SMPs will ensure that land donation is truly voluntary in nature and has been undertaken following a process of informed decision-making. The WB-WS approach describes the process for purchase or lease of property at a price voluntarily agreed to by the future user and present owner, without explicit threat of state expropriation as an alternative means of acquisition. When a WB-WS approach is used, the acquisition is considered as a voluntary sale at market price. Records of all consultations and agreements will be maintained. The requirements of the VLD and WB-WS processes will be included in the Operations Manual.
69. **During the preparation of the Project, extensive and wide-reaching consultations were held with identified stakeholders, providing sufficient basis for the ESMF.** A Communication Strategy for the Project will guide consultations and citizen engagement during the project implementation phase.

D. Gender

70. **Analysis:** The Project areas reflect large gender disparities in access to assets, endowments, voice, and agency, and the post-crisis infrastructure conditions have further limited women's and girls' access to facilities.³⁴ The prevailing norms often restrict women to the home or gender-segregated spaces, without equal opportunities to contribute to decisions that affect their lives or their communities.³⁵ It is not a norm for women to directly participate and express their views in community meetings, much less exhibit leadership in mixed-gender groups. Women also do not have the same access to skills, leadership opportunities, or social capital as men in their communities.
71. **Action:** Given this background, it is difficult to set targets for women's participation in the Project. However, the Project will address some of these gaps through the following: (i) aim to change attitudes among men and women about women's active and meaningful participation in community decision-making; (ii) promote women's voice and

³⁴ International Crisis Group, 2018. Shaping a New Peace in Pakistan's Tribal Areas. Briefing 150 / Asia 20 August 2018.

³⁵ Income opportunities for women are limited to unpaid or small-scale subsistence activities in the household. In FATA, labor force participation for females is 5.9 percent compared to 38.6 percent for males. In KP, the labor force participation rate of women has declined to 11 percent in 2017 (compared to 14 percent in 2014) while for males the rate has remained around 60 percent.



agency in community decisions and infrastructure design; and (iii) provide women with the skills, tools, and resources to participate and take up leadership roles in groups. Specifically:

- (a) *Sensitization about gender norms and women's role:* Mass communications outreach and social mobilization campaigns will encourage both women and men (with a focus on engaging men in households) to promote women's participation in the CDCs, which are responsible for implementing and managing the infrastructure subprojects. The engagement will be designed to enable communities to see the benefits of including women's voices in the CDCs for the benefit of women, children, and men.
 - (b) *Female membership quota for CDCs:* Institute a 20 percent quota for women in the CDCs, as stipulated in the Operations Manual, to facilitate women's participation in community decision-making. Moving beyond participation, CDCs will be required to demonstrate that women's voices were considered in decisions, and this will hold weight when finalizing community infrastructure schemes to be supported by the Project.
 - (c) *Enhancing the capacity of women in the CDCs:* To promote women's attendance and quality of participation and to prevent elite male capture, SMPs will be sensitized to the local gender norms and CDD practices to engage with women.³⁶ The SMPs will implement modules that train women in soft skills, such as effective public communication, strategies to organize themselves into groups, and working with local leadership or organizations that represent the interests of women.
72. **Outcomes:** The Project will monitor the following outcomes: (i) share of women beneficiaries of the Project; (ii) share of women beneficiaries who report that their engagement in decision-making over project investments is effective; and (iii) share of subprojects that address the specific needs of women (health clinics, electricity access, etc.). Also, the Project will hire women for the PMU to meet the quota of 10 percent female public staff mandated by GoP.

E. Citizen Engagement and Grievance Redress

73. **The CSP will support robust citizen engagement and GRMs to build trust in and oversight of local institutions with the participation of the targeted communities.** As discussed under Component 2.2, under the Project social audits will be conducted twice a year with the participation of the PMU and relevant line ministries to report back to the communities on the progress, challenges, and fiduciary status of the Project. In addition, the communities will conduct semiannual community scorecards to provide feedback and action plans on project implementation. The Project will also establish a robust GRM to address grievances, comments, and feedback about the Project. The GRM will specify the systems and requirements for grievance redress, from uptake, sorting and processing, and acknowledgement and follow-up, to verification and action, and M&E.
74. **Communities and individuals that believe that they are adversely affected by a project supported by the World Bank (WB) may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service, which ensures that complaints received are promptly reviewed and project-related concerns are addressed.** Project-affected communities and individuals may submit a complaint to the WB's independent Inspection Panel, which determines whether harm occurred, or could occur, as a result of the WB's noncompliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the WB's attention and Bank Management has been given an opportunity to respond. For information

³⁶ GSDRC, 2014. Gender in community-driven development.



on how to submit complaints to the World Bank's corporate Grievance Redress Service, please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

V. KEY RISKS

75. **The CSP is rated as a High-Risk project.** The Operational Risk Assessment Framework analyzes major risks and outlines the mitigation measures. The Systematic Operational Risk Rating Tool (SORT) has been used and adequate mitigation measures have been incorporated in the Project design and implementation arrangements. The risks that were rated as High or Substantial are discussed below.
76. **Political and Governance Risks (High):** Political and governance risks related to the prevailing political situation and the merger of erstwhile FATA with KP are high. Although the region is relatively stable compared to several years ago, many consider the merger to be incomplete. The extension of the judicial oversight has created expectations for improved service delivery as the customary system of justice gives way to provincial and federal laws. These factors fall outside the Project's scope, but the Project will use participatory approaches to identify priority needs and prioritize "quick gains" by ensuring rapid delivery of public services. In addition, grievance redress and social accountability measures will ensure that grievances are heard and responded to in a timely manner, as well as incorporated in project implementation.
77. **Sector Strategies and Policies (Substantial):** Strategies and policies pertaining to local development through CDD are not advanced in KP. Several community-based interventions were implemented in recent years, though many of them had highly decentralized implementation mechanisms and produced mixed results. The lack of a clear institutional anchor for CDD are expected to be mitigated through recent developments in the post-merger context that suggest increased focus on local development in the coming years, including the adoption of the Tribal Development Strategy (TDS) in 2019.
78. **Technical Design of Project (Substantial):** The Project design is complex since it involves a wide range of social activities and involves community participation in the planning, implementation, maintenance and operation of local infrastructure schemes. Global evidence from CDD operations indicates that the risks associated with this decentralized implementation modality can be mitigated effectively. To manage the risk of low local capacity for participation in social mobilization activities and in procurement and financial management, training will be provided as part of the social mobilization process and through representative community institutions. It is unlikely that World Bank staff will be able to visit the Project sites, so the risk of insufficient supervision will be mitigated through third-party and geospatial monitoring mechanisms, as well as through the adoption of a High-Risk Area Implementation Strategy.
79. **Institutional Capacity for Implementation and Sustainability (High):** Both the communities in the Project areas, as well as the government agencies involved in project implementation, have limited experience with the social mobilization process and CDD interventions. To mitigate this risk, the Project will require the PMU to work closely



with SMPs that have significant experience in this area. The latter will help develop institutional capacity in the government to be able to implement the scaled-up QLCSP. In addition, several collaboration platforms will be established to involve and train provincial agencies in the CDD approach, ranging from the field-level entity DDC to the multi-sectoral project oversight committee PSC. Finally, lessons emerging from previous CDD projects in KP question the sustainability of project investments in the absence of community contribution or extended support from the government; therefore, the CSP will require communities to contribute in kind or in cash to promote sustainability of infrastructure schemes.³⁷ To promote sustainability of the CDD approach, GoKP is expected to scale up the Project via the QLCSP and expand coverage to other districts of the MA over time. Finally, the Project duration will be just over two years because the main funding source, Pakistan Multi-Donor Trust Fund, will close in June 2022, even if the provincial government's own plans for the QLCSP will cover a longer period. The short project duration may not be enough to fully deliver against the Project results.

80. **Fiduciary (Substantial):** The financial management and procurement assessments of the implementing agency show that the fiduciary processes can cause noticeable delays in procuring goods and services, and financial management arrangements can be subject to inherent and control risks. To mitigate the procurement risks, the Operations Manual will spell out the operational procurement procedures for communities, a plan for adequate training, and targeted procurement performance standards. The financial management risks such as lack of experience with the required rules and procedures will be managed through integration of project FM arrangements with country systems, a clear set of procedures for PMU and community payments in the Operations Manual, periodic review of standard operating procedures for payments and annual financial workplans, and hands-on support by the World Bank..
81. **Stakeholders (Substantial):** The stakeholders risk is Substantial since the Project will engage with diverse community members, SMPs and multiple government agencies in a post-merger transition context. The Project will be implemented in a region where residents view external agencies with skepticism. To manage this risk, a Community Outreach and Communications Strategy will be adopted and ensure effective two-way communication of project interventions and associated benefits with the communities and other stakeholders. To mitigate the risk of stakeholders viewing the community selection process or targeting criteria as non-transparent, clear distribution criteria will be communicated and applied. Dominant community members try to exercise control over distribution of funds for their own gain. Social accountability measures and grievance redress mechanism will be put in place to ensure that the principle of accountability is upheld. Finally, CSP will mitigate the risk of elite capture through involvement of the local population in the CDCs, improved community mobilization and planning processes, capacity building through trainings, communication and information campaigns, and regular monitoring of social indicators.

³⁷ In kind contribution to the project may include community labor for civil works.

**VI. RESULTS FRAMEWORK AND MONITORING****Results Framework****COUNTRY:** Pakistan**Pakistan Community Support Project (CASA-1000)****Project Development Objectives(s)**

The Project Development Objective (PDO) is to improve access to local infrastructure and strengthen community engagement in the project areas.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	End Target
Improve access to local infrastructure and strengthen community engagement in the project areas			
Number of households benefiting from community infrastructure schemes (Number)	0.00		20,000.00
Percentage of households that report that community infrastructure schemes met their needs (Percentage)	0.00		75.00
Number of community members participating in citizen engagement activities (Number)	0.00		50,000.00
Percentage of households in the CASA-1000 Corridor of Influence that report that CSP is an effective response to local impacts of the CASA-1000 Transmission Line (Number)	0.00		75.00

**Intermediate Results Indicators by Components**

Indicator Name	PBC	Baseline	End Target
Community Outreach and Communications for CASA-1000			
Number of community outreach and communications activities completed (Number)		0.00	100.00
Percentage of households in CASA1000 communities who are aware of the CASA-1000 project (Percentage)		0.00	100.00
Number of grievances registered about CASA-1000 project (Number)		0.00	50.00
of which addressed with the stipulated timeframe (Percentage)		0.00	100.00
Community Mobilization and Capacity Building			
Number of community-based organizations formed by the project (Number)		0.00	200.00
Percentage of community members participating in the planning, decision-making or monitoring schemes (Percentage)		0.00	50.00
of which women (Percentage)		0.00	20.00
of which youth (Percentage)		0.00	20.00



Indicator Name	PBC	Baseline	End Target
Number of trainings conducted by the project (Number)	0.00		300.00
Average number of community members participating in CDC meetings (Number)	0.00		50.00
Number of meetings conducted between CDCs and village/neighborhood councils (Number)	0.00		100.00
Percentage of community members satisfied with the performance of CDCs (Percentage)	0.00		75.00
Percentage of community members who report increased voice in local decision-making due to the project (Percentage)	0.00		60.00
of which women (Percentage)	0.00		30.00
of which youth (Percentage)	0.00		30.00
Number of sub-grants utilized by YDCs for local development activities (Number)	0.00		75.00
Community Investments in Small Infrastructure Schemes			
Number of community infrastructure schemes completed by the project (Number)	0.00		200.00
Percentage of community infrastructure schemes completed which are operated and managed by local communities (Percentage)	0.00		80.00



Indicator Name	PBC	Baseline	End Target
Number of community infrastructure projects completed that are consistent with local development priorities (Number)	0.00		150.00
Average amount of community contribution to the project (Amount(USD))	0.00		200.00
Project Management, Implementation, and Monitoring and Evaluation			
Number of evaluations and studies completed by PMU (Number)	0.00		5.00
Percentage of women in project staff roles in the project implementation (Percentage)	0.00		20.00
Percentage of CDCs that have conducted scorecard and social audit meetings (Percentage)	0.00		100.00
Percentage of project communities where community monitoring is contributing to project M&E (Percentage)	0.00		100.00
Number of project staff or consultants trained (Number)	0.00		50.00
Number of grievances registered about CSP activities (Number)	0.00		50.00
of which addressed with the stipulated timeframe (Percentage)	0.00		100.00



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of households benefiting from community infrastructure schemes	Number of beneficiaries benefiting from community infrastructure schemes, defined as people living in the project communities, dis-aggregated by gender, age and infrastructure scheme financed by the project	Bi-annual	Project Monitoring Survey	On-field surveys and technology-enabled tools	PMU
Percentage of households that report that community infrastructure schemes met their needs	Percentage of population living in project communities who report that the project schemes has met their needs, dis-aggregated by gender and age group	Bi-annual	Project Monitoring Survey	On-field surveys and/or technology-enabled tools	PMU
Number of community members participating in citizen engagement activities	Number of community members who participate in any of the citizen engagement activities carried out by the project (community meetings, participatory exercises, trainings, councils, etc.)	Bi-annual	Project Monitoring Survey	On-field survey and/or technology-enabled tools	PMU



Percentage of households in the CASA-1000 Corridor of Influence that report that CSP is an effective response to local impacts of the CASA-1000 Transmission Line	Percentage of population in communities affected by the project who express support to the CASA-1000 transmission line	Bi-annual	Project Monitoring Survey	On-field survey and/or technology-enabled tools	PMU
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Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of community outreach and communications activities completed	Number of community outreach and communications activities completed	Bi-annual	SMPs, PMU administrative data and Project Monitoring Survey	Administrative records, on-field survey and/or technology-enabled tools	SMPs and PMU
Percentage of households in CASA1000 communities who are aware of the CASA-1000 project	Percentage of population in CASA1000 communities who are aware of the CASA-1000 project	Bi-annual	Project Monitoring Survey	On-field survey and/or technology-enabled tools	PMU
Number of grievances registered about CASA-1000 project of which addressed with the stipulated timeframe	Number of grievances raised about CASA-1000 project	Bi-annual	Project Grievance Redress Mechanism	TBD	PMU and third-party monitoring agency



Number of community-based organizations formed by the project	Number of community-based organizations formed by the project that plan and manage development projects, dis-aggregated by the type of organization (CDCs, OMCS, PMCs, YDCs)	Bi-annual	SMPs, PMU administrative data and Project Monitoring Survey	Administrative records, on-field survey and/or technology-based tools	PMU
Percentage of community members participating in the planning, decision-making or monitoring schemes	Percentage of beneficiaries who participate in planning, decision-making, or monitoring subprojects, disaggregated by gender and age group	Bi-annual	Project Monitoring Survey	On-field survey and/or technology-enabled tools	PMU
of which women					
of which youth					
Number of trainings conducted by the project	Number of training events carried out by the project including those targeting women and youth	Bi-annual	SMPs and PMU administrative data	Surveys and administrative records	SMPs and PMU
Average number of community members participating in CDC meetings	Average number of participants in CDC meetings, dis-aggregated by gender and age group	Bi-annual	SMPs, PMU administrative data and Project Monitoring Survey	Administrative records, on-field survey and/or technology-enabled tools	SMPs and PMU
Number of meetings conducted between CDCs and village/neighborhood councils	Number of meetings conducted between CDCs	Bi-annual	SMP administrative records and	Administrative records and Project Monitoring Survey	SMPs and PMU



	and village/neighborhood councils		on-field surveys		
Percentage of community members satisfied with the performance of CDCs	Percentage of community respondents satisfied with the performance of CDCs	Bi-annual	Project Monitoring Survey	On-field survey and/or technology-enabled tools	PMU
Percentage of community members who report increased voice in local decision-making due to the project	Percentage of youth who report increased voice in local decision-making due to the project	Bi-annual	Project Monitoring Survey	On-field survey and/or technology-enabled tools	PMU
of which women					
of which youth					
Number of sub-grants utilized by YDCs for local development activities	Number of sub-grants utilized by YDCs for local development activities	Bi-annual	Administrative records and Project Monitoring Survey	Administrative records, on-field surveys or technology-enabled tools	SMPs and PMU
Number of community infrastructure schemes completed by the project	Number of community infrastructure schemes completed by the project within budget, on time, and with specified quality (dis-aggregated by type of infrastructure scheme)	Bi-annual	Project Monitoring Survey	On-field survey and/or technology-enabled tools	PMU
Percentage of community infrastructure schemes completed which are operated and managed by local communities	Percentage of community infrastructure schemes completed which are	Bi-annual	Project Monitoring Survey	On-field survey and/or technology-enabled tools	PMU



	operated and managed by local communities				
Number of community infrastructure projects completed that are consistent with local development priorities	Number of community infrastructure projects completed that are consistent with local development priorities as reflected in official public records and plans	Bi-annual	Project Monitoring Survey	On-field surveys and/or technology-enabled tools	PMU
Average amount of community contribution to the project	Average amount of community contribution to the project including the value in cash, labor, land, goods and services	Bi-annual	Project Monitoring Survey	On-field survey	PMU
Number of evaluations and studies completed by PMU	Number of evaluations or studies completed by PMU during project implementation	Bi-annual	Administrative records	PMU administrative records	PMU
Percentage of women in project staff roles in the project implementation	Percentage of project staff in the PMU and PIUs who are female	Bi-annual	PMU administrative records	PMU administrative records	PMU
Percentage of CDCs that have conducted scorecard and social audit meetings	Percentage of CDCs that have conducted scorecard and social audit meetings	Bi-annual	Project Monitoring Survey	On-field surveys and/or technology enabled tools	PMU
Percentage of project communities where community monitoring is contributing to project M&E	Percentage of project communities where community monitoring is directly contributing to project M&E through PMCs and other citizen	Bi-annual	Project Monitoring Survey	On-field survey and/or technology-enabled tools	PMU



	engagement activities (social audits, scorecards, etc.)				
Number of project staff or consultants trained	Number of project staff and affiliates trained in-class and on-the-job about project activities (participatory methods, citizen engagement, community-driven development, fiduciary activities)	Bi-annual	Administrative records	PMU administrative records	PMU
Number of grievances registered about CSP activities	Number of grievances registered about CSP activities0	Bi-annual	Project Grievance Redress Mechanism	Administrative records	PMU and third-party monitoring agency
of which addressed with the stipulated timeframe					

**ANNEX 1: Implementation Arrangements and Support Plan**

COUNTRY: Pakistan
Pakistan CASA1000 Community Support Project

1. The implementation arrangements and support plan are designed to address the specific challenges of each component and project implementation arrangements, as well as to provide additional technical guidance to operate in a challenging environment while meeting the World Bank's operational rules and regulations.

Implementation Arrangements

2. The Sustainable Development Unit (SDU), Planning & Development Department (P&DD), will establish a Project Management Unit (PMU) that will be responsible for project implementation and for coordination with involved line directorates of agriculture, livestock, and irrigation, and the works and services department. The Project Steering Committee (PSC), which will be led and chaired by the Additional Chief Secretary, KP, will comprise members from key administrative departments, including Finance, Establishment, P&DD, and any other co-opted members. The PSC will be responsible for the Project's overall strategic direction, approval of PC-1 and annual work plans, progress reviews, re-appropriation of funds, mid-course correction and other strategic decisions, and reconciliation of any differences about the agreed guidelines, strategy, and approach between the World Bank and GoKP.
3. The PMU will be led by the Project Director and will comprise the Deputy Project Director, technical sector specialist, and FM, M&E, and Procurement specialists. The Project head office, the PMU, will be established in SDU P&DD and will be responsible for consolidating and approving the annual work plan from the Provincial Development Working Party (PDWP) and the PSC; ensuring effective implementation through close coordination with the departments concerned; ensuring compliance to achieve the objectives as per the agreed guidelines; providing sectoral technical backstopping and real-time support to the Project implementation units (PIUs); presenting and consolidating progress reviews, as well as monthly/quarterly reporting to SDU, World Bank, and other concerned administrative departments; FM and M&E for all project operations; and interfacing with Civil Secretariat/SDU P&DD, donors, private sector, civil society organizations, and academia.
4. The PIUs will be established at the district level. The team, led by the District Manager/Officer, will comprise technical sector specialists, along with a finance officer, a procurement officer, and an M&E specialist. Each PIU will be responsible for data collection and assessments at the Tehsil, Union Council and village level; planning and implementation of the target groups according to the agreed indicators and criteria; social capital building, ensuring communities' participation in subproject prioritization, design, and implementation through a participatory approach; feasibility/environmental assessment of identified schemes; preparation of PC-1 and budgeting of the approved schemes; and real-time M&E, data compilation, and reporting to PMU/SDU and other offices.
5. The District Development Committee (DDC), led by the Deputy Commissioner (DC) will comprise of representatives from line departments (officials from the administrative departments concerned—Communication & Works, Irrigation, Public Health, Agriculture, etc.) and project technical staff. Project authorities will call on the DCC forum



when administrative approval is needed at field level. DDC will carry out a detailed review of proposed subprojects' technical feasibility and economic viability; avoid duplication of subprojects/schemes in the target area; provide technical and administrative support to Project implementation during execution of schemes (i.e., security and other engineering facilitation if required); and ensure that subprojects adhere to the Project guidelines agreed between the World Bank and GoKP.

6. The M&E activities will include the performance perspective (progress and process); the compliance perspective (agreed guidelines/timeline); the integrity and anticorruption perspective (transparency and accountability); making use of business intelligence tools (innovative/project-specific monitoring mechanisms, e.g., external monitoring, internal monitoring system, and SDU monitoring unit); enhancing quantitative measurement through the use of a comprehensive set of key performance indicators (KPIs); and the data warehousing facility, where data are archived (regular reporting, lessons learned, and mid-course corrections).

Financial Management Assessment

7. **Summary.** The Project Management Unit (PMU) will carry out FM arrangements centrally. The field activities of the Project will be carried out in Peshawar (for Peshawar and Nowshera) and Khyber regions (for Merged Areas) by two project implementation units (PIUs). Disbursements will be based on the six-monthly cash forecast provided in the biannual Interim Unaudited Financial Report (IUFR). The Project's financial statements will be audited by the Director General Audit, KP, and will be submitted to the Bank no later than December 31, six months after the closing of the financial year (June 30). The Project will maintain one Designated Account operated by two authorized signatories at the PMU.
8. **Staffing.** The Financial Management Specialist (FMS) will be nominated at the PMU at the time of negotiations and will be supported by three accounts officers, one at the PMU and one each in the two PIUs, either hired from the market or nominated by GoKP for the purpose. The FMS will be responsible for the financial management of the Project from initiation until the Project is closed in the Government and Association records.
9. **Budgeting.** The PMU will ensure that the budget allocation is reflected in each Annual Development Plan of KP. The PMU FMS will conduct a periodic reconciliation with the Accountant General of the Government FMIS (SAP R/3), which will also help in automated budget monitoring. For the Project components, budgeted versus actual expenditure reports will be prepared each month and shared with the Project Directors and the Project Steering Committee (PSC) for further actions. At the end of the implementation of the Project, GoKP will provide budget allocation and release and other related operational costs for the smooth closing of the Project in the books of the Government and the World Bank.
10. **Accounting and Bookkeeping.** Project books of accounts will be maintained at the PMU on a cash basis. Books of accounts will include the following; cash book, ledgers, bank reconciliations, fixed asset register, inventory/stock register, complete record of payments made (along with the movement schedule) to community-based organizations (CBOs), and invoice register. The two PIUs will maintain necessary books of accounts if any financial events are triggered there. The Project will use the Chart of Accounts under the New Accounting Model. Standard operating procedures will be prepared for disbursement of funds to community organizations, and the Project FMS will develop a training manual to assist these communities in managing their funds, ensuring transparency and accountability.



11. **Internal Controls.** The PMU will follow government rules and procedures as internal controls. Government Financial Rules and the Accounting Policies and Procedures Manual will provide a robust internal control framework for this grant. Bank reconciliations with National Bank of Pakistan (NBP) and reconciliation with the Accountant General of KP (AG-KP)/Government FMIS will be done monthly. The Internal Audit Cell at the Planning and Development Department (P&DD) can carry out the internal audit function of the Project, but if it is ineffective within a year after project effectiveness, the Project will hire a separate internal audit firm to carry out periodic internal audit and submit timely reports. The TORs of the internal audit firm will emphasize 70 percent verification of the field progress and payments made to the CDCs, as this constitutes the major portion of the Project value.
12. **Disbursement.** The PMU will use the report-based disbursement procedure, and funds flow arrangements for the Project will be as follows: (a) PMU will prepare six monthly cash flow forecasts for project based on the work plan and submit the withdrawal applications (WAs) and cash forecasts together with the cash request to the Bank after the effectiveness of the Project; (b) Subsequent WAs will be submitted semi-annually with IFRs accompanied by cash forecast for the next six months; (c) all modes of disbursement will be made available to the Project; and (d) the Project cost will be inclusive of taxes and duties; (e) a single Designated Account shall be operated by joint signatories. Payments will be made to the community bank accounts opened for the purpose or already existing. The CDCs are required to be registered with either the Social Welfare Department of KP or with the Directorate of Social Organization of the Merged Areas. If the registration does not exist, then the Project's social mobilizer or the SMPs shall help the CDCs register. If no bank accounts are available, then the PMU will make direct payments to vendors or service providers after following the verification protocol laid out in the Operational Manual.
13. **Financial Reporting.** The PMU FMS will prepare Interim Unaudited Financial Reports (IUFRs) and submit them to the World Bank no later than 45 days after the June 30/December 31 end of each six-month reporting period. The format and content of this report will be agreed upon during negotiations. The Project FMS at PMU will prepare Annual Financial Statements of the Project and submit them to the Office of the Auditor General of Pakistan (AGP) within two months after the end of each financial year.
14. **External Audit Arrangements.** The external audit of the Project shall be conducted by the supreme audit institution—the Office of the AGP represented by Directorate General Audit KP (DG-KP)—will be acceptable to the Bank. Acceptable audited financial statements, together with the Audit Report and the Management Letter, should reach the Bank by December 31, six months after the end of each financial year (June 30). The FMS and Project Director shall ensure that the Project is included in the Annual Audit Plan of the AGP. According to the client, the implementing agency currently has no outstanding audited financial statements.
15. **Supervision Plan.** The FM supervision will be determined according to the Project's FM risk assessment below. The overall FM risk is rated as Substantial. The following mitigation measures will be applied.

Table A1.1. Financial management risks and mitigation measures

Risk	Rating	Rating explanation	Mitigation measures	Residual risk
Inherent Risk: Substantial				



Country/ provincial level	Substantial	Noncompliance with rules, policies, and procedures	<ul style="list-style-type: none"> Adhering to FM policies and procedures. Integrated use of country FM systems 	Substantial
Entity level	Substantial	Lack of capacity to use the money for intended use.	<ul style="list-style-type: none"> Prepare detailed activity-wise financial work plan. FMS appointed or hired to manage the FM arrangements. 	Moderate
Project level	Substantial	Lack of experienced FM staff to manage the project activities, especially for payments to communities.	<ul style="list-style-type: none"> Nomination/appointment of FM focal person/FMS. Review FM-related SOP for payments to communities 	Substantial
Control Risk: Substantial			<ul style="list-style-type: none"> 	
Budgeting	Substantial	Sufficient and timely budget is not available for project activities.	<ul style="list-style-type: none"> Ensure timely reflection in KP ADP. Annual Financial Workplan to be approved by Bank. 	Substantial
Accounting and bookkeeping	Substantial		<ul style="list-style-type: none"> Use of financial software. Use of Govt. FMIS (SAP/R3) Payments to communities will be defined in the FM manual. 	Moderate
Internal controls	Substantial		<ul style="list-style-type: none"> Government Financial Rules to be followed as an internal control framework. Orientation session will be arranged for Accounts Officer. Existing Internal Audit Cell to perform the internal audit; if ineffective, internal audit will be procured from the market. 	Moderate
Funds flow and disbursement arrangements.	Substantial		<ul style="list-style-type: none"> Bank's FM and disbursement team to impart orientation sessions to concerned officers on swift opening of designated accounts. FM manual will include the protocol for payments to community. 	Substantial
Financial reporting	Substantial		<ul style="list-style-type: none"> Simplified IFRs template will be shared with IAs. 	Moderate
External audit arrangements	Moderate	Overall project reporting can get delayed due to two separate PMUs	<ul style="list-style-type: none"> DG Provincial Audit KP AGP will carry out audit of the project financial statements. 	Moderate
Overall risk: Substantial				

Procurement Assessment

16. **Procurement Capacity of the Implementing Agency.** The CSP will be implemented by a PMU under the overall guidance of P&DD through the SDU. The PMU implementing the CSP will prioritize engaging qualified, experienced individual consultants to work as project implementation staff given the demonstrated scarcity of the skilled procurement professionals. All project implementation staff, who will be contracted in their individual capacity by the GoKP to support project implementation, will be recruited in accordance with the approved selection methods for Individual Consultants as defined under the World Bank Procurement Regulations.



17. Managing Project Procurements. The Operations Manual will contain procurement procedures for communities and a plan for providing them adequate training, as well as targeted procurement performance standards. Several small-value contracts are envisaged for goods, non-consulting services, and small works scattered in remote areas. Procurement procedures that will be used for this Project will include request for quotations; local competitive bidding inviting prospective bidders located in and around the local community; direct contracting for small-value goods, works, and non-consulting services; and the use of community labor and resources. The PIU will explore securing framework contracts for the supply of common goods required under CDD interventions. The STEP will capture only those procurements which will be undertaken by the PMU. The CDD level procurements would not be captured by the STEP and will be managed by the respective communities. The table below describes the overall procurement risks and mitigation measures.

Table A1.2. Procurement risks and mitigation measures

Risk description	Description of mitigation	Risk owner
Lack of awareness of World Bank's Procurement Regulations.	Appointment of full-time qualified Procurement Specialist to manage the project procurements	PMU
	Understanding the World Bank Procurement Regulations: training to be arranged by the PIU and the resources to be provided by the World Bank	PMU
	Refresher procurement training workshops/clinics	PMU
Lack of accountability in procurement decision-making process	Procurement Section in the Operational Manual will contain clear decision-making process, identified positions, performance standards/timelines, etc.	PMU
Delay or non-availability of material for CDD procurements	Establishment of Framework Contracts + use of block-chain technology	PMU
	Project Operation Manual to contain a chapter on procurement process to be adopted by the PMU, especially focusing on CDD requirements	PMU
Delay in project staff appointments and/or quick staff turnover	Project staff recruitment using the Bank's Regulations/methods as specified for Individual Consultants and offering market-based incentives to the suitable candidate(s)	PMU
Procurement delays	Procurement planning and monitoring of procurement activities using STEP	PMU
Lack of interest shown by the market	Wider circulation of procurement opportunities and ensuring transparency in procurement decisions	PMU
Delays because of procurement complaint	Complaint management system to be developed and disseminated adequately	PMU
Time and cost overruns	Develop and implement a Contract Management System	PMU