



# ECONOMIC REVITALIZATION PROJECT FOR KHYBER PAKHTUNKHWA & FATA

# K P F

## ECONOMIC REVITALIZATION PROJECT FOR KP & FATA (ERKF)

Economic Revitalization of Khyber Pakhtunkhwa & FATA (ERKF) Project is a joint initiative for both Khyber Pakhtunkhwa and FATA and will cater to the economic rehabilitation needs resulting from the militancy crisis as identified for this region under the recently completed Post Crisis Needs Assessment (PCNA). The proposed Project will help in the revitalization of the private sector in the crisis-affected regions through direct support for the Small and Medium Enterprises (SMEs), attracting investments from the Diaspora, and institutional capacity building including regulatory reforms. The project is funded under Multi Donor Trust Fund (MDTF) Grant of \$20 million and will be executed by the World Bank through Department of Industries, Khyber Pakhtunkhwa and FATA Secretariat.

The Project has three components:

- Component 1: SME Development
- Component 2: Investment Mobilization
- Component 3: Capacity Building to Foster Investment and Implement Reforms

This brochure deals with component 1 for SME Development.

### SME DEVELOPMENT

SMEDA will implement this component with following allocation:

Khyber Pakhtunkhwa:	\$ 9.1 million
FATA:	\$ 4.9 million
<b>Total Allocation:</b>	<b>\$14.0 million</b>

There are three subcomponents of this grants program:

**Subcomponent-1 Rehabilitation Support:** This subcomponent will provide direct support to the affected SMEs in the form of matching grants to the eligible enterprises. These grants may be used as working capital, for reconstruction of basic infrastructure and acquiring/repairing machinery and equipment etc.

**Subcomponent-2 Up-gradation Support:** This sub-component will support the up-gradation of SMEs for improving business productivity and efficiency. Matching grants to eligible individual SMEs for projects, as well as to a group of SMEs for cluster development programs will be provided. These grants could be used for technological innovation, product development, adopting new packaging/labeling requirements, establishing common facility centers (CFCs) etc. Funds may be used for both capital investment and working capital.

**Subcomponent-3 Capacity Building and Business Development:** This sub-component will support capacity building of SMEs in partnership with the Business Edge Program of International Finance Corporation (IFC) and through procurement of business development services (BDS) required by the SMEs

### GRANTS UNDER THE SUBCOMPONENTS:

Comparison of Grants				
Criteria	Rehabilitation Grant	Upgradation Grant (Individual)	Upgradation Grant (Cluster)	BDS & Capacity Building Support
Maximum amount	Rs. 2,500,000	Rs. 1,000,000	Rs. 5,000,000	Rs. 300,000
Advances	Yes	Not preferred	Not preferred	Not preferred
Cost Sharing by SMEs of total project cost	40%	50%	50%	50%
Type of Cost Sharing	In Kind	In Cash	In Cash	In Cash
Minimum SMEs per Grant	One	One	Ten	One for BDS support and group of Ten in case of Capacity Building

For Rehabilitation Support, the cost sharing may be considered in-kind, including the following:

- Estimated market value of land
- Estimated value of existing machinery or building (to be verified by the Field Coordinators; with appropriate technical knowledge)
- Contribution in shape of labor- in terms of new employment
- Contribution in shape of working capital
- Share in procurement cost of raw material or services

#### **SME ELIGIBILITY CRITERIA**

- Ö SME is citizen of Pakistan doing business in Khyber Pakhtunkhwa or FATA
- Ö SMEs affected by crisis
- Ö SME employs at least 3 persons and maximum of 100
- Ö Proof of being in operation before August, 2010
- Ö SME can be categorized in the target sectors, clusters, or locations to be notified by the Grants Review and Monitoring Committee
- Ö SME justifies utilizing the Rehabilitation Support in rehabilitating business through a Business Revitalization Plan/ Work Plan. In case of Upgradation Support, a business plan will be required for justifying the proposed upgradation by the SME or Cluster association
- Ö SME was not a bank defaulter when it was operational with exception to SMEs with sound justification that default was due to crisis
- Ö SME does not belong to the ineligible sectors or clusters

**APPLICATION FORM** is included in this brochure and, is also downloadable from SMEDA's website ([www.smeda.org](http://www.smeda.org)) and available from:

- o SMEDA Regional Office, Ground floor, State Life Building, The Mall, Peshawar Cantt.
- o ERKF Project Unit SMEDA, State Life Building, The Mall, Peshawar Cantt.
- o Khyber Pakhtunkhwa PMU, ERKF, State Life Building, The Mall, Peshawar Cantt.
- o FATA PMU, ERKF, Warsak road, Peshawar
- o Khyber Pakhtunkhwa Chamber of Commerce & Industry, GT Road, Peshawar
- o Tribal Areas Chamber of Commerce & Industry, Defence Housing Colony, Peshawar
- o Directorate of Industries, FC Building, Sonehri Masjid road, Peshawar Cantt.
- o RBC SMEDA D.I.Khan, State Life Building, D.I.Khan
- o RBC SMEDA Haripur, Haripur Chamber of Commerce & Industry, Haripur
- o ITAC, Khyber Pakhtunkhwa Chamber of Commerce & Industry, GT Road, Peshawar
- o Offices of the Political Agents and Assistant Political Agents of all agencies
- o Offices of the District Coordination Officers and Industry Development Officers
- o Mardan Chamber of Commerce & Industry
- o D.I. Khan Chamber of Commerce & Industry
- o Industrialists' Associations of Peshawar (IAP), Jamrud Industrial Estate, Peshawar
- o Designated branches of Habib Bank Limited

In case of any further information or complaint please call (091-5254022-23). Application procedure and *Grievance Redressal Mechanism* follow:

## **GRANT APPLICATION PROCESSING**

An SME (entrepreneur) desirous of obtaining grant assistance under the project should study the salient features presented above. If eligible and desirous of obtaining assistance under the project, he/she should complete the application form, with help (free) from the staff at the designated place if required, and submit to the official in the same place and obtain submission receipt. The application can also be submitted to another designated office or any of SMEDA offices and a receipt obtained. A formal acknowledgement of receipt of application will be sent by the Project Unit, SMEDA Provincial Head Quarter in Peshawar (located at State Life Building, The Mall, Peshawar Cantt.) to the applicant within 15 working days of its submission along with application registration number. This will be followed by a status report within the next one month. In case of application acceptance and signing of the Grant Agreement, the cheque/on-line transfer of the funding for the first tranche should be received by the applicant within two weeks of application's acceptance. Further tranche releases will be in accordance with the schedule laid down in the application acceptance letter.

### **DESIGNATED OFFICES FOR GRANT APPLICATION:**

- o SMEDA Regional Office, Ground floor, State Life Building, The Mall, Peshawar Cantt.
- o ERKF Project Unit SMEDA, 1st Floor, State Life Building, The Mall, Peshawar Cantt.
- o Khyber Pakhtunkhwa PMU, ERKF, State Life Building, The Mall, Peshawar Cantt.
- o FATA PMU, ERKF, Warsak road, Peshawar
- o RBC SMEDA D.I.Khan, State Life Building, D.I.Khan
- o RBC SMEDA Haripur, Haripur Chamber of Commerce & Industry, Haripur
- o ITAC, Khyber Pakhtunkhwa Chamber of Commerce & Industry, GT Road, Peshawar
- o Designated branches of Habib Bank Limited

### **GRIEVANCE REDRESSAL PROCEDURE**

Grievances may arise during implementation of the project. These may include application forms not available from the designated places, lack of complete information/assistance regarding filling up of the forms and further processing, any monetary demand from the staff at the designated places for assistance, Field Officers not being helpful, inordinate delay in application processing, any demand for further information or rejection of application considered malafide and delay in release of funds etc. Any grievance/complaint should be referred to the relevant Project Management Unit (PMU) listed below through phone call or electronic mail, followed by written complaint through the post/courier:

#### **IN CASE OF KHYBER PAKHTUNKHWA:**

Project Director, PMU, Khyber Pakhtunkhwa PMU, ERKF, State Life Building, The Mall, Peshawar Cantt.

Email: mkj68@msn.com

#### **IN CASE OF FATA:**

Project Director, PMU, FATA PMU, ERKF

FIFA, FATA Secretariat, Warsak Road, Peshawar

In case the complainant is not satisfied with prompt complaint redressal, then may approach Secretary, Industries, in case of Khyber Pakhtunkhwa and DG, Projects in case of FATA. The complainant may appeal to the Additional Chief Secretary concerned (being Chairman Project Steering committee), if necessary.