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Subject:	Approved: FATA Economic Revitalization Program (AID-391-IO-17-00004) FY 2020 Qtr 4 (July 1 - Sept 31, 2020)
Date:	Thursday, November 5, 2020 3:29:37 PM

Wasim Bari (wbari@usaid.gov) has approved reporting for FY 2020 Qtr 4 (July 1 - Sept 31, 2020) - FATA Economic Revitalization Program (AID-391-IO-17-00004).











# Annual Report

United Nations Development Programme

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# List of Acronyms:

AIM ADP BMST BDG BU CU CU COVID-19 ECDF FATA FTE FERP GoP IEC IED IM Sciences IP IRP IIUI KP KPEZDMC KPBOIT LOP MFP M&E MSF Indicator MSFS NLC NMD NW PPP PTM RFP SMEA SMEDA SRSP SW TIE TOR	Akhuwat Islamic Microfinance Annual Development Plan Business management skills training Business Development Grant Bahria university Concepts Unlimited Coronavirus Economic Coordination & Development Forum Federally Administered Tribal Areas Full-time equivalent FATA Economic Revitalization Programme Government of Pakistan Information, Education and Communication Improvised explosive device Institute of Management Sciences Implementing Partner Islamic Relief Pakistan International Islamic University Islamabad Khyber Pakhtunkhwa KP Economic Zone Development and Management KP Board of Investment Life of Project Micro Finance Providers Monitoring and Evaluation (US) Mission Strategic Framework Indicator Micro Small and Medium Enterprises National Logistic Cell Newly Merged Districts North Waziristan Public Private Partnership Pashtun Tahfuz Movement Request for Proposal Small Enterprise Development Activity Small and Medium Enterprise Development Authority Sarhad Rural Support Programme South Waziristan The Indus Entrepreneurs Terms of Reference
SW	South Waziristan
	•
TPV	Third Party Validation
UN	United Nations
UNDP	United Nations Development Programme
USG assistance	United States Grants assistance

# **Project Summary Sheet**

Title	FATA Economic Revitalization Programme (FERP)
Contract No	AID-391-IO-17-00004
Project Award ID	00088875
Project ID:	00107046
Project Donor Name	United States Agency for International Development (USAID)
Implementing Partners	United Nations Development Programme (UNDP)
UNDP Partners	UNDP, Sarhad Rural Support Programme (SRSP), Islamic Relief Pakistan (IRP), Hashoo Foundation (HF), Akhuwat Islamic Microfinance (AIM), National Logistic Cell (NLC), The Institute of Management Sciences, Small and Medium Enterprise Development Authority (SMEDA), Concepts Unlimited, Bahria University and Islamic International University Consortium, The Indus Entrepreneurs (TiE), iConsult.
Location of Project	Khyber, North Waziristan, and South Waziristan Districts, Khyber Pakhtunkhwa, Pakistan
Project Budget	\$15,000,000
Project Duration	20/09/2017 – 18/09/2021
Reporting Period	1/10/2019 – 30/09/2020

Name and Focal Point	Title	of	For UNDP, Tanya Rzehak, Programme Manager, tanya.rzehak@undp.org

# I. Executive Summary:

The FATA Economic Revitalisation Programme (FERP) has been designed to create sustainable livelihood opportunities in three Newly Merged Districts (NMDs) of Khyber Pakhtunkhwa (KP) to contribute to the long-term economic growth of the area. This report presents the progress made in the third year of the project i.e. October 2019 to September 2020. In the reporting period, the project has directly benefitted 7,911 (1,783 women) returning individuals against a target of 8,838 direct beneficiaries in the Khyber, North Waziristan and South Waziristan districts of the NMDs. Since inception, the project has directly benefitted 12,953 (2,834 women) individuals against the target of 15,116, achieving 90% (22% women) target.

The project is contributing significantly in revitalizing the economy of the programme districts. In addition to the creation of 134 Full-Time Equivalent Jobs (FTE) for skilled and unskilled labour, the project assistance has enabled 3,641 beneficiaries to start new employment opportunities for themselves. Feedback from the beneficiaries showed that until end of September 2020, a total of 2,119 small and medium entrepreneurs<sup>1</sup> (1,210 women) and 1,522 workforce development programme beneficiaries have started new employments. Overall, 65% of the project beneficiaries have started new employment. This number will surge in coming days as gestation period of ongoing intervention (FERP output 3: incubation training) and the recently concluded intervention (FERP output 5: technical and vocational training) is completed. Similarly, the project is endeavouring to develop public-private and private-private partnerships to create job placement opportunities for the workforce development trainees.

The security situation in the NMDs including the project implementing areas remained stable and conducive for project implementation during the first half of the year. However, the situation deteriorated during the second half due to recurrent incidents of violence and terrorist activities especially in the North and South Waziristan districts.

UNDP partners executed programme interventions without interruptions during the first five months of the reporting year. However, the COVID-19 pandemic and the precautionary measures enforced by the Government affected the project implementation pace during the second half of the year. The programme was set to achieve its targets during the life of the project, however the COVID-19 pandemic became a major impediment and targets under the outputs of innovative enterprises supported (output 3), increased access to microfinance (output 4), and increased capacity of the government (output 6) could not be achieved due to lockdowns and restrictions imposed by the Government. Nationwide complete lockdown caused the suspension of the project activities from March to May 2020. UNDP and its implementing partners resumed the project activities in June 2020 and adopted virtual and innovative ways to implement activities while strictly adhering to the safety SOPs adopted to prevent the spread of COVID-19. In accordance with Government directives, training activities are operational from 15th September. Despite the lockdowns and suspension of project activities during the year, the project achieved

<sup>&</sup>lt;sup>1</sup> Sum of FERP output 2 and FERP output 3

<sup>&</sup>lt;sup>2</sup> FERP output 5: Technical and Vocational Training

its targets under the outputs of immediate temporary employment opportunities (output 1), business opportunities for upscaling existing/new enterprises (output 2), and market-based employment opportunities provided for youth through skills training (output 5).

The project completed the rehabilitation of the 79 economic infrastructure schemes by creating 25,238 working days through engaging 2,156 individuals during the reporting year, thus achieving the overall target of rehabilitating 90 schemes. The project has managed to exceed the target by creating 34,787 working days against the target of 30,000 working days and provided short term employment opportunities to 3,210 individuals against the target of 2572 individuals through the rehabilitation of 90 schemes (ref; table 1 on pg. 10). All 90 schemes have been endorsed by the District Administration and handed over to the Market Committees for their maintenance and long-term operation.

Similarly, the project completed the provision of Business Management Skills Training (BMST) and Business Development (in-kind) Grants (BDGs). During the reporting period, the project has trained 2,182 (828 women) beneficiaries, exceeding the target by training a total of 4,381 (1,734 women) beneficiaries against the planned target of 4,350. After a technical review of business plans by SMEDA, the project disbursed 3,855 (1,542 women) grants among the trainees during the reporting year (ref: table 2 on pg. 13). As part of the training process, post grants coaching sessions were designed and delivered to 3,855 (1,542 women) beneficiaries of BDGs to provide technical support to them in their business plans and promote sustainability.

COVID-19 outbreak and the Government's restriction on training/education institutions caused an interruption of business incubation activities (Output 3) from March to May 2020. However, UNDP adapted to the changed environment and conducted training activities and pitching events through online platforms. Despite the postponement of activities under Output 3, the project made substantial progress during the reporting year by successfully training 504 (172 women) entrepreneurs and provided incubation grants to 177 (66 women) entrepreneurs (ref: table 3 on pg. 16). Furthermore, post incubation coaching sessions were organised for 148 (44 women) graduated trainees to ensure that their businesses can prosper and sustain growth.

The project has successfully provided microfinance services to 2,509 (141 women) entrepreneurs in Khyber district through the two branches of Akhuwat Islamic Microfinance (AIM) (ref: table 4 on pg. 19). However, the progress (50% achieved) is slightly behind the planned target due to the lack of availability of service providers to expand services to North Waziristan and South Waziristan. During the reporting year, AIM provided PKR 37 million micro-loans to 1,245 (53 women) beneficiaries from its credit line with an average loan size of PKR 30,000. UNDP continued to pursue possible options for the engagement of microfinance providers in North Waziristan and South Waziristan districts. In this regard, consultative meetings were conducted with relevant stakeholders including Bank of Khyber and AIM to assess possibility of partnerships in the next year. In the current post-COVID environment, providers are reluctant to engage in microfinance loans in the two districts and have indicated that

planned credit lines have been realigned for cash support to the vulnerable. UNDP is looking at alternate possibilities to be implemented during the next reporting year.

The technical and vocational skills training have been completed, with the provision of skills training to 1,831 (744 women) youth during the year (ref; table 5 on pg. 22). The project has trained 2,356 (801 women) youth against the overall target of 2,494. 138 individuals dropped out of training for pursuing further education or started employment in security agencies (army or navy). Start-up toolkits were provided to 1,820 (801 women) successful graduates against the target of 1,750 to establish their businesses. Furthermore, 602 (212 women) post training mentoring sessions have been conducted for 2,602 (1,068 women) trainees to facilitate success among the trained youth. Moreover, the project has established and trained 30 Business Associations constituted from the market committees formed under output 1: immediate temporary employment opportunities created. The business associations have started developing linkages with traders and whole sellers in the adjacent districts.

UNDP distributed the published assessment studies among provincial and district government, private sector, donors and IPs. This study provides strategic recommendations for advocacy and support for improving the economic landscape in the NMDs.

During the reporting year, UNDP organised meetings with various private sector stakeholders to develop long term sustainable partnerships and job placements for youth trained under the project. Consequently, UNDP will sign agreements with FF Steels, Alpha Pipes and Zakori Industries to recruit some of the project's trained youth next year. Furthermore, UNDP commissioned a management consulting organisation I-Consult for Small and Medium Enterprises (SMEs) development in different value chains in merged districts.

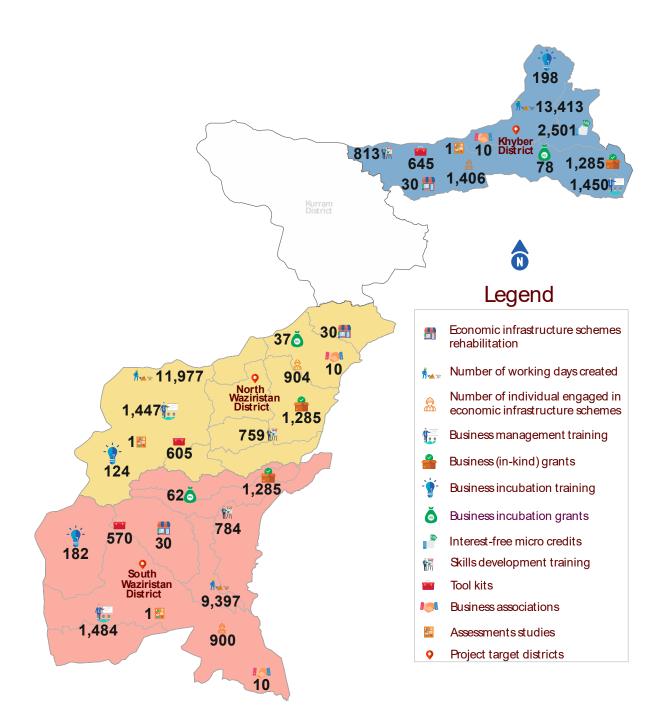
The Economic Corporation and Development Forum (ECDF), six subgroups for the six thematic areas met every quarter to discuss the potential areas of economic development in the NMDs. UNDP organised two ECDF workshops during the reporting year, where the recommendations of the forum were shared with the Government of KP for their inclusion in the Annual Development Plan (ADP). Moreover, SMEDA finalised six project briefers that were shared with the Additional Chief Secretary for their consideration. SMEDA through ECDF developed a policy paper to assist the Government in decision making for allocation of resources.

The UNDP SDP Monitoring and Evaluation (M&E) unit tracked the quality of the implementation process and progress throughout the year. During the reporting year, the M&E unit conducted twenty-two field missions and four virtual monitoring of activities to verify the progress reported by implementing partners against each output. In addition to this, UNDP conducted quarterly impact assessment through the implementing partners to measure the success and relevance of the programme outputs. To validate the programme outputs and assessment results of IPs, UNDP commissioned an independent third-party firm Ernst & Young Ford Rhodes (EY). EY conducted an initial spot-check and validated three outputs of the project: economic infrastructure schemes (output 1), business development grants (output 2) and

vocational skills training (output 5). Furthermore, USAID's MEL team conducted a Data Quality Assessment of the programme's data managed by UNDP.

USAID has approved a one year no cost extension that will enable UNDP to capitalise on the progress made so far and achieve the remaining targets. Depending on the situation post COVID-19, UNDP has aligned the project remaining activities and timeframe as required. The project does not anticipate any further delays in completion of all targets. Furthermore, the project has planned to conduct a lesson learned workshop where the project's Theory of Change will be critically reviewed, and lessons would be drawn for future course of action. The project also plans to engage third party firm for tracking project results and assessment of the impact.

Map: District wise Interventions Oct. 2017 - Sept. 2020



# **II. Background**

The FATA Economic Revitalisation Programme is designed considering the complex socio-economic, political and governance context of the Newly Merged Districts of Khyber Pakhtunkhwa (KP). The programme generated sustainable livelihood

opportunities for the local population leading to the long-term economic growth of the newly merged districts of KP. This programme adopts a three-track approach: (i) livelihood stabilisation by generating immediate short-term employment opportunities, (ii) local economic recovery for medium to long-term employment and (iii) sustainable employment creation and inclusive economic growth. Under this programme people of the NMDs will be supported by helping them diversify their livelihoods through business development grants, demand-driven skill training, access to micro-finance, innovation fund and developing market linkages. The programme will directly benefit 15,116 people by providing improved livelihood opportunities in the three selected districts of Khyber, North Waziristan, and South Waziristan.

# **III. Situation Analysis**

The security environment in the NMDs improved and remained stable during the first half of the reporting year. The implementing partners progressively implemented the project interventions whereas UNDP accessed the programme districts to monitor the programme activities. However, the security situation grew unpredictable and violent in the second half of the year, especially in the North Waziristan and South Waziristan districts. Frequent incidents of violence and terrorist activities remained prevalent in the two districts during the last two quarters. The threat of terrorism and low intensity conflict remains relevant; as evident by various violent incidents. In addition to the terrorist factor, inter/intra tribal conflicts and sectarian conflicts are also rising. The political dimension of conflict between Pashtoon Tahfuz Movement (PTM) activists and security forces is also emerging as a serious threat. This conflict has the potential of spreading and escalating in the future which may impact the timely delivery of development/economic activities in the NMDs.

To better understand the overall dynamics, it is imperative to analyse the situation in each district, as the environment is distinct and unique.

**North Waziristan district:** The security situation in North Waziristan remained unstable throughout the year. The district remained a hub of terrorist activities as evident from multiple violent incidents targeting law enforcement agencies and local community members that resulted in the loss of lives of security officials and civilians that led to strict security protocols in the district. The NGOs and development partners were instructed to scale down field work and exercise extreme caution. The local authorities from time to time conveyed security protocols to organisations working in the district. After every high-profile security incident, non-locals were restricted from entering the district and staff with valid NOCs were permitted only if the arrival information was shared in advance with local check posts through the District Administration.

**South Waziristan district:** Geographical proximity of South Waziristan to North Waziristan made the district prone to the impact of violence in adjoining areas. A decrease in violent incidents and resultant casualties was observed during the first half of the year due to which the development activities continued unabated. However, the situation deteriorated towards the last two quarters and incidents of violence

increased significantly, including targeted killing against personnel of law enforcement and security agencies, political representatives, tribal elders etc.

**Khyber district:** The security situation in Khyber district, generally remained stable although isolated incidents of violence occurred periodically. Implementing partners steadily implemented the project activities in Khyber district and UNDP monitored the activities regularly.

**Delays in Implementation of Reforms Process:** Although some institutional reforms have occurred, the delays in the reform process (post 25th Constitutional amendment), lack of livelihood means, the non-effective service delivery of District Administration in addressing the immediate needs of returnees is also raising a sense of uncertainty and despondency. This sense of deprivation and state-citizen trust deficit may lead the tribal population, especially youth to rally on alternative platforms like Pashtun Tahfuz Movement (PTM).

**COVID-19 Impact on the NMDs:** The rapid spread of COVID-19 in Pakistan brought economic activity to a near halt. The country was put under a nation-wide lockdown until 9th May, which was initiated on 1st April and extended twice. According to the Government decision, the lockdown was lifted in phases. Since the outbreak of COVID-19 in the country, there have been reports of isolated incidents from the NMDs especially among people who have returned from Iran or religious congregation in Raiwind. Since these districts are remote, having low population density and fewer urban centres, COVID-19 did not pose a significant threat. However, the indirect effects were faced i.e. loss of jobs, economic slowdown, closure of businesses, loss of livelihoods and reduced access to the already insufficient health and social services. Immigrants working in urban centers of Pakistan and abroad affected by economic slowdown are returning to their areas, thus further contributing to the issues of livelihoods.

COVID-19 has also affected the pace of remaining activities of FERP such as post grant coaching sessions, distribution of toolkits, incubation support, mentoring sessions and skill training in project areas. Careful planning and reprogramming of certain project activities enabled the conclusion of the remaining targets, while adhering to safety SOPs developed by the Government of Pakistan. In the initial phase of the outbreak, UNDP displayed COVID-19 awareness banners at prominent locations in the three districts (details are given in the communication section of this report).

In conclusion, due to COVID-19 Crisis, UNDP and implementing partners faced restrictions and delays in the implementation of project activities during the year. The overall situation is still not stable, and a second wave of infections is in development, however activities on a limited scale or virtual mode are in progress.

# **IV. Operational Updates**

COVID-19 impacted the implementation of programme activities from March to May 2020. In accordance with Government directives, UNDP temporarily put on hold all field operations of the project until June 2020 and transferred to work from home and

online modalities of implementation where possible. As lockdown restrictions were gradually lifted from June onwards, UNDP in consultation with the government authorities resumed activities while adhering to the Government and organisations' COVID-19 safety protocols. As per the directive from the Government, training institutions were opened from 15<sup>th</sup> September 2020. Given these circumstances, additional time is required to i) ensure ECDF recommendations and policy papers are put into action; ii) strengthen value chains and market linkages in the target districts; iii) create job placement opportunities for skilled men and women; iv) expand microfinance services in NW and SW ; and v) provide mentorship and access to financial support for the incubated businesses.

# V. Progress Achieved from October 2019 to September 2020:

Interventions under each output and their implementation mechanisms as per the grant agreement are given below in detail:

# **Output 1: Immediate temporary employment opportunities for most recent returnees created (completed)**

The first output of the project was designed to create full-time equivalent (FTE)<sup>3</sup> jobs for the much-needed labour force who were struggling for economic survival in wake of the non-functional markets and limited job opportunities. Cumulatively, the project has created 135 FTE jobs for the life of project against the target of 115.

The creation of FTE was made possible through embarking upon labour intensive rehabilitation work. The rehabilitation of economic infrastructure schemes (markets) was identified as the most pressing need for revitalisation of economic activities. Thus, the project, after consultation with the district governments and local communities, identified damaged, low-functioning, non-controversial markets and engaged skilled and non-skilled needy labour in the rehabilitation work.

During the reporting year, UNDP completed the rehabilitation of 79 schemes by creating 25,238 working days for 2,156 labours, taking up the total figure to 90. The type of schemes includes rehabilitation of markets (renovation of shops, land development, solarisation/ electrification, fencing, Plain Cement Concrete floor, renovation/establishment of cattle markets and bus stands). UNDP exceeded the target by employing 3,210 individuals against the target of 2,572 in the rehabilitation work and has created 34,787 working days against the target of 30,000 for them by directly benefiting the local economy. The table: 1 below shows the progress of the schemes:

### Table 1: Immediate temporary employment opportunities created

<sup>&</sup>lt;sup>3</sup> One FTE equals 8 hours per day x 260 days per year = 2080 hours per year.

Indicator	Target	FY* Q4		hieveme 19 - Sep	ent ot 2020)	Overal unt	Total		
			NW	SW	Khyber	NW	SW	Khybe r	
Number of Economic Infrastructure Schemes completed	90	-	25	27	27	30	30	30	90
Number of working days created through USG assistance	30,000	-	7,050	8,201	9,987	11,97 7	9,397	13,413	34,787
Number of individuals engaged in short term assistance activities	2,572	-	589	603	964	904	900	1,406	3,210

Note: \* Project achieved the target in Q2 of FY 19-20.

All 90 completed schemes have been endorsed by the District Administration. UNDP has taken measures to constitute 90 local level operation and maintenance market committees for long term sustainable operations of respective economic infrastructure schemes. The market committees played a supportive role in the identification, planning, implementation and monitoring of the schemes throughout the rehabilitation process. All completed schemes have been handed over to the market committees for their maintenance and longterm sustainability.



Figure 1: Inauguration ceremony of rehabilitated market, Khyber

UNDP validation executed а exercise to assess the success of the output by engaging an independent third-party validation (TPV) firm, Ernst & Young Ford Rhodes during June-July 2020. A total of 68 beneficiaries were interviewed on a sample basis, which included presidents of the market committees and shopkeepers with shops in the markets that were rehabilitated. Key highlights of the assessment study are mentioned below:

As depicted in the chart: 1

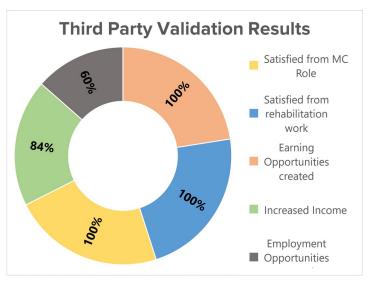


Chart 1: Third party validation results regarding infrastructure schemes

100% of beneficiaries are reportedly satisfied with the quality of work performed in the execution of the schemes under the Market Committees and did not observe any discrepancies during the construction.

- 100% beneficiaries confirmed that rehabilitation of markets created new/increased earning opportunities for increasing businesses turnovers.
- Rehabilitation of schemes increased the customers' flow and daily sales of shopkeepers which significantly impacted the beneficiaries' income as 84% beneficiaries reported an increase in income.
- The average increase in the monthly income of the beneficiaries after the rehabilitation of markets reported is 74%.
- 60% of beneficiaries employed additional workers (paid and unpaid) after expansion of their businesses due to better infrastructure availability.

UNDP, through the implementing partners, conducted an assessment regarding the satisfaction and utilisation of earnings received by the skilled and unskilled labours engaged in the rehabilitation work in each quarter. A total of 3,210 skilled and unskilled labours were interviewed. Assessment findings indicate the following:

- 100% of the labours are satisfied with the provision of short-term assistance.
- The assistance has increased beneficiaries' access to essential and basic items that are necessary for food security of the family.
- Most of the beneficiaries utilised the cash assistance by purchasing food and other household items, followed by assets creation and medicines whereas cash utilised on education was lowest (3%) as shown in chart 2.

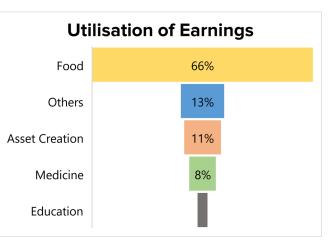


Chart 2: Utilisation of earnings by skilled/unskilled labours

Therefore, we can conclude that the revitalisation of the businesses has improved local livelihoods and supported flourishing small-scale businesses to benefit the local economy.

**Before Rehabilitation** 

#### After Rehabilitation



Figure 2: Spinwam Bazar Market, district North Waziristan



Figure 3: Shin Warsak Market, South Waziristan district

# **Output 2: Business Opportunities for Upscaling Existing/ New Enterprises Created (completed)**

The second output of the project was designed to support those returnees who relied on their small and medium enterprises for livelihoods before the crisis, and have either lost their business items while in displacement or their business items were in such low quantity after return that they could not generate a substantial return for running a household.

The project completed the provision of business management skills training (BMST) and managed to exceed the target by training 4,381 (1,734 women) beneficiaries against the planned target of 4,350. BMST was provided to 2,182 (828 women) beneficiaries during the reporting year. Distribution of the business kits (in-kind grants) was completed during the year and 3,855 (1,542 women) trainees received the grant. The table 2 presents the progress achieved:

Table 2:	Busine	ess o	pportunities for upscaling e	existing/ new enterprises cre	eated
Indicator	LoP	FY	District-wise Achievement	<b>Overall Achievement until Sept</b>	Total
	Targo	04	(0 + 2010 - 5 + 2020)	2020	

Indicator	LoP Targe	FY Q4				-	evemo t 2020		Ove	Total						
	t		N	W	S	W	Khy	vber	N	W	S	W	Khy	<b>/ber</b>		
			М	F	М	F	Μ	F	М	F	М	F	М	F		

No. of individuals/M SMEs trained on business managemen t skills	4,350	-	378	21 5	96	19 3	880	420	869	578	898	586	880	570	4381 (1,73 4 w)
No. of MSMEs, including farmers, receiving USG assistance	3,855	-	771	51 4	77 1	51 4	771	514	771	514	771	514	771	514	3855 (1,54 2 w)

Note: \*Project achieved the target in Q3 of FY 19-20

UNDP follows a systemic process for preparing eligible returnees for upscaling existing or creating new enterprises. The business management skills training was followed by development of business plans by the trainees. These plans were technically reviewed by the Small and Medium Development Authority (SMEDA). The parameters for selection included, but were not limited to, relevance of the proposed business to the respective areas, financial viability, and scalability. Beneficiaries with successful business plans were provided business kits (in-kind grants). The project increased focus on the selection of women for grant assistance to promote women entrepreneurs, and more than 30 percent of grant assistance was channelled towards women entrepreneurs. Trade wise distribution of training and in-kind grants is provided below in chart 3:

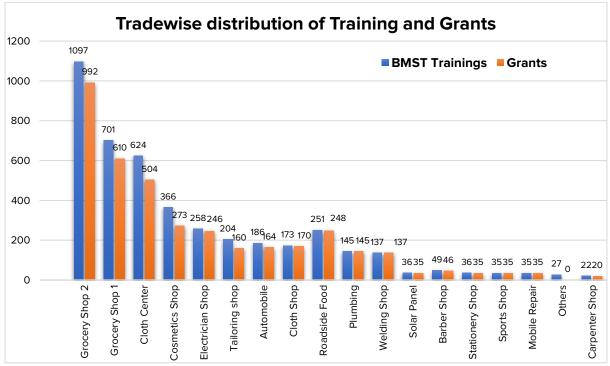
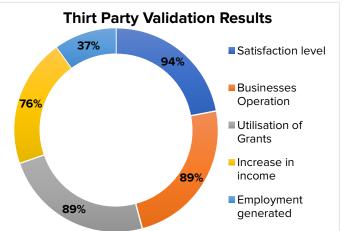


Chart 3: Trade wise distribution of Business Management Skills Training and Business Development Grants.

UNDP commissioned an independent third-party validation (TPV) Firm; EY Rhodes, to assess the success of the initiative. The firm conducted a validation exercise in June and July 2020. During the process, a total of 274 beneficiary entrepreneurs were randomly selected from the project's database and were interviewed. Following are the key highlights of the

assessment study:

- As depicted in chart 4, 94% beneficiaries reported satisfaction from the quality of the items (machines and goods etc.) provided as BDGs for different types of businesses.
- None of the beneficiaries had stable income sources before the grant assistance



- 9% of the interviewed beneficiaries have invested the grant support in creating earning opportunities for themselves and are successfully running their enterprises. Chart 4: Third party validation results regarding BMST & BDGs
- 11% of the interviewed beneficiaries pointed out disrupted supply chains due to COVID-19 as a major reason for not utilising the grant assistance in creating earning opportunities. These beneficiaries reportedly utilised the grant support for household consumption.
- 37% (18% of women) beneficiaries had employed others (both paid and unpaid) to manage their expanding businesses.
- Income of 76% of beneficiaries utilising the grants has increased by 58%.

Prior to the third-party validation, UNDP conducted an assessment regarding the satisfaction and operation of the businesses after 6 months through IPs on quarterly basis during the year and interviewed 3,855 beneficiaries (1,542 women). Key findings are mentioned below;

- As indicated in chart 5, 100% of individuals are satisfied with the trainings and quality of BDGs.
- Provision of BDGs enabled 98% of entrepreneurs to create earning opportunities for themselves by starting or expanding micro, small and medium enterprises
- 2% beneficiaries could not establish enterprises due to COVID-19 outbreak and

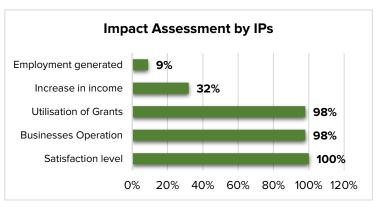


Chart 5: Impact assessment by IPs regarding BMST and BDGs.

utilised the grants to purchase food items during the pandemic.

- 56% beneficiaries reportedly expanded their existed businesses after utilising the grants.
- 9% of beneficiaries employed (1-6) paid or unpaid workers to manage their expanding businesses.
- The average increase in monthly income of the beneficiaries reported is 32%.

As a part of the business kits package, priority beneficiaries were provided alternate energy resources due to prolonged power outages and closure of shops after sunset. During the reporting year, solar panels kits were provided to 900 business grants beneficiaries in Khyber, North Waziristan and South Waziristan districts to help the businesses operate for longer hours. The beneficiary's lists were dully endorsed by District Administration to avoid duplication. This enabled the businesses to continue operating for additional hours resulting in increased business income.

As part of the training process, a mentoring system has been developed for the trainees. Post-grant-assistance/coaching is provided to the trainees to provide technical support and mentoring until the beneficiaries evolve as successful entrepreneurs. During the reporting year, a total of 3,855 beneficiaries (1,542 women) have been provided post grant coaching.



Figure 4: Business Management Skills Training, Khyber



Figure 6: Solar Panel Kits Distribution, SW



Figure 5: Business development grant distribution, NW



Figure 7: Post grant coaching session, SW

# **Output 3: Innovative enterprises belonging to FATA, supported to stay operational after 6 months of incubation (in progress)**

The third output of the project is designed to support the existing and emerging entrepreneurs of the NMDs who were forced to enter insecure and low-quality employment not meeting their education level and business acumen. Returnees do not have the financial capacity to bear the risks and therefore are unable to bring in innovation without any financial assistance that reduces their risk burden.

Under Output 3, the project assists entrepreneurs with innovative ideas by providing them with technical assistance in the form of incubation training and incubation grant. This output gained momentum at the beginning of the year, with the signing of agreements with two new partners The Indus Entrepreneurs (TIE) and Bahria University/International Islamic University Islamabad (BU/IIUI), along with one existing partner i.e. Concepts Unlimited. Both new partners are experienced organisations in providing incubation and business development support to entrepreneurs. During the last quarter (Q4) of the year, the project has trained 135 (54 women) entrepreneurs (NW: 41, SW: 62, Khyber: 32). UNDP successfully trained 504 (172 women) entrepreneurs in the reporting year (ref: table 3) and has even managed to exceed the target of 30% women participation by training 34% women under this output. The following table: 3 presents the progress achieved:

Table 3: Inno	LoP Targ et	enter FY Q4	-	D	incu istric chiev	ıbati t-wi 'eme	ion se	-	Ove	of Tota I					
			N	NW SW Khyber						W	S۱	N	Khy	ber	
			Μ	F	Μ	F	Μ	F	Μ	F	Μ	F	Μ	F	
Number of entrepreneurs/MS MEs trained	700	135	85	39	12 5	57	12 2	76	85	39	12 5	57	12 2	76	504 (172 w)
Number of entrepreneurs/MS MEs provided support through USG assistance	350	39	30	7	44	18	37	41	30	7	44	18	37	41	177 (66 w)

As part of the training process, business ideas of selected youth are incubated in a four-week intensive training programme. By the end of training, trainees pitch their business ideas in front of a panel of judges including sector experts from the entrepreneurship ecosystem, academia and relevant government departments in the presence of UNDP officials. Trainees with successful business plans, capacity and capability to grow into viable businesses are provided business grants. The average

grant size per entrepreneur is USD 1,500, depending on the business plan of the entrepreneur. The grants are provided in two tranches, depending on the nature of the proposed businesses. During the reporting period, 177 (66 women) entrepreneurs with successful business plans have been provided business grants (ref: table 3). 39 (21 women) entrepreneurs (NW: 6, SW: 22, Khyber: 11) received the grants in the Q4 of the fiscal year.

Furthermore, post grant coaching sessions are held for a minimum of four months for the beneficiaries receiving incubation grants to ensure that these businesses can thrive and stay operational after incubation support. Post incubation coaching has been provided to 148 (44 women) entrepreneurs during the reporting year.

The COVID-19 crisis affected the pace of the project activities from March 2020. Due to the nationwide lockdown and ban on public gatherings, education and training institutions, training activities were temporarily stopped. In response to the evolving situation, UNDP proposed and agreed with the implementing partners to provide the business incubation training through an online medium. Implementing partners adapted the training content and modules to virtual training platforms and successfully trained entrepreneurs via online platforms. Similarly, online pitching sessions were organised for entrepreneurs to pitch their business ideas. UNDP resumed the on-campus business incubation training along with the online training in September 2020 while strictly following SOPs. Moreover, 154 beneficiaries have been registered for incubation training and will be trained next year.

UNDP conducted a follow-up exercise regarding the operation of the Micro Small and Medium Enterprises after 6 months of securing support (incubation grants) through the incubation partner. A total of 96 (30 women) entrepreneurs of incubation grants, who had received grants in the second quarter (January to March 2020) were interviewed in September 2020.

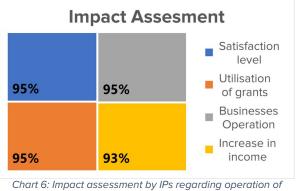


Chart 6: Impact assessment by IPs regarding operation of businesses after 6 months of securing support

Assessment findings as represented in chart 6 indicated that:

- 95% of interviewed entrepreneurs are satisfied with the quality of training and grants received.
- 95% entrepreneurs invested the grants in their small and medium enterprises and are successfully running their enterprises after 6 months of securing support
- 5% of individuals could not utilise the grants to establish enterprises because of restrictions imposed by the Government due to COVID-19 as they planned on investing the grant on tourism and teaching/training academy but both these sectors have been the worst affected of all major economic sectors during the pandemic.

- 27% beneficiaries, who had no source of income prior to grant assistance, are now earning up to PKR 3,000– 40,000 per month.
- 93% beneficiaries reported an increase in income after the grant utilisation
- The average increase in monthly income of the beneficiaries reported is 71%.

The business incubation program offered an excellent ground for entrepreneurial and managerial talent, to support them in the development of business ideas. Business incubation grants improved access to (non-farm) livelihood and income earning opportunities, thereby contributing to their resilience and the economic revitalisation of tribal districts of KP. This initiative improved the competitiveness of existing MSMEs, supported the growth of new enterprises and generated employment opportunities for the locals in addition to enhancing the standard of living.



Figure 8: Incubation training in progress, Peshawar



Figure 10: Entrepreneurs after pitching their business ideas.



Figure 9: Business Incubation Training ongoing, Islamabad



Figure 11: Online Business Incubation Training ongoing

# **Output 4: Existing and new entrepreneurs have increased access to microfinance (in progress)**

Access to micro finance is a major hurdle for businesses in the NMDs due to no or limited access to credit/micro finance providers and greater reliance on loans from friends or relatives. This output aims to increase access to microfinance to a target of 5,000 existing and new entrepreneurs, thus enabling them to increase the scale and scope of businesses in MDs.

The progress is slightly behind the target due to difficulties in the identification of qualified microfinance providers willing to expand the services to North Waziristan and South Waziristan districts. The project has been successful in Khyber district. UNDP partner Akhuwat Islamic Microfinance Institution (AIM) continued disbursing interest-free micro loans to the beneficiaries through their two branches in Khyber; one each in tehsil Bara and Tehsil Landikotal. During the reporting year, Enterprise Development Training and interest-free micro-credits have been disbursed among 1,245 beneficiaries (53 women), in Khyber district amounting to PKR 37 million. In the last quarter (Q4), 12 men beneficiaries received the micro-credits. So far, 2,509 beneficiaries (141 women) have been provided with interest-free micro-credits amounting to PKR 30,000.

Table 4:	Table 4: Existing and new entrepreneurs have increased access to microfinance															
Indicator	LoP Targ	FY Q4	(0	District-wise Achievement (Oct 2019 - Sept 2020)						Overall Achievement until Sept 2020						
	et		NV	-		W	Khy			W	S۱		Khyber			
			М	F	Μ	F	М	F	M	F	Μ	F	М	F		
No. of MSMEs who received loan from MFI institutions, as a result of USG assistance	5,000	12	-	-	-	-	119 2	53	-	-	-	-	2368	14 1	2509 (141 w)	
No. of MFI staff trained to better facilitate the borrowers	45	-	-	-	-	-	0	-	-	-	-	-	12	-	12	
No. of awareness campaigns (outreach)	76	-	-	-	-	-	4	-	-	-	-	-	4	2	6	

The following table presents the progress achieved:

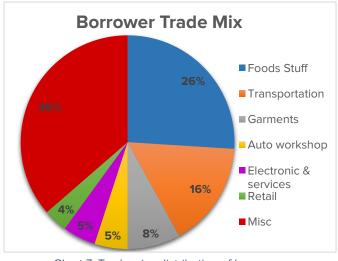


Chart 7: Trade wise distribution of borrowers

Most of the borrowers belong to the transport and food sector as depicted in the chart diagram. In total, 42% of borrowers are linked either with food (26%) or transport (16%) services followed by the garments business at 8%. The borrowers belong to 32 trades out of which share of around 26 trades (misc. 36%) is 1-2% each of the total trade mix. Diversification is emphasised in extending loans as microenterprises are driven by the basic consumption needs of the community in the reaion. То

encourage diversification, the borrowers have been encouraged to present new business ideas like cell phones, electronics, auto workshop, etc. to establish or expand businesses.

During the reporting year, AIM conducted six awareness campaigns to create awareness regarding the interest-free micro-credits and attract maximum beneficiaries including youth, women and physically disabled people. AIM encouraged communities to maximise participation of women through local girls' educational institutes and health centres and encouraged women to participate and apply for loan applications. However only 6% women entrepreneurs applied for micro finance due to the social environment and cultural constraints.

Access to microfinance provided the much-needed funds to the entrepreneurs for expanding or setting up healthy businesses that seek minimum investment and offer sustainable profit in the long run. Thus, micro finance ensured entrepreneurship and self-sufficiency among the people of the NMDs and has proven itself as stimulant to economic development as 100% of the borrowers have invested the loans in their running businesses. The trust and ownership of the program by the beneficiaries is evident from the 100% loan repayment rate.

As mentioned earlier, UNDP is facing challenges in improving access to microfinance in North Waziristan and South Waziristan districts. Though UNDP advertised request for proposals (RFP) three times in the past two years for engaging qualified service provider in NW and SW, however the response from microfinance service providers was slow due to the fact that MFIs/Banks require conducive and secure environment to operate as well as opportunities for future growth. Lockdown and restrictions imposed by the government due to COVID-19 further delayed the progress on the possible expansion. In addition to RFPs, UNDP also conducted consultative meetings with relevant stakeholders including Government of KP and potential microfinance institutions including Habib Bank Limited (HBL), United Bank Limited (UBL), Khushali Microfinance Bank Limited (KMBL) and Bank of Khyber (BoK) to explore options for providing access to microfinance in North Waziristan and South Waziristan. AIM has also been contacted for a further potential partnership. The GoP have reportedly committed funds for AIM which are anticipated to be received next year. Reportedly, funds planned for micro credit loans were diverted to basic cash support due to effect of COVID-19 on the livelihoods. If no potential partnership can be realised in the coming month, UNDP will, in consultation with USAID, turn to other options such as scaling up incubation grants and/or capacity building support to MFIs.



Figure 12: Awareness raising campaigns in progress, Khyber



Figure 14: Beneficiary receiving micro finance cheque, Khyber



Figure 13: Enterprise Development Training ongoing, Khyber



Figure 15: Beneficiary receiving micro finance cheque, Khyber

## **Output 5: Market-based Employment Opportunities Provided for Youth through Skills Training (completed)**

# Activity 5.1: Market-based skills training and tool kits provided to youth from the NMDs

This component of the project is designed to assist the unskilled or semi-skilled youth of the merged districts who have no permanent source of income or employment after returning to their areas of origin. The project aims to provide training in market-driven trades and start-up tool kits to youth to spur the economic growth in the NMDs by enabling them to create employment opportunities or start their own business. Different market-driven trades were identified through a well-designed market assessment study (reference: FERP indicator 6.1) and were validated by the training recipient communities.

The project has completed the provision of skills development training and provision of tool kits. Technical and vocational skills trainings have been provided to 1,831

beneficiaries (744 women) during the reporting year. 86 women beneficiaries from SW were trained in the last quarter of the year. Since inception, the project has successfully trained 2,356 (801 women) beneficiaries. As part of the training process, start-up toolkits have been provided to successful graduates, on need basis, to create employment-generating opportunities by expanding and establishing existing and new businesses of the trainees. The distribution of tool kits was initiated during the second quarter (Q2) of the reporting year and completed in the last quarter (Q4) with the provision of tool kits to 203 trainees (NW: 16, SW: 145 (86 women), Khyber: 42). The project disbursed tool kits to 1,820 (801 women) successful graduates against the planned target of 1,750. The following table presents the progress achieved under output 5:

Table	Table 5: Market-based employment opportunities provided for youth														
Indicator	LoP	FY Q	D			Achie - Sept		-	Ove	Sept	Tota I				
	Tar	4	N	W	S	W	Khy	ber	N	W	S	W	Khy		
	get		Μ	F	Μ	F	М	F	Μ	F	М	F	М	F	
Number of people receiving skills training and livelihood support based on analysis of market needs	2,494	86	33 6	267	361	210	390	267	492	267	517	267	546	267	2356 (801 w)
Number of business associations formed	30	-	-	-	-	-	-	-	10	-	10	-	10	-	30
Number of tool kits/equipment provided	1,75 0	20 3	33 8	267	303	267	378	267	338	267	303	267	378	267	1820 (801 w)

138\* individuals dropped out of training for pursuing further education or started employment in security agencies (army or navy).

Trade wise distribution of training and tool kits is provided below in chart 8:

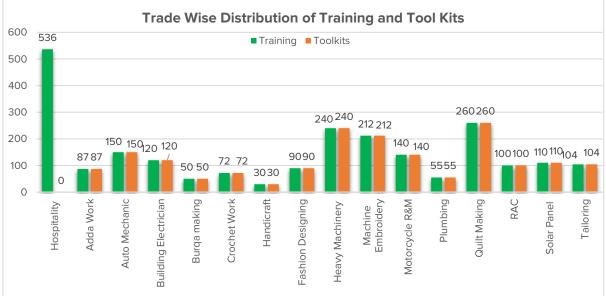


Chart 8: Trade wise distribution of skills development training and tool kits

Training effectiveness is measured through pre and post training assessment. Each training partner developed tailor-made assessment questionnaires and administered these questionnaires on the first and last day of the trainings. Analysis of the pre and post training assessment shows that technical and vocational skills of 100% of trainees have improved.

UNDP carried out a third-party validation exercise for the skills development training activity to assess its success by contracting a third-party validation firm during June and July 2020. During the process, 62 (all men) trainees of hospitality management training programme who had completed their trainings in March 2019, were randomly selected from the project's database and interviewed. Key findings of the assessment study are highlighted below:

- As illustrated in chart 9, 97% beneficiaries (60)are reportedly satisfied with the hospitality management while training only 3% beneficiaries (03) expressed dissatisfaction from the training arrangements.
- 89% beneficiaries (55) were unemployed / jobless before the training and were not earning any income.
- 30% beneficiaries reportedly utilised the skills for creating earning and themselves.

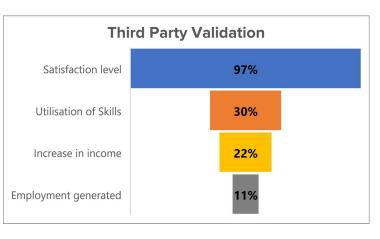


Chart 9: Third party validation results regarding skills development training (Hospitality)

for creating earning and further additional employment opportunities for themselves.

- Among these, 6% trainees subsequently got job in the same trade they were trained in. However, rest of the beneficiaries started their own businesses.
- 11% beneficiaries are self-employed who further employed 11 other individuals in their businesses.
- 29% Beneficiaries reported an increase in income after the utilisation of skills.

UNDP conducted an assessment of the satisfaction of beneficiaries regarding skills development training and tool kits through the partner organisations and interviewed 1,982 individuals (1,181 men; 801 women). The assessment was conducted during the last two quarters (April - September 2020). Assessment findings as depicted in

chart 10 indicated that:

- 99% trainees expressed satisfaction with the skills development training and tool kits.
- 99% had no source of stable income prior to the assistance Before the training only four women (among 801) were generating income from tailoring works while men trainees were generating

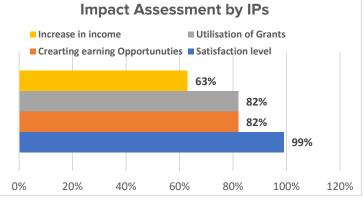


Chart 10: Impact Assessment by IPS regarding skills development training and tool kits.

income by working as daily wage labours and had no regular source of income.

- Among those who have received start-up toolkits, 82% reportedly created earning opportunities by the utilisation of the tool kits.
- COVID-19 crisis and preventive measures undertaken by the Government during the year prevented 12% beneficiaries from the utilisation of tool kits as tool kits were provided in the second quarter of the reporting year (January March 2020).
- 63% beneficiaries reported an increase in income.

During the reporting year, UNDP initiated post-training mentoring sessions for the trainees to further support them in their businesses and to facilitate success of the programme. During the reporting period, 602 (212 women) post training mentoring sessions were conducted while strictly following safety SOPs for COVID-19, in which 2,602 (1,068 women) trainees participated. Mentoring sessions provided a platform to the graduate trainees to share their experiences, lesson learned and best practices from the field with each other.



Figure 16: Skills development training in progress,



Figure 17: Trainee receiving tool kit, North Waziristan district



Figure 18: Mentoring Session for women, North Waziristan



Figure 19: Mentoring session for men, Khyber

### Activity 5.2: Support government to promote business development in FATA

During the reporting year, the project formed 30 business associations constituted from the market committees formed under the output 1. Each business association comprises of members from the adjacent markets belonging to different business sectors such as marble, gems and jewellery, retail, dairy/livestock, and others; ensuring the representation of most markets in the economic development initiatives. These associations were given advanced level training in linkages establishment,



Figure 20: Business Association Training in progress

marketing skills, financial management, bank account management, conflict resolution and business enhancement.

These Business Associations were also introduced to the District Administration and office of the registrar of trade unions for facilitating the formal registration process. Business Associations have started to develop linkages. Business Association in North Waziristan reached out to the whole sellers/distributors in Banu while Business Associations from South Waziristan developed linkages with the traders and whole

sellers in D. I. Khan. Furthermore, exposure visits were organised by the association to the adjacent districts (Banu & D. I. Khan) to learn from their counterparts, share experiences and replicate best practices.

# **Output 6: Increased capacity of the government to monitor economic development in FATA and undertake market assessments (in progress)**

### Activity 6.1: Market assessments studies conducted

UNDP completed the assessment studies in partnership with the Institute of Management Sciences (IM Sciences) during the first year of FERP. Findings of the study were presented to USAID and Government officials, and both agreed to its contents and results. The study's report provides a summary of the business environment and skills present in the three tribal districts while identifying businesses that are specific to the districts. It provides recommendations at two levels: (i) strategic recommendations for advocacy and technical support. (ii) targeted recommendations for FERP.

During the reporting year, UNDP published the assessment studies and distributed among provincial and district government, private sector, donors and UNDP's implementing partners. These studies serve as a guiding document for designing areaspecific and sustainable, livelihoods, economic growth, and business development interventions not only for FERP but also for other projects designed in the future.

### Activity 6.2: Setting up public-private partnerships (PPPs) and privateprivate partnerships as a result of program assistance

During the reporting year, UNDP had consultations with different private sector stakeholders to develop long term sustainable partnerships. UNDP team met the CEO of Marble City, MAK Pumps, Alpha Pipes, R-Sheen Clothing, Hashoo Foundation, Global Star Granite, Zakori Group, Frontier Foundry Steels and representative of Industrial Association of Peshawar to discuss possible partnership opportunities in the areas of job placements of the youth trained by the project, in-kind contribution to programme activities and on the job training/apprenticeships. FF Steels, Alpha Pipes and Zakori Industries have agreed to engage project trainees to provide them with on job trainings and internships. UNDP expects to sign MOUs to outline the partnership with FF Steels and Alpha Pipes in the coming month.

During the last quarter of the reporting year, UNDP commissioned a management consulting organisation I-Consult (previously Grant Thornton) for SME development in different value chains including mines and minerals, light engineering and manufacturing, and agribusiness (off-farm). The consultant will link the products of five enterprises with big organisations through buyer seller agreements, support the improvement of systems of five organisations through IT solutions and ERP rollouts and ensure 15 enterprises receive quality certifications. In addition to that, the consultant will undertake 2 interprovincial study tours to Sindh and Punjab with at least five enterprises on each trip. I-Consult has already started working on the first

deliverable, are in the process of developing inception report and engaging different stakeholders for the activity.

UNDP arranged three webinars with the private sector and Government in collaboration with Khyber Pakhtunkhwa Economic Zone Development and Management Company (KPEZDMC), KP Board of Investment (KPBOIT) and Small and Medium Enterprise Development Authority (SMEDA) where key private sector stakeholders and Sarhad Chamber of Commerce and Industry (SCCI) together with senior representatives of USAID and KP Government participated in a productive

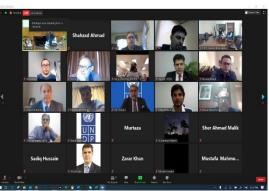


Figure 21: Webinar on Investment Opportunities for KP in Post-COVID-19 Scenario

discussion about the impact of COVID-19, post COVID-19 scenario and partnership opportunities with UNDP and donors.

# Activity 6.3: Institutional capacity building of the Government to better measure economic indicators in the NMDs

The Economic Cooperation and Development Forum (ECDF) aims to facilitate collaboration and partnerships between different institutions/organisations and to reflect on ways to enhance the investment of private sector companies. The ECDF provides a platform to key stakeholders to meet on a quarterly basis to discuss the challenges faced by them and the opportunities available in the NMDs that can be harnessed for accelerated economic growth through improving the business enabling environment. Consequently, the six different subgroups based on six thematic areas formed under ECDF i.e. (i) economic infrastructure, (ii) banking and finance, (iii) entrepreneurship, innovation and investment, (iv) marketing and communication, (v) skills development, and (vi) regulatory mechanisms, held meetings in the first and second quarter of the reporting year to discuss opportunities for inclusive economic growth in private sector. Various experts on economic development and private sector investment, think-tanks, policymakers, and academia/researchers attended the meetings.

During the reporting year, two ECDF workshops were held where representatives from SMEDA, UNDP, USAID, ECDF members, thematic areas subgroup leaders, and sector group leaders participated. Subgroups highlighted the key issues, opportunities, challenges, proposed interventions regarding each specific thematic area and way forward towards the economic revitalisation of the NMDs. The



Figure 22: Third ECDF workshop in progress, Peshawar

recommendations of the ECDF forum were shared with senior Government officials/ministers and the representatives of the business community, chambers of commerce and academia that will be considered by the KP Government for its inclusion in Annual Development Plan (ADP), depending on availability of financial resources.

SMEDA finalised six project briefers that include: (i) Modern technology for sustainable agriculture and agribusiness zones (ii) Establishment of economic zones in the NMDS, (iii) Establishment of agribusiness parks (iv) Apna hunar apna rozgar scheme, (v) Establishment of KP trade testing authority, (vi) Youth Challenge Funds. Project briefers have been shared with Additional Chief Secretary for their review and consideration. The final briefers will be part of the ECDF policy document and will be shared with relevant KP Government departments for inclusion in the ADP. In addition to this, SMEDA, through ECDF developed a policy paper that provides detailed sector specific information on interventions and will help the KP Government in decision making for allocating resources for development planning. These interventions are aligned with the Government's Accelerated Implementation Plan and aim to directly improve the investment climate in the NMDs. The launch event of the policy paper is planned for 25th November 2020.

ECDF is a key component of UNDP, and USAID considers it vital to ensure the sustainability of the forum, and for its policies and recommendations to be included in the provincial Government plans and budgets. To that effect, and in consultation with USAID, UNDP has decided to scale up the activities under the current agreement with SMEDA to provide further technical support in the following key areas:

- SMEDA in coordination with the consultant hired by UNDP, will support in development of key project proposals; sharing of the proposals with relevant Government departments and facilitating their inclusion in Government plans and budgets.
- SMEDA will arrange three to four webinars/roundtables with private sector including ECDF members on investment, trade, economic growth etc.
- SMEDA will provide technical support in arranging consultative sessions for data gathering, hiring of IT consultant/firm, formation of management committee, validation and progress review exercise and launching of online facilitation desk.

Table 6: Increased capacity of the government to monitoreconomic development and undertake market assessments						
Indicator	LoP Target	FY Q4	Achievement (Oct 2019 - Sept 2020)	Overall Achievement until Sept 2020		
No. of assessments/ studies conducted.	3	-	-	3		
Number of public- private/private-private partnerships formed as	5	-	2	2		

Table 6 below presents the progress achieved under output 6:

a result of program assistance				
No. of workshops held under the Economic Cooperation and Development Forum	4	-	2	3

# VI. Monitoring and Evaluation

The monitoring and evaluation team continued providing support to the programme team for informed decision making. The evolving security situation and later the COVID-19 outbreak effects were closely monitored and subsequently the risk matrix was updated, and certain project activities were adapted to the evolving environment. Field missions were conducted to verify the progress reported by implementing partners against each output. Due to the COVID-19 outbreak, online work modalities were adopted. Online monitoring was also conducted to monitor online business incubation trainings. Details of M&E engagements during the reporting year are mentioned below.

## **Contextual Monitoring:**

The security situation in the programme area remained stable for first half of the reporting year. However, it became fluid in the later part. But as most of the project field activities were completed, its impact on FERP was minimal and timely managed. The outbreak of the COVID-19 pandemic in March and subsequent lockdowns established by the Government to contain the spread of the virus affected the progress of some project activities. The M&E team took steps to conduct a quick survey through the implementing partners to assess the impact of COVID-19 on the business environment in the project area. Findings of the surveys were used to update the risk-matrix and adapt the project activities.

### **Performance Monitoring:**

The M&E and programme team planned 24 field missions during the reporting year, out of which three missions were cancelled: two due to deteriorating security situation and one because of the lockdown established by the Government to contain COVID-19 spread. The missions were conducted to verify the progress reported by the implementing partners against each output and assess their data management mechanism to ensure validity, reliability and correctness of the reported data. The M&E team also conducted four virtual monitoring of business incubation training and pitching events.

### Third Party Validation:

UNDP Pakistan engaged Ernst & Young Ford Rhodes (EY) and Deloitte Pakistan on Long Term Agreement for providing services to carry out third party validation. Using the services of EY, the M&E team has validated the programme output 1 (short term employment opportunities), output 2 (business management skills training and grants), and output 5 (technical and vocational training). EY conducted field missions between  $22^{nd}$  June and  $16^{th}$  July 2020 and validated information from randomly and independently selected programme beneficiaries. EY Ford Rhodes has conducted the validation exercise in close coordination with the M&E team, however for transparency and independence, the EY reports to the Management Support Unit (MSU) – a corporate level unit in the UNDP Country Office Pakistan that is ultimately responsible for monitoring and evaluation of different programmes at the country level. EY third party validation findings are reported under the respective outputs.

## **Performance Indicators Data Quality Assessment Mission:**

USAID's MEL mission conducted a DQA mission to the FERP on 6<sup>th</sup> February 2020. The mission discussed the programme data flow, the programme results framework, and independence working of the M&E Team. The DQA mission also observed the programme record in FERP databases and in the hard files. After the DQA mission, the UNDP SDP M&E team conducted a joint meeting with USAID's MEL team and with the FERP AOR on 12<sup>th</sup> February 2020. The FERP team was informed that:

- PPR indicator 1.3-1 (*Number of individuals with new or better employment as a result of USG-assistance*) has been removed from the FERP Results Framework and two new indicators (*PPR 1.3b: Number of Individuals with new employment following completion of USG-assisted workforce development programs, and PPR 1.3c: Number of full-time equivalent jobs created as a result of USG assistance*) are added.

Following the DQA mission and the joint meeting, FERP rationalized targets of few indicators. Complete meeting minutes are attached to this report.

## **VII.** Communication

During the reporting period, UNDP carried out various outreach and communications activities to ensure project visibility and to highlight the generous support of the American people through USAID.

The UNDP's implementing partners and counterparts consistently referred to USAID in their official and public meetings, events and during the project activities, so that the stakeholders, communities, Government authorities, and beneficiaries are aware and acknowledge the support provided by the USAID. During the reporting period, major activities under the communication section included:

## **USAID Branding and Visibility:**

To raise awareness about the project, the team developed and distributed project briefs, which provided a snapshot of the project structure, duration, key objectives

and targets. It was shared with partners and other relevant stakeholders at various forums and events.

Implementing partners ensured USAID branding on all IEC material including training manuals, forms, banners, flyers, backdrops, standees, radio public service announcements, certificates and attendance sheets, etc. Furthermore, during skill development training sessions, standees for every trade and classroom were prepared separately.

### Feedback posters:

During various project activities, USAID feedback posters were displayed at a prominent location which contains the information and procedures to share feedback, complaints, and suggestions related to the project activities with USAID Anti-Fraud Hotline.



### **Events:**

UNDP and its implementing partners conducted

several visibility events including orientation events for trainees and IPs and certificate distribution ceremonies where the generous contribution of USAID was highlighted. UNDP ensured that USAID, KP Government and partners logos were present on all the presentations, banners and standees.

#### **Radio programme:**

To reach out to a wider audience, two 30 minutes' radio programmes on the FATA Economic Revitalisation Programme were broadcasted on FM 101 on 7<sup>th</sup> November and 5<sup>th</sup> December 2019 nationwide. Participants included Project Management Specialist from USAID, UNDP project team, and project beneficiaries. Broadcasted in the Urdu language, the radio programme highlighted the project objectives, targets, achievements and USAID's support for sustainable livelihood opportunities for the newly merged districts of KP.



Figure 24: Radio Programme ongoing, Peshawar

### Web Story:

A story related to business incubation programme was published on the UNDP website. The story highlighted how the project is providing opportunities to women entrepreneurs from the merged districts. Story can be accessed through this link



Figure 25: web story published on UNDP website

Figure 23: USAID feedback posters displayed

# Awareness raising on COVID-19 through dissemination of banners:

To create awareness about the COVID-19 pandemic in the NMDs, UNDP supported the Government of KP by placing WHO approved 54 banners each in Khyber, South and North Waziristan districts. With the help of illustrations and messages in Urdu language, banners remind the community to practice hygiene, social distancing and take safety measures. Six different versions of banners have been placed at prominent



Figure 26: Awareness raising banners displayed

locations such as entry and exit points, main roads, markets, offices of district administrations and other public places. The banners have logos of KP Government, USAID, UNDP, WHO, UNICEF and implementing partners. The banners are attached as an Annex I.

## Press coverage (electronic, online and print):

During the reporting period, the project also generated press coverage and several news articles were published in prominent national English and Urdu dailies. Links to articles are attached as an Annex: II.

### **Broadcast Media:**

Detailed video reports were broadcasted on national TV/web channels. The video reports highlighted various events including interviews and views from the chief guest, members of national/provincial assembly and beneficiaries. Video reports can be accessed using the links attached as an Annex III:



Figure 27: Broad casting on National TV

## Social media posts:

Social media posts related to project activities were published on UNDP, USAID and IPs Facebook and Twitter accounts. These posts highlighted the project activities and

acknowledged the support of USAID for economic revitalisation in the newly merged districts. The screenshots and links of these posts are attached as an Annex IV:

# VIII. Major Challenges

Some of the major challenges faced by the project to date are as follows:

- 1. The COVID-19 outbreak has been a major challenge for the programme. All the project related activities were suspended from March to May 2020 which affected the project progress and achieving some targets under Outputs 3, 4 and 6. UNDP partners resumed activities at end of May which were adapted to alternate ways of conducting office work using technology and teleworking and strictly adhering to COVID-19 SOPs.
- 2. As per the COVID-19 quick impact assessment report conducted by IPs in April 2020, sources of livelihood (businesses or jobs including daily wage labor, the demand of skilled labor, farming related activities) have been badly affected due to the lockdown and restrictions established by the Government. As the Government has announced economic support packages for the affected population, it might likely create dependency syndrome in the beneficiaries which will affect the philosophy behind inclusive economic growth.
- 3. The absence of microfinance service providers in North Waziristan and South Waziristan remained a challenge due to which the overall target could not be achieved during the reporting period. UNDP is still negotiating with potential micro finance institutions, as well as looking at alternate options.
- 4. Currently, the banking services are limited in certain areas of the NMDs, North Waziristan and South Waziristan in particular. For inclusive economic growth, a viable banking network must be operational in the region. Islamic banking products, branchless banking/kiosk and mobile banking should also be introduced in parallel to the regular bank system.
- 5. The project aims at engaging at least 30% of women in all activities except the economic infrastructure component. Due to cultural constraints, women's participation in programme activities remained a challenge. UNDP partners have been capitalising on its existing social capital and mobilised resources for the inclusion of women in the project activities.
- 6. Engaging women in incubation training have been a challenging activity since communities are generally reluctant to allow women to participate in such activities. Secondly, women are reluctant to travel long distances and spend a month in another city. However, transferring the training to online methods allowed greater outreach and helped the project output achieve the target of 30%.

# **IX. Indicator Tracking Sheet**

Indicator	LoP Target	FY 19-20 Target	FY 19-20 Actual	Q1 (Oct- Dec 19) Target	Q1 Achieved	Q2 (Jan- Mar 20) Target	Q2 Achieved	Q3 (Apr- Jun 20) Target	Q3 Achieved	Q4 (Jul- Sep 20) Target	Q4 Achieved
Outcome 1.1: Percent of individuals with new employment following participation in USG-assisted workforce development programs (MSF: PPR EG.6-12)	40%	-	-	-	-	-	-	-	-	40%	65%
Outcome 1.2: Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income or employment) (MSF: PPR GNDR-2)	30%	30%	23%	-	21%	-	28%	-	21%	30%	62%
Intermediate Outcome 1.1: Percentage of beneficiaries satisfied with the provision of short-term assistance	70%	70%	-	-	-	-	-	-	-	70%	100%
Intermediate Outcome 1.2: Number of individuals with improved skills upon completion of USG-assisted workforce development programs (MSF: 1.3.1b)	2,494	1,969	1,831	900	673	600	701	595	371	-	86
Intermediate Outcome 2.1: Number of households/families benefiting directly from USG assistance	15,116	6,890	7,911	5,231	5,019	3,218	1,871	1,605	706	-	225
Intermediate Outcome 2.2: Number of individuals with new employment following completion of USG-assisted workforce development programs (MSF: 1.3b)	990	990	1,522	-	-	-	-	-	-	990	1,522
Intermediate Outcome 2.3: Number of full- time equivalent jobs created as a result of USG assistance (MSF: 1.3c)	115	115	134	70	73	-	24	-	374	-	-
Intermediate Outcome 3.1: Number of Institutions assisted to form joint collaborations for economic growth	4	4	-	-	-	3	-	1	-	-	-

<sup>&</sup>lt;sup>4</sup> This progress was actually completed in last quarter of 2019 however wasn't reported due to technical error in Pakinfo.

Indicator	LoP Target	FY 19-20 Target	FY 19-20 Actual	Q1 (Oct- Dec 19) Target	Q1 Achieved	Q2 (Jan- Mar 20) Target	Q2 Achieved	Q3 (Apr- Jun 20) Target	Q3 Achieved	Q4 (Jul- Sep 20) Target	Q4 Achieved
Output 1.1: Number of working days created through USG assistance	30,000	20,451	25,238	16,451	19,174	1,277	6,064	-	-	-	-
Output 1.2: Number of individuals engaged in short term assistance activities	2,572	1,518	2,156	1,000	1,681	518	475	-	-	-	-
Output 2.1: Number of individuals/MSMEs trained on business management skills	4,350	2,151	2,183	2,151	2,025	-	158	-	-	-	-
Output 2.2: Number of micro, small, and medium enterprises (MSMEs), including farmers, receiving USG assistance	3,855	3,855	3,855	1,928	2,212	1,643	819	824	824	-	-
Output 3.1: Number of entrepreneurs / MSMEs trained	700	700	504	180	180	520	125	395	64	331	135
Output 3.2: Number of entrepreneurs / MSMEs provided support through USG assistance	350	350	177	100	22	150	77	100	39	212	39
Output 3.3: Percentage of MSM enterprises operational	50%	50%		-		-		-		50%	_5
Output 4.1: Number of MSMEs who received loan from microfinance institutions, as a result of USG assistance	5,000	3,736	1245	1,000	550	1,500	412	1,382	271	2,503	12
Output 4.2: Number of MFI staff trained to better facilitate the borrowers	45	33	-	-		33	-	33	-	33	-
Output 5.1: Number of people receiving skills training and livelihood support based on analysis of market needs	2,494	1,969	1,831	900	673	600	701	595	371	-	86
Output 5.2 Number of business associations formed	30	30	30	30	30	-	-	-	-	-	-
Output 5.3: Number of toolkits/equipment provided	1,750	1,750	1,820	-	-	1,000	1,511	239	106	133	203
Output 6.1: No. of assessments/ studies conducted	3	-	-	-		-	-	-	-	-	-

<sup>&</sup>lt;sup>5</sup> This indicator is traced after 6 months of assistance, so it will be reported in the next quarter

Indicator	LoP Target	FY 19-20 Target	FY 19-20 Actual	Q1 (Oct- Dec 19) Target	Q1 Achieved	Q2 (Jan- Mar 20) Target	Q2 Achieved	Q3 (Apr- Jun 20) Target	Q3 Achieved	Q4 (Jul- Sep 20) Target	Q4 Achieved
Output 6.2: Number of private-private partnerships formed as a result of program assistance		4	2	1	1	2	1	1	-	-	-
Output 6.3: No. of workshops held under the Economic Cooperation and Development Forum		4	2	1	1	1	1	1	-	-	-

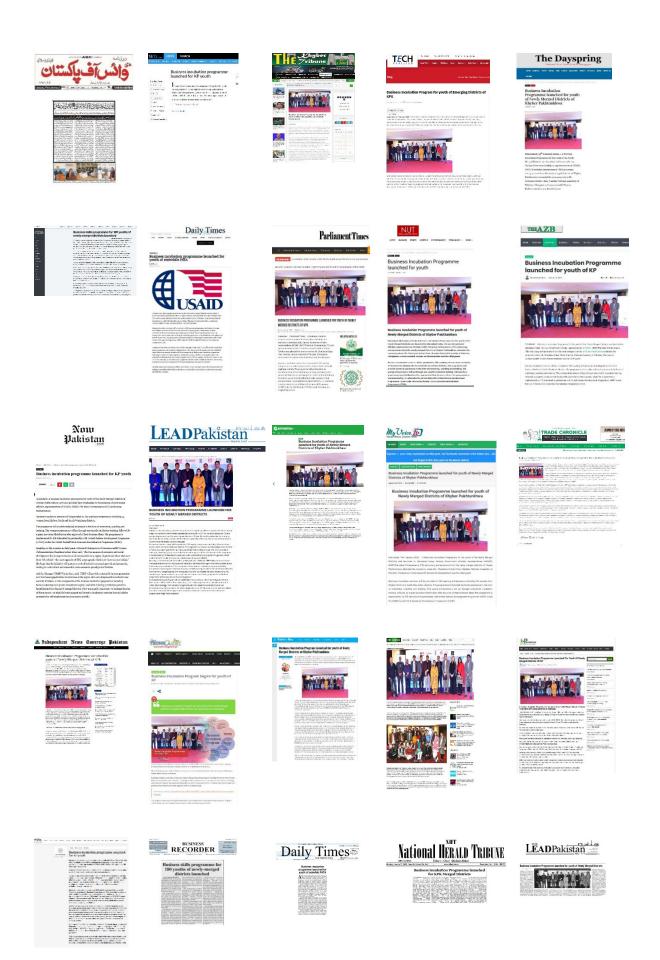
# X. ANNEXURES:

### Annex-I: COVID-19 awareness raising banners displayed in NMDs:



Annex II: Press coverage (Electronic, online and print):







https://www.tnn.com.pk/universities-train-young-entrepreneurs-from-merged-districts-online/

- <u>https://islamabadpost.com.pk/bahria-university-iiu-usaid-and-undp-launch-digital-platform-to-train-youngentrepreneurs/</u>
- <u>https://newztodays.com/universities-train-young-entrepreneurs-from-merged-districts-online-with-us-cooperation/</u>
- <u>https://newspakistan.tv/with-us-support-universities-train-young-entrepreneurs-from-the-merged-districts-online/</u>
- http://www.inp.net.pk/us-govt-launches-digital-platform/
- https://www.urdupoint.com/en/pakistan/digital-platform-launched-to-provide-business-984062.html
- <u>https://www.technologytimes.pk/2020/07/25/digital-platform-launched-for-young-entrepreneurs-to-provide-business-incubation-training/</u>
- https://www.thenews.com.pk/print/691727-digital-platform-for-young-entrepreneurs-launched
- https://propakistani.pk/2020/07/25/bahria-islamic-university-will-provide-business-incubation-training-to-studentsfrom-waziristan/
- <u>https://whenwherehow.pk/2020/07/25/bahria-university-and-islamic-international-university-join-hands-with-usaid-and-undp-to-launch-digital-platform-for-young-entrepreneurs/</u>
- https://nation.com.pk/25-Jul-2020/digital-platform-launched-for-entrepreneurs
- <u>https://dailytimes.com.pk/645703/versities-train-young-entrepreneurs-of-ex-fata-ex-pata-districts-online/</u>
- https://thefortress.com.pk/usaid-launched-digital-platform-to-provide-busine ss-incubation-training/
- https://www.newswire.com.pk/2020/07/25/usaid-2/\_
- <u>https://dnanews.com.pk/bahria-university-iiu-usaid-undp-launch-digital-platform-train-young-entrepreneurs/</u>
- <u>https://educator.com.pk/good-news-for-the-students-of-waziristan/</u>
- <u>https://tacbz.com/2020/07/25/bahria-islamic-university-will-provide-business-incubation-training-to-students-from-waziristan/</u>
- <u>https://www.tribalpost.pk/news/9998/tribal-youth-complete-another-batch-modern-skills-development-training-program/</u>
- <u>https://www.thenews.com.pk/print/599274-business-incubation-programme-launched-for-kp-youth</u>
- https://www.urdupoint.com/en/pakistan/business-incubation-programme-launched-for-yo-811064.html
- <u>http://proasiatic.pk/2020/01/16/business-incubation-programme-launched-for-youth-of-newly-merged-districts-of-khyber-pakhtunkhwa/</u>
- http://khaleejmag.com/business/business-incubation-program-launched-for-youth-of-newly-merged-districts-ofkhyber-pakhtunkhwa/
- https://www.technologytimes.pk/2020/01/16/business-incubation-program-begins-youth-kp/
- <u>https://www.incpak.com/education/business-incubation-programme-launched-for-youth-kpk/</u>
- https://tradechronicle.com/business-incubation-programme-launched-for-youth-of-newly-merged-districts-of-khyberpakhtunkhwa/
- https://www.myvoicetv.com/2020/01/business-incubation-programme-launched.html
- <u>http://www.reporterpk.com/business-incubation-programme-launched-for-youth-of-newly-merged-districts-of-khyber-pakhtunkhwa/</u>
- http://leadpakistan.com.pk/news/business-incubation-programme-launched-for-youth-of-newly-merged-districts/
- <u>https://nowpakistan.com/city-news/business-incubation-programme-launched-for-kp-youth/</u>
- <u>https://theazb.com/business-incubation-programme-launched-for-youth-of-kp/</u>
- https://newsupdatetimes.com/business-incubation-programme-launched-for-youth/
- <u>https://www.dailyparliamenttimes.com/2020/01/16/business-incubation-programme-launched-for-youth-of-newly-merged-districts-of-kpk/</u>
- <u>https://dailytimes.com.pk/540666/business-incubation-programme-launched-for-youth-of-erstwhile-fata/</u>
- https://www.brecorder.com/2020/01/18/562711/business-skills-programme-for-180-youths-of-newly-mergeddistricts-launched/
- <u>https://www.thedayspring.com.pk/business-incubation-programme-launched-for-youth-of-newly-merged-districts-of-khyber-pakhtunkhwa/</u>
- https://techpakistan.org/business-incubation-program-for-youth-of-emerging-districts-of-kpk/
- <u>https://www.thekhybertribune.com/2020/01/16/business-incubation-programme-launched-for-youth-of-newly-merged-districts-of-khyber-pakhtunkhwa/</u>
- <u>https://article.wn.com/view/2020/01/16/Business\_incubation\_programme\_launched\_for\_KP\_youth/</u> <u>http://leadpakistan.com.pk/news/launch-ceremony-of-business-incubation-services-for-180-entrepreneurs-from-the-merged-districts-of-kp/</u>
- <u>https://www.thenews.com.pk/print/580682-180-youth-from-merged-districts-complete-business-incubation-training</u>
- https://www.express.com.pk/epaper/PoPupwindow.aspx?newsID=1106822083&Issue=NP\_PEW&Date=20191010
- http://leadpakistan.com.pk/news/ecdf-submits-proposals-for-mineral-sector-development/
- https://www.urdupoint.com/en/business/ecdf-submits-proposals-for-mineral-sector-dev-766002.html
- https://www.awareyouth.org/opportunities/3150/fata-economic-revitalization-program-business-incubation-services/
- https://www.tnn.com.pk/business-incubation-trading-for-youth-of-khyber-north-south-waziristan-opened/

#### Annex III: Broadcast Media:

https://www.dropbox.com/sh/jx55v6mwb6yznbd/AABJGn0qYaiwD2O74alM6msra?dl=0

https://www.dropbox.com/s/3pjh3e9c19zvply/92%20News.mp4?dl=0

https://www.dropbox.com/s/aw019eukxcsoo28/Express%20News.mp4?dl=0

https://www.dropbox.com/s/mp1r9mogvyblkdg/Geo%20TV.mp4?dl=0

https://www.dropbox.com/s/c5ckigw79iasvnp/GTV%20%2824%20July%202020%29.mp4?dl=0

https://www.dropbox.com/s/v1aok6gig5gljec/KAY%202%20TV%20%2824%20July%202020%29.mp4?dl=0

https://www.dropbox.com/s/fwh9am9x0d14tmw/Khyber%20News%20%2824%20July%202020%29%20.mp4?dl=0

https://www.dropbox.com/s/fi9ij9swtzjdbng/PTV%20News.mp4?dl=0

https://www.dropbox.com/s/jnu4sl7xqc833tv/Sindh%20TV.mp4?dl=0

https://www.dropbox.com/s/mdo155u6h33epot/City%20Buzz%20-%2001%20Feb%202020%20-%20Full%20Program%20-%20Roze%20News%20-%20YouTube.mkv?dl=0

https://www.dropbox.com/s/vw1n748vkmw7xnd/Dunya%20News-TIE.mp4?dl=0

https://www.dropbox.com/s/b8gwc304nmlgygs/News1-TIE.mp4?dl=0

https://www.dropbox.com/s/p0vnyxbxoi9cgcx/PTV-TIE.mp4?dl=0

https://www.dropbox.com/s/ri622fav0y9y6fr/Training%20For%20A%20Better%20Tomorrow.%20-%20YouTube.mkv?dl=0

https://www.dropbox.com/s/9z8wlokgdy8nkot/VID-20200305-WA0030.mp4?dl=0

https://www.dropbox.com/s/ltr8fqvqd3wyoj5/VID-20200305-WA0031.mp4?dl=0

https://www.dropbox.com/s/2f3xe6cwdnmebh7/VID-20200311-WA0014.mp4?dl=0

#### **ANNEX XI: Social Media**

#### UNDP Pakistan O

We supported placement of #COVID19 awareness banners in public spaces, including Kurram & North Waziristran distruct entry & exit points, main roads, markets & offices of district administrations of the Newly Merged Districts.



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30 markets renovated by SRSP in various Tehsils Maziristan under the Merged ictsEconomicRevitalizationProgramme #FERP ership with @UNDP\_Pakistan Cheques distribut presentatives of MarketCommittees by Addition #Distrie partner to rep DC Nor rthWaziristan co







With support from @UNDP\_Pakistan @SRSP\_official distributed 164 awareness raising banners 2 District Admin in #SWA, RNWA & & #Kurram. With UNICEF, our contingency agreement has been activated to extend support to public health units for improved WASH facilities. an @SRSP official has 9:27 PM - Apr 3, 2020 - Tv 0 tì.  $\odot$ 









































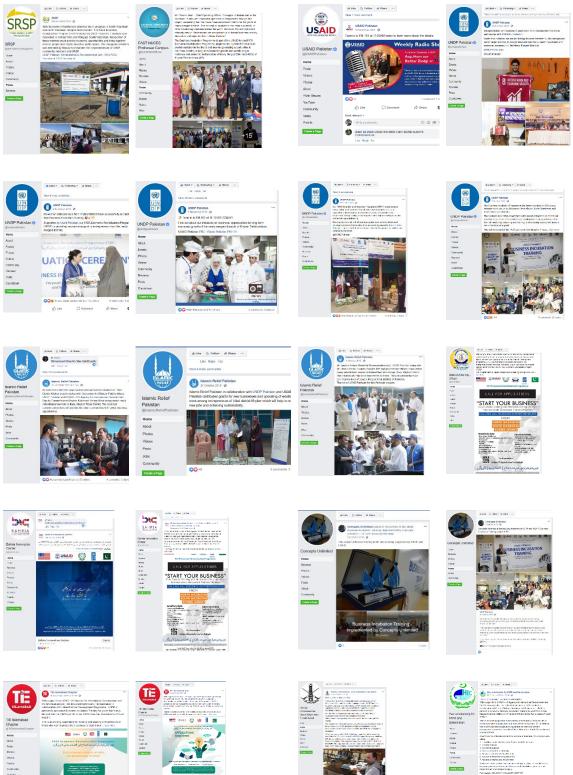






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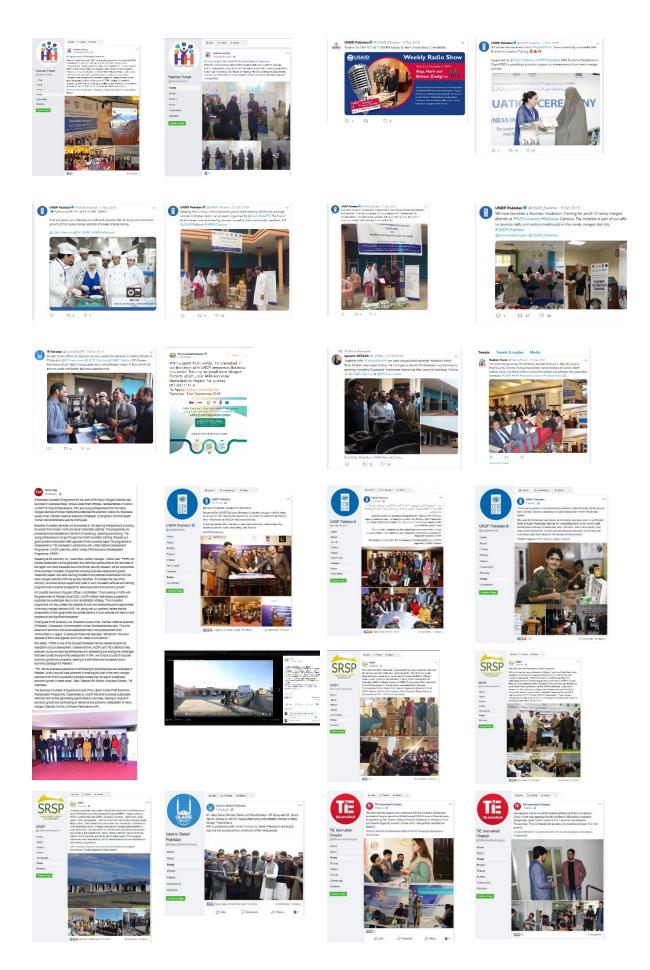


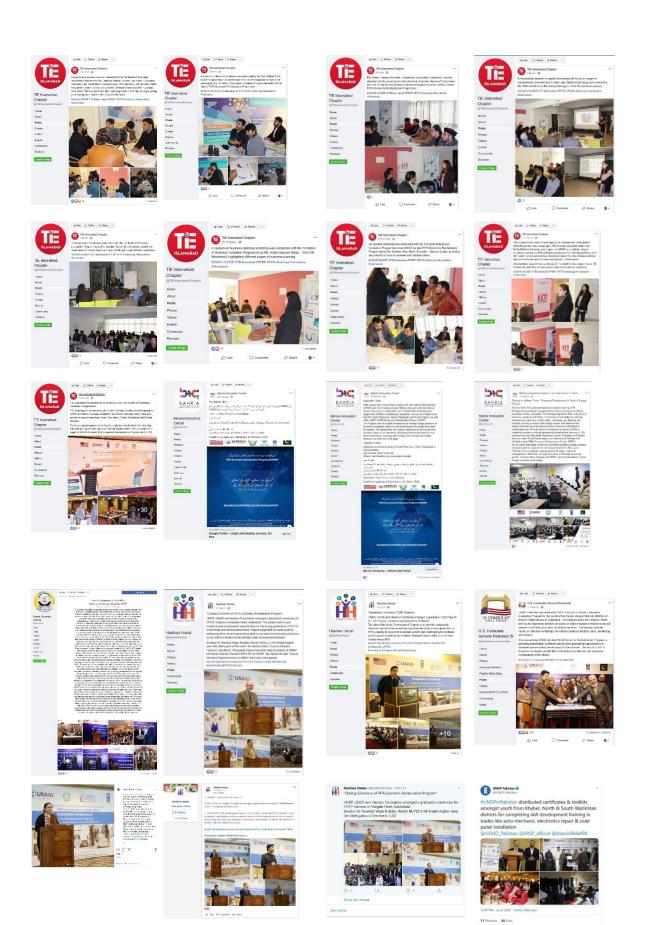
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## Following are the links to social media posts:

