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Wasim Bari (wbari@usaid.gov) has approved reporting for FY 2021 Qtr 1 (Oct 1 - Dec 31, 2020) - FATA Economic Revitalization Program (AID-391-IO-17-00004).



Quarterly Report

October- December 2020

FATA Economic Revitalisation
Programme (FERP)

Contract Number: AID-391-IO-17-00004



United Nations Development Programme

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List of Acronyms:

AIM	Akhuwat Islamic Microfinance
BMST	Business management skills training
BU	Bahria university
CU	Concepts Unlimited
ECDF	Economic Coordination & Development Forum
FATA	Federally Administered Tribal Areas
FERP	FATA Economic Revitalization Programme
GoP	Government of Pakistan
IEC	Information, Education and Communication
IM Sciences	Institute of Management Sciences
IP	Implementing Partner
IRP	Islamic Relief Pakistan
IIUI	International Islamic University Islamabad
KP	Khyber Pakhtunkhwa
LoP	Life of Project
MD	Merged District
MFP	Micro Finance Providers
M&E	Monitoring and Evaluation
MSF Indicator	(US) Mission Strategic Framework Indicator
NW	North Waziristan
PPP	Public Private Partnership
PTM	Pashtun Tahfuz Movement
RFP	Request for Proposal
SMEA	Small Enterprise Development Activity
SMEDA	Small and Medium Enterprise Development Authority
SW	South Waziristan
TiE	The Indus Entrepreneurs
ToR	Terms of Reference
UNDP	United Nations Development Programme
USG assistance	United States Grants assistance

Project Summary Sheet

Title	FATA Economic Revitalisation Programme
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), 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 – 17/09/2021
Reporting Period	01/10/2020 – 31/12/2020
Name and Title of Focal Point	Tanya Rzehak, Programme Manager. tanya.rzehak@undp.org

I. Executive Summary:

The FATA Economic Revitalisation Programme (FERP) is contributing to the long-term economic growth of the Merged Districts (MDs) by creating sustainable livelihood opportunities in the area. This report presents the progress achieved in the first quarter of FY 2021 i.e. October to December 2020. During the reporting quarter, the project reached a total of 217 (66 women) beneficiaries. Since its inception, the project has directly benefitted 13,170 (2,900 women) individuals against the target of 15,116. The overall achievement stands at 90% against the life of project target at the time of writing this report.

The security situation in the MDs including the project implementing areas remained unstable and deteriorated further in the reporting quarter, especially in the North Waziristan district, reporting the highest number of terrorism incidents. Along with terrorist attacks, the militants are now resorting to target killings and kidnappings for ransom, which further worsened the situation.

UNDP continued to implement remaining programme activities adapted to the COVID-19 reality and strictly adhering to the safety SOPs adopted to prevent the spread of the pandemic. Following the Government directives and relaxation in COVID-19 restrictions across the country, UNDP started on-campus training activities from 15th September 2020, with all SOPs in place. On-campus training continued until the end of December 2020. However, UNDP had to resume virtual training again due to the rise in the COVID-19 positive cases with the second wave of the virus domestically and reports of new strain/variant of COVID-19 spreading in 31 other countries.

The project has successfully closed three outputs by fully achieving their targets. The project achieved 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) during the FY 2020. Details of the completed outputs were shared in the previous QPRs and APR (October 2019 – September 2020).

The project has completed incubation training (output 3) for a total of 721 (238 women) entrepreneurs so far against the planned target of 700. Incubation grants have been provided to 340 (125 women) entrepreneurs (97%) against the target of 350. During the reporting quarter, UNDP resumed on-campus training and pitching events with strict adherence to SOPs and successfully trained 217 (66 women) entrepreneurs and provided incubation grants to 163 (59 women) entrepreneurs. Furthermore, post-incubation coaching sessions were provided to 164 (62 women) graduated trainees.

UNDP continued to pursue possible options for the engagement of microfinance providers in North Waziristan and South Waziristan districts. In this regard, consultative meetings are still being conducted with relevant stakeholders. UNDP is considering possibilities to be implemented during the next quarter, and within the time remaining until the end of the project.

Under increased capacity of the government (output 6), UNDP is developing Private-Private Partnerships with private sector stakeholders to develop long term sustainable partnerships and job placements for youth trained under the project. UNDP signed agreements with Alpha Pipes and Frontier Foundry Pvt. Ltd (FF Steels) to create job

opportunities for youth in the programme districts. Both industries have committed to provide apprenticeships to selected youth trained under the project and will employ successful youth after completion of the apprenticeships. The project is exploring similar arrangements with few other private sector organisations. Furthermore, UNDP commissioned a management consulting organisation International Consulting Associates (I-Consult) for Small and Medium Enterprises (SMEs) development in different value chains in merged districts. I-Consult has applied for NOC to conduct field assessment in the MDs and has initiated working on the development of value chain reports for identified products.

Furthermore, UNDP presented the Economic Cooperation and Development Forum (ECDF) policy paper to the Government of KP in a launching ceremony held at Chief Minister's office and the PC Peshawar. The policy paper incorporates key recommendations that are endorsed for the growth of private sector in the MDs.

UNDP is providing lead technical and administrative support to the Planning and Development (P&DD) in the development of the Economic Development Plan. In this regard, UNDP held consultations with stakeholders on the Economic Development Plan under the chair of the DG Projects/SDU, Planning and Development Directorate, GoKP. UNDP advocated with the government to include the ECDF recommended interventions in the Economic Development Plan. The ECDF recommendations were shared with all the government departments to consult while developing various concept notes recommended by GoKP.

II. Background

The FATA Economic Revitalisation Programme was designed considering the complex socio-economic, political and governance context of the Merged Districts of Khyber Pakhtunkhwa (KP). The programme aims to generate sustainable livelihood opportunities for the local population leading to the long-term economic growth of the tribal 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 communities of the MDs are supported by helping them diversify their livelihoods through business development grants, market-driven skill training, access to micro-finance, innovation fund and developing market linkages.

III. Situation Analysis

The security situation in the merged districts remained unpredictable during the reporting quarter. A remarkable increase in militancy and resultant casualties have been observed in the project implementing districts i.e. Khyber, North Waziristan and South Waziristan districts. Although, sporadic attacks continued to occur in other districts as well, however, North Waziristan district remained the most targeted during this period.

Khyber District:

During the reporting quarter, an increase in the violent incidents have been observed in Khyber district compared to previous quarters. The graph (ref: Chart 1) depicts a detail of terrorism incidents and resultant casualties against each quarter of 2020 in the Khyber district.

North Waziristan District:

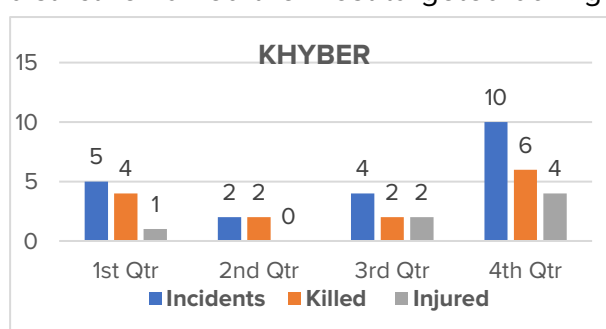


Chart 1: Details of Terrorism incidents and resultant casualties, Khyber

The security situation in the North Waziristan district remained violent throughout the year 2020. However, the number of attacks/incidents increased during the reporting quarter as is depicted in chart 2 showing details of terrorism incidents and resultant casualties against each quarter of 2020 in the North Waziristan district. A slight upward trend can be observed in violent incidents and resultant casualties from the first quarter to fourth quarter of 2020.

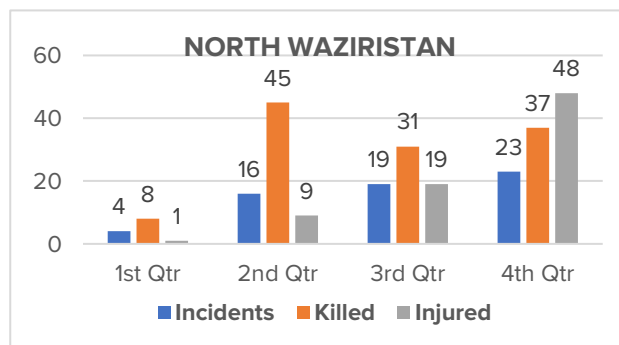


Chart 2: Details of Terrorism incidents and resultant casualties, NW

South Waziristan District:

The security situation in the South Waziristan district remained unstable as a steady increase in terrorism incidents and resultant casualties occurred from January to December 2020 as shown in chart 3. However, the frequency of militancy incidents and resultant casualties decreased slightly in the reporting quarter after witnessing a significant upward trend during the previous quarter (July – September 2020).

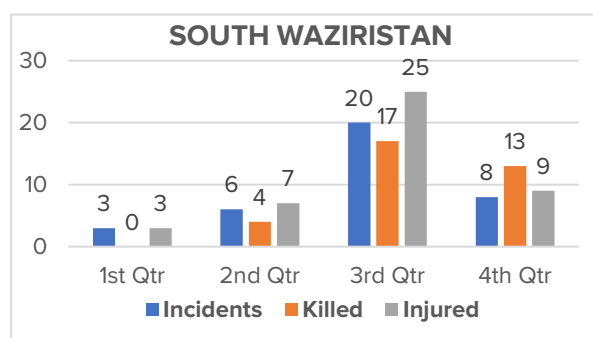


Chart 3: Details of Terrorism incidents and resultant casualties, SW

Re-emergence of Extremist Elements:

A major threat to the stability in the MDs is the re-emergence of extremist elements especially Tehrik-e-Taliban Pakistan (TTP). Although, majority of the TTP militants are based in Afghanistan, some groups affiliated with TTP have reportedly returned to North and South Waziristan districts to re-establish their networks. Moreover, the reunification of a various faction of TTP by increasing their operational capacity has further helped the group in enhancing its presence in the area, particularly in the North and South Waziristan districts.

Consequently, an increase in militancy related incidents were observed in the merged districts during the reporting quarter. The current wave of terrorist attacks signifies that TTP militants are not only trying to challenge the writ of the government in the merged districts but are also trying to expand their activities to destabilise the peaceful adjacent districts of KP province. With the growing presence of TTP inside the merged districts, TTP militants have stepped up extortion and kidnapping for ransom activities. The situation is particularly worst in North and South Waziristan districts. Most of the extortion cases go unreported since the victims do not register them with the local police and prefer to resolve such threats by negotiating the amount with the TTP militants. Besides extortion, militants also undertake kidnapping for ransom to finance their activities. In October 2020, unidentified men kidnapped two employees of a non-governmental organisation, including an engineer, in Makeen area of South Waziristan tribal district.

The NGOs and development partners have been instructed to scale down fieldwork and exercise extreme caution. After every high-profile security incident, non-locals are restricted from entering the district and staff with only valid NOCs are permitted only if the arrival information is shared in advance with local check posts through the District Administration.

Border Management:

Improved border management along the Durand Line is producing the desired results. The physical barrier (fencing), which is in the final stages of completion, has strengthened the security parameters in the MDs, inhibiting the free movement of terrorists, and insurgents across the border. The situation in North Waziristan District (resorting to insurgent tactics), however, points towards the presence of elements within the districts, enjoying the freedom of action, mostly with support of local facilitators. This is especially alarming when there is a large presence of security forces.

Political Activism:

Political activism is also fast gaining credence in the MDs. While PTM became inactive during the reporting period, other groups came forward. Disfranchised youth suffering from a lack of livelihood opportunities / social services are demanding their due rights in large political gatherings.

Covid-19 Outbreak and Impact on the MDs:

The government announced the second wave of COVID-19 in Pakistan on October 28th, 2020. While the first wave claimed 6795¹ lives and millions were affected, Pakistan reported the highest number of deaths during the second wave of COVID-19, with a daily increase in COVID-19 cases. Since merged districts are remote, the recorded impact of health problems from the pandemic is not significant however the economic effect on these districts due to loss of jobs, economic slowdown, closure of businesses, loss of livelihood is impacting the districts.

IV. Progress Achieved from October to December 2020:

Interventions under different outputs 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 project has successfully achieved its target under this output. The project has rehabilitated 90 economic infrastructure schemes by employing 3,210 individuals in the rehabilitation work that has created 34,787 working days for them by directly benefiting the local economy. The table below shows the progress of the schemes:

Table 1: Immediate temporary employment opportunities created					
Indicator	Target	District-wise Achievement (100% completed)			
		NW	SW	Khyber	Total

¹ www.bmj.com

Number of Economic Infrastructure Schemes completed	90	30	30	30	90
Number of working days created through USG assistance	30,000	11977	9397	13413	34,787
Number of individuals engaged in short term assistance activities	2,572	904	900	1406	3,210



Abdul Manan (Shop keeper) reported an increase in sales and income after market rehabilitation, South Waziristan.



Shopkeepers of rehabilitated market reported a significant improvement in overall trade activities, North Waziristan

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

Similarly, the project has achieved its target of Business Management Skills Training (BMST) and business (in-kind) grants under the output 2. The project exceeded the target of BMST (4,350) by training 4,381 (1,734 women) beneficiaries and distributed business kits among 3,855 (1,542 women) beneficiaries of BMST. As part of the training process, post-grant-assistance/coaching was provided to 3,855 beneficiaries (1,542 women) trainees to provide technical support and mentoring until the beneficiaries evolve as successful entrepreneurs. The table below presents the progress achieved under output 2:

Table 2: Business opportunities for upscaling existing/ new enterprises created

Indicator	LoP Target	District-wise Achievement (100% Completed)								
		NW		SW		Khyber		Total		
		M	F	M	F	M	F	M	F	T
Number of individuals/MSMEs trained on business management skills	4,350	869	578	898	586	880	570	2,647	1,734	4,381
Number of micro, small, and medium enterprises, including farmers, receiving USG assistance	3,855	771	514	771	514	771	514	2,313	1,542	3,855

Trade wise distribution of training and in-kind grants is provided below:

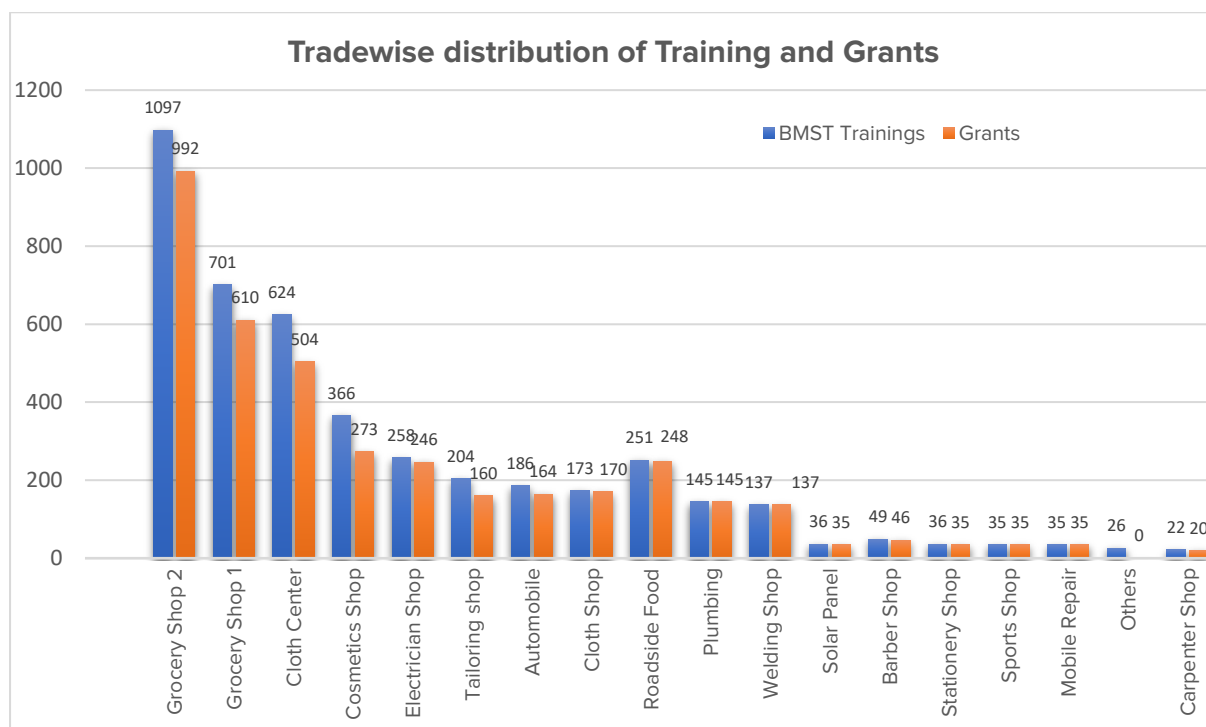


Chart 4: Trade wise distribution of Business Management Skills Training and Grants



In-kind grants distribution, Khyber



Post-grant coaching session, South Waziristan

Output 3: Innovative Enterprises from FATA Supported to Stay Operational after 6 months of Incubation (In-progress)

Under Output 3, the project has achieved/trained the planned target of entrepreneurs (ref: Table 3). However, due to the high success rate and increased demand for innovative enterprises among the entrepreneurs of MDs, the project will extend support to 820 enterprises, and thereby exceed the planned targets. During the reporting quarter, on-campus training and pitching events have been resumed after the government relaxed the COVID-19 restrictions across the country in a bid to battle the economic fallout of a continuing lockdown. The pace of grant provision to successfully

graduated SMEs also gained momentum during the reporting quarter after a temporary lull in the previous quarter due to COVID-19.

During the reporting period, 134 beneficiaries (68 women) from the MDs were registered for incubation training. UNDP trained 217 (66 women) entrepreneurs and helped them develop, refine, and implement their business ideas/models. Until December 2020, the project has successfully trained 721 (238 women) entrepreneurs. During the reporting quarter, both online and in-campus incubation pitching events were held, where 217 (66 women) trainees pitched their innovative ideas to independent evaluation committees, comprising of experienced judges from business, industry and academia, while a UNDP member was present as observer. The pitches were conducted in an orderly manner and all candidates were given ample time to present their idea before the panel, followed by Q&A sessions.

During the reporting quarter, 163 (59 women) applicants received incubation grants after approval by the panel to start their business ventures. Until now, 340 (125 women) entrepreneurs have been provided business incubation grants. The average grant size per entrepreneur is USD 1,500, depending on the business plan of the entrepreneur.

The following table presents progress achieved under output 3:

Table 3: Innovative enterprises supported to stay operational												
Indicator	LoP Target	District-wise Achievement (Oct-Dec 2020)									Achi eved until Dec 202 0	In Pr og re ss
		NW		SW		Khyber		Total				
		M	F	M	F	M	F	M	F	T		
Number of entrepreneurs/M SMEs trained	700	66	35	51	27	34	4	151	66	217	721	-
Number of entrepreneurs/M SMEs provided support through USG assistance	350	34	20	46	32	24	7	104	59	163	340	10
Percentage of MSMEs operational after 6 months of the assistance ²	50%	31%	26%	18%	26%	20%	52%	22%	37%	28%	28%	-

The trainees have been trained on personal development, communication, and presentation skills and technical training has been imparted to make them understand and learn the business life cycle. Post incubation coaching sessions have been initiated for the trainees who have received incubation grants to ensure that these businesses

² a) Though the project is supporting MSMEs through output 2 and output 3, however the progress in the given table is related to output 3 only.

b) Since it is an outcome level indicator, therefore, instead of quarter-bound progress, cumulative progress is presented in the table.

c) formula: %age = MSMEs in district operational after six months / Total MSMEs supported in district until end of reporting quarter x 100

can thrive, overcome challenges, and has potential to stay operational after incubation support. Initially, post incubation coaching involved visits to the proposed business locations by the incubation partners, where visual and documentary evidences are checked and measured as per the beneficiary requirement. However, that plan had been modified due to COVID-19 Pandemic. Consequently, remote mentoring and coaching sessions were conducted for 164 (62 women) trainees receiving incubation grants (NW: 56, SW: 65, Khyber: 43).

UNDP conducted a follow-up exercise regarding the operation of the Micro Small and Medium Enterprises after 6 months of receiving incubation grants through the incubation partner. Out of the total 340 grantees, 93 (33 women) entrepreneurs of incubation grants including 13 from Khyber, 32 from North Waziristan, and 48 from South Waziristan were interviewed. Assessment findings as represented in chart 5 indicated that:

- Out of 93 MSMEs, 89% (n: 89) are operational after six months of securing the assistance.
- Out of 93 MSMEs, 4% (n: 04) could not sustain their businesses. The main reason for failure was COVID-19 due to which MSMEs were not able to procure basic equipment or start their physical operations, and because of this, 2% of trainees returned the grants.
- 95% of interviewed entrepreneurs are satisfied with the quality of training and grants received.
- 55% of beneficiaries, who had no source of income before grant assistance, have now consistent, reliable, and sustainable income source and are now earning up to PKR 24,747 per month.
- 70% beneficiaries reported an increase in income after the grant utilisation
- The average increase in a monthly income of the beneficiaries reported is 32%.
- A healthy percentage (71%) of women entrepreneurs reported an improved/enhanced economic stability. 70% of women who did not have any source of income prior to incubation grant are now earning and supporting their families.

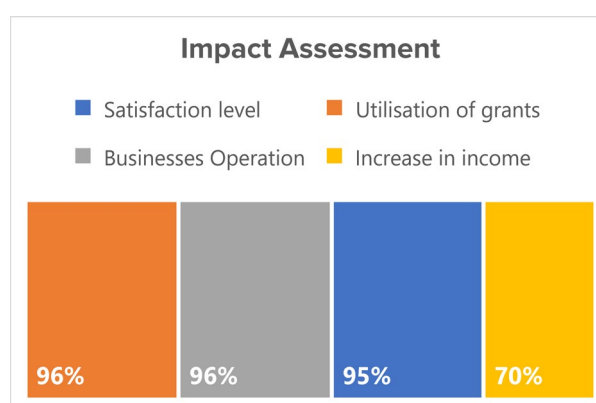


Chart 5: Impact assessment by IPs regarding operation of businesses after 6 months of securing support



Incubation training in progress, Peshawar



A pitching event in Progress, Peshawar



Faizan Azim, a certified trainer, purchased fitness equipment's and opened a Gym



Asma, M.Phil in Medical Microbiology, opened a medical lab in Bara, Khyber District

Output 4: Existing and New Entrepreneurs Have Increased Access to Micro-Finance (In-progress)

The project has completed its target of disbursing loans to 2509 beneficiaries (141 women) in Khyber district via two branches of UNDP partner Akhuwat Islamic Microfinance Institution (AIM).

The following table presents the progress achieved under output 4:

Table 4: Existing and new entrepreneurs have increased access to microfinance										
Indicator	LoP Target	District-wise Achievement (50% completed)								
		NW		SW		Khyber		Total		
		M	F	M	F	M	F	M	F	T
Number of MSMEs who received loan from microfinance institutions, as a result of USG assistance (MSF-1.3.1c)	5,000	-	-	-	-	2368	141	2368	141	2509
Number of MFI staff trained to better facilitate the borrowers	45	-	-	-	-	12	-	12	-	12
Outreach sessions	76	-	-	-	-	4	2	4	2	6

However, 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. In this regard, UNDP conducted consultative meetings with relevant stakeholders including Government of KP and potential microfinance institutions. During the reporting quarter, UNDP continued to discuss possible avenues for collaboration and cooperation with the Bank of Khyber and AIM. Unfortunately, Bank of Khyber is unable to comply with the terms of reference and required targets of this output whereas AIM does not have funds to disburse the loans to beneficiaries. The GoP had committed funds for AIM which were anticipated to be received in December 2020. However, funds planned for micro credit loans were diverted to basic cash support under Government's COVID-19 assistance package. AIM may receive those funds in the coming quarter and UNDP will look at the possibility of a partnership with them within the limits of FERP project timelines.



Zahir Ullah opened a grocery shop with micro finance loan- Khyber



Jobless Abdul Malik invested loan amount in dry fruits business

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

Under output 5, the project has achieved its target by completing the provision of skills development training and tool kits distribution. The project has trained 2,356 (801 women) beneficiaries and disbursed start-up tool kits among 1,820 (801 women) successful graduates. Following the completion of training, 602 (212 women) post-training mentoring sessions were provided to 2,602 (1,068 women) trainees to further support them in their businesses and enable them to overcome the challenges they are facing in employing their learned skills.

Moreover, 1522 youth have employed their learnt skills and the start-up toolkits to create earning opportunities for themselves. Male created new employments in the hospitality management industry, building electrician, tailoring, motorcycle repairing, solar panel installation and repairing, heavy machinery, refrigerator and air conditioner repairing, and plumbing. Whereas women created new employments in women tailoring, hand and machine embroidery, and in handicrafts.

The project has formed 30 business associations constituted from the market committees formed under output 1. These business associations have been trained in

advanced management skills and create linkages with large business concerns out of the districts to enhance the scope of business activities and to ensure economic development in the local markets. In this regard, all the 30 BAs visited the main markets of D. I. Khan, Bannu, and Peshawar and met with different business entities and discussed the proper and regular supply of daily use items to the markets in the areas where markets are rehabilitated by FERP. In some cases, the BAs met with owners of wholesale dealers and discussed the opportunities of supply of goods at lower prices to the rehabilitated markets.

The following table presents the progress achieved under output 5:

Table 5: Market-based employment opportunities provided for youth										
Indicator	LoP Target	District-wise Achievement (100% Completed)								
		NW		SW		Khyber		Total		
		M	F	M	F	M	F	M	F	T
No. of people receiving skills training and livelihood support based on analysis of market needs	2,494	492	267	517	267	546	267	1,555	801	2,356
Number of business associations formed	30	10	-	10	-	10	-	30	-	30
Number of tool kits/equipment provided	1,750	338	267	303	267	378	267	1,019	801	1,820

138* youth 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 distributed is provided below:

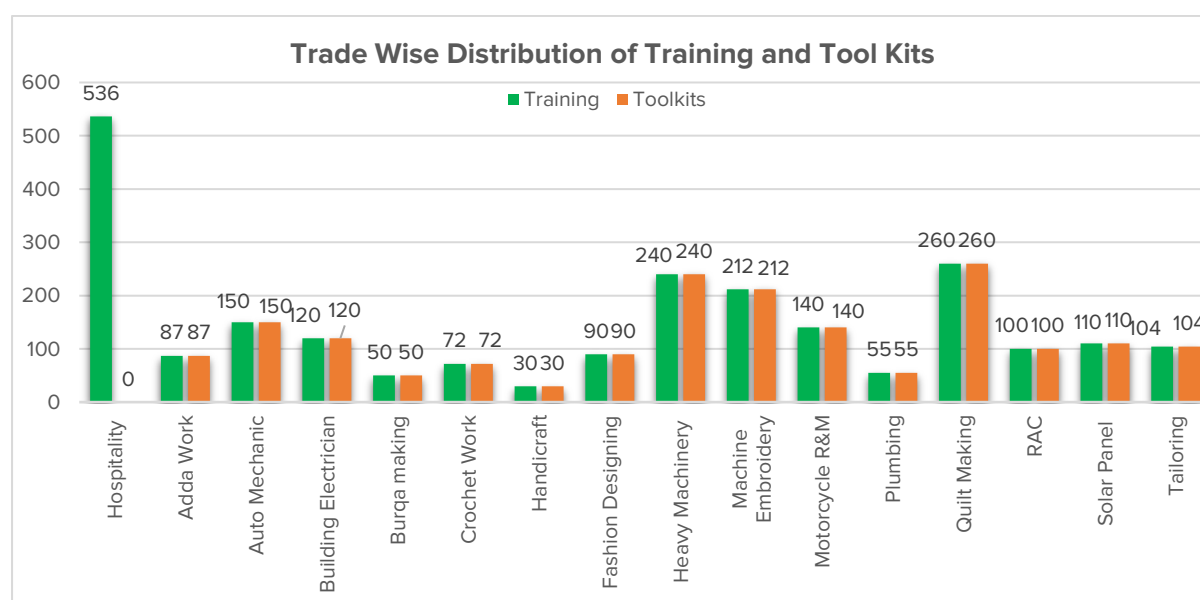


Chart 6: Trade wise distribution of skills development training and tool kits



Post-training mentoring session in progress



Post-training mentoring session in progress

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

Under output 6, UNDP has conducted three assessment studies. These studies serve as a guiding document for designing area-specific and sustainable, livelihoods, economic growth, and business development interventions not only for FERP but also for other projects designed in the future. The reports have already been shared with provincial and district governments, private sector, and UNDP development partners.

Activity 6.2: Setting up Public-Private Partnerships (PPPs) and Private-Private Partnerships as a result of program assistance

During the reporting quarter, UNDP partnered with Alpha Pipes and Frontier Foundry Pvt. Ltd (FF Steels). Both industries have agreed to provide employment opportunities to up to 30 youth trained by the project. They will equip approximately 60 trainees with on job internship/apprenticeship opportunities. During the apprenticeship period, they will facilitate the trainees with the provision of equipment, office space, machinery and other facilities. Further, UNDP held meetings with other potential companies, such as Zakori Group.

UNDP signed a contract with management consulting organisation, International Consulting Associates (I-Consult) on 8th October 2020 for SME development in different value chains. I-Consult submitted the inception report, which reflects their approach about organisational development part of the assignment that focuses on building capacity of 40 enterprises in the areas such as quality certifications, system improvements, interprovincial study tours and market linkages. As mines and minerals, light engineering and agribusiness have a number of products in the same value chain, it was proposed to select one product in each sector in the identified district based on a quantitative criterion. For this purpose, secondary research was performed

Value Chains	District Wise Selection of Sectors		
	Khyber	North Waziristan	South Waziristan
Minerals	Marble	Chromite	Chromite
Light Engineering and Manufacturing	Silk Manufacturing	Windows and Doors Manufacturing	Windows and Doors Manufacturing
Agribusiness	-	Apple	Apple

of potential products within the same value chain and recommendations were validated through focus group discussion/ personal interviews with relevant stakeholders. I-Consult has applied for an NOC to conduct an assessment in the MDs. While the NOC is awaited, I-Consult started developing value chain reports for various identified products in parallel based on secondary data. One such report regarding the apple value chain for South Waziristan was shared with UNDP and feedback was provided to I-Consult. Once the report is validated through the primary data I-Consult will reflect changes requested in the report for final approval. I-Consult will complete the value chain reports in February.

Furthermore, they have also made a soft launch about organisational development interventions and are in touch with various stakeholders such as SMEDA, Chamber of Commerce, local trade association in relation to beneficiaries' selection.

Activity 6.3: Institutional capacity building of the government to better measure economic indicators in the merged districts.

UNDP presented Economic Cooperation and Development Forum (ECDF) policy paper to the Government of KP in a ceremony held on 25th November at the Chief Minister's office and PC Peshawar simultaneously. The ECDF policy paper incorporates key recommendations, action plans and detailed proposals for the growth of the private sector in the MDs. These recommendations have been endorsed by government officials, the chamber of commerce and private sector.

The Planning and Development Department (P&DD) of the Government of Khyber Pakhtunkhwa has been directed by the Special Task Force created under the leadership of Chief Minister (GoKP) to develop an Economic Development Plan for the MDs. UNDP is providing technical support to P&DD in the development of the Economic Development Plan. The Economic Development Plan will devise a catalogue of interventions that are implemented in MDs to bring rapid economic prosperity to the region. The plan will harness on natural endowments for value addition and focus on SME and entrepreneurship development, linkages creation, improved infrastructure and human resource development in all potential sectors of the MDs.

During the reporting quarter, UNDP provided technical and logistic support to P&DD in conducting three meetings with key stakeholder (2 public sectors, 1 private sector) on the Economic Development Plan under the Chairmanship of the DG Projects/SDU, Planning and Development Directorate, GoKP. UNDP advocated with the government to include the ECDF recommended interventions in the Economic Development Plan. In addition, UNDP is providing inputs to KP government departments in development of various concept notes on an on-going basis which includes, but is not limited to, the following draft papers:

- Establishment of Common Facility Centre in mineral Sector, Mohmand Agency
- Establishment of common facility for dyeing, washing, and pressing for silk fabric manufacturing
- Development of existing marble mines in the MDs

- Laser fabric cutting facility in Khyber District
- Model dehydration unit in Orakzai District
- Soapstone processing unit, Kurram

UNDP held meetings/deliberations with the public sector entities including Industries Department on concepts related to SME Grants for merged areas, Small Industrial Development Board, Technical Education and Vocational Training Authority, Technical Advisor to CM on NRM, CM Secretariat, Govt. of Khyber Pakhtunkhwa. The discussions included ECDF recommendations such as Financial Support for SMEs, Skill and Entrepreneurship Development, Agribusiness promotion by establishing (value addition in horticulture produce) technically advanced facilities, mineral sector and infrastructure development etc.

The Economic Development Plan will endorse and develop projects upon several ECDF recommendations. The funding for the plan will be sourced through the Accelerated Implementation Plan of the Government of Khyber Pakhtunkhwa.

As part of the LOA signed between UNDP and SMEDA, a tender document was finalised by SMEDA in the reporting quarter to hire an IT firm for launching the online investment facilitation portal. Moreover, a working paper and list of invitees/speakers were finalised for a webinar on cross border trade with Afghanistan and beyond to be held in January 2021.

The following table presents the progress achieved under output 6:

Table 6: Increased capacity of the government to monitor economic development and undertake market assessments			
Indicator	LoP Target	Oct-Dec 2020	Achieved until Dec 2020
No. of assessments/ studies conducted.	3	-	3
Number of public-private/private-private partnerships formed as a result of program assistance	5	2	2
No. of workshops held under the Economic Cooperation and Development Forum	4	1	4



ECDF policy paper launching Ceremony at Chief Minister (CM) House



ECDF policy paper launching Ceremony at PC, Peshawar

V. Monitoring and Evaluation

The monitoring and evaluation unit provided feedback and support to the programme team in evolving circumstances owing to the onset of the second wave of COVID-19 in Pakistan. M&E conducted virtual and in-person monitoring of on-going project interventions with strict adherence to COVID-19 SOPs. The team also participated in a performance indicator data quality assessment mission conducted by USAID's MEL mission. A detailed description of all these activities is given below.

Contextual Monitoring:

Pakistan started to report a rise in COVID-19 positive cases by the end of October 2020. Fortunately, on-going incubation trainings were completed before the second wave impact. The M&E team continued to advise all the implementing partners to strictly follow SOPs while providing incubation support to the grantees.

Performance Monitoring:

During the reporting period, the M&E and programme team conducted a total of four monitoring missions, three in the field and one virtually. Of the three missions conducted in the field, one was to monitor the on-going incubation training and interact with the trainees about their overall experience. The others, including the virtual mission were to observe business ideas pitching sessions held for business incubation trainees.

Following is the brief of the monitoring missions.

- Concepts Unlimited (IP) was sensitized on the importance of obtaining a security clearance certificate from the relevant authority and making it an integral part of trainees' files.
- Concepts Unlimited was recommended to constitute a gender-balanced panel of judges for evaluation of business ideas presented by business incubation trainees. They were also suggested to display USAID's Feedback and Complaint banner at the training sites.
- Concepts unlimited was appreciated on their approach of allowing trainees to deliver their presentations in Pushto, which reduced the time required when

presenting in Urdu and boosted their confidence as well. The other two IPs (Bahria and TiE) were advised to follow the same approach by trying to constitute a panel of judges that both understand the native language and business ecology of the MDs.

Performance Indicators Data Quality Assessment Mission:

USAID's MEL mission conducted the second DQA mission to the FERP on 4th November 2020 and carried out a detailed assessment of UNDP's data management protocols, indicator tracking mechanism, and data reporting standards. UNDP M&E team requested the removal of duplicated indicators, resetting of life of project targets under indicators 1.3b, 1.3.1a., 1.3d, advise for calculations under indicator PPR GNDR-2 and addition of intermediate outcome level indicator in the Pak-Info to report the outcome of SMEs related intervention. Details discussion under each action point can be read in the meeting minutes attached with this report as Annex-i.

VI. 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 well aware and acknowledge the support provided by the USAID. During the reporting period, major activities under the communication section included:

USAID branding and marking:

To raise awareness about the project, the team developed and distributed project brief, 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, certificates, and attendance sheets, etc.



USAID branding ensured on all IEC materials.

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.



USAID branding ensured in all training/events

Radio programme:

To reach out to a wider audience, three beneficiaries of Business Incubation Programme from South Waziristan participated in a Recording of a USAID radio programme in DI Khan. The radio programme formatted as a travelogue, tells the stories of USAID's assistance across Khyber Pakhtunkhwa through beneficiary testimonials in Pashto language. Broadcasted in the Pashto language, the radio programme highlighted the FERP achievements and USAID's support for sustainable livelihood opportunities for the merged districts of KP.

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. Screen shots and links of the articles are attached as an Annex-II.

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 revitalization in the merged districts of KP. The screenshots and links of these posts are attached as an Annex-III.

VII. Major Challenges

The project faced the following challenges to date:

1. COVID-19 restrictions imposed by the Government slowed the pace of the project's progress. UNDP and its partners have adapted to smart ways of conducting office work using technology and teleworking. Following the Government directives, UNDP resumed the on-campus trainings during the reporting quarter while strictly observing Government health and safety guidelines.
2. The absence of microfinance service providers in North and South Waziristan is a major challenge. The target of reaching out to 5000 beneficiaries cannot be achieved unless the micro-lending institutions have their operations in that region. UNDP is still negotiating with potential micro finance institutions.
3. Limited private sector presence in the region is another challenge. To overcome this challenge, UNDP is establishing strategic partnerships with key Government and private partners. UNDP is designing an Investment facilitation portal for facilitating private sector investment in KP which will directly contribute towards ease of doing business.
4. Engaging female participants in the incubation training has been a challenging activity since communities are generally reluctant to allow females to participate in such activities. Secondly, females are reluctant to travel long distances and spend a month in another city. However, transferring the training to online methods allowed a greater outreach and helped the project achieve the target of 30%.
5. Currently, the banking services are limited in certain areas of the MDs, 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.

IX. Indicator Tracking Sheet

Indicator	LoP Target	FY 20-21 Target	FY 20-21 Actual	Q1 (Oct-Dec 20) Target	Q1 Achieved	Q2 (Jan-Mar 21) Target	Q2 Achieved	Q3 (Apr-Jun 21) Target	Q3 Achieved	Q4 (Jul-Sep 21) 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%	-	-	-	-						
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%	-	30%						
Intermediate Outcome 1.1: Percentage of beneficiaries satisfied with the provision of short-term assistance	70%	-	-	-	-						
Intermediate Outcome 1.2: Number of individuals with improved skills upon completion of USG-assisted workforce development programs (MSF: 1.3.1b)	2,494	-	-	-	-	-		-		-	
Intermediate Outcome 2.1: Number of households/families benefiting directly from USG assistance	15,116	-	217	-	217						
Intermediate Outcome 2.2: Number of individuals with new employment following completion of USG-assisted workforce development programs (MSF: 1.3b)	990 ³	-	-	-	-						
Intermediate Outcome 2.3: Number of full-time equivalent jobs created as a result of USG assistance (MSF: 1.3c)	115	-	-	-	-						
Intermediate Outcome 3.1: Number of Institutions assisted to form joint collaborations for economic growth	4	-	-	-	-						
Output 1.1: Number of working days created through USG assistance	30,000	-	-	-	-						
Output 1.2: Number of individuals engaged in short term assistance activities	2,572	-	-	-	-						

³ During DQA mission (dated 4th Nov. 2020), it was agreed between the USAID and the UNDP that IO 2.2 target to be reduced from 3,000 to 990 individuals. This decision is taken after developing common understanding regarding "workforce development programme".

Indicator	LoP Target	FY 20-21 Target	FY 20-21 Actual	Q1 (Oct-Dec 20) Target	Q1 Achieved	Q2 (Jan-Mar 21) Target	Q2 Achieved	Q3 (Apr-Jun 21) Target	Q3 Achieved	Q4 (Jul-Sep 21) Target	Q4 Achieved
Output 2.1: Number of individuals/MSMEs trained on business management skills	4,350	-	-	-	-						
Output 2.2: Number of micro, small, and medium enterprises (MSMEs), including farmers, receiving USG assistance	3,855	-	-	-	-	-		-		-	
Output 3.1: Number of entrepreneurs / MSMEs trained	700	196	217	196	217	-		-		-	
Output 3.2: Number of entrepreneurs / MSMEs provided support through USG assistance	350	173	163	173	163	10		-		-	
Output 3.3: Percentage of MSM enterprises operational	50%	-	52%	-	52% ⁴						
Output 4.1: Number of MSMEs who received loan from microfinance institutions, as a result of USG assistance	5,000	2500	-	625	-	625	-	625	-	625	-
Output 4.2: Number of MFI staff trained to better facilitate the borrowers	45	33		9	-	8		8		8	
Output 5.1: Number of people receiving skills training and livelihood support based on analysis of market needs	2,494	-		-	-	-		-		-	
Output 5.2: Number of business associations formed	30	-		-	-	-		-		-	
Output 5.3: Number of toolkits/equipment provided	1,750	-		-	-	-		-		-	
Output 6.1: No. of assessments/ studies conducted	3	-		-	-	-		-		-	
Output 6.2: Number of private-private partnerships formed as a result of program assistance	5	5	2	2	2	2	-	1	-	-	
Output 6.3: No. of workshops held under the Economic Cooperation and Development Forum	5	1	1	-	-	-		-		-	

⁴ This percentage is based on the analysis of two FERP indicators (2.2 and 3.2). Both of these indicators speak about provision of USG assistance for SMEs establishment.

ANNEX-II: Press coverage Posts:

SMEDA Concludes FATA Economic Revitalization Program

2 months ago 20th November 2020 08:46 PM



FATA Economic Revitalization Program (FERP), implemented by Small and Medium Enterprises Development Authority (SMEDA) in collaboration with UNDP, has finalized its recommendations, which have been delivered to the provincial government of Khyber Pakhtunkhwa for implementation.

Lahore, (APP - UrduPoint / Pakistan Point News - 7th Dec, 2020) FATA Economic Revitalization Program (FERP), implemented by Small and Medium Enterprises Development Authority (SMEDA) in collaboration with UNDP, has finalized its recommendations, which have been delivered to the provincial government of Khyber Pakhtunkhwa for implementation.

Talking to media after holding a meeting in this regard here Monday, SMEDA CEO Hashim Raza said that the program was conceived by UNDP and funded by USAID for economic development of the Khyber Pakhtunkhwa.

He added the recommendations prepared under the program had proposed various viable initiatives for revival of the businesses in the "Newly Merged Districts" (NMDs) former erstwhile FATA.

Economic Cooperation and Development Forum (ECDP), in its first session held last year, had identified six thematic areas including regulatory reforms, marketing and communication, entrepreneurship, investment & innovation, banking & finance, skills development and job placement, economic infrastructure and five key prioritized sectors including women entrepreneurship, mines & minerals, agri businesses, transport, trade and services and light engineering, he maintained.

The final document prepared by the forum had highlighted key interventions required for economic uplift and social development in the NMDs. The stakeholders were confident that proposed

Govt plans massive sectoral reforms to promote business in tribal districts



The Khyber Pakhtunkhwa government has planned massive reforms in several sectors of economy in the merged tribal districts to foster ease-of-doing business and create conducive business environment.

The plan is based on the recommendations jointly prepared by the Small and Medium Enterprises Development Authority (SMEDA) with the help of UNDP and USAID.

According to the plan, the government has identified several thematic areas and sectors for reform in its policy gaps and spur economic growth in the region formerly known as Fata.

The medium and short-term interventions will be carried out in sectors including mines and minerals, agricultural businesses, transport, trade and services and light engineering due to their significance and economic growth potential in merged tribal districts.

The officials insist that the region's economy can be significantly strengthened by the use of its rich mineral wealth.

Economic activities pick up steam in tribal districts



PESHAWAR: Economic activities have gained momentum in tribal districts as uplift projects are being launched in the hitherto neglected parts of the province.

As part of the economic development, uplift work is being undertaken by the Sarhad Rural Support Programme (SRSP) under the United Nations Development Programme (UNDP) in the tribal district.

A cheque distribution ceremony was held at Noor Hussain Killay in Kurram district to execute a drinking water supply scheme that would benefit 570 persons. Asmatullah Wazir, additional deputy commissioner Kurram attended the function and distributed the cheques for the project that would cost \$4.1 million.

The district planning officer and representatives of line departments and a large number of community members attended the meeting. The UNDP with its partner SRSP are working for the socio-economic uplift of the merged districts.

Development programmes for economic infrastructure development are being carried out in South Waziristan, North Waziristan, Kurram, Orakzai, and Khyber districts. With a financial portfolio of \$260 million, the projects funded by UNDP and implemented by SRSP have an outreach of over 80,000 beneficiaries in the merged districts during the last two years.

Government of Japan Funded "Stabilisation through Inclusive Livelihoods in the Tribal District Kurram of Khyber Pakhtunkhwa", and USAID funded "Strengthening Justice Delivery System in the Merged Districts of Khyber Pakhtunkhwa" are the key initiatives of UNDP implemented by SRSP since 2018.

Steps for economic revitalisation of merged districts finalised

PESHAWAR: The Khyber Pakhtunkhwa government has finalised policy recommendations for the economic revitalisation of the merged districts.

According to an official communication, the recommendations were made in collaboration with the Small and Medium Enterprises Development Authority (SMEDA), the United Nations Development Programme (UNDP) and United States Agency for International Development (USAID).

The recommendations, the communication said, were aimed at boosting economic and trade activities through enhanced private sector investment in the merged districts by focusing on key thematic areas, including economic infrastructure, women entrepreneurship, skills development and job placement, banking and finance, investment and innovation, marketing and communication and regulatory mechanism. The recommendations will serve as strategy documents for the government in policy decisions and formulating developmental schemes for the merged areas.

Officials said the policy recommendations were presented to Chief Minister Mahmood Khan at a meeting.

Besides Advisors to Chief Minister Abdul Karim Khan and Ghazan Janjua, the event was attended by Programme Manager UNDP, Tania Raubach, Chief Executive Officer SMEDA, Hashim Raza and others.

Speaking on the occasion, the chief minister termed the policy recommendations important for the sustainable development of the merged districts and said that these would help chalk out long-term uplift schemes for the areas with the aim to create maximum employment opportunities for the locals. He added that the recommendations would serve as guiding principles for the government in important policy decisions.

He termed sustainable development of the merged districts as top priority of his government and said that all the available resources would be utilised for the purpose and all the commitments made to the tribal people would be fulfilled.

Mahmood Khan said the process of merger of the tribal districts had been completed and now the government was focusing on the accelerated development of these districts, adding that result-oriented steps were being taken in collaboration with the partner organisations. He appreciated the efforts of SMEDA, UNDP and USAID in finalising the recommendations.



Policy proposals finalised for uplift of merged dists

KP CM lauds efforts of SMEDA, UNDP, USAID in framing recommendations

Share: Our Staff Reporter November 29, 2020

Peshawar - The Khyber Pakhtunkhwa Government, with the collaboration of Small and Medium Enterprises Development Authority (SMEDA), United Nations Development Programme (UNDP) and United States Agency for International Development (USAID) has finalised policy recommendations for the economic revitalisation programme of the newly merged districts.

These policy recommendations are aimed at creating conducive environment for boosting economic and trade activities through enhanced private sector investment in the merged districts. These recommendations mainly focus on key thematic areas including economic infrastructure, women entrepreneurship, skills development & job placement, banking & finance, investment & innovation, marketing & communication and regulatory mechanism.



SMEDA Presents ECDP's Recommendations to KP Govt

2 months ago 20th November 2020 05:10 PM



The Small and Medium Enterprises Development Authority (SMEDA) here on Wednesday presented final recommendations to Khyber Pakhtunkhwa Government, suggesting different business development plans and viable proposals for economic revitalisation of the merged tribal districts.

PESHAWAR, (APP - UrduPoint / Pakistan Point News - 20th Nov, 2020) The Small and Medium Enterprises Development Authority (SMEDA) here on Wednesday presented final recommendations to Khyber Pakhtunkhwa Government, suggesting different business development plans and viable proposals for economic revitalisation of the merged tribal districts.

The final recommendations prepared by Economic Cooperation and Development Forum (ECDP) under FATA Economic Revitalization Program (FERP), was implemented by Small and Medium Enterprises Development Authority (SMEDA) in collaboration with United Nations Development Programme.

The booklet of recommendations was presented by Chief Executive Officer SMEDA Hashim Raza to Chief Minister Khyber Pakhtunkhwa Mahmood Khan at Chief Minister House and later to Special Assistant to the Chief Minister for Industries Abdul Karim Khan and Special Assistant to CM KP for



پشاور وزیر اعلیٰ خیبر پختونخوا محمود خان کو ضم اضلاع میں معاشی بحالی اور ترقیاتی منصوبوں کے حوالے سے حتمی سفارشات پیش کی جا رہی ہیں



Following are the links to social media posts:

<https://www.facebook.com/TIEIslamabadChapter/posts/3361521480632192>
<https://www.facebook.com/TIEIslamabadChapter/posts/3361506483967025>
<https://www.facebook.com/TIEIslamabadChapter/posts/3361483993969274>
<https://www.facebook.com/TIEIslamabadChapter/posts/3361469843970689>
<https://www.facebook.com/TIEIslamabadChapter/posts/3361462777304729>

<https://www.facebook.com/TIEIslamabadChapter/posts/3361514640632876>
<https://www.facebook.com/TIEIslamabadChapter/posts/3361500167300990>
<https://www.facebook.com/TIEIslamabadChapter/posts/3361475977303409>