

Project for Women's Economic Empowerment and Market Development in Border Districts of Khyber Pakhtunkhwa

Submitted to

**Department of Foreign Affairs and Trade (Government of
Australia)**

Proposal by

Sarhad Rural Support Programme (SRSP)

ACRONYMS

CO	Community Organisation
FATA	Federally Administered Tribal Areas
HIES	Household Income and Expenditure Survey
KP	Khyber Pakhtunkhwa
LSO	Local Support Organisations
LSP	Livelihood Strengthening Program
PDHS	Pakistan Demographic and Health Survey
PEACE	Program for Economic Advancement and Community Empowerment
PSLM	Pakistan Social and Living Standards Measurement Survey
SRSP	Sarhad Rural Support Programme
VO	Village Organisation

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GENERAL INFORMATION

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SUMMARY OF THE PROPOSED PROJECT

Title of the Project	Project for Women's Economic Empowerment and Market Development in Border Districts of Khyber Pakhtunkhwa
Location	Border Districts of the Khyber Pakhtunkhwa Province, that is, District Charsadda, Nowshera and Peshawar
Duration of the Project	36 Months (3 years)
DFAT financing requested	Aus \$ 5 million
Percentage of the total budget requested	100 percent
Objectives of the action	<p><u>Overall Objective</u></p> <p>To contribute to sustainable livelihoods for the poor and women in border districts of the Khyber Pakhtunkhwa Province</p>
Target group(s)	Men and women community organizations formed at community, village and union council levels, poor and marginalised particularly women and youth, smallholder producers, low-income manufacturers, local market players, and small-scale entrepreneurs etc.
Final beneficiaries	<ul style="list-style-type: none"> - 975 men and women (60% men and 40% women) benefit from pro-poor value chain development - 1,200 women benefit from CIF fund - 900 men and women (60 percent men and 40 percent women) receive employable skills training
Project Components	<p>Project Outcome 1: Increased employment opportunities, market access and incomes for poor and marginalised groups, particularly women; and</p> <p>Project Outcome 2: Women have greater participation in and benefit from economic activities.</p>
Main activities	Identification and development of selected value chains in target districts; setting up of Community Investment Funds; trade identification and delivery of technical and vocational skills; supporting small-scale entrepreneurs.

The proposed **Project for Women's Economic Empowerment and Market Development in Border Districts of the Khyber Pakhtunkhwa** will be implemented in three districts. The Project seeks sustained improvement in the quality of life of the rural population by strengthening low-income rural markets, stimulating local economic development and diversifying livelihood opportunities, which can also contribute towards the national development goals of inclusive economic growth, and poverty alleviation. Rural economy faces multiple challenges to its growth, which range from the lack of access to financial resources, inadequate managerial and technical skills, little access to market information, high levels of vulnerabilities to disasters and crisis and an inhibitive regulatory environment. In these circumstances, the Project intends to create economic choices through a combination of efforts to build rural assets and skills for the poor rural communities and help them to diversify their income generating activities by stimulating engagement not only in value addition to rural products but also in non-farm production and services that provide additional employment and income opportunities.

Sarhad Rural Support Programme (SRSP) that has been an implementing partner to the DFAT funded Livelihood Strengthening Program will implement the proposed initiative. The LSP was implemented in the same districts as the proposed project. During its life, the LS Program was able to reach to almost 25 percent of the rural villages of the target districts where it contributed in alleviating poverty and improving living conditions, particularly for women and vulnerable groups. Besides LSP, SRSP has extensive experience of implementing successful local economic development projects in the fragile environment of KP and FATA. Prominent examples of this are the Program for Economic Advancement and Community Empowerment (PEACE), which is a €40 million European Union funded initiative for the crisis and flood affected communities of the Malakand Division. A significant component of PEACE focuses on stimulating economic growth through supporting and strengthening sub-sector value chains. The organisation has also been part of the Seedlings Value Chain Project in District Haripur, which was assisted by MEDA (a CIDA funded initiative). It has also worked with ILO to develop the Khaddi-Making Value Chain in District Charsadda.

The proposed Project is informed by SRSP's rich experience of implementing economic and market development initiatives. It will benefit from the extensive geographic outreach and wide network of social capital organised by SRSP in the region. It will also build on the achievements and lessons of LSP. To the extent possible, synergies will be fostered between work implemented by LSP and that proposed in the project to facilitate cross-learning and avoid duplication of resources, that can be re-directed to other priority areas and enable more communities to benefit from the initiatives.

SECTION 1: PROJECT INTRODUCTION

1.1) PRESENTATION AND ANALYSIS OF THE PROBLEMS AND THEIR INTERRELATION AT ALL LEVELS: the KHYBER PAKHTUNKHWA PROVINCE

The Khyber Pakhtunkhwa (KP) Province of Pakistan, formerly known as the North-West Frontier Province, voted to join Pakistan in a referendum held at the time of the sub-continent division in 1947. Today, the province consists of *26 districts* and *986 union councils* spread over an area of 74,521 Km². It has a population of about **28 million** (as per recent estimates), which accounts for 13 percent of Pakistan's total population. 83 percent of the population lives in rural areas of the province. KP is rich in natural growth drivers such as agriculture, livestock, fisheries, tourism, energy, hydel power, oil and gas, and mines and minerals. Its potential for **hydroelectricity generation** is estimated to be around 50,000 MW of which only 15 percent is being produced. The total area under exploration for **oil and gas reserves** represents 6.76 percent of such area in Pakistan, and has been estimated as capable of producing 1 billion barrels of oil and 4 trillion cubic feet of gas a year.

Despite past progress and the proven potential for development of a modern economy, the region's ability has not been realized, which culminates into stagnant economy and poor human development indicators. Its **economic growth**, about 4.5 percent between 1990 and 2005, is lower than the national average. This means that per capita income has been increasing by about 1.5% per annum. According to the 2001/02 HIES, **poverty** with 39.2 percent of the population living below the poverty line in KP, is higher than the national average. Rural poverty (41.1 percent) is higher than the urban poverty (28.1 percent) in the province. The poverty rate amongst women is higher in KP than in other provinces. The HIES, PDHS, and PSLM suggest different data on income distribution in the province. Although, there is absence of reliable date, it reflects a more important fact and that is, the complex forces influencing the nature of poverty, associated with land ownership, economic trends, social conventions and natural resources in the province.

KP has a growing labour force with a **high unemployment rate** of above 8 percent. This is mostly because people have limited access to education and training opportunities. Employment rates for women are low and their representation in government and senior decision-making positions is very limited. Most women are subject to economic dependence and their traditional roles have changed little in the last decades.

The large majority of the population earns its livelihoods from farming or retailing activity, both of which are carried out on a small scale and generate low incomes. The HIES (2001/02) data shows the composition of employment in KP; 38 percent agriculture and fisheries, 32 percent services, shops and market sales, 3.5 percent professionals, and 3.3 percent technicians and associate professionals.

Agriculture contributes 21 percent to provincial GDP. About 75 percent of the population is, at least, dependent on agriculture, and this includes many of the poorest households. Crops account for about 70 percent of the value of agricultural production and livestock for about 30 percent. However, agricultural growth is constrained by fragile natural resources, fragmentation of land holdings, underfunded research and extension, and limited availability of financial services; all of which contribute to low levels of productivity.

Its **literacy rate** is 54 percent and completion rate is only 42 percent, which are lower than the national averages. The lack of adequate and appropriate education and training opportunities for its increasing **youth population** is yet another challenge for the province. As evident from the case of Swat crisis, the inability to provide youth with productive activities can lead to their engagement in militancy. Likewise, its **health indicators** are also low. The poor have few social safety nets to secure quality health services. Only 47 percent of the households have tap water and 61 percent have safe sanitation leading to a high prevalence of water-borne diseases.

Over the years, the wide spread marginalisation, unequal development, and economic stagnation in the province as a result of weak government infrastructure, poor governance and corruption, have seriously affected state-citizen equation and created sense of exclusion and deprivation among the communities. It has fuelled resentment, grievances and trust deficits against the state, which have given a stronger impetus to the citizens' general opinion about the lack of the state's interest and willingness to improve its welfare. This has become a strong supporting factor for turning the region into a safe haven for **radicalization and militancy**. This, in turn, has contributed in deteriorating security, weak rule of law and absence of public service delivery in the affected areas. It has also taken a heavy toll on its economy. The Ministry of Finance (Government of Pakistan) has estimated the economic cost of the war in Pakistan to be more than *US \$ 43 billion* from 2001-2010. As a percent of the GDP, the loss increased from 4 to 6.6 percent during this period. The adversely affected local economies are those of the KP Province and FATA. The major findings of a household survey conducted by the Social Policy and Development Center (2009-10) in District Swat and four other districts of the province (Peshawar, Hangu, Bannu and Tank) that are located along the KP-FATA border, show that in the aftermath of conflict in the region, poverty levels in Swat increased from 30 to 60 percent and from 25 to 54 percent in the FATA Contiguous Districts.

Over two million people have been internally displaced from embattled areas to settled parts of KP, (including Peshawar, Charsadda, and Nowshera) that have long served as **hosting areas** for the dislocated communities. In the current North Waziristan Agency Crisis, more than 90,000 families have been displaced to the closest KP districts, mainly Bannu but also DI Khan, Lakki Marwat and others.

There have also been perpetual constraints to growth and development in the region as a result of KP's **shared border and geographical proximity** to conflict-ridden Afghanistan, a country in active conflict for more than 30 years. Since the 1979 Soviet Invasion and the later West's invasion in 2002, the KP economy has been pressurized by the constant influx of more than **3 million Afghan refugees**. There

are more than *1.9 million* (and an estimated 1 million unregistered refugees) still residing in Pakistan. More than 60 percent live in KP and FATA. Around 40 percent live in refugee villages/camps and the majority have settled in urban and rural parts of the region. This has created enormous pressures on the already poor and economically deprived areas of the region, which has exacerbated local tensions and conflicts.

Natural disasters in the recent years such as the 2005 earthquake and the nationwide 2010 July Floods, have further aggravated the situation. KP was the second worst affected province in the 2010 Floods with over *3.8 million people* affected and estimated damage and reconstruction costs of \$ *1.17 billion*, which is 11 percent of the total damages nationwide.

As evident from the above-mentioned discourse, rebuilding social, political and economic life in KP requires an integrated development approach for the citizens whose society is destabilized by extreme poverty and, thereby, has become haven of unrest and violence. Literature on development efforts in similar environments shows that many development challenges, particularly in fragile and conflict-affected areas, are highly complex and seemingly intractable. To be effective in this context, broader coalitions and partnerships are required to tap into ideas from a wider range of sources, and that can experiment new approaches and innovations to find breakthrough solutions to entrenched development problems.

1.2) SARHAD RURAL SUPPORT PROGRAM (SRSP) AND THE PROPOSED PROJECT

Sarhad Rural Support Programme (SRSP) is one of the largest non-government and not-for-profit organisations in KP and FATA. Established in 1989, the organisation continues to work with communities to create an impact on poverty that is seen as one of the prime factors for militancy in the region. Based on the knowledge of the local context and circumstances, and experience of implementing development work in fragile and complex environments that address the multiple challenges to growth in the region, SRSP proposes the **Project for Women's Economic Empowerment and Market Development in Border Districts of KP**. It is basically an extension of the Livelihood Strengthening Program that was assisted by DFAT and implemented by SRSP in the same districts between 2010 and 2014. The LS Program was implemented with the objective to create sustainable livelihood and income generating opportunities for the poor and marginalised people living in border districts of KP, that is, Charsadda, Nowshera and Peshawar.

The current proposed project, which serves as Phase 2 of the Livelihood Strengthening Program, has been designed to embed gains and incorporate lessons learned from the first phase, while enhancing the focus on two outcomes, that is, i) increased employment opportunities, market access and incomes for poor and marginalised groups, particularly women; and ii) Women have greater participation in and benefit from economic activities. Phase 1 of the Program leveraged SRSP's *Social Mobilisation (SM)*

Approach to support the rural poor, to advocate and lobby government for improved infrastructure and services, improved livelihood opportunities, and achieve economic empowerment. It entailed the formation and strengthening of inclusive, representative, broad-based and democratic ‘community-based organisations’ of men and women in the target areas. This social capital that was created in Phase 1 will serve as the foundation component to support and deliver the wider initiative proposed in Phase 2.

The design of the proposed project is also informed by SRSP’s rich experience of implementing projects with similar outcomes in the fragile environment of KP and FATA, particularly around gender equity and women’s empowerment and private sector development. Of significance here, besides others, are the European Union’s €40 million Program for Economic Advancement and Community Empowerment in the Malakand Division, the CIDA funded Pathway Strings Project in District Haripur, the Pakistan Poverty Alleviation Fund assisted Project on Social Mobilisation and Livelihood Strengthening, and the ILO funded Women’s Economic Empowerment Project, etc. These projects are also centered on the social mobilisation approach to social and economic empowerment of the poor and marginalised. The proposed project specifically takes its learning around developing, managing and sustaining value chains and small-scale enterprises from these projects.

In addition to seeking guidance from the available in-house expertise on private sector development, SRSP also seeks learning from **other similar DFAT investments** in agriculture and rural development to improve the design and outcomes of Phase 2. This primarily refers to the Agriculture Sector Linkages Program Phase 2 (ASLP 2), Market Development Facility, and Australian-Baluchistan Agri-business Program (AusABBA). These projects provide unique understanding of how private sector development can positively impact the economic transformation of the poor and marginalised. For instance, the MDF is a private sector development project of the Government of Australia that aims to sustainably increase employment for poor women and men in rural and urban areas. It uses market-based approaches, including a strong emphasis on understanding market systems before intervening; a flexible, entrepreneurial market facilitation approach; and a consistent and relentless focus on results. MDF promotes three sub-sector value chains in Pakistan; dairy and meat, leather and horticulture. The proposed project could particularly learn from MDF in terms of; i) targeting the poor and vulnerable directly or indirectly in all activities; ii) tailoring approaches to address the cause of the problem; iii) proactively managing risks through a balanced portfolio of interventions; iv) constantly communicating with market participants and external stakeholders; v) emphasis on sustainability and having a credible exit strategy; and vi) partnering with existing market players, matching their incentives with key needs in the market, and building their capacity to provide the right solutions that are sustainable.

Similarly, the available resource on ASLP 1 & 2 also contains important lessons for LSP Phase 2. This Program aims to build linkages between the agriculture sectors of Australia and Pakistan to improve livelihood systems for the rural poor in Pakistan. ASLP 1 strengthened sector linkages, built Pakistan’s technical capacity, and made progress in addressing research problems and value chain deficiencies in the

mango, dairy and citrus sectors, to help enhance productivity, marketing and sustainability. These sectors are major employers of rural labour, and supply domestic and export markets, and are striving to adapt to the imperatives of globalisation, and prepare for challenges of climate change. Based on its success, the Program has been extended for another five years with special emphasis on three components; pro-poor value chains (PPVC), agricultural capability (AC), and enabling policy (EP). The Mid-term Evaluation Report of the Project shows the effectiveness of developing critical value chains in sustainably enhancing the productivity of selected sub-sectors and increasing benefits for the rural poor through market and employment opportunities.

The proposed project could also learn from the experience of AusABBA and ASLP 2 in establishing Farmers Marketing Collectives and Community Resource Centers, respectively, that are set around value chains. The LSP Phase 2 incorporates this element for promoting women's participation in market development. During the initial months of the project, SRSP will make efforts to seek linkages with DFAT funded projects to learn from their experience and replicate best practices.

SECTION 2: PROJECT DESIGN

2.1) BASIC ELEMENTS OF THE PROJECT DESIGN

The **Overall Objective** is ‘To contribute to sustainable livelihoods for the poor and women in border districts of the Khyber Pakhtunkhwa Province’.

The **Project Outcomes and Outputs** are grouped into three broader components as given below;

Project Outcome 1: Increased employment opportunities, market access and incomes for poor and marginalised groups, particularly women	<u>Output 1.1:</u> Improved value chains to facilitate access of poor and women to viable markets with appropriate products and services <u>Output 1.2:</u> Improved value of labour by the poor
Project Outcome 2: Women have greater participation in and benefit from economic activities	<u>Output 2.1:</u> Increased access of women to financial services and income generating activities <u>Output 2.2:</u> Improved literacy and functional skills, and leadership opportunities for women

2.2) PROJECT OUTCOME 1: VALUE CHAINS AND MARKET ACCESS

Improved value chains to facilitate access of poor and women to viable markets with appropriate products and services

It is well known that poverty is multi-faceted and that raising incomes and increasing assets alone are often not adequate to sustainably reduce poverty. It is therefore, important to leverage markets to improve the economic wellbeing of the very poor as an essential facet of graduating people out of poverty. But, SRSP’s previous experience shows that the poor will engage in informal economic activities, because the barriers to entry are lower than in the formal sector. Although, labour and time intensive, the informal economic activities face multiple challenges to growth; i) low levels of skills and knowledge of modern technologies; ii) lack of access to financial assistance; iii) inaccessibility to services for quality inputs; iv) little access to information about market demands and trends; v) increased exploitation by middle men who decide business terms and siphon off the profits; vi) high levels of vulnerabilities to disasters and crisis; (vii) absence of organised collective efforts to meet market requirements; viii) low productivity; and ix) an inhibitive regulatory environment.

Phase 1 of the LS Program, which included provision of technical training courses and financial assistance to the poor to set-up their enterprises, has further helped in developing an improved understanding of these factors that affect the growth of small-scale enterprises. While, Phase 1 successfully achieved its objectives, there remains a need to focus on graduating the poor to connect

more significantly into market systems. This is also indicated in the third party Impact Evaluation of the LS Program, which notes that training alone is not sufficient to lead towards improved livelihoods. It strongly recommends for a more holistic approach towards the economic component, which begins with a thorough market assessment to understand market demands and trends. The training courses and capacity building initiatives can then be modified to include findings of the assessment. Following technical capacity building the evaluation suggests that the focus should be on establishing access and linkages with the market for the trained beneficiaries for improved economic gains. This will allow for the creation of marketable products (and individuals, based on their skillset), which will be more likely to generate improved incomes. Based on the experience and lessons learned around the economic component of Phase 1, the second phase intends to strengthen livelihoods of the poor and vulnerable groups, particularly women, by focusing on value chains and market linkages.

Why Value Chains and Market Linkages?

The poor are deeply inserted into markets both as producers as well as consumers of goods and services. While, they are highly reliant on market systems for their livelihoods, they are also disadvantaged by the way the markets operate. This leads to power inequalities in the markets, which are much more structural and pervasive, as well as problematic particularly for the poor and marginalised. In order to address the constraints, the project will identify and develop critical value chains that work for the poor and women. It will ensure the access of poor and women to information and knowledge as well as improve market channels for increased coordination and cooperation between VC actors: producers, business development services and private sector development. It will explore the potential of the markets to generate employment, livelihoods, incomes, public spending, and accessible goods and services and thus, help poor successfully exit poverty.

Supporting important value chains and market linkages will also ensure three important criteria for pro-poor market development; (i) Pro-poor Potential, that is, developing value chains will ensure employment and wealth creation opportunities for the poor and marginalised. The project will focus on interventions that operate at a much larger scale than the traditional support to individual small businesses, for instance, development of linkages around a sub-sector. (ii) Growth Potential, that is, the project will avoid selection of initiatives, which simply crowd the poor into businesses with limited viability. The value chains can play an important role in identifying the distribution of benefits among actors in the chain. It helps in determining who benefits from participation and which actors could benefit from increased support or organisation. Thus, the objective is to provide adequate support that increases the total amount and value of products and services that the poor sell in the value chains. This will result in better incomes for the poor as well as for other actors in the chain. (iii) Finally, Intervention Potential, that is, the project will implement interventions that can stimulate systematic market change. The idea of value chains is

associated with the concept of governance, that is, the power relationships and coordination mechanisms that exist between actors in the chain.

Experience of Value Chain Projects

SRSP's previous work on facilitating growth of economic activities through developing important value chains and market linkages shows the benefits of using this model. The MEDA Pakistan (funded by CIDA) *Pathways and Purse-string Project* was implemented between 2008-12 with the objective to increase the income of homebound women in marginalized and impoverished areas of all four provinces of Pakistan. In KP, the project was implemented in District Haripur by SRSP to ensure market integration, of more than a thousand household women who are involved in the seedling sub-sector, through value chain development work. In the other provinces value chain development work included fresh-milk, embellished fabrics and bangles sub-sectors. In an evaluation of the project organised by MEDA, a total of 463 households including 369 producers and 94 community activists were interviewed.

The results show that value chains work in all four sub-sectors had led to an increase in producer's income; that is, 65% increase for fresh milk producers, 117% in bangles sub-sector, 7% in embellished fabrics sub-sector and 36% in seedlings sub-sector against the baseline survey. This economic independence has gained increased participation in household level decision-making for women. About 50 to 80 percent reported an increased participation as against the baseline figures of 35 to 60 percent. 70% women also reported increase in household assets especially, purchase of television sets and mobile phones. The economic component of MEDA was built around the social mobilisation approach. The findings of the evaluation show that the organisation of social capital in the form of women's group resulted in increased confidence level and improved sharing of information as more than 70% of the responding women producers reported increased awareness due to peer interaction and experience sharing in the women's groups. More than 80% women producers' affirmed improvement in product quality; whereas, more than 50% claimed increased production quantity due to the application of acquired skills. Women producers' access to market and business development services, through sales agents, has been improved as more than 80% of the sales agents reported sufficient information regarding potential buyers.

Based on the successful results of the project, SRSP is replicating this model as a significant component of the EU-funded PEACE, which involves creation of economic activities through value chains development work for the poor in the Malakand Division. For this purpose, SRSP has identified several sub-sectors of agri-based value chains. While, a mid-term evaluation of the Program is yet to take place but the progress monitoring reports and short assessments/case studies show that an integrated approach, which includes social mobilization as the foundation component, technical assistance and provision of smart subsidies to the producers, on-going mentoring support, and linkage development with Business Development Services as well as Private Sector can lead to remarkable improvement in

quantity and quality of the produce as well as technical and financial benefits for the low-income producers. For example, 81 percent increase in yield and 156 percent increase in income has been reported by rice seed producers in district Lower and Upper Dir and Malakand. In District Swat, low-income farmers have reported an increase from PKR 25/Kg to PKR 50/Kg of black persimmon. Similarly, farmers involved in lemon grass production in district Buner reported an increase of PKR 40/Kg to PKR 60/Kg.

Very recently, SRSP has also partnered with CAVAC, which is a private sector actor. This project will focus on linking low-income farmers with CAVAC to sell their produce. CAVAC will function as an intermediary supplier between the farmers and the food industry.

By working on value chains and market linkages, the project is expected to enable both communities, particularly the traditionally excluded segments of society, and the rural low-income markets to collaborate, explore and benefit from various development options that each has the potential to offer.

2.3) PROJECT OUTCOME 2: WOMEN-FOCUSED COMPONENT

Women have greater participation in and benefit from economic activities

Through this component, the project chooses to focus particularly on women. This is because; (i) cultural environment in the *Pashtun* society blocks the role of women outside their homes. This leaves them without economic and political rights, and without education, thereby, undermining half of the population in its contribution to the overall development. (ii) Denying women their rights and education, results in cascading problems. Most important, the demographic transition from high fertility to low fertility is delayed or blocked altogether. Poor households continue to have more children as the women's role is seen mainly as child rearing, and her lack of education means that she has few options in the labour force. In these settings, women often lack basic economic security and legal rights. Their social circumstances turn even more dreadful during hard times such as security crisis and disasters when social setups are disturbed and women are often left unaccompanied.

This component, therefore, intends to bring sustainable social and economic development opportunities for poor women. It will do this by increasing their access to sustainable financial services, including grants, diversified loan products, and assets to support microenterprises and income generating activities. Towards this end, the project will build on SRSP's experience of delivering financial services in the resource poor, conflict and risk prone environment of KP, where the traditional microfinance schemes have little scope of success. Instead, Phase 2 will use SRSP's alternate model of economic empowerment, which works through the creation of investment funds to provide capacity building support, grants, loans and business development services to poor and marginalised women. This model is strongly anchored in the social mobilisation approach and formed an important component of the LS Program. The Program

databases, reports and assessments show that 90 percent of the CIF recipients reported a moderate to visible improvement in their household income. On an average, they reported an increase of up to PKR 2, 700/beneficiary households against an average CIF loan of PKR 12,500. Access to CIF has actually meant economic independence and increased self-confidence for women.

It has also been tested by government through investments in a poverty reduction program implemented by SRSP in the remotest corners of the province.

Based on Phase 1, the proposed Phase 2 will further strengthen the existing CIF component with additional technical and financial assistance, which will lead to increasing the scale and sustainability of the intervention. As a result of this intervention, women will have increased access to financial assistance, which will enable them to effectively support household incomes. This will lead to tangible gains for the poor families in achieving a more balanced economic contribution from men and women. It will enable a transition from working with women as victims of poverty to empowering poor women to challenge and change the contexts in which they live and gain economic independence. But, this component has more than a financial intervention. It also includes social intervention by strengthening women organisations that provide greater role to women in the decision-making process both at the household as well as the community level. It increases their participation in governance and management of their organisations. Phase 2 will, therefore, develop women's leadership, strengthen women organizations, increase awareness on their rights, ensure their financial security and create new opportunities for them. SRSP's CIF program, in the past, have steered participants toward their own definition of an empowered woman. Women develop notions of self-worth and dignity; control and influence over resources and appreciation of the value of collective effort and solidarity among women.

In addition to economic component, SRSP's Phase 2 will also replicate literacy component from its EU-funded PEACE in the LSP intervention sites. This is expected to contribute to self-confidence building of women.

2.4) LEVERAGING SOCIAL MOBILISATION APPROACH AS THE FOUNDATION COMPONENT

In recent years, people in the region have suffered perpetual chaos, insecurity and displacement, and economic deprivation. Amid this complex and challenging environment, human resilience and endurance have emerged as very strong elements of its social economy. During worst times, people have fallen back on social networks and ties of reciprocity to help each other and rebuild devastated lives. Years of work with communities in the region by SRSP also shows that these networks and ties are so deep-rooted that they make an intrinsic component of the social fabric of the society and have been most active during hours of distress such as in the 2005 Earthquake, the 2010 Floods and the on-going displacements in KP

and FATA. This social economy builds on the inherent potential of people for collective solidarity and action.

During its work in the region, SRSP has always appreciated the strong presence of this social asset in communities by consciously developing interventions around it using its *social mobilization approach*. This approach believes in the *power of people for collective action*, and hence, inverts the traditional model of reaching to the citizens, including the poor and marginalised. It places communities at the center of the development process and harnesses the potential for self-help, skills, organisations and voice of local people to participate in and capture the benefits of growth. The approach involves the formation of inclusive and representative **institutions of people** on a clear **graduation model** that is based on the premise of *aggregation*, which allows networking and federation of smaller community-based organisations upwards. This enables greater bargaining power, broad-based representation and bringing together voice and collective efforts and action for participatory, accountable and a sustainable improvement process. This system of community mobilisation inverts the traditional model of *reaching out* to the poor. The starting point of the project will be the *citizen's sector, including the poor and vulnerable* and the strategy will be one of enabling them to *reach out* and make use of opportunities available to them.

An important contribution of the three-tier SM approach to the process is enabling the formation of community organisations on four basic principles. These include basing strong foundations of community organisations in being; 1) Participatory, Inclusive and Membership-based- the organisations are broad-based and ensure the participation of all segments of the society, particularly the poor and marginalized so that the traditionally excluded do not remain out of the development process. They must also ensure that the lower level organisations select the higher level organisations; 2) Democratic – the organisations build mutual consensus to elect membership both within the organisation and for representation at the higher levels; 3) Socially and Gender Equitable – the organisations are representative of socially disadvantaged segments of the society. To the extent possible, women participation and/or their voice should be included; and 4) Accountable – the organisations practice horizontal and downward accountability and ensure adequate information and access to forums of public decision-making is available.

By introducing the above-mentioned principles in community-based organisations the process of SM enhances **civic engagement** and builds **community voice** to articulate and negotiate with institutions and service providers on the planning and implementation of development initiatives, securing their rights and to hold service providers accountable. The approach recognizes that the supply side cannot be made more efficient in assisting the citizens unless it is in the context of an organised demand side. Hence, the community organisations serve as a bridge between the state and citizens. The Social Mobilisation Approach believes that enhancing development opportunities for local communities, is therefore, concerned with investing in their institutions, assets and capabilities to provide them more

equitable opportunities to access resources, public services, markets and the socioeconomic growth potential existing in their environment.

The Phase 1 of the LS Program adopted the same model for economic development, and social equity and cohesion to respond to the multiple crises in the region. Using the model, the Program set-up 1,232 community-based organisations (including 550 women), representing 196,913 population, in the target areas. This methodology allowed the Program to understand and hence, take an *adaptive, flexible, and learning* approach to implement interventions that the poor could benefit from for addressing their most pressing development needs. This is also clearly evident from the *Institutional Maturity Index Study*¹, which shows that an appropriately developed community institution building process has the potential to replace the traditional top down approach with a much-required *bottom-up community-driven local development* mechanism. The appropriateness of community institutions is defined in terms of their being inclusive, and participatory, ensuring downward accountability in their work, and practising and promoting social and gender equity. The Study shows that in allowing 70 percent membership to extremely, chronically and poor households, the CBOs ensure greater participation of and role for the poor and marginalization in the local planning and development process. For example, about 80 percent of the CBOs were able to develop a consultative system of preparing and regularly reviewing/updating development plans that are reflective of genuine needs of the communities and using the information to mobilize resources from different sources including the governments. Similarly, the CBOs ensure equitable access to resources and opportunities, especially for the poor and marginalised. For instance, about 78.9 percent of the 6,154 men and women who attended different capacity building training interventions were from the poorest households with poverty scores between 0 and 23. The formal education and rigorous technical guidance contributed to building and strengthening knowledge and skills base of the poor to become socially responsible and economically active members of their communities. The report also shows that about 38 percent organisations actively participated in addressing women development issues for instance, facilitating their access to the skills enhancement training courses and discouraging violence against women in their villages. The impact assessment also showed that women community-based organisations are more transparent and ensure participation of all members in the process of identification and planning as compared to men community-based organisations.

Similar encouraging results are evident from the literature on social mobilisation activities of SRSP and the other RSPs, which also significantly appreciates the viability of the model across a range of complex and diverse environments, including that of the Federally Administered Tribal Areas where SRSP has mobilised social capital. In their years of work, the RSPs have established over 325,000 men and women community institutions that represent more than 52 million people, across Pakistan. This model of the RSPs has also gained recognition and support from the government as well as other multi and bi lateral development actors. The government has extended *long-term capacity grants* to many of the RSPs including

¹ SRSP conducted an impact assessment of the community-based organisations formed under the Livelihood Strengthening Program in the three districts. This report, Institutional Maturity Index is available at the SRSP's website: www.srsp.org.pk

SRSP, to enable them to continue their work on community empowerment and poverty reduction. Furthermore, in its policy documents such as the **KP's Comprehensive Development Strategy (2010-17)**, the government attaches credibility to the model and recognizes collaboration with RSPs important for sustainable, participatory and accountable development in KP. A stronger evidence of this is also the Government of KP's District Governance and Community Development (DGCD) Program, which seeks to implement the Community-Driven Local Development Policy Framework. This policy instrument takes the social mobilisation approach to infrastructure development in the Malakand Division. SRSP supports the Program as social mobilisation partner to the Government. Similarly, in the government funded renewable energy initiative for selected districts of KP, social mobilisation of communities is seen as an essential for sustainability of micro hydel power projects. Development actors, such as the European Union is investing millions in the model to help the people of Pakistan take an organised collective action against their social and economic deprivation. Examples of this are the Program for Economic Advancement and Community Empowerment (PEACE) in the Malakand Division, and the € 80 million budgetary support to the Government of KP for its DGCD Program.

Considering the acceptability and success of the model, SRSP's Phase 2 will leverage the SM Approach and use the existing social capital organised in Phase 1, particularly at the VO and LSO level, which is pivotal to the sustainability of the project. In doing so, SRSP's Phase 2 ensures better utilisation of the human capital that was created in Phase 1 in the form of organised communities. This will also contribute to the Government of Pakistan's increasing commitment towards strengthening its collaboration at the local level to inform its reform agenda and, hence, improve state-citizen engagement process for achieving goals of greater equity, and inclusive and pro-poor growth in the region.

2.5) CONTRIBUTION OF THE PROJECT TO THE GOVERNMENT'S PRIORITY DEVELOPMENT NEEDS FOR KP

With regional stability, improved governance, and sustainable economic growth as the objectives for the region, the Government of Pakistan has framed different policies and initiatives that redefine its commitment and identify priority areas for development of the region. The most significant among these include the *Post-Crisis Needs Assessment, Medium Term Development Framework* (2010), the *N-W.F.P Comprehensive Development Strategy* (2009-15), the *Integrated Public Financial Management (PFM) Reform Strategy* (2011-12), the *KP Strategic Development Framework* (2013), the *Economic Growth Strategy*, and the *KP Integrated Development Strategy* (2014-18). In order to address the multidimensional issues (as presented in the last section), the government policies present comprehensive roadmaps to adopt fundamental political and economic reforms that advance participatory, sustainable and accountable development as key to better service delivery, enhanced economic development and improved State-Citizen engagement.

In conceptualizing Phase 2, SRSP has reviewed government reform agenda to ensure the design is in conformity with government's development priorities for KP. With citizens re-engagement at the crux of its development model, the government offers a wide range of social and economic reforms for rebuilding the province. The Government of KP's **Economic Growth Strategy** (EGS) reinforces core priorities of the Comprehensive Development Strategy, and provides a comprehensive framework to accelerate growth in priority sectors of the economy through enhanced public investments and complementary sectoral policies for improved productivity, reduced unemployment and poverty alleviation. The priority sectors include agriculture value addition and agro-processing industries; mining, oil & gas and hydel-power in natural resources; and tourism in services. The broad parameters of EGS include; (i) Promotion of growth sectors with comparative advantages of indigenous raw materials for example, minerals; (ii) Investments into value added industrial sectors, such as, livestock, horticulture, dairy processing, light and high-value mineral products; (iii) Developing the competitive advantages for industrial sectors through reduced input costs related to energy and power, water and transport; (iv) Creating technical and vocational education/training opportunities for enhancing skills of the labour force; (v) Improving the service delivery; and (vi) Creating an enabling, business-friendly environment for private sector enterprises. Redistributive social protection initiatives are built in the strategy in order to ensure that growth also benefits the poor and marginalized.

An important element of the government's policy reforms is its commitment to establish and strengthen its collaboration at the local level by redefining the role of communities from that of passive aid recipients to active partners in the development process. In doing so, the government demonstrates its intention to break with *past policies of top down approach* and positively re-establish engagement, and hence, trust with citizens. In this context, the Government designed the **KP Integrated Development Strategy** (2014-18), which intends to deliver the fundamental rights and privileges of the citizens by establishing a transparent, corruption-free system of governance and ensuring a secure society. It emphasizes on; (i) Addressing challenges to growth by improving productivity and value addition; (ii) Delivery of social services; and (iii) Rebuilding trust between citizens and state and peace building with transparent and accountable governance. It stresses on a wide a range of initiatives, such as market-oriented skills and crafts development, and access to microfinance and interest-free credit schemes, to assist the poor and vulnerable groups to become economically active. By providing increased economic opportunities, the government intends to engage with the poor and address their grievances that become a reason for distrust between the citizens and the state.

Phase 2 will, therefore, strengthen livelihoods of poor and vulnerable groups, particularly women through a combination of efforts to build rural assets, skills, and hence, create employment and income generating opportunities.

Project Components	Priorities of the KP's Comprehensive Development Strategy	Broad Parameters of the Economic Growth Strategy	Components of the IDS
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Outcome 1: Increased employment opportunities, market access and incomes for poor and marginalised groups, particularly women	Social Protection	Creating technical and vocational education/training opportunities for enhancing skills of the labour force	Addressing challenges to growth by improving productivity and value addition
		✓ ✓	✓ ✓
	Local Development	Creating an enabling, business-friendly environment for private sector enterprises	Rebuilding trust between citizens and state and peace building with transparent and accountable governance
	Infrastructure	✓ ✓	✓ ✓
Outcome 2: Women have greater participation in and benefit from economic activities	Economic management (agriculture, mining, & technical education)	✓ ✓	

Note: this table shows how the proposed project corresponds to important objectives of the government as stated in its different policy documents. The red tick is for Outcome 2, and purple tick for Outcome 3.

2.6) DESCRIPTION OF THE PROJECT TARGET AREAS

Since, Phase 2 builds around the existing social capital as the foundation to support outcomes 1 and 2, it will be implemented in the LSP intervention sites in three **border districts** of KP, that is, Charsadda, Nowshera and Peshawar. LSP was able to expand to 72 villages in 22 union councils of the three districts. The existing social capital in the intervention sites will provide firm grounds for establishing the proposed project within local communities. It will also allow communities to benefit from a more focused approach on market and economic development.

Box 1: Selection of target union councils and villages was based on criteria that may include factors such as, (i) high incidence of poverty; (ii) feasible security conditions; (iii) contiguous selection to ensure smooth management of the Project; (iv) serve as hosting areas for Afghan Refugees as well as temporarily Dislocated Persons.

Some **basic statistics** of the target districts are given below. The target districts have traditionally been a rural society. They have low socio-economic indices, and share close geographic proximity with FATA, hence, are vulnerable to the spill over effects of war in the region.

- **Area Coverage:** District Peshawar, the provincial capital, covers an area of 1,257 Km² and consists of 4 towns (or tehsils/sub-districts) and 93 union councils. District Charsadda, a small district to the north of Peshawar, covers an area of 996 Km². It consists of 2 Tehsils and 46 union councils. In the northeast of Peshawar, is District Nowshera, which consists of three cantonments that were created during the British Raj and 47 union councils. The district covers an area of 1,748 Km².

- **Population:** As per the 1998 District Census Reports, Charsadda has a population of 1 million; Nowshera about 0.8 million people and District Peshawar is home to about 2 million people.
- **Geographic Location:** The districts are neighbours not only to other districts in KP but also share borders with tribal agencies of Pakistan. Mohmand Agency borders district Peshawar in the north and district Charsadda in the west. Khyber Agency covers the western border of Peshawar. Likewise, Orakzai Agency has common south-western borders with District Nowshera. Parts of these three agencies have seen considerable unrest in the recent past due to extremism and the ensuing military counterattacks. As a result of this, Peshawar has received hundreds of families of internally displaced persons. Peshawar also sits close to the Frontier Regions (FR) of Peshawar and Kohat. The district is along the Pak-Afghan border, which is approximately 40 Km in the west.
- **Human Development Index:** While, the three districts have rich resources in agriculture and horticulture the economic potential remains low. The *2011 Human Development Index* for districts in Pakistan shows that all three districts fall in the medium category. Peshawar has an HDI ranking of 0.639, Charsadda 0.629 and Nowshera stands at 0.655.
- **Social Sector Services:** are under supplied in the districts. As a result, the literacy rates are lower than provincial and national averages. The literacy rate of District Peshawar is 41.79 percent and that of Charsadda is 31.1 percent, while Nowshera's literacy rate is 42.5 percent.
- **Economy of the Target Areas:** District Peshawar, which is a provincial capital, offers multiple employment opportunities. It attracts people from adjacent areas and from districts as far as those in the northern parts of the province. Agriculture, wholesale and retail trade form a significant part of the main occupations in the district. District Charsadda is a small district with most of its population living in rural areas. The main occupations include agriculture, fishery, and craft related trades besides other elementary occupations. In district Nowshera the main occupations are similar to those of Peshawar and Nowshera.

2.7) DESCRIPTION OF TARGET BENEFICIARIES AND HOW THE INTERVENTION IS RELEVANT TO THEIR NEEDS

Within the context of KP of volatile security, poor governance, weak rule of law, and economic instability, LSP Phase 2 offers an innovative set of interventions that will; (i) empower local communities to voice the rights of the poor and marginalized and actively participate in development projects; (ii) sustainably increase economic productivity by building and strengthening rural market value chains and enhance participation of communities, particularly women, and (iii) improve livelihood opportunities by supporting small-scale local businesses and enterprises, and increase access to technical and financial assistance, especially for women.

It seeks to strengthen community participation and social cohesion by continuing its work with inclusive and sustainable organisations of communities that were established in Phase 1. It also intends to improve rural economy and markets to achieve a reduction in the vulnerabilities of the poor and marginalized who have few reliable and sustainable economic opportunities to alter low living conditions. Towards this end, the project will work with communities as well as local markets, business development service providers and private-sector to influence policy-making and resource allocation and increase learning and evidence base for viable market development models and enhanced economic productivity opportunities.

The key target groups that the Project intends to work with are given below;

Target Group	Constraints	Project Response
Community Institutions	Social networks and ties, which are an inherent characteristic of the culture in the KP, have been weakened due to security crisis, violence and displacement. This has also seriously affected state-citizen engagement process. Communities are not well-organised and existing community institutions lack the capacity to organise, coordinate, manage and take decisions. They lack opportunities for increased social mobilisation, cohesion, awareness and capacity building with which to discuss local governance and civic oversight issues that will lead to improved access to basic service delivery and associated facilities.	In the given scenario, the project will work with CBOs that were organised in phase 1. These organisations were adequately mobilised and trained for collective leadership, efforts and actions to plan and implement projects, mobilise resources, and develop linkages with the government and other development actors. In the current Phase, the project will continue its interaction with the community organisations formed in Phase 1 to promote social cohesion and stabilisation, thereby reinforcing reconciliation and the sustenance of the peace process.
Small-scale entrepreneurs and smallholder farmers	This group includes households that rely on small-scale enterprises or subsistence farming but are unable to expand their enterprises, as they do not have access to financial resources, have little understanding of market demands and low skills.	The economic component through a combination of efforts will build rural assets, skills, employment and income generating opportunities, and resilience of the poor households to rebuild the local economy of the area.
Poor households	This group includes households that are chronically food insecure and have lost their means of livelihood in the security crisis. They neither have sufficient resources nor the skills to find sustainable means of livelihoods.	Poverty does not mean scarcity and want alone but also entails rights denied, opportunities curtailed and voices silenced. This group requires opportunities for voicing their needs and for participating in the economic activities. The CBOs formed in Phase 1 ensure the inclusion of poor households in the development process and enable them to benefit from the resources and opportunities the project offers.
Women	In KP, women have limited space in the public sphere. The complex, challenging and chaotic environment in the past few years has further set back women's development. Mushrooming of fundamental beliefs has resonated fiercely on development, especially that of the women and poor. Due to the crises, women have taken on new roles or stepped into the vacuum left by men, who have been the traditional leaders and wielders of power, providers of food and social security to the family. Women headed households, therefore, want to build up their financial security to sustain their families.	Women need to be given status; their self-confidence needs to be boosted if they are to participate in the national reconstruction process. A holistic approach is needed to increase their literacy levels and to facilitate their skill development and empower their households economically. Mainstreaming gender will aim at: awareness-raising/providing information on women's basic human rights; helping to form Women's Organisations; creating opportunities for capacity building; and delivering priority social services/community infrastructure identified by women's groups
Youth	The low socio-economic indices of the region speak volumes on the opportunities available	Along with being given equal opportunities for growth and development, it is essential to

Target Group	Constraints	Project Response
	in the region for growth. Youth have especially suffered from the lack of resources and opportunities. Their literacy levels are low; they are unemployed and have low technical capacities. As a result, they have been easily convinced in favour of the extremist movement.	engage youth in constructive and productive activities that encourages tolerance and urges them to respect the rights of all.
Business Development Service Providers (BDSP) and Private Sector	The private sector has little information on the problems the poor and women face in improving their economic conditions.	The project will interact with the private sector and foster linkages between the producers, the BDSP and the private sector to modify existing practices and create an enabling environment where both the poor and the markets can benefit from the potential each offers to the other.

SECTION 3: DESCRIPTION OF ACTIVITIES

3.1) INTERVENTIONS UNDER PROJECT OUTCOME 1

Increased employment opportunities, market access and incomes for poor and marginalised groups, particularly women

This outcome will achieve its objective through two outputs; i) improved value chains and market linkages for increased incomes of poor; and ii) improved technical/vocational skills enhancing employment opportunities for poor community members.

a) **Output 1.1: Improved value chains and market linkages for increased incomes of the poor**

This output will identify important sub-sectors in each district and map their value chains. Based on this, the nature and scope of interventions will be defined for each selected sub-sector. The development of value chains will look at the complex range of activities implemented by various actors, such as primary producers, processors, traders, Business Development Providers Services and Private Sector. It will not only consider activities implemented by a single enterprise but move along all its backward and forward linkages with other enterprises engaged in trading, processing, assembling etc., to maximise the generation of value along the chain, and thus, promote and upscale small-scale microenterprises. These enterprises can become important source of primary or supplementary income for the rural poor.

Broadly speaking, the value chains will assist the target clients in three important ways. One, it will facilitate technical capacity building to improve production processes and, hence, the quantity and quality of the product. Two, it will facilitate the access of the poor and marginalised to smart subsidies, financial services and private sector that can provide incentives for entrepreneurship and investment, increase productivity, improve access to markets, and reduce risk and vulnerability. Three, it will increase the commercial linkages between the businesses that the poor own and work in, and businesses that can offer them new and more profitable opportunities as suppliers or consumers.

Important areas can be, but are not limited to, (i) **On-farm Agriculture**, such as, fruit and vegetable production, off-season floriculture for example, marigold production and marketing, rice, Australian Popular Nursery Promotion; (ii) **Non-Timber Forest Production**, that is, aromatic plants, and mushroom production; (iii) and (v) **Off-Farm Production and Services** such as, wood decorative, khaddi-making, marble mosaics, leather goods, and hospitality etc.

Description of Activities

No.	Indicative Activities	Planned Targets (indicative)
1.1.1	Conduct Market Research to identify opportunities and	Market survey in 3 districts

constraints of selected sub-sector Value Chains		
1.1.2	Prepare and deliver training to identified target clients on modern techniques	975 men and women trained
1.1.3	Facilitate market linkages for strengthening weak links in the selected value chains	975 men and women benefit from strengthened market linkages
1.1.4	Extend smart subsidies to stimulate economic growth, especially, for the low-income target clients	975 men and women receive smart subsidies
1.1.5	Organise 'Show and Tell' events to showcase best practices of target clients	3 events organised
1.1.6	Conduct learning visits for the target clients	98 men and women attend the visits

Activity 1.1.1: Conduct Market Research to identify opportunities and constraints of selected sub-sector Value Chains

The proposed project will undertake market research in each district to understand the existing market trends, the potential sub-sector and its demand in the local as well as in the national market, the gaps that exist and the strengths to build on further. Adequately trained staff will be placed in the Project to conduct this very important piece of work in identifying and strengthening profitable value chains that work for the poor. If required, the Project may also engage specialized technical expertise on short-term basis to assist the process.

In order to conduct the market research, the project will carry out consultative workshops and dialogues with different stakeholders, including producers and consumers, market players and BDS providers. This exercise will help in identifying the sub-sector, the main actors involved in it, their current activities and the weak and strong links in the value chain. Based on the information collected, the project will prepare comprehensive Market Research Reports that will identify the selected sub-sectors in each target district. In order to integrate women development, gender will be criteria in selecting value chains and market development. The reports will also map value chains for the sub-sectors to address constraints that hamper the development of the sector, especially its potential to work for the poor, as well as explore opportunities for building on the existing strengths of the sub-sector. While, detailed interventions will be chalked out in the market research reports, however, each selected sub-sector value chain will be strengthened through support in four key areas, that include, technical capacity enhancement of the actors, especially low-income and poor producers and manufacturers; fostering market linkages; facilitation via smart subsidies; and introducing innovation and new techniques. Considering the large size of the target areas, it is also possible, the proposed Project works on more than one sub-sector value chain to integrate the target clients into a bigger commercial market.

Activity 1.1.2: Prepare and deliver training to identified target clients on modern techniques

Following the identification of target clients for the selected sub-sector value chains, the Project will prepare and deliver comprehensive training manuals. The course will cover different modules such as business management, production techniques and modern technologies, occupational hazards, marketing

and strengthening linkages, and interest group formation and strengthening. The delivery of the training workshop will be spread over the period of the project duration. The graduation of the participants into the next level of course will be based on their performance in the previous course. Considering the local context of target districts, separate events will be arranged for men and women target groups. It is expected that this intensive course will enable participants to learn modern techniques of doing their work. Enhanced knowledge and technical capacities will enable a better understanding of market demands and trends. Application of improved methods will also help in increasing productivity and improving quality of the products and services.

Activity 1.1.3: Facilitate market linkages for strengthening weak links in the selected value chains

The Project will take an integrated approach to strengthening business linkages among and between different actors involved in the identified sub-sector value chains. This could include; (i) building effective linkages for example, among the producers through formation of **common interest groups**. These small groups with up to ten members will be formed around specific interests such as groups of producers from one sub-sector, or people involved in packaging and marketing of products etc. Formation of groups will promote collective action by creating an enabling environment for low-income and smallholder producers/manufacturers to collaborate for increased and collective production that meets market requirements. It will also facilitate experience sharing among the members of the group. (ii) The project will seek vertical linkage development between different actors in the identified value chains. This is also known as **Embedded Services**, which are free and offered by value chain players to the producers. In return, the producers are bound to sell their product to the same player. Normally, a wholesale retailer will offer such service. (iii) The project will also seek linkage development between the target clients and **Business Development Service providers**, also known as the Commercial Service Providers. These services are not free and, therefore, need to be purchased from the market. These may include providers that offer technical assistance, microfinance institutions, research institutes and transporters. Linkages with BDS will help target clients to leverage support for strengthening their part of work in the value chain and, hence, improve productivity and incomes. (iv) In addition, the project will also seek linkage development producers and private sector. This kind of collaboration includes a win-win situation for both entities.

Strengthening effective linkages in the value chain will enable better understanding of the roles of each actor, contexts and dynamics for establishing functional and profitable value chains that encourage greater participation of and benefits for the poor. This will also serve as an important element of the project's exit strategy and a step towards sustainability of its interventions. It may also create opportunities for new enterprises.

Activity 1.1.4: Extend smart subsidies to stimulate economic growth, especially, for the low-income target clients

As the Project seeks development and strengthening of value chains for the poor, it will have an important component that can remove social and economic constraints of the poor and marginalized to benefit from participation in value chains. For this purpose, the Project will extend support to the trained target clients to; (i) increase the low-risk bearing capacity of the entrepreneurs, (ii) reduce the risk of adopting new behaviour or of making unproven investments in new techniques, and (iii) to demonstrate the economic activity. This support could be in the form of advance training, exposure visit, start up resources/toolkits, or technical inputs to expand their enterprises etc. The nature of the support will vary and depend on the nature of the selected sub-sector value chain. This intervention is expected to remove constraints that hamper the entrance of low-income and poor households in markets. The project will conduct a needs assessment exercise to ascertain the constraints of the trained cadre. Based on the information collected, the trained clients will be supported with smart subsidies as identified important for growth of their economic activities. The performance of the target clients will be regularly monitored.

Other than direct support to the target clients, this activity could also include planning and implementing activities that can influence any limiting factors that hamper the growth of economic activities. For instance, it could involve sensitization campaigns or workshops for employers/market players on the rights of the labour.

Facilitation through smart subsidies will encourage participation, particularly of the poor and marginalized, in market development.

Activity 1.1.5: Organise ‘Show and Tell’ events to showcase best practices of target clients

The Project will organise events to facilitate the target clients to show case their best practices. Different stakeholders such as BDS providers and government representatives will be invited to the events to enable effective linkages and demonstrating the ability of improved value chains in promoting economic opportunities for the poor.

Activity 1.1.6: Conduct learning visits for the target clients

The project will also organise learning visits for the target clients to markets as well as other program areas of SRSP where it is strengthening value chains to promote inclusive growth and development. This will enable learning from experience sharing among target clients from different areas.

b) Output 1.2: Improved value of labour by the poor

This expected result would also build on the successful experience of LSP in the region, which shows that poor generally have unrecognized *survival skill*, which enables them to endure hard and difficult time. However, their skills and technical knowledge are at very rudimentary level, which often restricts their integration in the markets. In order to incorporate the poor into the economic mainstream, the Project will provide technical and vocational skills training to the target group, which is expected to increase their production skills and efficiency.

The Project will use the demand-led and market-driven approach to identify trades and crafts in both local and national markets to enable target groups explore employment opportunities beyond the local markets. It will also carry out a needs assessment of the target groups to design appropriate strategies for providing equal opportunities to men, women and the poor. Based on the information, competency-based training manual courses will be prepared. SRSP's Technical and Vocational Training Centre will play an important role in implementing this intervention. In addition to trade-specific skill training courses, the Project will also organise short training workshops on business development and management, which will prepare trainees for record maintenance and financial management. Trainees will also be given access to start-up support in the form of toolkits. The project will also arrange platforms that will introduce the trained cadres to the market, which will enable both sides to identify and benefit from the available opportunities. Proper follow-up mechanisms will be put in place to provide on-job support, track record of progress of each trainee, as well as to use the results for future interventions. The trained cadre may also become part of the selected value chains where they can contribute through extending services.

Description of Activities

No.	Indicative Activities	Planned Targets (indicative)
1.2.1	Identify profitable trades on the basis of market demand and trends	Data collection process conducted in three districts
1.2.2	Develop identification criteria in consultation with CBOs	900 men and women to be identified
1.2.3	Prepare and deliver Technical and Vocational Training	900 men and women trained and provided support
1.2.4	Conduct follow-ups	

Activity 1.2.1: Identify profitable trades on the basis of market demand and trends

In order to improve economic opportunities for the economically inactive, poor and low-income households in the target areas, the Project will organize training workshops on **employability skills**. Towards this end, the Project will conduct assessments to identify trades that have demand in local, national and international market, using primary and secondary data sources, such as the Assessments conducted by TVET in KP. The assessment process will also make use of focus group discussions with VOs and LSOs to give due consideration to community voice and local context in the process of trade selection. On the basis of information collected, feasible trades (that are culturally viable and economically viable) will be shortlisted.

Activity 1.2.2: Develop beneficiary identification criteria in consultation with CBOs

Criteria for the selection of target beneficiary will be developed in consultation with CBOs. The selection process will make use of poverty scores collected through PSC and verified using PRA techniques. The focus of the intervention would be on unemployed/low-income youth and women that are identified by CBOs, to the extent possible, from all target villages (about seventy-two) in Charsadda, Nowshera and Peshawar. The selection of beneficiaries will be made through LSOs who will be required to consult member VOs and COs in their networks. In case of union councils where LSOs do not exist, the project will conduct the consultation process with VOs and men and women COs. Profiles of the selected beneficiaries consisting of information such as income level, prior knowledge and skill base, will be maintained. This data will help in assessing pre and post training change.

Activity 1.2.3: Prepare and deliver Technical and Vocational Training

Based on the above-mentioned pre-training process, the project will design and deliver certified training courses. The scope and duration of each will vary depending on the nature of the trade identified. As evident from the experience of LSP, this activity will help local communities in acquiring knowledge and skills in selected trades required for either becoming self-employed or availing decent living wage jobs in the market. At the end of the training course, the participants will also receive **toolkits** for instance; men trained in plumbing will receive a toolkit with basic plumbing tools. SRSP's Technical and Vocational Skills Training Centre will lead on this component, which is certified with the Skills Development Council of Pakistan.

Activity 1.2.4: Conduct follow-ups

The Project will maintain a database of the trained men and women. It will apply robust monitoring and evaluation mechanisms to follow-up on the progress of the trained groups. The follow-ups will not only observe increase in employment but also the change in income levels and hence, impact on the living conditions of the poor household. This will enable a better understanding of what works and what does not. It will also help in identifying trades that prove to be more profitable than others.

3.2) INTERVENTIONS UNDER PROJECT OUTCOME 2

The outcome 2 will work with women from the poorest households and implement interventions that can result in their social and economic wellbeing. Hence, it will make use of the results of the PSC verified using PRA techniques. This component will increase the access of women to; (i) literacy and functional skill enhancement opportunities; (ii) livelihood opportunities; and (iii) sustainable financial services that are available at the doorstep. Description is given below.

a) Output 2.1: Increased access of women to financial services and income generating activities

A very important element of this component would be the establishment of **Community Investment Funds**, which was successfully implemented by LSP. This model works through the creation of investment funds to provide capacity building support, grants, loans and enterprise development services to poor and marginalised women. The model makes use of the **community mobilisation approach around economic opportunities** for women. The reasons for engagement of the CBOs as focal points for delivering CIF include their potentially large outreach, better knowledge of the people, and capacity to deliver services at costs that are more economical. Thus, the women organisations function as Village Banks of the Poor. The CIF serves as a financial resource base, which offers support with no collateral requirements and therefore, is able to address the needs of poor in a more economical manner. Financial services are extended to target groups of women identified on the basis of poverty profiling using the Poverty Score Card.

Supporting Village Banks is important as poor and women in rural villages cannot access the formal banking system due to cultural constraints that limit the mobility of women to banks; they lack collateral; and banks offer interest-based loans. The Village Banks, on the other hand, address the issues and offer local solutions for economic empowerment of women. The banks are located within the local communities; they work for women and are managed by women, which boosts the confidence level of poor women to access and avail support. The women banks do not tie up products with conditions, such as collaterals and interest-based loans. They are, therefore, culturally acceptable and financial feasible for the women clients.

Under the proposed Project, the CIF will consist of three modules; (i) Income Generating Grants- which will be available to women and households who face extreme poverty (mostly with scores between 0 and 11 on the PSC), physical disabilities, chronically food insecure, and too vulnerable to take loan risks. The availability of the grant will then be used as a start-up support for establishing an income generating activity for improving livelihood. (ii) CIF Revolving Fund- will be available to those poor groups (with scores between 0 and 23) who have repayment capacity. Repayment terms will be decided by the members of the women organisation. The reimbursement of soft loans allows serving a larger number of target groups. (iii) Enterprise Development Grant and Loan (with scores between 0 and 23)- this will be available to enterprises run and managed by women, which can be expanded with additional resources. However, provision of the ED Grant and Loan will be conditional to performance during training initiatives, and preparation of business development plans by the applicants. In order to be able to manage the funds, the Project will build local capacities and provide comprehensive training courses to women organisations.

The other dimension of this output will be creation of opportunities for women from poor and low-income households to gain **Livelihood Skills** that will enable them to participate in economic activity. This intervention will also help women to understand the basic rules and standards of managing and sustaining small businesses.

Description of Activities

No.	Indicative Activities	Planned Targets (Indicative)
2.1.1	Strengthen Women Village Organisations to manage Community Investment Funds	624 women will benefit
2.1.2	Prepare and deliver CIF Management Training	24 women trained as CEW
2.1.3	Facilitate Women Village Organisations in setting-up Enterprise Development Centres	144 women benefit

Under this result, the project will continue to work with the 50 Village Banks that were organised under LSP Phase 1. These banks have served about 12,241 clients in the program target areas (since inception to July 2015). In Phase 2, the program will target all banks, however, with varying degree of inputs. Banks that fulfil the following criteria will be eligible for receiving additional technical and financial assistance to enable them to increase their client coverage. The criteria includes banks; i) that were able to revolve eighty percent of the CIF that was given to them in Phase 1; ii) have active an management, that is, the executive and general body members, and the credit extension workers perform their roles and attain set targets on time; iii) maintain three bank accounts; and iv) proper documentation and records are available for all proceedings. Utilising this criteria, SRSP has identified twenty-four VBs that will be given additional technical and financial support in Phase 2, which is expected to enable women banks to enhance their scale as well as contribute towards their sustainability. Phase 2 will also interact with the remaining twenty-six VBs that have satisfactory coverage in their respective areas. Technical assistance will be provided as and when required to further strengthen the management and functioning of VBs. SRSP will also explore further opportunities for these banks through linkage development.

For the twenty-four selected Village Banks, the project plans to set up a CIF of PKR 14,400,000 that will have 1,200 beneficiaries. This is revolving fund, which over the next three years, is expected to additionally benefit up to 960 women after it is revolved. The IGG intervention of PKR 1,440,000 that will facilitate 288 women. In addition to this, the Project will also establish enterprise development grants and loans package of PKR 3,600,000 that will be provided to 144 women. This will also be revolved and, over the next three years, is expected to additionally benefit up to 120 women. The table below explains this.

Categories	No of VBs per District	Per Unit Cost	Total	
			Beneficiaries	Amount
Village Banks			24	
CIF Revolving Fund	8	12,000	1,200	14,400,000
Income Generating Grants	8	5,000	288	1,440,000
Enterprise Development Grants	8	25,000	144	3,600,000
CIF Management Training	8	5,000	624	3,120,000
Credit Extension Worker	8	60,000	24	1,440,000
NEW - CIF Revolving Fund	8	12,000	960	11,520,000
NEW- Enterprise Development Grants	8	14,000	120	1,680,000
OLD - CIF Revolving Fund	10	12,000	4,350	52,200,000

Total	7,710	89,400,000
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The remaining twenty-six VBs will also continue to function. It is expected that through the revolving fund, which was established in Phase 1, these banks will be able to facilitate about 4,350 women over the next three years.

Activity 2.1.1: Strengthen Women Village Organisations to manage Community Investment Funds

As Phase 2 intends to increase financial input for the selected twenty-four VBs, it will also extend technical support to further strengthen the management and leadership roles of women banks to function as ‘Village Banks of the Poor Women’. Under the technical assistance, the project will provide women members with training on CIF Management. Approximately, 624 women will receive the training, and will then be expected to share the newfound knowledge in their respective organisations. The training will enable an improved understanding of financial management, and record maintenance among the participants.

Activity 2.1.2: Prepare and deliver Training to Community-Based Credit Extension Workers (CEW)

Other than offering feasible financial products to the poor, the banks are also a source of employment for the poor literate women who due to cultural constraints cannot access employment opportunities outside their villages. The Banks hire women Credit Extension Workers who have some level of literacy and are willing to give time to carry out the assigned roles and responsibilities.

The selected twenty-four VBs have 24 CEWs. Considering the enhanced financial portfolio, the selected banks may also increase the number of CEWs. However, they will be facilitated in assessing the workload and performance of the existing extension workers to plan the recruitment of new extension workers. The CEWs will be trained in their roles and responsibilities. Approximately, 24 CEWs will receive a three-day long training, which will prepare the activists for their important roles, such as; (i) facilitate VBs in maintaining records of all transactions at the village level; (ii) support VBs in maintaining bank accounts and cash flows; and (iii) together with VBs ensure transparency and accountability in delivering services to the poor and marginalised.

Activity 2.1.3: Facilitate Women Village Organisations in setting-up Enterprise Development Centres

Phase 2 of the program will replicate a successful ‘**Women Enterprise Model**’ from one of SRSP’s initiatives for extremely vulnerable women in the earthquake-affected areas. As known, women’s participation in economic activities is often hampered due to (i) lack of capacity building opportunities; (ii) limited mobility to markets; (iii) low negotiation power to sell their products; and (iv) lack of start up

resources to establish enterprises. In order to overcome these problems, the project will implement the following interventions;

To increase the access of women to capacity building opportunities, the proposed project will establish **‘Women Business Centres’** (WBC) in selected villages. During Phase 1, community based organisations often highlighted the fact that women in rural villages have low education levels and limited exposure and space in the public sphere. Despite their motivation and willingness to improve the economic conditions of their families, they cannot effectively contribute. Restricted mobility and higher associated costs also impact their choice to enrol in training centres and gain employability skills. To help women the project will establish easily accessible and affordable training centres for women from low-income households. These women centres will provide livelihood training to women from poor and low-income households, with the purpose to build their capacities to respond to an economic opportunity for improved livelihoods and incomes. The target group will include women who are economically inactive, and come from very poor households, which have narrow income base. This activity will then serve as an entry point for these women and enable their economic transformation. It may also consider inclusion of women who run microenterprises that are vulnerable to shocks or suffer challenges due to inadequate skills and/or venture capital for investment. Selection of the target group will be done in collaboration with women organisations and will make use of the results of the PSC, which are verified using the PRA techniques.

For problems (ii) and (iii) mentioned above, the Project will promote the formation of small **‘Women Common Interest Groups’** with 4-5 women in each, developed around a common trade. SRSP has tried this approach in KP as well as in FATA. Evidence shows that this method not only boosts women confidence and participation but also enables greater access to market. It also makes the delivery of intervention cost-effective. The group will be provided on-job support to enhance their negotiation power.

In the final synopsis, the project will also ensure availability of Enterprise Development Loans and Grants as start up resource for trained women who may want to initiate small enterprises after acquiring training.

The centres will be appropriately equipped based on selected trades and will be affiliated with SRSP’s Human Resource Development Centre. These local WBCs will be managed and sustained by Village Organizations/Banks that will be trained in the task. Terms of Reference will be signed with the organisation, which will be facilitated in setting up management systems for running the centres for long-term sustainability. Initially, this intervention will be implemented with a small number of organisations on pilot basis. It will be closely monitored to assess progress and outcomes before replication on a wider scale.

b) **Output 2.2: Improved literacy, skills and leadership opportunities for women**

In case of this output, the project will launch **literacy and functional skills** courses for women, which will enable them to read and write and actively acquire functional skills that will make them aware of important factors in their surroundings. The social mobilisation sessions and literacy training courses will include sessions on basic legal rights of women and will also form integral part of the overall project's community education interventions. The project will also seek effective linkages between the proposed activities and other initiatives of SRSP in the target districts for women empowerment, particularly its legal empowerment projects.

No.	Indicative Activities	Planned Targets (Indicative)
2.2.1	Identify and train Women Literacy Teachers	24 women trained as teachers
2.2.2	Prepare and deliver literacy and functional skills training to women	720 women attend literacy and functional skills courses
2.2.3	Formation of women LSOs and strengthening the leadership role of women in higher level CBOs	06 new LSOs to be formed and 3 of these will be women-based

Activity 2.2.1: Identify and train Women Literacy Teachers and Prepare and

Activity 2.2.2: Deliver literacy and functional skills training for women

Based on the experience of SRSP's Program for Economic Advancement and Community Empowerment (PEACE), which has a € 40 million funding from the European Union, the proposed Project will implement activities that enhance literacy and functional skills of women in the target areas. In PEACE, SRSP is enrolling about six thousand illiterate women from Malakand Division in community-based literacy centres where women are trained on the National Curriculum for Adult Literacy. SRSP has adequately trained staff to deliver the courses, which will be leveraged for implementing a similar activity under the proposed project in selected villages of District Charsadda, Nowshera and Peshawar.

The implementation of this activity will entail the following steps or sub-activities;

- (i) **Mobilization of communities** on the importance of literacy for women;
- (ii) **Training of Activists as Literacy Teachers** who will then deliver the courses to the beneficiary group of women. The Project will set selection criteria in collaboration with women organisations for identification of women activists who can be trained as Literacy Teachers. A basic requirement would be a certain level of qualification, and willingness of the individual to contribute time and efforts to the activity. Each district will train at least 24 women teachers following the Teachers Manual that runs for six days. This course will enable the activists to understand the curriculum and its different modules. At the end of each workshop, the teachers will be required to prepare and

submit annual work plans, which will reflect the timeframe for delivering Literacy and Functional Courses in their respective villages. The trained cadre will also run through a refresher-training workshop of three days after one year of the initial course. A needs assessment will be conducted to evaluate the improvement and constraints of the teachers. The information collected will feed into designing the refresher course. Each teacher will be required to deliver the course to at least 30 women during project life. The teachers will be paid resource person fee, and hence, create an employment opportunity for literate women at their doorstep.

- (iii) **Selection of women** to attend the courses will also follow selection criteria that will be developed in coordination with the women organisations. This will include age limits and willingness of the participant to attend the course.
- (iv) **Establishment of the Literacy and Functional Skills Courses:** the duration of the course will be up to three months. Each batch will have at least twenty-five women students. The women organisations will play an important role in identifying the classroom space. (It could be the VB Office where women can come easily). The course will cover different modules including literacy and numeracy skills as well as functional skills. This will enable them not only to read and write but also prepare them to acquire basic skills for instance, interpreting traffic signs, use of ATM cards, etc. The experience of PEACE shows that community organisations whose women members attended the course are able to maintain and update records without extensive external support. A general increase in self-confidence of women has also been observed as they can dial phone numbers, read expiry dates on medicines, identify directions, and most importantly, write their names instead of using thumb impressions on all important documentation without the support of anyone.

Activity 2.2.3: Formation of women LSOs and strengthening the leadership role of women in higher-level CBOs

Phase 1 organised ten LSOs that represent both men and women member VOs and COs. Phase 2 will work with these LSOs and strengthen the role and participation of women. In addition, the project will organise six new LSOs. It will pilot the formation of three LSOs with only women-based membership. The project will provide them technical and financial assistance to deliver effective roles. These LSOs will be engaged in project interventions to strengthen leadership role of women.

3.3) CROSS CUTTING ACTIVITIES: SOCIAL MOBILISATION

The above-mentioned explained outputs will be centered on the *Social Mobilisation approach* of SRSP that the Phase 1 of LSP has already established in the intervention sites. Phase 2 will continue to work with the existing social capital, and strengthen the role of community-based organisations to support and

deliver Outcomes 1 and 2. Utilisation of the existing social infrastructure will enable extensive outreach of project in in communities as well as good understanding of constraints that inhibit the growth of rural economy. It also offers a measure for the exit strategy of the project.

Box 2: SRSP's SM Three-tier Structure: The first tier exists at the grass roots level whereby twenty to twenty-five households from a neighbourhood become members of Community Organisation (CO). This forms the base of the pyramid and provides outreach into communities. The CO then grows upwards to form the second tier of the model. Members from different community organisations come together to form a Village Organisation (VO) at the village level. The VOs collaborate and cluster together to form the third tier of the model, which is called the Local Support Organisation. This is the highest level of the pyramid. Each level of organisation is built to lead the process of development at its level as well as to ensure aggregation of resources, efforts and skills, and plan and collective action at the highest level of organisation. The Social Mobilization approach strengthens each level of organisation with sufficient technical assistance and guidance and financial support that help communities to remove constraints to their social and economic development



During Phase 1, the LS Program formed **1,232 community-based organisations** at three levels, that is, Community Organisations, Village Organisations and the Local Support Organisations. In addition to working with the existing community-based organisations, the project will also take the following steps;

- 1) Six new LSOs will be formed, out of which three will be specifically women-based. The proposed project will, therefore, extend institutional support to the LSOs, which will enable them to play important roles in demand-driven local development as citizens sector representatives at the grass roots level.
- 2) The existing and new LSOs will be assisted in preparing and conducting annual reviews of Local Development Plans. They will also be supported in developing linkages with local government structures that have been recently set up in KP, so that priorities of grassroots are reflected in the government plans.
- 3) The existing and new LSOs will be adequately trained to establish effective linkages with the government, Business Development Service Providers and Private Sector to voice the needs of the bottom half for facilitation to participate and benefit from market development.
- 4) The inclusion of LSOs will ensure; i) poor and women are included in the program interventions; ii) mobilise collective efforts of small landholding/low-income producers by support the organisation of Common Interest Groups; iii) facilitate access to markets and service providers for the poor and women; and iv) most importantly, ensure women are not excluded from the benefits of the interventions.

SECTION 4: CROSS CUTTING THEMES

4.1) GENDER EQUALITY

The society in Pakistan, and particularly in the Khyber Pakhtunkhwa Province, is established on a deep tribal-based culture with a strong religious tradition. Although, women and girls make up about forty percent of the KP population, they remain underrepresented and marginalized in social, economic and political spheres of life. They endure the unequal brunt of hardships occasioned by poverty, conflict and natural disaster, because of the beliefs and perceptions, practices and participation, and traditional culture that promote male hierarchy and authority. These factors contribute in defining access to resources and opportunities, and hence, benefits for men and women in the development process. Women are left without economic and political rights, and without education, thereby, undermining half of the population in its contribution to the overall development. As a consequence, KP falls low on the Human Development Index with a value of 0.607 as compared to the national value of 0.537. Only 33 percent of the women are literate in contrast to 68 percent men. A lack of education means that she has few options in the labour force. At 37 percent, the labour force participation rate in KP is currently the lowest of all provinces (the national average is 46 percent). Furthermore, the unemployment rate for females is more than double the male employment rate. A decline from 8.5 percent (in 1990) to 6.5 percent (in 2011) has been observed in women's share in waged employment. This ultimately reduces her role to house chores and child rearing, which makes her participation invisible in the life outside home. In turn, this perpetuates the gender division of labour. Poor households continue to have more children, which affects the health of the mother. Maternity Rates are high in KP. Past experience also shows that poverty hits women the hardest of all. Their social circumstances turn even more dreadful during hard times such as crisis and disasters when social setups are disturbed and women are often left alone to take over new roles and responsibilities.

To address the gender imbalances and respond to the challenges faced by women in the target districts, SRSP intends to make women's concerns and experiences an integral dimension in the design, implementation, monitoring and evaluation of the project. The proposed project will focus on addressing the issues of; i) persistent and increasing burden of poverty on women; ii) inequality in economic structures, productive assets and access to resources; iii) inequality between men and women in the sharing of power and decision-making at all levels; iv) lack of respect for and inadequate promotion and protection of women's rights.

For this purpose, the project design includes strong components on gender and development in the implementation of the project that go beyond simply being gender-sensitive and gender-responsive but gender-transformative, that is, to the extent possible it will address the root causes of gender-inequality

through interventions that seek to transform the unequal power relations between men and women resulting in improved status of women.

The following table presents a general Gender Framework for the proposed project. The overall objective of this is **to ensure that gender equality and equity and women's rights are well respected, women's positions are improved and women's active participation is ensured throughout the project through a gender-focused approach.** Using this, project may prepare Gender Action Plans that are regularly revisited, reviewed and updated to track progress against gender-inclusive monitoring and evaluation framework of the project.

Factors	Constraints	Actions to Address the Issues	Responsibility and Time frame
1) Mainstreaming gender considerations at the Project level	<ul style="list-style-type: none"> - Staff has low understanding of gender equity and women's empowerment - Training manuals and project strategies do not adequately address gender dimensions - Staff feedback is not taken appropriately 	<ol style="list-style-type: none"> 1) Adequate women staff, both at field and project management level, is hired 2) Gender Sensitization Training Workshop is organised for the staff and SRSP's Gender Policy is shared 3) Staff ToRs and performance evaluation to include gender sensitive parameter 4) Project implementation strategies/frameworks developed with a gender perspective 5) Training manuals and awareness sessions promote gender and development and do not include elements that encourages/triggers discrimination 6) Project reports, knowledge products, training manuals etc produced include sex-disaggregated data and qualitative gender analysis 7) Resource allocation is sensitive of gender needs 8) Brief guidelines for mainstreaming gender in the project is shared with the project staff 9) Project Progress Reviews specifically consider gender dimensions and provide staff with the opportunity to openly share challenges they face in mainstreaming gender in their work 10) Proper feedback mechanisms exist 	SRSP's head office will play an important role in this regard. While, some of the mentioned actions will take place at the beginning of the project, others will continue throughout the life of the project
2) Monitoring and Evaluation	The monitoring and evaluation system does not adequately capture gender impact of interventions, which affects future planning and course correction in the project	<ol style="list-style-type: none"> 1) All project documents and work plans are prepared and reviewed from a gender perspective 2) Follow ups are provided to ensure incorporation of specific gender equity and women's empowerment outputs and indicators 3) Monitoring and Evaluation exercises (assessments, evaluation etc) are inclusive of gender dimensions 4) Project reporting, including MIS, reflects sex-disaggregated data for all interventions of the project 	SRSP's head office and the PSU to carry out this activity. The M&E Plans will be reviewed/revised regularly throughout the life of the project.

3) Financial Resources	Budget utilisation is not efficiently monitored and so is its implication on inclusion of women in the project	Dedicated resources have been deployed to achieve the objectives of gender equity and empowerment of women and girls under the project. This includes, allocation of 15 percent of the Project Cost to interventions that primarily focus on the economic empowerment of women through the creation of the Community Investment Funds and interventions around improved literacy, and skills for women through livelihood development activities. Besides this component, the project also earmarks specific percentage of resources to gender work in its other interventions such as strengthening of women community organisations, and enabling women entrepreneurs to participate in and benefit from development of value chains. Budget utilisation will follow SRSP's SOPs. Regular budget reviews will be conducted to monitor the financial burning as well as efficient use of available resources to promote gender objectives of the project. Budget plans that have benefits for both men and women will be approved and implemented.	SRSP's head office and the PSU team from time to time
4) Integrating gender equity and women empowerment in the project interventions	<ul style="list-style-type: none"> - Cultural barriers - Low skills of women to perform well 	<ol style="list-style-type: none"> 1) Project planning and implementation is sensitive of factors that can negatively affect women participation 2) Training manuals and awareness sessions are inclusive of gender and development 3) Gender will be a criteria in selecting value chains and market development, and technical and vocational skills interventions 4) Local/Religious elders/leaders, elected members of local bodies etc., are part of the sessions/training workshops etc 5) CBOs, particularly LSOs, can be facilitated to undertake pro-poor and pro-women planning and resource mobilisation 6) Adequate training opportunities for women to enhance their literacy, and leadership skills 7) ToRs and Performance evaluation of CRPs against gender criteria 8) Lobbying local governments for promotion of women rights 9) Creation of culturally acceptable and viable economic activities for women 10) Inclusion of women in all stages of the project planning, implementation, management, monitoring and maintenance 11) Feedback mechanisms to acquire inputs and feedback from women for improvement in the project interventions 	Project field teams with support from the PSU; regular reviews will be conducted to assess the progress

4.2) POLICY ENGAGEMENT AND DIALOGUE

SRSP plays an eminent role in creating an impact on poverty and marginalisation in the poverty-stricken, downtrodden, and crisis affected region of the Khyber Pakhtunkhwa Province and the Federally Administered Tribal Areas. It engages with bi and multi lateral partners to design and implement development models that cover a wide range of subjects. Over the years, the government has also come to recognize the significance of its role, and both have collaborated at various occasions to contribute to government's objectives of inclusive growth and poverty reduction in the region.

SRSP uses its projects as policy experiments, which the government can learn and take to scale. Prominent examples of this are the support of government to the organisation in the form of long-term capacity grants to expand poverty-focused interventions leveraging social mobilisation approach to FATA and within KP. This helped SRSP to demonstrate the ability of innovative models such as micro health insurance as means of social protection for the very poor and women. The government is in the process of replicating this model on a wider scale in selected districts of KP.

SRSP works at local levels to feed into decentralisation policies of government, which have made citizens engagement as important plank of their policies. The Government of KP's Community Driven Local Development Policy Framework is an important example of this. It also contributes to different government-sponsored policy bodies by bringing with it citizens voice to influence policies and reform agenda and increased accountability, transparency and gender equality. For instance, SRSP has been an important partner in the consultation process for the preparation of FATA Sustainable Development Plan (2009-15), the Post-Crisis Needs Assessment (2010), the RAHA Steering Committee and the IUCN sponsored committee. It also sits as an important member on the UKaid-sponsored Government Citizens Forum, which aims to improve state-citizen interaction, particularly by working with communities and police.

Through its humanitarian program, SRSP brings lessons from work with IDPs of crisis and disasters to policy forums and contributes to framing policies that promote social cohesion and resilience. It sits on the PDMA Steering Committee and is an important stakeholder in all cluster-level interventions including the recently drafted Child Protection in Emergency Strategy.

Understanding policy-making is a complex process in Pakistan. Hence, SRSP also contributes to the process by educating policy-makers through field visits and facilitating their participation in symbolic events to influence policies. SRSP has an active monitoring and evaluation and knowledge management section, which produces papers and policies on a regular basis. The organisation also provides trainers and speakers to policy and training institutions. The management and BoD have also represented SRSP at international forums such as the Cambridge Annual Speakers Forum and Government-UN Flash Appeals.

SRSP's Board of Directors comprises of people from different walks of life including important government functionaries such as the Secretary for Planning and Development, Government of KP, Secretary for FATA Secretariat, the Director Generals for both SDU (Government of KP) and Pakistan Academy for Rural Development, and the Vice Chancellor for Agriculture University. The Board meets once every quarter to review the interventions and hence, provide strategic policy direction to SRSP.

In the context of the proposed project, SRSP will continue to use important lessons learnt from the program to influence policies of the government. It will arrange visits for important government functionaries to interventions sites to demonstrate the impact of the project. These visits will also provide the opportunity to state and citizens to interact with each other. Other than the project sites, SRSP may also plan visits of the government to other DFAT funded projects in Pakistan to enable learning from diverse set of interventions and approaches.

4.3) SOCIAL INCLUSION

Negative attitudes and stereotypes about the abilities of poor, women, youth and disabled people emanate from society and very often, their families can also lead to discrimination. This challenges their access to education, training, and employment opportunities, which in turn, increase their marginalisation. They have little say in decision-making processes. The proposed project considers the inclusion and participation of poor, low-income households, women and girls, youth, and the disable in the project interventions important for contributing towards the national development goals of inclusive growth and poverty reduction. The design of the project therefore, offers twin-track mechanisms for improving the state of the vulnerable groups. The *direct approach* will ensure project interventions are inclusive and sensitive of their specific needs and that they receive equitable benefits. This will involve direct engagement of the vulnerable groups. Through its *advocacy approach*, the project will advocate for their rights in communities as well as with the government. These include,

- 1) The project will collect and maintain information (disaggregated by sex) on vulnerable groups and utilise it for guiding the implementation of the project interventions. Their inclusion will be criteria in the selection of value chains, technical and vocational skills, and other important activities, which will remain sensitive to the specific needs of poor, women, youth and disabled.
- 2) The vulnerable groups will be involved in all stages of project implementation to allow them to define their priorities. This will not only ensure their participation, but will provide them the opportunity to reflect their opinion and voice.
- 3) Most importantly, the project will utilise the CBO structure as specific outreach measure for the vulnerable groups in the target areas. In Phase 1, about 1,232 community-based organisations were formed in seventy-two villages of the three districts. 49,803 households in the target areas were

assessed, out of which 54.98 percent or 27,380 households were identified as poor and low-income. The inclusion of these households was ensured through the formation of broad-based, inclusive and representative community-based organisations. The CBOs have membership of 26,255 households or 52.7 percent of the total households in the target areas.

The three-tier organisation of community-based organisations also provides a local downward accountability mechanism. The highest level, the LSO, is membership-based and is formed by people who are members of the VOs, which are organised when the smaller community organisations mature and federate into village level organisations. The Community Organisations thus, sit at the base of the pyramid and provide outreach in communities. The CBOs will be encouraged to collaborate with government (such as social welfare department etc.) and non-government organisations/projects, to raise awareness and to facilitate the inclusion of the traditionally excluded segments of the society.

- 4) The project will also advocate and raise awareness about the rights and potential of socially excluded segments of the society among the vulnerable groups themselves, their families, communities, local government structures, and market players. People will be sensitised to work with and have an unbiased attitude towards the vulnerable groups. In the target districts, SRSP also implements 'Access to Justice Initiatives' in partnership with Open Society Foundation and Coffey International. These projects also work through the community-based organisations. During Phase 2, the project will seek improved linkages with the above-mentioned initiatives to promote rights, and hence, self-respect and dignity, of the vulnerable groups.
- 5) Rural schools and training centres are often not geared for diverse learners. Poor, women and disabled cannot access education and training. The project will, therefore, adopt training contents and flexible teaching methods to accommodate different needs, and learning.
- 6) Specific efforts will be made to link the vulnerable groups with income generating activities planned in the project to enable them to improve their livelihoods, and those of their families, and take an active role in rural economic development.

SECTION 5: PROJECT MANAGEMENT

5.1) ORGANISATION OF THE PROJECT

The overall management, supervision and quality assurance of the Program will be with the SRSP Head Office, which will utilise the existing set ups in target districts to deliver this project. However, dedicated teams of adequately trained staff will be placed within the existing Project Support Unit and District Offices to maintain focus on the project interventions. Management systems will be further strengthened to ensure effective project implementation. This includes;

1) The SRSP's **Board of Directors** consists of people from different walks of life who strongly believe in the capacity for collective action that can be catalysed with technical and financial support to enable people to remove constraints to their social and economic development. It is an independent board that plays an important role in setting the strategic policy directions for the organisation. It has significantly contributed in educating the government, and bi and multi lateral development actors on the approach of RSPs and the impact that the effective partnerships can create on poverty and hence, curb the spread of insurgency and militancy in the region. The Board also includes people from the government, which provides the organisation with a good opportunity to advocate for pro-poor policies and program by demonstrating viable models of poverty reduction and community empowerment in the uncertain and fragile environment of KP and FATA.

The Board will continue to provide strategic direction to the SRSP management for implementing the proposed project and help in maintaining close coordination and interaction with the government to seek its buy-in for the project.

2) The **SRSP's Management** consists of the Chief Executive Officer (CEO) and a team of technical specialists who provide the overall direction and leadership to the program. The management has an important role in; *advising the BoD* about workable and doable interventions in the region; *advocacy with the government* on downward accountability through community-based development; *explain to development partners*, the development dynamics in the region, the local context, implementing strategies, and constantly *assess and manage risks*.

3) The technical teams comprise of multi-disciplinary expertise. Amongst these is the **Operations Section**. This section deals with the issues of field operations in the context of KP and FATA. It constantly assesses and supports field teams in managing risks in the external environment as well as monitors and facilitates internal environment for restructuring or positioning organizational set-up to manage Program in the diverse context of the region. It also ensures the regular flow of information both within the organisation as well as to external key stakeholders to maintain transparency in the process and hence, support for the Program.

4) The remaining **technical teams** at SRSP, which includes Development and Humanitarian Program; Special Projects, Social Sectors and Gender; Social Mobilisation; Engineering and Renewable Energy; Enterprise and Value Chains; Microfinance and Community Investment Funds; Monitoring and Evaluation; Human Resources; Procurement and Learning Audits; Finance; and the Human Resource Development and Technical Vocational Center provide technical backstopping support to the Program. This included inputs in Program strategies, capacity building of the local staff and tracking the performance and progress of work.

The management will continue to provide leadership and quality assurance role in the proposed project. SRSP will bring together its knowledge and experience of implementing local economic and market development projects to strengthen identified and selected value chains in the target districts.

At the Program Level, the LSP Phase 2 will be organized in a similar fashion to the previous Livelihood Strengthening Program. This will consist of a **Project Support Unit (PSU) and Local District Set-ups**. In fact, SRSP will utilise the existing set-ups in the target districts that were established for LSP and have been sustained during different phases, including the current Transition Phase. This will be cost-effective and time-efficient. It will also allow the Project to tap into and build on the social capital and networks SRSP has already been able to develop in the region. This includes the trust between SRSP and the communities, support of the local administration and the community elders and leaders, and goodwill of the provincial government and military- factors that many other local organisations struggle hard to accomplish in the region. However, keeping in view the nature of the proposed project, SRSP will technically strengthen the existing set-ups by placing adequately trained and dedicated teams at each level to ensure requisite expertise and technical inputs are available to implement an economic and market development project, and sustain quality control. This includes;

5) A prime responsibility of the PSU will be to maintain close coordination with and facilitation to the Project at the district level. It will ensure the much-required situation and context analysis for planning and implementing interventions in each of the target areas. It will also keep a close track of what works and what does not to produce information and lessons learnt for course correction.

6) **At the District Level,** District Offices will be functional to deliver the proposed project. However, pertaining to the security conditions in the region, SRSP has had to develop rigorous Standard Operating Procedures (SOP) to manage the operations of the field units at the local level. In times of high security alerts, the field units are advised to keep a low profile and monitor movement in the field. Strong coordination with the local administration in each district is an integral part of the SOPs for the field offices. The proposed project will utilise the existing local set ups, which will be adequately staffed with the requisite technical expertise to ensure effective delivery and implementation of the project interventions.

5.2) ROLE AND PARTICIPATION OF KEY STAKEHOLDERS IN THE PROJECT

Involvement of important stakeholders during the implementation of an intervention is a prerequisite for sustainable growth. Based on its knowledge of the target areas and experience of work, significantly contributed by LSP, SRSP carried out a **Stakeholder Analysis** during the preparation of the proposed project. This has helped to identify potential actors, their assumed and potential role, levels of importance, willingness to contribute to the process and the influence they can exercise on the process of change. This has informed the implementing strategies in answering the fundamental question of, '*how to deal with these stakeholders*'. It has also helped in understanding the *relationship amongst the stakeholders*, and its implications on the process of market development, especially in making value chains work better for the poor.

Based on the existing knowledge and experience of the region, SRSP has identified stakeholders for the proposed project. These are, but not limited to,

- 1) **Ordinary citizens and the people of KP** with special emphasis on the poor and marginalized, women, youth, and disable who will be the key stakeholders in the project. This group has always been under represented and has traditionally remained excluded and neglected in the market development process. Thus, a major focus for SRSP will be to ensure the Project is inclusive and representative of the needs and aspirations of the larger segment of the population, improving their access to resources and services and consequently curtailing reasons of disappointment in the communities. The Project will do this by organizing broad-based, inclusive, accountable and democratic institutions of people. The community-based institutions will have a pivotal role in identifying, planning, implementing, monitoring and maintaining interventions. This participatory approach will help in challenging widespread marginalization, isolation and neglect in the region.
- 2) The **government** (local administration, government line departments and elected representatives) and development partners will be an important stakeholder. The involvement of the government as a stakeholder to the project has two important aspects; i) Close coordination and interaction with the government at both its levels (district and provincial) will be a trust building measure to ensure effective coalition of support for the project in the region. Engagement with the government at all levels will be a crosscutting theme in the Project. ii) Under development and, in recent years, security crisis have created trust deficits between the State and its Citizens. Social services have further deteriorated and people have lost their homes and livelihoods. An important contribution of this project will be to bridge the gap between the State and its Citizens and lay down foundation for *voice* and accountability, and hence, restore trust and engagement between the state and citizens.
- 3) **Religious leaders and local/village elders** will also be an important stakeholder in the project. They are respected for their religious rigour and social status in the society and people attach importance

to their opinion. As a result, the leaders and elders exercise influence on local communities. The project will ensure their inclusion in the process to win their trust and support for its interventions, especially women inclusion in development initiatives.

4) The **Private Sector and Business Development Service Providers** including the government line agencies such as research and training institutes, microfinance institutions etc., which can play an important role in making markets inclusive and participatory for the poor and marginalised. They can create and extend opportunities for enhancing the technical and financial capacities of the poor to benefit from participation in economic and market development.

An overview of the key stakeholders' analysis is provided on the following pages.

STAKEHOLDER ANALYSIS FOR E&MD PROJECT

Stakeholder	Stakes or Needs	Potential impact on Program	What does the Program expect the Stakeholder to provide?	Perceived attitudes and/or risks	Stakeholder Management Strategy	Responsibility
Planning and Development Secretariat	Policy-makers who determine institutional, administrative policies and procedures. Project is aligned with the Government Policies and other guiding documents	High	Support to the project for smooth implementation, which will reengage the State with its Citizens and hence, rebuild trust of communities in state institutions	Lack of clarity about project approach	Potential supporters, therefore, strong elements of coordination will be integrated and their involvement in various activities for e.g., Convention etc will be important. They need to be kept informed, updated and convinced of the benefits if in doubt; Regular flow of information and on project implementation.	SRSP Head Office and the PSU, Peshawar
District Administration, including Government Line Agencies, in the Districts	Policy making and implementation influence; Development of the area; Coordination and building synergies among development interventions; Ensure law and order and stability in the region	High	Active participation in the Coordination mechanisms; Support in implementation; Creating synergies with other interventions; Address any implementation bottlenecks	Lack of interest in project; Political influence and pressures;	Close coordination and interaction with the political administration; Involvement in various field activities such community dialogues, manager conferences etc.; Regular flow of information for keeping them updated on project progress and objectives; Exposure visits to project sites.	PSU and District Teams
Business Development Services (e.g., research institutes, MFIs etc)	The business development service providers seek expansion of their businesses/enterprises.	High	Contribute to Project Implementation and provision of technical know-how; Creating synergies with line department interventions	Concern about increased workload; Expectations to receive benefits	Close coordination through involvement in activities and bridging the gap between them and the communities	District teams
Private Sector	Growth of business	High	Contribute in expanding economic opportunities for the poor and women	Concern about increased workload	Close coordination through involvement in activities and bridging the gap between them and the communities so that relevant and sustainable solutions can be identified	District teams
Communities including local leaders and elders	Sustainable development and poverty alleviation	High	Participation and acceptance of project	Willingness to participate Restriction on women's involvement	Strong social mobilization for raising awareness and sensitization on pro-poor and gender development	District teams

5.3) RESEARCH, MONITORING AND EVALUATION OF THE PROPOSED PROJECT

SRSP has robust Monitoring and Evaluation Plans and Strategy that have been developed to; 1) capture any impacts, direct or indirect; 2) create a cycle of lesson learning and accountability; and 3) assess risks posed by the environment on program delivery including security risks to the implementers and beneficiaries. In the difficult security situation in the region, regular context monitoring is required to assess risks, which enables appropriateness of objectives, geographical coverage, partnerships and modalities to be kept under constant review. The SRSP M&E Systems also make use of the Geographic Information Systems for remote monitoring of projects. For the proposed project, SRSP will rely on its existing systems, such as improvising on the M&E Systems that was put in place for LSP, and technical capacities to document quantitative results as well as track miniscule details of the context and its impact on the project and vice versa. However, from its experience of implementing economic and market development initiatives, SRSP has come to learn that such projects raise particular challenges for designing, implementing and learning from monitoring and evaluation activities. While, adapting the traditional systems for gathering, analysing and applying project information to make it more meaningful, SRSP's monitoring and evaluation strategy will emphasize on improving feedback loop, deconstructing walls between M&E staff and frontline staff, an increased focus on measuring sustainability of impacts at multiple levels within the system, and using participatory methods for rigorously assessing impact.

➤ Basic Elements of the Monitoring and Evaluation Plans and Strategy for the Proposed Project

- 1) Since, economic and market development initiatives are based on a causal model, the M&E System in the proposed project will make use of **Results-Based**, and **Performance Monitoring Frameworks**. A monitoring framework is attached herewith. The frameworks will reflect on appropriately designed output and outcome indicators to capture the Project results, produce information for course correction, and generate lessons and feedback for improving the project designs for replication. An important aspect of this would be to monitor and evaluate how the proposed technical and financial interventions impact the positioning of poor in the markets and, hence, the subsequent change in their economic productivity.
- 2) The M&E system will build on strong **baselines** that will provide a comparative analysis of the change the project will pursue through its objectives. Phase 2 will make use of information gathered in Phase 1 to avoid duplication of efforts. However, need-based baseline data collection exercises will also be mobilized to gather additional information where and as required.
- 3) Use of **innovative, result-oriented impact assessment** methodologies will be applied to assess the 'change' and the 'impact' of the proposed interventions. The choice and timing of such exercises will be guided by the specific context and situation of the target areas.

- 4) The M&E system will also incorporate special **research initiatives** to track outcomes and test the viability of different interventions in the context of economic and market development, particularly for the poor and marginalised. The scope and duration of such initiatives will be vigilantly planned and implemented by carefully selecting reliable scientific methods to generate appropriate information on markets and participation of poor in the process.
- 5) **Databases** will be established as data repositories and will be developed comprehensively to capture various output as well as outcome level data and information. In addition, the proposed project will place emphasis on the **verification and triangulation of Data**. For this purpose, the M&E staff will closely interact with key stakeholders in the region to assess the impact of project interventions. Different events will be organized to gather feedback such as regular meetings with the target groups including communities and market players.
- 6) **Dissemination of Information:** Regular reports and knowledge products will be prepared and disseminated for benefit of larger audience.

➤ Internal Monitoring and Evaluation

SRSP's Head Office will undertake frequent project reviews. Support will be provided in reflecting on field experiences, achievements and lessons learnt, and ensuring submission of timely reports as per Grant Contract requirements. This monitoring will be multi-faceted and include technical, financial, compliance, monitoring, etc. The **Project Support Unit** will also conduct regular and rigours progress reviews based on a detailed Implementation Plan. The internal M&E process will be responsible for identifying critical areas for improvement, for instance cross cutting issues, focus on poor and vulnerable, duplication of resources etc.

SRSP will also make efforts to build capacities of local staff in monitoring and evaluation. This is because it is difficult to locate professionals with adequate knowledge and experience of monitoring and evaluation of projects in the local market in KP and FATA. In its existing program in the region, SRSP has invested considerable amounts of education and guidance to develop a good cadre of different professionals. This resource pool will be available to provide technical assistance to the project staff when and as required.

The internal monitoring framework will be complemented by external M&E interventions. Any monitoring and evaluation exercise by the DFAT (Government of Australia) as a donor to the proposed project will be undertaken in compliance with the provisions contained in the Grant Contract.

➤ Reporting Schedule

The project will submit both narrative and financial bi-annual and annual reports to DFAT.

Note: Logical Framework Analysis of the Phase 2: The monitoring framework will be revised in the first three months of the project to incorporate findings of market research studies on value chains. The monitoring indicators will undergo revision.

Narrative Summary	Objectively Verifiable Indicators	Mean/Sources Of Verification	Assumptions
Goal To contribute to sustainable livelihoods for the poor and women in border districts of the Khyber Pakhtunkhwa Province	Percentage of households with an improved social and economic well being in target areas by end of program	<ul style="list-style-type: none"> - Poverty Statistics by the Government - Program Documents and Evaluation Studies 	<ul style="list-style-type: none"> - Political and economic situation of the country - Law and order prevails and favor the Program
Program Outcome 1: Increased employment opportunities, market access and incomes for poor and marginalized groups, particularly women Program Outcome 2: Women have greater participation in and benefit from economic activities	<ul style="list-style-type: none"> - 70 percent (including 40 percent women) of the project beneficiaries are employed (self-employed or in the markets) - 70 percent (including 40 percent women) of the project beneficiaries have increased incomes - 65 percent CBOs/LSOs develop linkages with service providers, local government structures and others to facilitate the access of poor and women to markets - 60 percent women CBOs participate in voicing the rights of women, planning and implementing initiatives and managing local affairs to improve the state of poor women in target areas - 70 percent women entrepreneurs reporting an increase in income 	<ul style="list-style-type: none"> - Program Documents - Program Internal and External Evaluations - Research and Case Studies - Surveys and reports by the Program - Note for Records - Program Monitoring reports - Program Data bases - Program Reviews and mission reports 	<ul style="list-style-type: none"> - An enabling environment for Program activities and security conditions conducive for project implementation - Program funds released in time and relationship between the stakeholders remains strong and unproblematic - The government and partner organizations agree to support and adopt participatory approaches and support the work of SRSP in the area - Community willingness to undertake and support project activities - Law and order prevails and favor the Program

Narrative Summary	Objectively Verifiable Indicators	Mean/Sources Of Verification	Assumptions
<p><u>Output 1.1:</u> Improved value chains to facilitate access of poor and women to viable markets with appropriate products and services</p>	<ul style="list-style-type: none"> - 75 percent VC actors (including 40 percent women) are better informed and aware of market conditions (consumer preferences and demand) - 70 percent VC actors have increased market linkages and access to services - 75 percent of the selected value chains have enhanced production and efficiency - Value Chain Analysis conducted for selected sub-sectors in all three districts - 975 VC producers (40 percent women) are aware of modern techniques and have improved knowledge and skills by the EoP - 80 percent VC actors at each stage of the VC engage in vertical and horizontal coordination, information exchange, and cooperation (at least, 40 percent women) by the EoP - Provision of smart subsidies enables 975 VC producers (40 percent women) to engage in viable economic activities - 60 percent LSOs improve the access of VC actors to markets 	<ul style="list-style-type: none"> - Program Documents - Program Internal and External Evaluations - Research and Case Studies - Surveys and reports by the Program - Note for Records - Program Monitoring reports - Program Data bases - Program Reviews and mission reports 	<ul style="list-style-type: none"> - An enabling environment for Program activities and security conditions conducive for project implementation - Program funds released in time and relationship between the stakeholders remains strong and unproblematic - The government and partner organizations agree to support and adopt participatory approaches and support the work of SRSP in the area - Community willingness to undertake and support project activities - Law and order prevails and favor the Program
<p><u>Output 1.2:</u> Improved value of labour by the poor</p>	<ul style="list-style-type: none"> - 60 percent of trained skilled labour avail increased employment opportunities - 900 people (at least 40 percent women) have improved production skills 		
<p><u>Output 2.1:</u> Increased access of women to financial services and income generating activities</p>	<ul style="list-style-type: none"> - Percentage of viable businesses setup and sustained by women - 1,200 women have access to and benefit from CIF - 144 women have access to and benefit from women business centres - 144 women receive enterprise development grants to start small-scale business 		

Narrative Summary	Objectively Verifiable Indicators	Mean/Sources Of Verification	Assumptions
<p><u>Output 2.2:</u> Improved literacy and functional skills, and leadership opportunities for women</p>	<ul style="list-style-type: none"> - 624 women attend training in CIF management - 80 percent women attending the literacy courses have improved functional skills - 160 women have improved knowledge and access to leadership roles in women organisations - 24 women employed as Literacy Teachers after attending training courses - 160 women become literate as per GoP's basic literacy Definition by EoP - 6 LSOs including three women formed and trained 		
<p>Major Activities under Component 1</p> <ul style="list-style-type: none"> - Conduct Market Research to identify opportunities and constraints of selected sub-sector VC - Prepare and deliver training to identified target clients on modern techniques - Facilitate market linkages for strengthening weak links in the selected value chains - Extend smart subsidies to the low-income target client - Organize 'Show and Tell' events to showcase best practices of target clients - Conduct learning visits for the target clients - Provide institutional (technical and financial) to LSOs - Prepare and deliver Technical and Vocational Training - Conduct follow-ups <p>Major Activities under Component 2</p> <ul style="list-style-type: none"> - Strengthen Women Village Organisations to manage Community Investment Funds - Prepare and deliver training to Community-Based Credit Extension Workers (CEW) - Identify and train Women Literacy Teachers - Prepare and deliver literacy and functional skills training to women - Prepare and deliver training for women on livelihood skills - Facilitate Women Village Organisations in setting-up Enterprise Development Centres 		<p>Means and Cost</p>	

5.4) RISK ANALYSIS AND MITIGATION MATRIX

Pakistan is a high-risk environment and a certain level of risk is accepted in delivering all programs. Insecurity is a major concern in many regions, including KP, which often interrupts the pace of delivering and monitoring project outputs and outcomes.

SRSP is one of the largest non-government organisations in Pakistan, which has been operating in KP and FATA for more than twenty years. During this time, the political and security situation in the province has steadily become more complex and fragile. The post-2009 Swat crisis years have seen considerable unrest and violence in the province, particularly in Peshawar, which is the provincial capital. While, the deteriorating security conditions urged many international and national organisations to become conscious of their presence in the region, with some of them closing down or moving to safer areas, which also meant a cut on employment, SRSP continued working without any of its field units moving out of the intervention areas. SRSP managed to survive the hard times because of its strong relationship with communities and the goodwill of the government and other important stakeholders. The organisation has been uniquely placed to identify and mitigate risks quickly and effectively.

Over the years, SRSP has developed a good understanding of fragile and complex environments, which has enabled it to become an adaptive, flexible, and a learning organisation. It has also helped the organisation to recognize and appreciate the importance of maintaining transparent and accountable mechanisms, which has won for it the trust, goodwill, cooperation, and buy-in for its work from both the government and the beneficiaries of its interventions. It has also enabled it to win the much-required space to work and credibility of the security agencies. SRSP has also learned from previous experience that a key element of project management in environment like that of KP is to manage, and monitor the implementation of plans and interventions that do not further embitter the situation, worsen exclusiveness and aggravate conflict.

Based on its knowledge and experience, SRSP has considered a number of security, political and operational risks, while conceptualising the proposed project. It has also considered the recommendations of the Third Party Evaluation of the LS Program, which rated SRSP 4 out of 6 on its evaluation criteria and highlighted a few pertinent areas for improvement.

The current proposed project, while making risk assessment and management plan, not only builds on the factors appreciated in the report but also takes into account its recommendations for further strengthening risk management. The Risk Analysis Matrix given below provides an overview of the potential risks and mitigation measures the Project will take. The analysis has been done at two levels, that is, the Project Management and Intervention Level.

SRSP's Head Office will constantly monitor these risks and undertake steps to mitigate them if problems arise in any part of the project. SRSP's Head Office does this through regular interaction with the field;

field visits by its Board of Directors and Staff to the field and regular field visit reports catalogued by the local staff.

Risk Matrix: At Project Management Level

Risk	Probability of Risk	Impact Level	Impact on the Project	Risk Reduction Action	If it happens: Triggers and Actions	Responsibility and Time frame
1) Nature and implementation of interventions may exacerbate tensions	Medium	High	The project design is informed by SRSP's long years of experience with communities in KP. However, given the local social, political and economic context of the province, the Project will carefully plan, implement, manage and monitor all interventions to ensure it does not exacerbate local tensions, and result in increasing gender discrimination.	i) Place local staff who are aware of the local customs and traditions; ii) Proper orientation of staff before they deliver activities in communities; iii) Ensure the staff are aware of 'Do No Harm' strategies; iv) Ensure learning and experience sharing within the project teams as well as between the project and other SRSP initiatives; v) Ensure proper planning and implementation of interventions; vi) Regular review and assessment of the interventions; and vii) Feedback and inputs from field staff, communities, and other important stakeholders in planning and implementing activities	Triggers: Feedback from training sessions; Regular review of the project; monitoring visits/reports/studies to document strengths and areas for improvement of activities Actions: i) Review training procedures; and ii) Enhance on-job training and mentoring support	Responsibility: SRSP's Head Office, and the Project Support Unit will rigorously review project performance and ensure adequate training and support for the field staff. Timeframe: Regular review of the project will be conducted. This could include both monthly and quarterly review meetings and visits to intervention sites.

2) Gender concerns are not raised and addressed appropriately	Medium	High	Little interest and understanding of project management and staff on gender issues	<p>i) Ensure staff orientation on gender and development; ii) Ensure all project documents, and work plans are reviewed from gender perspective; iii) Ensure follow-ups on integrating gender equity and women's empowerment outputs and indicators; iv) Improve qualitative and quantitative reporting on gender equity, including the use of sex-disaggregated data across all project components.</p>	<p>Triggers: Feedback from training sessions; review of project documents; monitoring visits/assessments; and close interaction with community organisations</p> <p>Actions: i) Review training procedures; ii) Extend assistance to field staff to ensure integration of gender components across project interventions</p>	<p>Responsibility: The SRSP's Head Office will pursue the objectives of gender mainstreaming in the project. The PSU will assist in follow-up at the intervention level.</p> <p>Timeframe: While, the initial training will be held in the early days of the project, follow-ups and regular reviews will be an integral component of the implementation strategy.</p>
3) Inadequately trained and experienced staff, particularly women	Medium	High	Staff has little understanding of the project, especially value chains	<p>i) Ensure proper orientation and training of field staff; ii) Provide on-job technical assistance/guidance and mentoring support to the staff; iii) Proper guidelines and implementation strategies are prepared and provided to the field staff</p>	<p>Triggers: Feedback from training sessions; Regular review of the project; and performance evaluation of the staff.</p> <p>Actions: i) Review training procedures; and ii) Enhance on-job training and mentoring support</p>	<p>Responsibility: SRSP's Head Office, and the Project Support Unit will rigorously review project performance and ensure adequate training and support for the field staff.</p> <p>Timeframe: The orientation of staff will be organised at the on-set of the project. Training workshops will be organised from time to time to address the gaps identified through staff feedback and performance assessments.</p>

4) Poor intra-project communications	Low	Medium	Disjointed work and lack of cohesion	i) Ensure proper guidelines are available for the staff; ii) Joint Project reviews are organised regularly	<p>Triggers: Feedback during review meetings and monitoring of interventions in the field</p> <p>Actions: i) Ensure staff is aware of project outcomes; ii) Provide platforms for experience sharing</p>	<p>Responsibility: The Project Support Unit will ensure standardization of processes. It will undertake frequent field visits and maintain close coordination and interaction with the field staff. It will also be responsible for providing updates to the SRSP's Head Office for inputs, and hence, technical assistance, where and as required.</p> <p>Timeframe: During the orientation the project staff will be made aware of implementation strategies and the planned outputs and outcomes. Besides this, regular reviews will be conducted throughout the project life.</p>
5) Risk of Fraud	Low	High	Financial mismanagement	i) Ensure proper financial management and reporting systems are in place; ii) Ensure Standard Operating Procedures apply to the Project; iii) Procurement procedures and financial transactions are properly monitored; iv) Internal Learning Audits are active and report to the management on regular basis; and v) Complaint mechanisms exist and all involved are aware of it.	<p>Triggers: Financial management of the project</p> <p>Actions: i) Staff is oriented on the core values of the organisation; ii) Staff is informed about the Standard Operating Procedures; iii) Financial transactions are through cross-cheques and proper documentation is maintained</p>	<p>Responsibility: The SRSP's management will be responsible for ensuring measures that prevent and/or minimize the risk of financial mismanagement, as well as are vigilant to immediately identify the gaps.</p> <p>Timeframe: The Internal Learning and Audits team at SRSP will conduct project audits on a frequency as maybe decided by the SRSP Management and BoD. SRSP projects are also externally audited by KPMG, which will also be involved in audits of the project on an annual basis.</p>
6) Increase in costs or fluctuation in currency value	Medium	High	Inflation and/or fluctuation will have a significant affect on the budget for the project	Consider cost effective and efficient utilization of available of resources	<p>Triggers: Regular review of Project budget</p> <p>Actions: i) Conduct regular budget analysis; ii) Maintain budget tracking sheets</p>	<p>The Finance Section at the SRSP's Head Office will play an active role and ensure regular updates for the management at SRSP, particularly the project management, to review and make informed decisions.</p>

7) Security Risks	High	High	KP borders FATA, parts of which are active in the government action against the miscreants. The province faces fall out of the war.	i) SRSP will keep a low profile in terms of visibility of interventions. ii) Local staff will be engaged, who are aware of the local culture and contexts. iii) The movement of the staff in the field will be subject to the prevailing situation. iv) Coordination on security issues with District Administration will be ensured to keep the project team aware of potential threats and dangers.	Triggers: Feedback of the district administration on general security conditions in the districts Actions: i) Maintain regular coordination with the district administration	The District Coordinators who head the project in each district will maintain close coordination with the district administration. At the SRSP Head Office, the Operations Section will also keep contact with the field teams and monitor/assess the situation on a regular basis.
8) Crisis and Disasters	Medium	High	KP remains vulnerable to crisis and natural disasters	Regular progress update meetings with the field teams will be integral to plan activities and strategize the program effectively so that targets are achieved within specified timelines and any unforeseen situation does not adversely affect the progress.	Triggers: Regular Progress Review Meetings with the field teams Actions: Track progress rigorously and review/revise plans as and when required	The SRSP Head Office and the PSU will review project progress on a regular basis

Risk Matrix: At the Intervention Level

Risk	Probability of Risk	Impact Level	Impact on the Project	Risk Reduction Action	If it happens: Triggers and Actions	Responsibility and Time frame
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1) Planned interventions miss the set timeframe and/or do not result in the expected outcomes	Medium	High	Interventions are not properly planned and implemented	<p>i) Ensure the staff understands the project intervention logic, targets and milestones; ii) Briefing kits including implementation strategies and monitoring framework are provided to the staff; iii) Staff are involved in preparing work plans; iv) Robust Monitoring and Evaluation Mechanisms are used to capture quantitative and qualitative progress and benefits of proposed interventions for men and women; v) Information dissemination through sharing project briefs/event reports/progress reports etc. with the SRSP Management; vi) Conduct impact assessments/studies</p>	<p>Triggers: Project reviews and monitoring reports Actions: i) Review project progress; ii) Review and revise/suggest improved/new activities that contribute towards project objectives; Undertake course correction measures</p>	<p>Responsibility: The technical sections at SRSP will ensure robust monitoring systems to capture progress and track impact of the proposed interventions. The PSU will also play an active role in ensuring planned intervention logic is followed. In case of discrepancies, the work plan will be reviewed and revised for course correction. Timeframe: Monitoring and evaluation will be a regular feature of the project. However, conditional to the availability of funds, SRSP may also commission third-party external mid-term evaluation of the project. Impact assessments by its Monitoring and Evaluation section will be conducted on a regular basis.</p>
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2) Acceptance of women's program by the beneficiaries	Medium	High	In the new intervention sites, SRSP expects resistance against women participation in different activities	i) Women participation will be encouraged as per local context, situation and conditions; ii) Experienced women staff will be taken on board to interact with women community members; iii) Concentrated efforts will be made at sensitizing men and women communities on their rights; iv) The existing social capital and activists (developed by LSP Phase 1) will be actively engaged to ensure women participation.	Triggers: Feedback from field staff and communities; monitoring participation of women in interventions; assessing the impact of different activities on women involvement Actions: i) Sensitize and train staff on gender and development; ii) Prepare and deliver robust social mobilisation sessions and training curricula, covering gender and development as integral component, to communities; iii) To the extent possible, create women organisations; iv) Identify interventions that are locally acceptable for women; and v) Extensively engage critical stakeholders such as local and religious leaders/community elders in sensitization sessions	Responsibility: SRSP's Head Office, and the Project Support Unit will continuously monitor and assess the interventions Timeframe: This will be a regular feature of the implementation strategy
3) Relationship with the Government at all levels	High	High	Lack of interest and hence, support to the Project	i) Engagement in project interventions; ii) Sharing regular updates on the project; iii) Create demonstration effect by encouraging participation of government in different community level interventions	Triggers: Feedback from different coordination meetings and visits Actions: Maintain close coordination with government at all levels	Responsibility: While, the SRSP Head Office and the PSU will interact with the government at the provincial level, the district teams will coordinate with the district government. Timeline: Coordination meetings/workshops will be a regular activity of the project.

4.6) SUSTAINABILITY OF THE PROJECT OBJECTIVES

In an effort to move towards more sustainable programming, SRSP seeks a clearer structure and guidance, which is informed by the lessons learned from the first phase and the Evaluation Report, to enhance the effectiveness of the project interventions during Phase 2. The evaluation report rated the LS Program 4 for its criteria to determine sustainability of the intervention. The report significantly emphasizes on strengthening community-based organisations, particularly at the LSO level. SRSP has also consulted the findings and recommendations of different impact assessment reports and studies that have been conducted by the Rural Support Program Network on the work of RSPs to ensure it takes a holistic approach towards sustainability of program benefits.

The basic aim of the project is to empower poor and women in rural areas by building their capacities, and increasing awareness of and interaction with different institutions that facilitate their access to markets for sustainable improvement. From a pro-poor growth perspective, poor women and men need to change existing power relations and gain and exert influence over the political, economic and social processes that determine and, all too often, constrain their livelihood opportunities. SRSP will pursue sustainable benefits of the proposed project by taking the following measures;

In order to ensure that the design for Phase 2 incorporates sustainable benefits, SRSP will pursue took a simple approach, which includes, i) understanding what sustainability means from household to institutional level; ii) identifying key issues and challenges to the sustainability of the project interventions; and iii) determining indicators to monitor sustainability of the project benefits. The sustainability plan for the proposed project is given below;

- 1) **Institutional Sustainability:** In order to ensure sustainability of project benefits at the institutional level, the project ensures; i) **inclusion and participation** of the poor, women, youth and other vulnerable groups that are traditionally excluded from the development process. It does so by leveraging the social mobilization approach that strengthens the '*organisations of the poor and women*', which can voice their say and promote their rights. The CBOs organized by SRSP are not project-specific community groups. They are adequately trained and supported in helping communities take important initiatives such as resource mobilization, planning and development, and conflict resolution. This enables them to sustain the benefits of the intervention on long-term basis and they continue to play important roles in managing local affairs. These community-based organisations will be the foundation component for interventions planned under Phase 2, which will interact with all levels of CBO structure but more closely with the LSOs. The CBOs thus, become the entry points for the poor and women. ii) The platform of CBOs will then **facilitate effective and sustainable linkages** between the vulnerable groups and different institutions such as local government structures, buyers and retailers, and employers and service providers, to influence processes and

procedures that affect their wellbeing. Utilizing community-based mechanisms will also mobilize collective action that can improve the negotiation and bargaining power of the poor and women with the markets. iii) Further, the project supports the institutional process by **building capacities of institutions** that can facilitate the access of vulnerable groups to markets.

- 2) **Sustainability of Value Chains:** The mapping of selected value chains will recommend measures for the sustainability of the benefits of the intervention. While, this may vary from one sub-sector to the other, the proposed project will generally focus on capacity building initiatives for all VC actors and developing horizontal and vertical linkages among the actors to ensure sustainability of value chains.
- 3) **Financial Sustainability:** The poor and particularly women lack access to training and financial resources to effectively engage in economic activities. The creation of women-managed business centres and CIF around the community organisation process provides sustainable mechanisms for sustaining continued support to women in rural areas. The project will also seek effective linkage development for the centres and women banks with government and non-government organisations.
- 4) **Sustainability at the Policy Level:** SRSP will take important lessons learnt from the project to contribute towards pro-poor policy making in the province.

Benefits and Definition	Challenges	How will the Project Achieve it?
Institutional Sustainability At the community level the Project seeks to work with Community Organisations, particularly at the LSO and Village bank level, inclusive of women and poor, for transformation and empowerment.	<ul style="list-style-type: none"> - Little participation and representation of the poor and marginalized including women in local area development - Low technical capacities of communities - Weak linkages between communities and the government and non-government organisations 	<ul style="list-style-type: none"> - Preparation of an activity plan, with special emphasis on the inclusion of existing social capital in interventions planned under Outcomes 1 and 2 - Close coordination and interaction with community organisations at all levels - Facilitating LSOs to prepare broad-based pro-poor and pro-women plans - Enabling improved coordination/interaction/linkages between local government structures and CBOs for influencing decision making at the grassroots level - Fostering linkages, especially between the Local Support Organisations, with the government and non-government agencies
Financial Sustainability The Project will build up financial and technical mechanisms, which will contribute to the long-term sustainability of the projects that are initiated with the communities.	<ul style="list-style-type: none"> - Low technical capacities of communities - No or weak linkages between communities and service providers - Few economic opportunities for the poor and marginalised, especially women 	<ul style="list-style-type: none"> - Adequate technical and financial support to women village organisations to run and manage Community Investment Funds - Fostering linkages between community organisations and service providers - Similarly, skills training coupled with the transfer of training kits to the trainees and strengthening of value chains will also be helpful in this regard.
Sustainability at the Policy Level By involving important stakeholders in the implementation process of the project and providing them opportunities to learn from the activities, the project will be able to influence policy and help in multiplying the benefits of the project at a wider and larger scale.	<ul style="list-style-type: none"> - Lack of interest to participate in the project 	<p>SRSP will benefit from its previous experience. It will ensure that the government is kept updated on the progress and that community needs are given an adequate voice. SRSP will assert pressure and influence pro-poor policies and development taking benefit of the good will it has acquired during the implementation of BKPAP and rehabilitation and reconstruction projects in KP.</p> <p>The project will also greatly benefit from the devolution of power to the grassroots level. To the extent possible, it will seek effective linkages between community-based organisations, particularly at the LSO level, and local government structures.</p>

SECTION 6: PROJECT BUDGET AND RESOURCE EFFICIENCY

The proposed budget for the project is PKR 395,000,000 (or Aus \$ 5,000,000). Detailed Project Budget is annexed to the narrative proposal. Out of this 58 percent (PKR 227,688,364) amount is the direct project costs that contributes to the expected results. 42 percent of the funds have been allocated to indirect project costs, which include human and capital resources to implement the project. This also includes the institutional and backstopping support cost for the SRSP head office. The Project would adopt a cost-effective approach ensuring long-term sustainability of the initiatives undertaken. Localized, low-cost support procedures would apply to all project interventions. The consolidated project cost is presented in the table below. All other relevant details (year wise bifurcation) are attached and explained in the excel sheets.

SRSP has proposed the budget on the basis of its previous investments with similar costs and outcomes, particularly including the LSP Phase 1 in the same districts. The third party evaluation report of LS Program appreciates it for efficient resource planning and utilisation. The project scored 5 out of 6 points on rating scale of the evaluation criteria for efficiency. Other than the LS Program, SRSP also consulted budgets for the European Union funded Program for Economic Advancement and Community Empowerment (PEACE) in the Malakand Division, the Pakistan Poverty Alleviation Funded assisted Social Mobilisation and Livelihood Strengthening Project in central and other districts, and the CIDA-funded Pathway and Purse-strings Project in District Haripur, to arrive at an appropriate budget plan for the proposed project. The experience of the PEACE and CIDA projects has especially been helpful in defining costs for the value chains and women literacy components. However, in building its learning around similar projects, SRSP has taken into account the local context in the target districts, such as the closeness and accessibility to urban centers, which may affect the local rural markets, and inflation etc.

Keeping in line with the Standard Operating Procedures of the organisation, SRSP will ensure proper budget utilisation and review processes. SRSP's accounts are approved by the Commissioner of Income Tax as '**Charitable non-profit making institution**', for the purpose of section 2(36C) of the Income Tax Ordinance, 2001. It uses the Accrual Based Accounting System and maintains its accounts in accordance with the approved accounting standards applicable in Pakistan including the International Financial Reporting Standards (IFRS), which is issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984. The organizational budgets are submitted to the Board of Directors and are audited by the KPMG, TASEER HADI AND CO Chartered Accountants, Islamabad, Pakistan annually. Donor initiated audits also take place. SRSP also has a well-developed Learning Audit Section, which conducts independent audits regularly and reports to the Board of Directors. Its main functions are to ensure compliance with all the policies, procedures and internal control mechanisms so as to reduce fiscal risks. SRSP will apply similar procedures and processes for keeping track of financial performance of the project.

