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COUNTRY DEVELOPMENT COOPERATION STRATEGY (CDCS)

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Acronyms/Abbreviations

AF/PAK	Afghanistan/Pakistan	J2SR	Journey to Self-reliance
CDCS	Country Development Cooperation Strategy	KP	Khyber-Pakhtunkhwa
CLA	collaborating, learning, and adapting	MEL	monitoring, evaluation and learning
CPEC	China-Pakistan Economic Corridor	MTM	Multi-Tiered Monitoring
CSO	civil society organization	NAP	National Action Plan
DO	Development Objective	NGO	non-governmental organization
FATA	Federally Administered Tribal Areas	SDG	Sustainable Development Goals
GDP	gross domestic product	SME	small and medium-sized enterprises
GHSA	Global Health Security Agenda	SpIR	Special Intermediate Result
GoP	Government of Pakistan	SpO	Special Objective
GoS	Government of Sindh	USAID	U.S. Agency for International Development
IMF	International Monetary Fund	USG	U.S. Government
IP	Implementing Partner	VE	violent extremism
IR	Intermediate Result	VEO	violent extremist organization

Preamble to the Country Development Cooperation Strategy (CDCS)

Amendment

The USAID/Pakistan CDCS FY 2018-2023 was approved on August 24, 2018. On February 28, 2020, the Mission received approval to make the following amendments:

1. Change Development Objective number two (DO 2) from “Strengthened Capacity to Prevent Violent Extremism in Key Areas” to “More Peaceful Communities in Key Areas,” to align with Pakistan’s Journey to Self-reliance (J2SR).
2. Add Special Objective number one (SpO 1) on Global Health Security: “Strengthened Global Health Security Capacities in Pakistan” to focus USAID’s implementation of the 2019 United States Global Health Security Strategy¹ and the Global Health Security Agenda (GHSA)², by preventing, detecting, and responding to infectious disease threats in Pakistan.

The Mission also updated the CDCS narrative to reflect new U.S. Government (USG) and Agency policies.³ These updates include:

- Revising the “Development Context” section to reflect major developments in Pakistan’s macroeconomic conditions since August 2018.
- Updating the “Development Hypothesis” and “Development Objective 2” sections to align with the proposed changes to DO 2 and the addition of the SpO 1.

This CDCS was amended in early 2020 as COVID-19 became a global pandemic. The Mission will continue to monitor its potential impact.

¹ United States Government Global Health Security Strategy. 2019. Internet: <https://www.whitehouse.gov/wp-content/uploads/2019/05/GHSS.pdf>

² Global Health Security Agenda. Internet: <https://ghsagenda.org/>

³ Per ADS 201, CDCSs are “living documents,” and Missions should regularly revisit them to assess progress, capture lessons learned, and make adjustments, as necessary. ADS 201 also outlines the requirements for updating and amending existing CDCSs. Changes at the DO-level constitute an amendment and require approval by a Mission’s Regional Bureau AA. Changes at the Intermediate Result (IR) or below do not require clearance or approval from a Regional Bureau. However, Missions must advise PPL and the Regional Bureau of any update.

I. Executive Summary

The United States Agency for International Development (USAID) works in concert with the U.S. Department of State on behalf of the American people to “promote and demonstrate democratic values abroad, and advance a free, peaceful, and prosperous world.”⁴ This Country Development Cooperation Strategy (CDCS) defines USAID’s development assistance priorities for the Islamic Republic of Pakistan for five years (2018-2023) and directly supports the President’s South Asia Strategy. The CDCS advances U.S. interests through focused development approaches that meet Pakistan’s most pressing needs of greater security, economic growth, and improved governance. Its strategic focus on regional partners facilitates greater cross-border (Afghanistan-Pakistan) trade. In terms of specific U.S. economic interests, the CDCS seeks to improve the business enabling environment to encourage private sector investment, appeal to more U.S. businesses to operate in Pakistan and attract U.S. products and services to this growing market.

Pakistan’s government inherited the country’s adverse macroeconomic situation, which includes \$9 billion of circular debt⁵ in the energy sector and significant foreign debt, due in large part to Chinese investment. To support Pakistan’s macroeconomic recovery, in July 2019, the International Monetary Fund (IMF) approved a \$6 billion extended fund facility for 39 months. Over the next three years, Pakistan is committed to a package of reforms to expand the tax base and increase competitiveness.

Despite these challenges, Pakistan’s economy continues to grow. Foreign exchange inflows increased during 2017-18, and strong performance for some exports led to recovery from previously declining trends.⁶ Pakistan's economic growth is still, however, largely driven by domestic consumption rather than by regional and international trade and the country struggles to competitively export goods and services.

This CDCS is anchored in USAID’s new orientation towards the concept of self-reliance, that is, ensuring USAID’s support to a country helps build its capacity to manage its own development journey, the Agency framework of Journey to Self Reliance (J2SR), and its ability to plan, finance, and implement solutions to solve its own development challenges. Understanding

⁴ U.S. Department of State and the U.S. Agency for International Development, *The Joint Strategic Plan, FY 2018 - 2022*, February 2018, p. 19.

⁵ Circular debt as officially defined by the Economic Coordination Committee (ECC) of the Pakistan Cabinet in 2014 is the amount of cash shortfall within the Central Power Purchasing Agency, which it cannot pay to power supply companies.

⁶ Dr. M. Amanullah and Muhammad Usman Khan, “Growth momentum and imbalances in Pakistan’s economy,” *The Express Tribune*, April 9, 2018, online edition, Business section. Retrieved from: <https://tribune.com.pk/story/1680853/2-growth-momentum-imbalances-pakistans-economy/>

where a country's self-reliance strengths and challenges are allows USAID to orient its relationship and assistance accordingly. J2SR is based on two mutually-reinforcing factors: commitment and capacity. Commitment refers to the degree to which a country's laws, policies, actions, and informal governance mechanisms support progress towards self-reliance. Capacity measures how far a country has come in its journey across the dimensions of political, social, and economic development, including the ability to work across these sectors. Increases in commitment and capacity should mean an increase in self-reliance. Key indicators are measured through a country roadmap to self-reliance.

The CDCS charts a forward-looking path that works to strengthen self-reliance, by supporting the United States and Pakistan's shared development goals and sustaining this important strategic relationship in South Asia. The CDCS promotes greater private-sector engagement in development and more strategic efforts to harness the energy and aspirations of a growing youth population and marginalized communities. These steps will help Pakistan realize its enormous regional and international potential. As USAID/Pakistan's development strategy delves into U.S. national security interests--elevating efforts in preventing violent extremism (VE), and ensuring the safety of the U.S. homeland, as well as for Pakistan citizens. As the tribal areas within the Afghanistan/Pakistan border were once a major hub for terrorist groups--and is just recovering from military action in addressing these issues--it is important that Pakistan maintain gains from these campaigns--ensuring VE groups do not come back into the area, while also providing support to the population. In addition to the tribal areas, intolerance is on the rise in Pakistan. This fact feeds into overall VE messaging. It is critical that USAID work to change the overall VE rhetoric in Pakistan and aid in addressing critical grievances which feed into the overall VE agenda.

The Strategy

USAID/Pakistan's CDCS will guide the use of USAID-managed foreign assistance resources to achieve a more stable, peaceful, and prosperous Pakistan. To reach this goal, USAID/Pakistan aims to achieve the following objectives:

1. Expanded writ⁷ of government along the Afghanistan/Pakistan (AF/PAK) border region
2. More peaceful communities in key areas
3. Increased private-sector led inclusive economic growth
4. Strengthened global health security capacities in Pakistan

⁷ Writ of government refers not only to the physical or spatial presence of State through law enforcement personnel in all geographical areas but also in the ability to ensure compliance with the constitution and laws of the land. The essential requirement of communal living means that personal security, dispute adjudication and conflict resolution remain the primary obligations of the State. In addition, the obligatory and smooth provision of socio-economic services in the health and education sectors and the human rights guarantees are also State responsibility.

II. Development Context

Pakistan has a population of nearly 208 million people,⁸ making it the world's 5th most populous country and the second-largest Muslim nation. Pakistan plays an important, and at times paradoxical, role in the region's security and economy, as it is a nuclear-armed state, a member of the Non-Aligned Movement, and geographically links China, Afghanistan, and the Central Asian Republics with the Arabian Sea.

Recently, Pakistan has experienced a sharp deterioration in its macroeconomic and growth outlook. To support recovery, in July 2019, the IMF approved a \$6 billion extended fund facility for 39 months. Over the next three years, Pakistan is committed to a package of reforms to expand the tax base and increase competitiveness. The USG supports this reform package, which is aligned with our assistance program.

The CDCS holds that a more stable, peaceful, and prosperous Pakistan, in which women participate fully in civic and economic life, protects U.S. national security and furthers American interests. USAID will work with key Government of Pakistan (GoP) interlocutors, primarily at the provincial and community levels, to address the root causes of instability and VE in Pakistan. Most prominent, activities will engage the Khyber-Pakhtunkhwa (KP) government, including the vestiges of the Federally Administered Tribal Areas (FATA) Secretariat and offices of newly merged entities⁹, along with other contiguous provincial to local authorities in the AF/PAK border region, to improve governance, social services, and livelihoods. In a supporting effort, interventions will include work with district- and community-level authorities in vulnerable areas of Southern Punjab, Northern Sindh, and Karachi to help the GoP strengthen its legitimacy, respond evenly to grievances, and set the foundations for enduring prosperity by spurring economic growth.

⁸ Pakistan Bureau of Statistics, 2017, *Provisional Summary Results of 6th Population and Housing Census, 2017*, <http://www.pbs.gov.pk/content/provisional-summary-results-6th-population-and-housing-census-2017-0>

⁹ FATA is now officially referred to as the Newly Merged Districts (NMD) as of August 2018, simultaneous with CDCS approval. FATA, in this document, refers to the NMDs of Khyber-Pakhtunkhwa.



Challenges

Pakistan faces a number of development challenges, including instability and a lack of gender equality. As a result of its insecurity, Pakistan remains a non-permissive operating environment for USG institutions. And, its unpredictable security situation continues to prevent the free movement of U.S. personnel for official purposes. Restrictive GoP protocols further hinder travel and constrain USAID implementing partner (IP) activities in key areas.

Pakistan is rated 143/144 countries for gender equality measures,¹⁰ due to persistent and pervasive restrictions on the agency of women and girls. The high prevalence of gender-based violence, limited enforcement of laws that provide for equal rights and protections, and limited access to social and economic resources prolong their neglect and marginalization. Rapid population growth, accentuated by a youth bulge, is straining the country's scarce resources. Climate change and declining biodiversity, forest cover, and ecosystem health are also negatively impacting development in Pakistan. Pakistan ranks 6th in the world in vulnerability to the effects of climate change and is experiencing rising temperatures faster than global averages. Since the 1990s, changing rainfall patterns have led to recurrent heat waves, floods,

¹⁰ The World Economic Forum, *Global Gender Gap Report, 2017*. Pakistan ranks 143/144 countries for gender gap measures.

and persistent droughts.¹¹ These conditions have already resulted in poor health outcomes, decreased agricultural productivity, and lower economic growth.

Opportunities

The 2018 national elections held promise of new key actors in government. This strategy is positioned to take advantage of this and several other opportunities to contribute to a more stable and developed Pakistan. USAID activities will seek to build institutional capacity, encourage greater civic engagement, and develop public-private partnerships for improved and sustainable livelihoods.

There is also a historical and monumental opportunity for USAID to support the GoP decision to integrate the KP's newly merged districts into Pakistan's governance system. Pakistan's growing youth population, which is increasingly connected and aware, looms as a powerful force multiplier for change.¹² USAID will support the GoP in devising forward-looking, targeted policies to engage youth in positive social, economic, and civic pursuits. Through its education, health, governance, and economic development activities, USAID will prepare and encourage youth to think critically, participate responsibly in the country's continued democratic transition, and bring vitality to the Pakistani market place with new skills and ideas.

USAID initiatives will seek to improve Pakistan's competitiveness for foreign investment and increase levels of cross-border (AF/PAK) and other international trade. Through greater inclusion of non-traditional development partners (i.e., the Pakistani diaspora), the CDCS will emphasize public-private partnerships to spur innovation, create jobs, and capitalize on Pakistan's growing consumer base for U.S. products.

The GoP's National Action Plan (NAP)¹³ highlights the government's commitment to enhance peace and security by countering extremism, implementing administrative and development reforms in KP's newly merged districts, and addressing the concerns of disaffected, at-risk communities. This has provided space for interventions under the GoP's Vision 2025,¹⁴ which articulates the government's commitment to long-term development.

¹¹ USAID Global Environmental Management Support Project (GEMS II)/Cadmus Group, *2017 Pakistan Tropic Forest and Biodiversity (FAA 118/119), Climate Change, and Ecosystem Services Assessment*, October, 2017, p. 57. https://pdf.usaid.gov/pdf_docs/PA00SWTP.pdf

¹² Dominykas Broga, "Youth bulge or bomb? Harnessing the potential of Pakistani youth," [online blog] London School of Economics and Political Science, April 28, 2016. <http://blogs.lse.ac.uk/southasia/2016/05/13/youth-bulge-or-bomb-harnessing-the-potential-of-pakistani-youth/>

¹³ Government of Pakistan, Ministry of Interior/National Counter Terrorism Authority, *National Action Plan*, 2014 <https://nacta.gov.pk/nap-2014/>

¹⁴ Government of Pakistan, Ministry of Planning, Development & Reform/Planning Commission/Pakistan Vision 2025 Secretariat, "Executive Summary," *Vision 2025*, 2014 <http://pc.gov.pk/uploads/vision2025/Vision-2025-Executive-Summary.pdf>

Pakistan has also prioritized the United Nations' Sustainable Development Goals (SDG) and was the first country to adopt the SDG 2030 agenda through a unanimous resolution of Parliament. The GoP has fully aligned the seven pillars of Vision 2025 with the SDGs, providing a comprehensive long-term strategy for achieving inclusive growth and sustainable development.¹⁵ At the federal level, an SDG Monitoring and Coordination Unit, in coordination with the United Nations Development Program, has been set up to serve as a national coordinating entity with similar units established in the provinces. The CDCS aligns and complements Pakistan's Vision 2025.

III. Engagement and Coordination with Donors and the Government of Pakistan

Coordination with Development Partners

USAID/Pakistan's proposed thematic and geographic focus complements host-government and other donors' existing strategies and fills critical donor gaps. To ensure this complementarity, Mission technical offices routinely consult with other donors during project design and implementation. These consultations have focused largely on building synergies and potential collaboration in the CDCS geographic focus areas.

Between October 2017 and March 2018, USAID facilitated a series of meetings between the Government of Sindh (GoS), donors, nongovernmental organizations (NGO), and business leaders to coordinate donor assistance and align it with government priorities. These discussions culminated in a one-day Sindh Development Forum at which the USG secured broad donor commitment to coordinate assistance, incorporated private sector priorities and helped the GoS clarify and prioritize its development goals. The Forum prompted the adoption of the new Sindh Agriculture Policy and the establishment of an Agriculture Commission.

Coordination with the Government of Pakistan

The Mission has shared and collaborated on key priorities of this strategy with interlocutors at Pakistan's Economic Affairs Division in the Ministry of Finance. In April 2018, senior USG and Mission officials met with the Ministers of the Interior and of Planning and Development to discuss the proposed strategy. The GoP endorsed the draft strategy and provided specific suggestions, including a focus on the Small and Medium Enterprise Activity's education and vocational skills training. The Mission will continue to seek opportunities to formally consult GoP partners at the national and subnational levels as the CDCS is finalized.

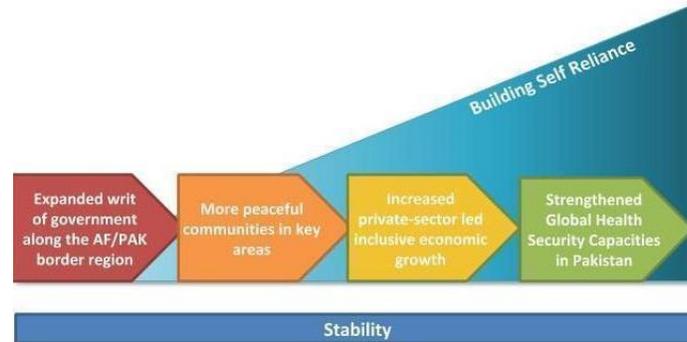
¹⁵ Government of Pakistan, Ministry of Planning Development & Reform, "Overview of Sustainable Development Goals" <http://pc.gov.pk/web/sdg/sdgpak>

IV. Development Hypotheses and Results Framework

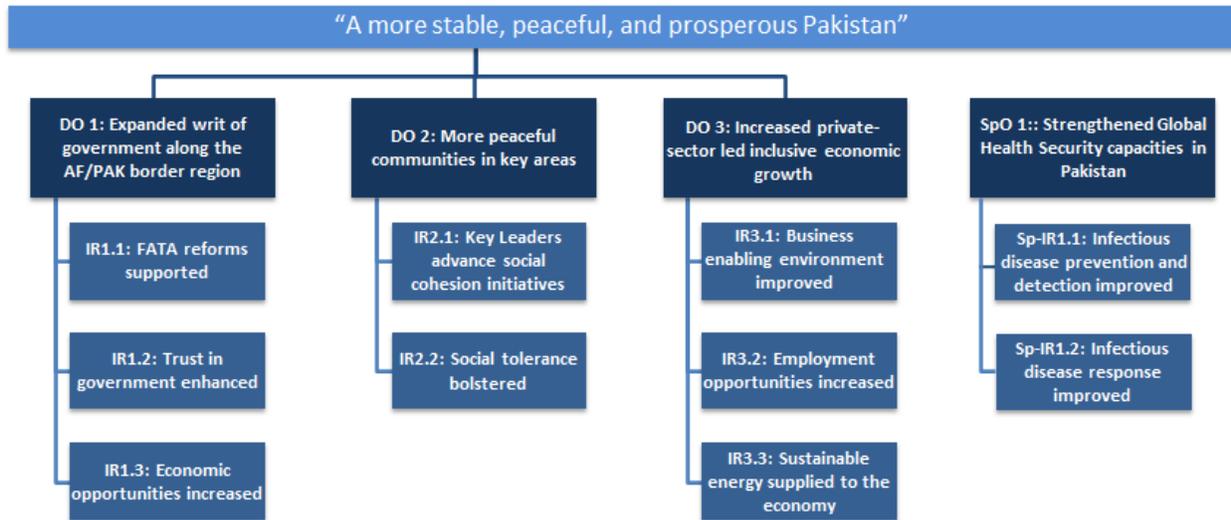
Development Hypothesis

USAID/Pakistan's theory of change holds that if confidence in government institutions in Pakistan increases, along with tolerance and the ability of communities to resist extremist influences, and the economy continues to grow, then Pakistan will become more stable. This underpins USAID's decision to focus its work on marginalized and volatile areas along the

AF/PAK border region, especially, but not exclusively, the newly merged districts of KP province, Southern Punjab, Northern Sindh, and Karachi, because these areas are prone to extremism and where governance needs to be strengthened. This also moors the strategy firmly in building Pakistan's self-reliance.



Results Framework



Development Objective (DO 1): Expanded Writ of Government along the AF/PAK Border Region

The AF/PAK border region has a history of disenfranchisement, corruption, poverty, injustice, underdevelopment, and a lack of basic services.¹⁶ The region has also historically been the epicenter of operations for some of the world's most active, Violent Extremist Organizations (VEO) resulting in population displacement and greater vulnerability, particularly for young men and women. Women lack the opportunity to participate in civic discourse or voice their concerns and are underrepresented across all levels of government. As such, emphasis will be placed on ensuring women's safe access to gender-sensitive services. A focus on civic engagement will strengthen the legitimacy and writ of the government by improving the confidence and trust of local communities and preventing the continued exploitation of tribal systems by violent extremists.



"Pakistan's tribal areas are not only key to the country's peace and stability, they are also vital to US interests in the region and, more broadly, the interests of other regional powers."

¹⁶ Imtiaz Ali, *Special Report: Mainstreaming Pakistan's Federally Administered Tribal Areas Reform - Initiatives and Roadblocks*, Washington, DC: United States Institute for Peace, March 2018 <https://www.usip.org/sites/default/files/2018-03/sr-421-mainstreaming-pakistan-federally-administered-tribal-areas.pdf>

The theory of change for the AF/PAK border region is that if reforms are implemented that enable the government to provide basic services, protect the rights of its constituents—particularly women and minority groups—and facilitate economic opportunities, then stability in the region will increase.

Intermediate Result (IR) 1.1: FATA reforms supported

Proposed FATA reforms include the extension of Pakistani laws to the newly merged districts of KP province and the establishment of a judicial system, as envisaged under the Constitution.¹⁷ To support the enabling environment for these proposed GoP-led reforms in KP's newly merged districts, USAID will follow the government's lead and provide technical support to reconcile the legal framework of these areas with Pakistan's constitutional framework; facilitate citizen-driven consensus that involves youth, men, and women from diverse communities; implement policy and procedural changes, including upholding men and women's land rights; and promote collateral-based lending, which will reinforce economic activity and partnerships in KP's newly merged districts.

Sub-IR 1.1.1: Establishment of government institutions supported

USAID will support establishing inclusive and representative administrative and regulatory frameworks that can deliver improved and responsive services to all citizens; it will also help enable a more balanced gender representation and power dynamic in government.

Sub-IR 1.1.2: GoP and FATA systems integrated

Because this legislation is relatively new, introducing GoP systems in KP's newly merged districts will require developing and integrating the federal government's overall policy and procedural systems in the new administrative set-up of these affected areas as they evolve. USAID will help establish such governance structures in KP's newly merged districts as well as help ensure broader awareness, ownership, and support for the reforms.

Sub-IR 1.1.3: Capacity to implement reforms strengthened

There will be a critical need to provide ongoing policy support and advisory services to the bodies tasked with implementation of FATA reforms. USAID support will include planning, budgeting, and comprehensive gap analysis of capacities of the government institutions of KP's newly merged districts, including district/agency-level services and facilities, and intergovernmental coordination.

¹⁷ In April 2018, Pakistan's President signed a bill into law extending the Supreme Court and Peshawar High Court jurisdiction to FATA. This legislation represents the most substantial change to governance in FATA in Pakistan's history and is a promising sign of momentum to implement broader reforms.

IR 1.2: Trust in government enhanced

In a context of vulnerability and insecurity, there is a fundamental lack of trust in the capacity of existing government institutions to equitably and effectively deliver services to address the needs of the population, especially youth and other marginalized groups. Changing this situation is expected to advance development and mitigate the regressive conditions that foster VE.^{18,19} CDCS implementation will focus on increasing government capacity to deliver accessible, quality services in target areas—including through improved implementation of policies and laws. USAID will work with the GoP to improve public financial management, auditing, procurement, human resource policies, and policy development in a number of sectors (e.g., education, health, water and sanitation, climate, environment, agriculture, and livestock). Training and technical assistance in the education and health sectors will improve local governance capacity, which will lead to improved service delivery, and increased trust in the government.

Sub-IR 1.2.1: Access to basic services increased

The people of KP's newly merged districts have scant access to basic services, such as health and education, due to the inadequate number of fully functioning service delivery institutions and cultural barriers to access. USAID activities will work to address these shortfalls with technical assistance to strengthen human resources, improve facilities, and increase the government's ability to deliver education, health, water, and municipal services, with a focus on gender integration.

Sub-IR 1.2.2: Service quality improved

In addition to addressing access challenges, USAID will support activities that enhance the capacity of the government to provide quality services. USAID will provide support for the renovation, construction, repair, and improvement of education, health, and water and sanitation facilities and services.

Sub-IR 1.2.3: Civic engagement increased

Civic engagement, particularly among women and marginalized groups, increases trust between citizens and the local government; and allows citizens to hold their government accountable.²⁰ As FATA reforms move forward, USAID will support activities that promote

¹⁸ USAID/Pakistan, *Pakistan Fragility Assessment Literature Review*, July 2017, p. 65. "The pervasive underdevelopment of the region due to persistent neglect and failure of successive governments to either introduce meaningful reforms or undertake substantial developmental efforts has created a trust deficit between the residents of FATA and the State."

¹⁹ USAID, *The Development Response to Violent Extremism and Insurgency Policy*, September, 2011.

²⁰ Richard Mallett et al, *Surveying Livelihoods, Service Delivery and Governance: Baseline Evidence from the Democratic Republic of Congo, Nepal, Pakistan, Sri Lanka and Uganda*, Working Paper 31, London: Overseas Development Institute (ODI), April 14, 2015 <https://securelivelihoods.org/publication/nepal-lcp/>

frequent dialogue and consultations between the communities of KP's newly merged districts and their local government representatives. USAID will support interventions to increase awareness of citizens' rights and responsibilities, and to build the capacity of Pakistani civil society organizations to promote the civic engagement of women and marginalized groups.

IR 1.3: Economic opportunities increased

Many people in KP's newly merged districts live in abject poverty, take jobs outside the region, participate in illicit enterprises, or join extremist groups. Over 90 percent of the population live in rural areas.²¹ Subsistence agriculture is the primary source of income. The economy is mostly informal, and military counterterrorism operations have destroyed roads and small infrastructure utilities. The unique situation of KP's newly merged districts warrants special emphasis needed for economic advancement that emerges beyond the more broadly focused elements of DO 3.

USAID will work with Pakistan to rehabilitate and increase productivity in the agriculture and livestock sectors for both subsistence and commercial farmers. Other interventions will promote micro and small enterprises, forge partnerships with the private sector, promote trade linkages, prioritize job creation and skills development, and support new business associations. USAID will design targeted interventions to engage women fully in higher agricultural value chain opportunities and non-agricultural work opportunities. USAID will also assist in repairing damaged roads and infrastructure to improve connectivity and market access in remote areas.

Sub-IR 1.3.1: Entrepreneurial capacity enhanced

Activities will cultivate entrepreneurship through area-specific activities to motivate and enable citizens to generate income through self-employment and business ownership. The focus will include vocational training; motivating youth to take strategic entrepreneurial risks and innovate. USAID will engage in programs that promote access to finance and developing value chains and market linkages for small and medium-sized enterprises (SME).

Sub-IR 1.3.2: Agriculture sector improved

Assistance activities will focus on sustainable livelihoods and transitions from subsistence to commercial agriculture; improved livestock production; and water use efficiency and conservation. Agricultural inputs will include training in best practices, processing, and value addition. USAID will also support programs that link and explore public-private agricultural partnerships, high-value horticulture, and market linkages, with a focus on climate-smart, sustainable agricultural practices.

²¹ Government of Pakistan, Pakistan Bureau of Statistics, *Provisional Summary Results of 6th Population and Housing Census, 2017*

Sub-IR 1.3.3: Connectedness of remote areas increased

The development of infrastructure is crucial to spur economic growth and opportunities for citizens. USAID will support activities that construct and rehabilitate small roads to link remote areas to markets and services to the regional and national economy and provide electricity to underserved areas. USAID will also support activities that promote increased access to information, such as agricultural market prices and socioeconomic policy issues. Infrastructure activities will be environmentally compliant and climate-resilient to ensure all-weather, year-round access to these remote areas.

DO 2: More Peaceful Communities In Key Areas

The persistent presence of VEOs in Pakistan risks backsliding on democratic governance gains, undermines development goals, and squanders USG resources invested in Pakistan over the past several decades.

USAID/Pakistan's development approach will focus on coexistence, building trust and a shared vision for a common future among communities in key geographic areas. USAID will apply evidence-based practices to support local-led interventions that aim to promote peaceful communities, defined as: communities that have a "harmonious coexistence;"²² this harmony, which exists between individuals, groups and institutions, is characterized by "high levels of trust, a shared vision for a common future, and responsive and legitimate governance institutions, which actively support inclusive economic development."²³ To achieve this end state, USAID/Pakistan will seek to achieve two intermediate results (IR) 1: Key leaders advance social cohesion initiatives, and IR 2: Social tolerance bolstered.

IR 2.1: Key leaders advance social cohesion initiatives

This IR will develop and strengthen institutional and informal leadership at the local level and deepen their collaboration with communities in their respective efforts to address social cohesion challenges. The activities will primarily focus on the local religious leaders, elected representatives, civil society leaders, and government officials. The support will enable local actors to advance initiatives that address identity-based grievances, foster a sense of belonging and agency among community members, build trust, and strengthen coordination between local leadership and communities. The theory of change holds that if key leaders have the knowledge, skills, and abilities to address grievances, and are committed to taking action in

²² Center for Sustainable Peace and Democratic Development: <https://www.seedsofpeace.eu/what-we-do/social-cohesion-and-reconciliation/>

²³ Ibid. Center for Sustainable Peace and Democratic Development: <https://www.seedsofpeace.eu/what-we-do/social-cohesion-and-reconciliation/>

collaboration with their communities, then they will be able to more successfully advance initiatives that promote social cohesion.

Interventions in this IR will build the capacity and commitment to prevent sectarian and tribal conflict; support peacebuilding initiatives and counter hate speech; and promote diversity and inclusion. The outcomes include: an increase in the number of actions taken by targeted key leaders to prevent sectarian, religious and tribal divisions; collaborative networks among leaders created or strengthened, collaborative networks between leaders and communities strengthened; and, an increase in legislative oversight of relevant laws.

Sub-IR 2.1.1: Capacity of key leaders to advance social cohesion enhanced

Cultivating the capacity and effectiveness of key leaders who are influential in their communities is essential to promoting a more peaceful and socially cohesive Pakistani society. Leaders who are aware of the risks to extremist exploitation, and have the knowledge, skills, and abilities to proactively and collaboratively address these risk factors, can reduce the likelihood that extremists will gain influence in their communities. Interventions under this Sub-IR will identify and empower influential leaders with the knowledge, skills, and abilities necessary to advance initiatives that increase harmonious coexistence, trust between groups, and a shared vision for the future.

Sub-IR 2.1.2: Commitment of key leaders to take action increased

Theories of behavior change regularly cite the need for internal and external incentives to create and sustain behavior change.²⁴ It is important to create external incentives and internal motivation for leaders to implement social cohesion initiatives in Pakistan. USAID will increase the commitment of influential leaders to prioritize social cohesion initiatives by supporting experiential learning and networking opportunities. Activities under this sub-IR will provide opportunities for key leaders to increase their skills and ability to carry out social cohesion initiatives. At the same time, they will create peer networks and provide platforms to share lessons learned and collaborate on local initiatives.

IR 2.2: Social tolerance bolstered

Peaceful societies respect and protect the rights of marginalized groups and foster open participation and discussion to include a multitude of groups in resolving social concerns. This IR seeks to change the attitudes, perceptions, and behaviors of the wider population towards other identity groups in targeted areas. The theory of change holds that if communities have

²⁴ National Institutes of Health, "Social and Behavioral Theories," accessed 13 March 2020, <https://obssr.od.nih.gov/wp-content/uploads/2016/05/Social-and-Behavioral-Theories.pdf>; CDA, "Reflecting on Peace Practice Basics: A Resource Manual," Collaborative Learning Projects, 2016.

opportunities to cooperate, achieve common goals, and break down false narratives and stereotypes of all groups, then they will be more tolerant and inclusive. USAID will partner with relevant civil society and government stakeholders to increase social tolerance among the wider population by creating opportunities for groups to interact, and address issues through collective means. Interventions in this IR will strengthen dialogue and interaction among diverse groups to promote social and religious tolerance.

Sub-IR 2.2.1: Community-based structures established

Few formal or informal community-based mechanisms exist to address grievances at the local level in USAID's target areas of South Punjab, Northern Sindh, Karachi, and in KP's newly merged districts. This Sub-IR seeks to establish community-based structures that enable diverse groups to interact, peacefully resolve conflict, and cooperate to address contentious issues in targeted areas, all of which will increase social tolerance and acceptance of diversity in communities. Interventions will support efforts to strengthen local dispute resolution mechanisms and reorient them to meaningful inclusion of historically marginalized groups in policy- and issues-based discussions in communities.²⁵

Sub-IR 2.2.2: Multi-stakeholder networks strengthened

There are a number of Pakistani civil society organizations (CSOs) serving many different causes. Nurturing and supporting these types of groups will enable Pakistani civil society to effectively engage government interlocutors to increase demand for good governance and create incentives for the government to address public grievances. This Sub-IR seeks to develop and strengthen the interaction and cooperation between networks of tolerance-oriented, like-minded individuals, groups, and structures across geographies and between different levels of society to identify and address VE issues.

DO 3: Increased Private Sector- led Inclusive Economic Growth

Marginalization, gender-based discrimination, limited access to productive livelihoods, and a dearth of high-quality, relevant education that prepares students to join the licit economy are among the many drivers of extremism and instability in Pakistan.²⁶ In response, USAID will invest in activities that address Pakistan's youth bulge, help foster a conducive environment for

²⁵ Marginalized groups include religious and ethnic minorities, women, youth, and socially and economically marginalized groups.

²⁶ Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services, *Final common country programme document for Pakistan and the UNFPA results and resources framework, 2013-2017*, October 18, 2012 pp.2-7 <https://www.unfpa.org/sites/default/files/portal-document/Final%20Country%20Programme%20Document%20for%20Pakistan%20and%20Resource%20Framework.pdf>

private-sector growth, investment, and trade, particularly for U.S. businesses and the Pakistani diaspora. A continued focus of increasing access to a reliable and affordable supply of energy to fuel economic growth will remain integral to USAID's development efforts. In addition, USAID will encourage GoP reform initiatives to foster private-sector led growth and domestic resource mobilization for development. USAID will also take advantage of opportunities that arise throughout Pakistan, with the expectation that the multiplier effects of increased growth will reverberate broadly into targeted geographic areas. Success in this initiative requires increased women's access to finance, jobs, and education, in line with the GoP's Vision 2025.²⁷

The theory of change is that if USAID invests in programs to improve the investment climate and promote regional trade, it increases the capacity and opportunities for the workforce to productively engage and it facilitates reforms in the energy sector, and then jobs will be created, and incomes increased leading to the growth of Pakistan's economy. In turn, improved economic well-being will counter feelings of marginalization and economic frustration among segments of the population, which could reduce their susceptibility to extremism.²⁸

IR 3.1: Business enabling environment improved

Pakistan lags far behind other global players in its private sector competitiveness.²⁹ Export commodities and markets are highly concentrated. Highly restrictive trade policies erode competitiveness. Support for business-friendly reforms will expand access to networks, markets, capital, knowledge, and technology and reduce barriers to greater participation by women, moving them out of the informal sector. Market-oriented reforms can open the door to more investment, greater U.S. business interests, a more diversified export base, and robust economic growth.

Technical assistance, analysis, and public/private-sector dialogue can improve the policy environment, enabling businesses to better access financing, including equity investment. Initiatives to create sector-specific public-private partnerships will facilitate trade agreements and customs reform, thereby contributing to regional integration.

²⁷ UN Women, *Women's Economic Participation and Empowerment Status Report 2016*, May 2016. <http://www2.unwomen.org/-/media/field%20office%20eseasia/docs/publications/2016/05/pk-wee-status-report-lowres.pdf?la=en&vs=5731>

²⁸ Shahrbanou Tadjbakhsh, PhD, *Fostering Community Resilience for Preventing and Responding to Violent Extremism*, [Background Paper] Framing Development Solutions for The Prevention of Violent Extremism Conference. Dushanbe, May, 2016. p. 14

<http://www.eurasia.undp.org/content/dam/rbec/docs/Background%20Papers%20on%20Violent%20Extremism%20and%20Its%20Prevention.pdf>

²⁹ Klaus Schwab (Ed), *Global Competitiveness Report, 2017-2018*, World Economic Forum, 2017. The Report ranks Pakistan 122 out of 138 countries and the World Bank's "Doing Business Report" (see footnote 24, p. 16) ranks Pakistan 147 of 190 countries; including paying taxes (172), trading across borders (171), getting electricity (167), enforcing contracts (156) and registering property (170)

Sub-IR 3.1.1: Policies, regulations, laws, and institutions improved

Program efforts in these areas are intended to level the playing field for U.S. and other foreign businesses by targeting legal and regulatory barriers to greater investments and lower costs. USAID will support policies to optimize SME development, agriculture, and employment creation. It will work with the GoP and private sector to improve business practices, build networks/linkages, inform policy, and increase access to capital, especially for women entrepreneurs.

Sub-IR 3.1.2: Financial access increased

To address inhibited financial inclusion and marginalized populations, USAID will provide technical assistance to develop loan products for women, youth, and targeted SME sectors; increase access to new markets, and improve value-chain financing, especially in the agriculture sector. USAID will also provide business development services to improve documentation, creditworthiness, and operational performance of SMEs.

Sub-IR 3.1.3: Regional integration improved

USAID interventions can improve the conditions for cross-border trade and transit by simplifying and harmonizing border clearance and related customs procedures. USAID will likely support the Federal Board of Revenue/Customs in automating processes of regional interest such as: The National Single Window, International Road Transport Convention and Authorized Economic Operators program. USAID will provide technical assistance to the GoP to improve policy, legal, and regulatory frameworks. USAID will also support the private sector to identify and capitalize on business opportunities in regional markets, including with Afghanistan.

IR 3.2: Employment opportunities increased

According to the GoP 2017 Housing and Populations census, Pakistan's population growth rate is among the highest in the world, signaling the need for job growth. To this end, USAID will put equal weight on the provision of quality health services, improved diet and nutrition, basic literacy and numeracy training, and targeted skills development—focusing on distressed populations to meet this challenge. With 60 percent of the population under the age of 30, investing in health, educational, and agricultural institutions will help young people find employment at higher skill levels. Projects funded under this CDCS will include concerted efforts to address social norms that limit the ability of youth to enter the job market or create businesses.³⁰

³⁰ Iffat Idris with Ayat Abdelaziz, *Women and Countering Violent Extremism*, Governance and Social Development Research Centre, May 4, 2017, http://www.gsdr.org/wp-content/uploads/2017/05/HDR_1408.pdf

Activities will focus on increasing job opportunities by promoting private-sector SME partnerships to improve agricultural value chains, focusing on opportunities for less vulnerable and more remunerative work for women. Entrepreneurship will be fostered through networks, including USG program alumni, business incubation centers, universities, mentoring, business planning support, and access to finance. For sustained workforce participation, USAID will emphasize improved regimens of health, nutrition, and education services. USAID will continue to encourage Pakistan to leverage increased domestic resources and will prioritize engaging youth and other marginalized populations.

Sub-IR 3.2.1: Workforce capacity developed

Since over 44 percent of Pakistan’s children under age five are stunted,³¹ their learning and productivity are adversely affected, leading to corresponding economic losses estimated at 3 percent of GDP. In response, activities will include improving awareness of, availability, and access to nutritious and protein-rich foods for marginalized groups. In addition, USAID will work to strengthen individual and institutional maternal, newborn and child health and family planning health capacity in the public and private sectors, resulting in a healthier workforce.

Most Pakistani public school students drop out of school by the age of nine, and only half of Pakistani children who complete five years of primary school are considered literate.³² Educational activities will improve workforce capacity and foster in communities recognition for quality education in addition to creating and expanding teaching and learning materials and training programs.

Producing skilled employees and entrepreneurs will shift the labor force from its legacy of low-technology, low-skill, and low-margin manufacturing toward one that is positioned to compete globally in innovative service delivery and product creation. Workforce capacity development activities will prepare youth for workforce participation through skills training, civic engagement, and internship/job placement services. Programs will improve the access, quality, equity, and relevance of technical/vocational education and training nationwide, in partnership with the private sector. Ongoing support services to targeted youth and to women and girls aim to improve livelihoods, reduce the prospect of economic marginalization, and enable them to contribute to Pakistan’s economic growth.

³¹ National Institute of Population Studies [Pakistan] and ICF International, *Pakistan Demographic and Health Survey 2012-13*. The Demographic and Health Surveys (DHS) Program, December 2013 p. 163 <https://dhsprogram.com/pubs/pdf/FR290/FR290.pdf>

³² The Economist, “Pakistan is home to the most frenetic education reforms in the world,” January 4, 2018 <https://www.economist.com/news/briefing/21733978-reformers-are-trying-make-up-generations-neglect-pakistan-home-most-frenetic>

Sub-IR 3.2.2: Agricultural value chains enhanced

USAID's efforts in this area will focus on value chains that elevate the role of women to sustainably reduce household poverty and malnutrition and concurrently support projects in health, environment, education, and democracy and governance. USAID will help increase agricultural productivity, quality, and profitability through improved access to agricultural inputs and technologies and with technical assistance. Activities will feature eco-friendly farming and livestock husbandry, increased institutional capacity to develop climate-smart plant varieties, organic production and integrated pest management. Projects will engage both the private sector and provincial governments, as appropriate. They will also improve farmer connectivity to, and expansion of, markets and strengthen the business enabling environment, leading to marketable surpluses, increased sales, higher prices for higher-quality and off-season products, increased incomes, and more employment opportunities.

Sub-IR 3.2.3: Entrepreneurship promoted

Although entrepreneurship has grown in Pakistan, the enabling environment is still nascent³³ and Pakistan's rating on the World Bank's Doing Business Indicators Report (2018: 147 out of 190) reflects the hostile ecosystem for entrepreneurs attempting to innovate and start businesses.

As such, entrepreneurship interventions may include job creation, business linkages, networking, skills development, and support for commercialization of innovative ideas. USAID will leverage a hybrid of competitive seed and equity grants, and link entrepreneurs and financial institutions servicing micro, small, and medium enterprise borrowers, with business incubation centers and entrepreneurship activities that focus primarily on Pakistani youth to improve livelihoods and employment opportunities, with sensitivity toward women and other marginalized populations.

Sub-IR 3.2.4: Inclusion of women and vulnerable communities in the labor force increased

Analyses to identify and address social and structural barriers which impede women's economic participation will inform activities that prioritize increasing female labor force participation rates and job prospects. This will enable Pakistani women to play a more substantial role in stabilizing their communities. The Mission will engage role models and mentors to encourage women's labor force participation and job prospects, while addressing systemic barriers.

USAID will encourage inclusive human capital and legal frameworks at the provincial and federal levels, including GoP priorities such as training, education, and short-term interventions to strengthen job search skills. USAID will also strengthen the role and participation of youth

³³ World Bank, *Doing business 2018: Reforming to create jobs*. Doing business 2018. Washington, D.C.: World Bank Group, 2017, p. 4 <http://documents.worldbank.org/curated/en/803361509607947633/Doing-business-2018-reforming-to-create-jobs>

and women in business associations, focus on technology, and facilitate innovative partnerships with the private sector.

Inclusion activities will focus on transforming attitudes, beliefs, and gender-biased social norms that perpetuate discrimination and inequality. USAID will strengthen men's roles as agents of change and active advocates of female empowerment, which serve to create financial and social benefits for the entire family and community.

IR 3.3: Sustainable energy supplied to the economy

USAID's Inclusive Growth Diagnostic Report found that energy shortages are one of the largest inhibitors of economic growth in Pakistan.³⁴ A dependable and affordable energy supply provides the foundation for investment, commerce, expanded employment opportunities, and the delivery of equitable, quality social services.

Activities will leverage public infrastructure projects, facilitate private investment, and expand access to finance to increase the amount of energy delivered to Pakistan's power grid. Where appropriate to address the needs of isolated communities, SMEs, or industrial zones, USAID will consider captive power or distributed generation systems. USAID assistance will also address commercialization of the energy sector by helping the GoP design and implement reforms necessary to enhance the efficiency, cost recovery, and investment attractiveness of the sector. USAID will maximize opportunities for U.S. companies seeking to do business in Pakistan.

Sub-IR 3.3.1: Private-sector investment in energy increased

The GoP and its international partners agree that Pakistan must leverage significantly more private investment to finance the needs of Pakistan's energy sector. USAID will continue to support activities that leverage and facilitate private investments in wind, solar, hydropower, biomass, and geothermal generation; transmission and distribution infrastructure; energy efficiency measures; business-to-business sales; off-grid energy systems; and other energy access activities through its technical advisory and capacity-building assistance.

Sub-IR 3.3.2: Energy sector governance improved

Enhancements to Pakistan's energy policies, regulatory processes, and grid operations will seek to improve efficiency, cost-effectiveness, cost-recovery, and profitability of the sector, as well as increase the revenues that will break the cycle of circular debt that has so persistently plagued Pakistan's electricity sector.

³⁴ USAID/Pakistan, *Finding the Binding Constraints to Sustained and Inclusive Growth in Pakistan*, April 2016, p. 28

Technical assistance to the GoP will emphasize clear and transparent policies, processes, and regulations affecting investment in energy that affect cost-recovery pricing, fair offtake arrangements,³⁵ reduced energy theft, and increased end-use energy efficiency and performance standards.

Sub-IR 3.3.3: Power system capacity increased

Insufficient and aging energy infrastructure and power load shedding directly constrain the country's economic growth and energy sector profitability. USAID will focus its assistance on helping to increase necessary generation, transmission, and distribution capacity as well as improving Pakistan's ability to plan and manage the sector. A major component of USAID's assistance will concentrate on completing its ongoing generation and transmission projects, which will directly bring additional capacity onto the grid. It will also help the GoP refurbish and maintain new generation, transmission, and distribution capacity, as well as manage the sector.

Special Objective (SpO) 1: Strengthened Global Health Security Capacities in Pakistan

Pakistan has a significant infectious disease burden that threatens the United States and other countries. The country ranks³⁶ fifth and fourth globally on the incidence of drug-sensitive tuberculosis and drug-resistant tuberculosis, respectively.

In recognition of this burden, Pakistan is one of 70 countries worldwide where the USG supports a Global Health Security Agenda (GHSA) that leverages host government, donor partner, and private-sector investments to prevent, detect, and respond rapidly and effectively to infectious disease outbreaks. USAID is committed to implementing the GHSA in Pakistan.

The theory of change for this SpO is that if infectious disease prevention, detection and response is improved, then Pakistan's capacity to implement the GHSA at all stages will be bolstered, and health security threats in Pakistan and abroad will be reduced.

Special Intermediate Result (SpIR) 1.1 Infectious disease prevention and detection improved

While the percentage of Pakistani children 12-23 months old who received all basic vaccinations almost doubled from 1990/91 to 2017/18; in 2017/18, it was still only 66 percent.

³⁵ An offtake arrangement is an agreement between the supplier (generator) of power and the purchaser. Most take the form of a power purchase agreement. These are necessary for investment to ensure project developers will be able to recover costs and make a profit.

³⁶World Health Organization Pakistan TB profile <http://www.emro.who.int/pak/programmes/stop-tuberculosis.html>

There are also stark provincial disparities in immunization rates; for example, only 55 percent of under two-year olds were vaccinated in KP province in 2017-18, compared to 80 percent in Punjab.³⁷

To address these issues, the activities under this IR will focus on supporting efforts to better detect infectious diseases and improving the use of data to inform program implementation. In addition, activities will aim to increase access to safe water and sanitation, as it is so critical for disease prevention; many infectious diseases are transmitted through contaminated water and exposure to human waste.

The theory of change holds that if key stakeholders can better detect infectious diseases, use data more effectively, and provide better water, sanitation, and hygiene services, then Pakistan will be able to more successfully prevent and detect infectious disease threats.

Sub-SpiR 1.1.1 Data collection and use improved

The Pakistani government has a range of infectious disease surveillance systems in place. However, greater involvement with the private sector, through which 70 percent of healthcare in the country is provided, will help to identify cases and capture them in these surveillance systems. In addition, there is a need to standardize surveillance data collection across provinces, and foster clearly defined national, regional, and local mechanisms for reporting the data.

USAID assistance will support the Ministry of Health and Population at national and provincial levels to build data use infrastructure that supports data-informed decision-making; build the capacity of health staff in data analysis, interpretation, synthesis, presentation, and communication; and identify data needs and develop data use plans to encourage the sustained use of data over time, which is indispensable for disease prevention and control.

Sub-SpiR 1.1.2 Water supply and sanitation improved

In Pakistan, 22 million people practice open defecation; the country has the fifth-highest incidence of this practice in the world. Every year, more than 53,000 children under the age of five die due to illness caused by poor water and sanitation, like diarrhea, and four out of every ten children are stunted.

³⁷ World Bank-supported National Immunization Support Program (NISP) Mid-Term Review Meeting, February 3-5, 2020, Bhurban, Pakistan.

USAID assistance will support national and sub-national governments to fight infectious diseases by increasing the accessibility, quality and availability of water, sanitation, and hygiene services in targeted communities.

SpIR 1.2 Infectious disease response improved

While the Pakistani government has policies and structures in place to respond to infectious diseases, it also recognizes the need for sufficient resources; health workforce capacity; funding; and coordination (among government stakeholders, as well as between the government and external actors) to effectively respond to infectious disease threats.

This IR focuses on improving the response to infectious diseases. The activities will primarily focus on developing the capacity of the health workforce to detect and treat infectious diseases and increasing stakeholder engagement in addressing infectious disease threats.

The theory of change holds that if key stakeholders are better prepared and engaged, then Pakistan will be able to more successfully respond to infectious disease threats.

Sub-SpIR 1.2.1 Workforce prepared

Pakistan lacks a sufficient number of healthcare professionals--particularly, epidemiologists--to respond to infectious disease threats, and many existing personnel, particularly at provincial and district levels, lack the capacity to detect and treat infectious diseases.

USAID assistance will focus on improving the health workforce to better understand and detect diseases as well as to respond to pandemic outbreaks. There will be a focus on improving leadership, strategic expertise, research, and clinical practice capabilities in addition to strengthening skills to embed public health approaches with governance and implementation processes at national and provincial levels.

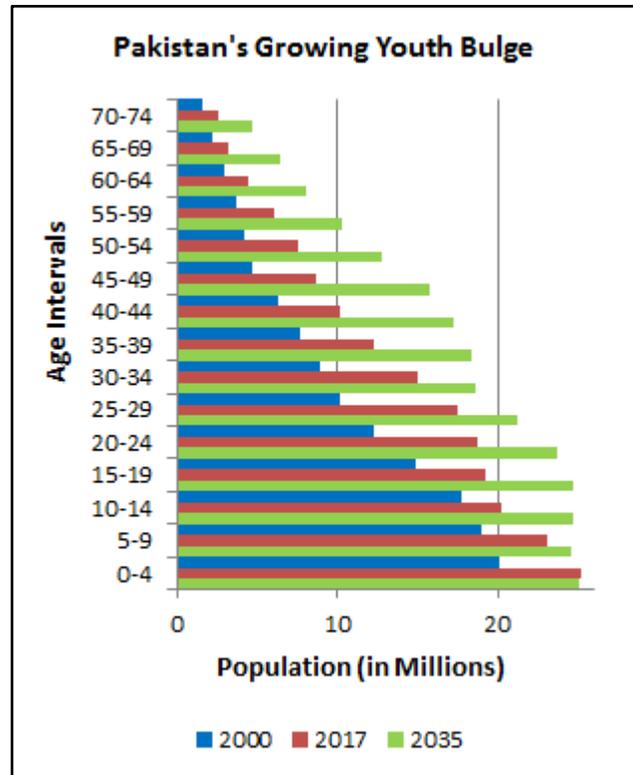
Sub-SpIR 1.2.2 Multi-stakeholder response and coordination to public health threats improved

Effective responses to Infectious disease threats require close coordination among multiple government and non-governmental agencies, across a range of sectors (e.g., public health, animal health, law enforcement and security agencies). In Pakistan, there are national and provincial disaster management agencies for coordinating infectious disease outbreak responses intra-governmentally and with external stakeholders, but there is a lack of capacity on how to jointly respond to infectious diseases outbreaks.

USAID will support the GoP to develop standard operating procedures and strengthen capacity to ensure that there is a clear understanding of specific roles and responsibilities, information sharing protocols, and joint investigation and response process to mount an effective, coordinated response to infectious disease threats.

Sub-SpIR 1.2.3 Civil society engagement in combating infectious disease increased

Civil society can help reach people at the community level in response to infectious disease threats. However, in Pakistan, few social-mobilization, health-promotion, and community-engagement efforts are led by civil society.



USAID will support efforts to develop and strengthen community engagement and outreach efforts with civil society actors to improve infectious disease responses.

Cross-cutting Themes

Youth

The 2017 GoP census estimated that nearly 35 percent of the population is under the age of 15, and 60 percent is under the age of 30. Due to a lack of education and marketable skills, 11 percent of youth³⁸ (ages 15-29) are unemployed,³⁹ and an even larger percent is underemployed. Furthermore, approximately 4 million youth enter the job market each year, most possessing inadequate skills and few job prospects.⁴⁰ These factors contribute to economic marginalization, feelings of resentment, and hopelessness and can stress already

³⁸ Government of Pakistan, Statistics Division/Bureau of Statistics, *Social Indicators of Pakistan 2016*. November 2016. Youth are defined as men and women of age 15 to 29.

[http://www.pbs.gov.pk/sites/default/files/SOCIAL%20INDICATORS%202016%20\(FINAL\)%20%20COLOUR%201.pdf](http://www.pbs.gov.pk/sites/default/files/SOCIAL%20INDICATORS%202016%20(FINAL)%20%20COLOUR%201.pdf)

³⁹ Ibid. Unemployment for youth aged 15-24 is 11%—a blended average between males at 9.6 percent and females at 13 percent. These figures do not include young people employed in the informal sector or those actively seeking employment.

⁴⁰ Zeb Nasir and Zara Haque, "Youth, Demography, and Pakistan's Future," Jinnah Institute <http://jinnah-institute.org/youth-demography-pakistans-future/>

inadequate public services. Countries experiencing a youth bulge face an increased risk of social instability, terrorism, and VE.⁴¹

If Pakistani youth are positively developed through education, skills development, and better community engagement, then their employment opportunities, workforce capacity, and participation will improve, resulting in increased economic growth and a more prosperous and stable Pakistan. Mission investments in health and family planning will facilitate changes in the country's age structure, ultimately increasing the proportion of wage earners and national savings, leading to a "demographic dividend" of rapid economic growth.⁴²

Gender⁴³

Pakistan's deeply patriarchal society, which restrains the socio-economic advancement of women (as evidenced by its nearly 143/144 ranking on the Global Gender Gap index),⁴⁴ impedes Pakistan's development and makes elements of this large population cohort potentially vulnerable to extremist enticements and ideologies.

Gender is a particular consideration in conflict-affected settings, such as KP's newly merged districts and the AF/PAK border region. Conflict can influence gender power dynamics, definitions of femininity and masculinity, traditional roles, and economic opportunities. Sexual and domestic violence may increase and healthcare and education may be difficult for women or men to access.

The Mission will seek to "do no harm" and will remain attentive to drivers of conflict and opportunities for peace, cognizant of potentially differing definitions of security and peace. Likewise, the economic gender gap is a key component of a country's commitment to self-reliance that can be addressed through this cross-cutting theme. USAID will continue to integrate its 2017 gender analysis into the conflict equation and programming across all development and special objectives.

⁴¹ According to USAID Policy, violent extremism refers to advocating, engaging in, preparing, or otherwise supporting ideologically motivated or justified violence to further social, economic or political objectives.

⁴² This phenomenon will lower the ratio of dependents to income earners and link to economic growth. In the case of the East Asian Tigers (Hong Kong, Singapore, South Korea, and Taiwan), the demographic dividend lasted up to 25 years and has been estimated to account for between 25 and 40 percent of East Asia's "economic miracle."

⁴³ USAID, "Integrating Gender Equality and Female Empowerment in USAID's Program Cycle," Automated Directives System (ADS), Chapter 205, April 27, 2017. Per ADS, the definition of *gender* includes transgender and intersex. <https://www.usaid.gov/sites/default/files/documents/1870/205.pdf>

⁴⁴ World Economic Forum, *The Global Gender Gap Report 2020*, http://www3.weforum.org/docs/WEF_GGGR_2020.pdf and The United Nations Development Programme, *Gender Inequality Index*, 2015 <http://hdr.undp.org/en/composite/GII>

Partnerships

As part of USAID's new priorities for Private Sector Engagement and Effective Partnering and Procurement Reform, the Mission is engaging with existing and potential partners in new ways, including using an enterprise-driven development approach. Of critical importance is the development of partnerships with local partners who are able to work in the AF/PAK border areas given the importance of this geographic area for the USG foreign assistance.

In order to help Pakistan transition to a path of self-reliance while assisting with its unmet development needs, the Mission will engage a range of private-sector actors in innovative and cross-cutting ways to mobilize new resources for efficient, sustainable, and scalable development solutions to support CDCS objectives.

There is a diversity of innovative partnerships that can impact Pakistan's development path. Philanthropy is one. More than 1 percent of Pakistan's gross domestic product (GDP) goes to charity, which pushes it into the ranks of far wealthier countries such as the United Kingdom (1.3 percent of GDP to charity) and Canada (1.2 percent of GDP).⁴⁵ Pakistan is also the 5th top recipient of remittances worldwide, and has jumped from 142nd to 34th in the world for receiving philanthropic donations from the diaspora.⁴⁶ Furthermore, potential investible resources in Pakistan's corporate sector are estimated at \$30 billion, more than double the entire Public Sector Development Program allocation (estimated at \$14 billion) for FY 2017.⁴⁷ Finally, technology has become one of the fastest-growing sectors in Pakistan. Capitalizing on these factors, the Mission will leverage innovative partnerships and concomitant resources for Pakistan's development.

USAID envisions developing a mix of financial and non-financial forms of private-sector engagement platforms that will be both strategic and flexible. A key approach will involve creative, participatory mechanisms to facilitate collaborative design. Additionally, as the Global Development Lab's NextGen partner, the Mission will increase the use of innovation and technology to help USAID achieve its development objectives.

⁴⁵ Shazia M. Amjad & Muhammad Ali, "Philanthropy in Pakistan: Why civil society organizations get bypassed in favor of donations to individuals," *Stanford Social Innovation Review*, March 19, 2018
https://ssir.org/articles/entry/philanthropy_in_pakistan

⁴⁶ Aadil Shadman, "Pakistan Among Top Remittances Receiving Countries in the World," ProPakistani, June 2017.
<https://propakistani.pk/2017/06/20/pakistan-among-top-remittances-receiving-countries-world/>

⁴⁷ Dr Saeed Ahmed, "Growing at over 7%: Role of private sector is decisive," *Business Recorder*, [e-newspaper] June 13, 2016. The author is the Chief Economic Advisor of State Bank of Pakistan. <https://epaper.brecorder.com/2016/06/13/20-page/584370-news.html>

V. Monitoring, Evaluation, and Learning

Overview

The Mission currently tracks project and activity progress, and ensures rigor, through a vast array of tools and approaches. For example, the Mission has initiated an approach to enhance its performance monitoring, which is based on Agency best practices. That approach recognizes that in environments where it is difficult to access activity sites, it is important to rely on a variety of monitoring actors to gather project monitoring data. Under this Multi-Tiered Monitoring (MTM) approach, program managers gather and analyze data from multiple sources, or “Tiers”, including: 1) USAID contact with the Implementing Partner, 2) Document Review, 3) USAID Site Visit, 4) Independent Monitoring, and 5) External Sources, document the findings from this monitoring, triangulate information to ensure confidence in the reporting, and use the results to make programmatic decisions.

Collaboration, Learning, and Adapting

As a collaborating, learning, and adapting (CLA)-sensitive Mission, USAID/Pakistan views the CDCS as a dynamic document, where CLA helps obtain information from context and performance indicators, site visits, and partners, and then analyzes, discusses, disseminates, and incorporates that information into responsive programming. CLA methods provide concrete means for USAID/Pakistan to re-assesses its explicit development hypotheses and make operational adjustments during the life of the strategy, coordinate and collaborate internally and externally, and test promising new approaches. CLA principles will guide the Mission to feed new learning, innovation, and performance information back into the strategy to inform project management, design, and funding allocations, translating changing conditions into strategic and programmatic adjustments.

Considering Conflict-Sensitivity Principles

The Mission intends to implement conflict-sensitive programming that is informed by an understanding of the Pakistani context and how it affects and is affected by USAID programming. This understanding, and monitoring, evaluation, and learning (MEL) related to this programming, will be used to minimize negative impacts and maximize positive impacts of USAID’s programming, reduce sources of conflict, and strengthen the conditions that increase stability.

To conduct MEL for conflict-sensitive activities, USAID/Pakistan will incorporate the use of rolling assessments to continually test critical assumptions and the context for programming. Rolling assessments involve regular, structured conversations with IPs to help inform programming decisions, including geographic targeting, current and anticipated constraints, as

well as potential triggers or opportunities to address grievances or opportunities for peace and stability.

The Mission may pilot initiatives to institutionalize successful approaches, such as: strengthening partners' causal linkages and measurement in conflict sensitive and VE programming; compiling custom indicators, including contextual indicators; developing proxy indicators surrounding violence and intolerance; triangulating and validating information by using a thorough mix of indicators; training Mission staff and partners in new techniques and best practices; and utilizing a phased approach to incorporate techniques and scale up research components or measurement rubrics of programming.

VI. Annex

Annex 1 Journey to Self-reliance Country Roadmap



SELF-RELIANCE ROADMAPS

INDICATOR DEFINITIONS AND SOURCES

All source data are for the latest year available, typically 2018 or 2017, and are derived from third-party institutions. All indicators are weighted equally in the calculation of the overall Commitment and Capacity scores. Names and boundary representation in the map are not necessarily authoritative.

For more information on definitions and sources, please visit selfreliance.usaid.gov.

COMMITMENT

OPEN AND ACCOUNTABLE GOVERNANCE

Liberal Democracy: Measures freedom of expression, freedom of association, suffrage, elections, rule of law, judicial constraints on the executive branch, and legislative constraints on the executive branch. Source: *Varieties of Democracy (V-Dem)*.

Open Government: Measures the degree to which a government shares information, empowers people with tools to hold the government accountable, and fosters citizen participation in public policy deliberations. Sub-factors include: publicized laws and government data, right to information, civic participation, and complaint mechanisms. Source: *World Justice Project, Rule of Law Index*.

INCLUSIVE DEVELOPMENT

Social Group Equality: Measures political equality with respect to civil liberties protections across social groups as defined by ethnicity, religion, caste, race, language, and region. Source: *Varieties of Democracy (V-Dem), Social Group Equality in Respect for Civil Liberties*.

Economic Gender Gap: Index comprising five components: (1) wage equality between women and men for similar work; (2) the ratio of female estimated earned income to male income; (3) the ratio of female labor force participation to male participation; (4) the ratio of female legislators, senior officials, and managers to male counterparts; and (5) the ratio of female professional and technical workers to male counterparts. Source: *World Economic Forum, Global Gender Gap Report, Economic Participation and Opportunity Sub-Index*.

ECONOMIC POLICY

Business Environment: Assesses a country's entrepreneurial climate by measuring business' access to infrastructure (such as the internet and transport, and to credit), business flexibility (the costs of starting business and of hiring and firing), clear and fair regulations (e.g., intellectual property rights), and perceptions of meritocracy and opportunity. Source: *Legatum Institute, Prosperity Index*.

Trade Freedom: Measures a country's openness to international trade based on average tariff rates and non-tariff barriers to trade. Source: *Heritage Foundation, Index of Economic Freedom*.

Biodiversity & Habitat Protections: Measures extent of marine protected areas, terrestrial biome protection (weighted for both national and global scarcity), representativeness of protected areas, and whether protected areas cover the ranges and habitats of critical species. Source: *Yale University/Columbia University Center for International Earth Science Information Network (CIESIN)*.

RISK OF EXTERNAL DEBT DISTRESS

Rates a country's risk of public sector debt distress on a four-tier scale: "low risk", "moderate risk", "high risk", and "in debt distress". Ratings are based on countries' debt and market structures, fiscal and macroeconomic outlook, and institutional capacity to manage debt burden. Ratings help guide the borrowing decisions of lower-income countries to meet development needs while reducing the chances of excessive debt build-up. Ratings are shown for 54 lower-income countries for which the IMF prepares risk ratings and are not scored components of Commitment or Capacity. Source: *International Monetary Fund, Debt Sustainability Analysis for Low-Income Countries*.

CAPACITY

GOVERNMENT CAPACITY

Government Effectiveness: Measures the quality of public services, the quality of the civil service and its independence from political pressure, the quality of policy formulation and implementation, and the credibility of the government's commitment to its stated policies. Source: *World Bank, Worldwide Governance Indicators*.

Tax System Effectiveness: Ratio between a country's actual tax collection and the estimated level of tax revenue that a country could achieve given its macroeconomic, demographic, and institutional features. Source: *USAID, Collecting Taxes Database, Tax Effort Indicator*.

Safety & Security: A combination of objective measures of security, and subjective measures of personal safety, personal freedom, and social tolerance. Source: *Legatum Institute, Prosperity Index*.

CIVIL SOCIETY CAPACITY

Civil Society & Media Effectiveness: Measures the range of actions and mechanisms that citizens, civil society organizations, and an independent media can use to hold a government accountable. The mechanisms include using informal tools such as social mobilization and investigative journalism. Source: *Varieties of Democracy (V-Dem), Diagonal Accountability Index*.

CITIZEN CAPACITY

Poverty Rate (\$5/Day): Measures the percent of the population living under \$5/day in purchasing power parity (PPP) terms. Source: *World Bank, PovCalNet*.

Education Quality: Gauges both the quality of education—using harmonized scores across major international student achievement testing—and the quantity of schooling received—using age-specific enrollment rates—to evaluate the relative performance of educational systems worldwide. Source: *World Bank, Human Capital Index, Learning-Adjusted Years of Schooling Indicator*.

Child Health: A composite measure that aggregates child mortality, access to at least basic water sources, and access to at least basic sanitation facilities. Source: *Columbia University Center for International Earth Science Information Network (CIESIN)*.

CAPACITY OF THE ECONOMY

GDP Per Capita (PPP): Measures the flow of resources available to households, firms, and government to finance development as the country's total Gross Domestic Product (PPP) divided by the country's population. Source: *World Bank, World Development Indicators*.

Information & Communication Technology (ICT) Adoption: Index comprising: (1) mobile-cellular telephone subscriptions; (2) mobile-broadband subscriptions; (3) fixed-broadband internet subscriptions; (4) fiber internet subscriptions; and (5) internet users. Source: *World Economic Forum (WEF), Global Competitiveness Index*.

Export Sophistication: Measures the diversity and ubiquity of a country's exported goods, key markers that can help gauge economic sophistication and resilience. Source: *Center for International Development at Harvard University, Economic Complexity Index*.