



The World Bank

Balochistan Livelihoods and Entrepreneurship Project (P159292)

Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 18-Oct-2019 | Report No: PIDISDSC17746

**BASIC INFORMATION****A. Basic Project Data**

Country Pakistan	Project ID P159292	Project Name Balochistan Livelihoods and Entrepreneurship Project	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Appraisal Date 22-Oct-2019	Estimated Board Date 16-Dec-2019	Practice Area (Lead) Agriculture and Food
Financing Instrument Investment Project Financing	Borrower(s) Government of Pakistan: Economic Affairs Division	Implementing Agency Planning and Development Department, Government of Balochistan	

Proposed Development Objective(s)

To create employment opportunities for rural communities and achieve sustainability of enterprises in selected districts of Balochistan

Components

Economic Mobilisation

Promoting Enterprise Development and Livelihoods

Project Management

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	50.00
Total Financing	50.00
of which IBRD/IDA	35.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**



International Development Association (IDA)	35.00
IDA Credit	20.42
IDA Grant	14.58

Non-World Bank Group Financing

Trust Funds	15.00
MDTF for Crisis Affected Areas of NWFP/FATA/Balochistan	15.00

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1. **Pakistan, the sixth most populous country in the world is at a crossroad.** The economy accelerated with Gross Domestic Product (GDP) growth of 5.8 percent in FY18 and slowed down to 3.5 percent in FY19 as fiscal and external imbalances persisted¹. Poverty declined from 64.3 percent in 2001 to 24.3 percent in 2015², but inequality persists. The country ranks low on the 2018 Human Capital Index, at 134 out of 157 countries. Gender disparities continue, and female labor force participation (FLFP) was only 20.1 percent in 2018³. Natural disasters and unreliable water and power supply constrain progress. After the onset of another boom and bust cycle, a new International Monetary Fund (IMF) program was negotiated in May 2019. Growth will pick up as structural reforms take effect and macroeconomic imbalances are addressed. Over the medium to long term, Pakistan needs to invest more, and better in human capital, raise more revenue, simplify doing business procedures, expand regional trade and exports, and manage its natural endowments sustainably, as articulated in Pakistan@100: Shaping the Future⁴.
2. There has been a general shift across Pakistan to shift away from agriculture towards off-farm and non-farm activities. Wages and salaries as a share of household income have gone up from 37 percent in 2013-14 to 41 percent in 2015-16 while the share of agriculture has fallen from 12 percent to 9 percent over this period. In 2016-17, agriculture contributed to 19.59 percent of GDP and accounted for 42.3 percent of jobs while industry accounted for 20.9 percent of GDP and contributed to approximately 23.6 percent of total

¹ World Bank Group (2018). "Pakistan Development Update 2018 – At a Cross Road."

² Redaelli, Silvia (2018). "From Poverty to Equity – Pakistan at 100." World Bank Group.

³ World Bank Gender Statistics 2017.

⁴ World Bank. 2019. Pakistan at 100: Shaping the Future. World Bank, Washington, DC. © World Bank.

<https://openknowledge.worldbank.org/handle/10986/31335> License: CC BY 3.0 IGO.



employment. In Balochistan these trends are equally significant. The share of industry in total employment has risen by approximately 9 percentage points from 11 percent in 2010-11 to 20 percent in 2016-17. The corresponding figures for the share of agriculture as a share of total employment in the province are 55.78 percent in 2010-11 and 43.4 percent in 2016-17. Female labor force participation rates in Balochistan have increased from 5.6 percent in 2010-2011 to 11.3 percent in 2014-2015, which is substantially lower than the national average of 25 percent.

3. With a Country Policy and Institutional Assessment (CPIA) rating of 3.3, Pakistan is not recognized as a Fragility, Conflict and Violence (FCV) country. However, more than half the geographical area of the country and almost 30 percent of the population lives in FCV affected areas. Development outcomes in the areas of Pakistan affected by fragility and conflict have been adversely impacted because of the Protracted Refugee Situation (PRS) since the late 1970s. Pakistan had seen three major waves of refugees coming into the country from Afghanistan since the Soviet invasion of Afghanistan in 1979. While currently the number of Afghan refugees in Pakistan is estimated to be 1.35 million, at its peak, it is estimated, the provinces of Khyber Pakhtunkhwa and Balochistan hosted over 3.5 million refugees. Approximately, 54 percent of the refugees are men while 46 percent are women and 32 percent are less than 11 years of age. This is exacerbated by issues related to internal displacement: Pakistanis who have been displaced due to multiple military operations conducted in KP and FATA since 2009.
4. Pakistan ranks 7th on the Climate Risk Index,⁵ and has consistently been placed in the top ten countries adversely affected by climate change. Climate change is also expected to exacerbate extreme weather events in Balochistan, thereby increasing the vulnerability of people and assets to climate induced disasters. The province experiences recurring periods of drought, causing a severe impact on livelihood activities, food security, and economic growth. Balochistan suffered one of the worst drought periods between 1997 and 2002, and an estimated 60-70% of the population continues to face direct and indirect risk to drought in the province. Flash floods and landslides caused by torrential rainfall between July and September each year lead to loss of lives, livelihoods and cause damages to public and private property. During the 2010 flood, Balochistan suffered US\$ 620 million in direct damages, followed by US\$ 150 million in damages during 2011 floods. Lack of government capacity and risk mitigation infrastructure further compounds the vulnerability of population segments such as refugees. Refugee groups are also often located at refugee villages, camps or such areas which are highly vulnerable to natural disasters due to non-availability of land or resilient housing. As first responders to disasters, such groups are often ill-equipped and lack the knowledge required to mitigate disaster risk.

Sectoral and Institutional Context

5. While the country has seen growth rates over the past decade (average of 5 percent growth), these have not led to commensurate growth in the province of Balochistan. The socio-economic context of Balochistan manifests itself in four main development challenges, requiring action on the ‘hardware’ and ‘software’ of growth and necessitating a multi-pronged strategy focusing on institutional reforms, promoting productive sectors (particularly in growth nodes) and facilitating the informal sector at the grassroots and community level. These challenges include:

⁵ Global Climate Risk Index 2017 <https://germanwatch.org/en/download/16411.pdf>.



6. Low population density: Population density in the province is 38 persons per square kilometer and this falls to 15 in the rural areas. This population is in small settlements that are usually far-flung and isolated, implying high cost of service delivery. In addition, due to the scattered nature of settlements in Balochistan coupled with systemic inefficiencies, service delivery is inadequate, if not non-existent.
7. Weak capacity: There is a dearth of qualified human resources in the public and private sector in Balochistan, which hinders service delivery to the poor. According to the latest Public Expenditure and Financial Accountability (PEFA)⁶ Assessment being prepared for Balochistan, capacity of the Local Government and Rural Development Department is weak and the law is expected to undergo a number of revisions. Weak institutional structures imply the state is neither efficient nor responsive in responding to the needs of rural communities, particularly those located in very remote areas. The Government of Balochistan conducted local government elections in 2014 and requires support at this level.
8. Value addition at source: Resource mobilization at the grassroots level is particularly constrained and this is exacerbated by, amongst others, lack of skills and training, low awareness regarding market opportunities, limited access to finance and high cost of doing business⁷. At the macro level, the resource mobilization capacity of the province is restricted given the low tax base and allocations received through the National Finance Commission (NFC) (9 percent). Rural communities in Balochistan suffer from a 'location disadvantage' in this respect.
9. Saving Trends: Rural society in Balochistan, like most traditional and poor societies across the world, become dependent upon external assistance (from the government, non-government organizations, foreign assistance etc.), as is evident from the fact that the public sector in the province has emerged as an employer of last resort. Rural societies in Balochistan are characterized by consumption expenditure dominance, (mainly social events) and the emphasis on savings for investment purposes is limited. This is exacerbated by the fact that poor households save from surplus income and since the poor do not have surplus income, saving rates remain low. Where poor households do manage to save, these resources usually have an associated opportunity cost: health and education expenditure of female household members.
10. In addition to these challenges related to poverty and low access to jobs and skills training, Balochistan is further defined by its disproportionately high concentration of refugee populations. According to a study by ILO and UNHCR⁸, almost 23 percent of Afghan refugees (according to UNHCR, approximately 318,000) in Pakistan are concentrated in six districts in Northern Balochistan. While originally concentrated in refugee camps, these refugees have, over the last decade, spread across the province and have integrated with the non-refugee populations. The table below summarises the proportion of refugees in the northern districts of the province.

⁶ While this report was finalized in 2017, it is yet to be published.

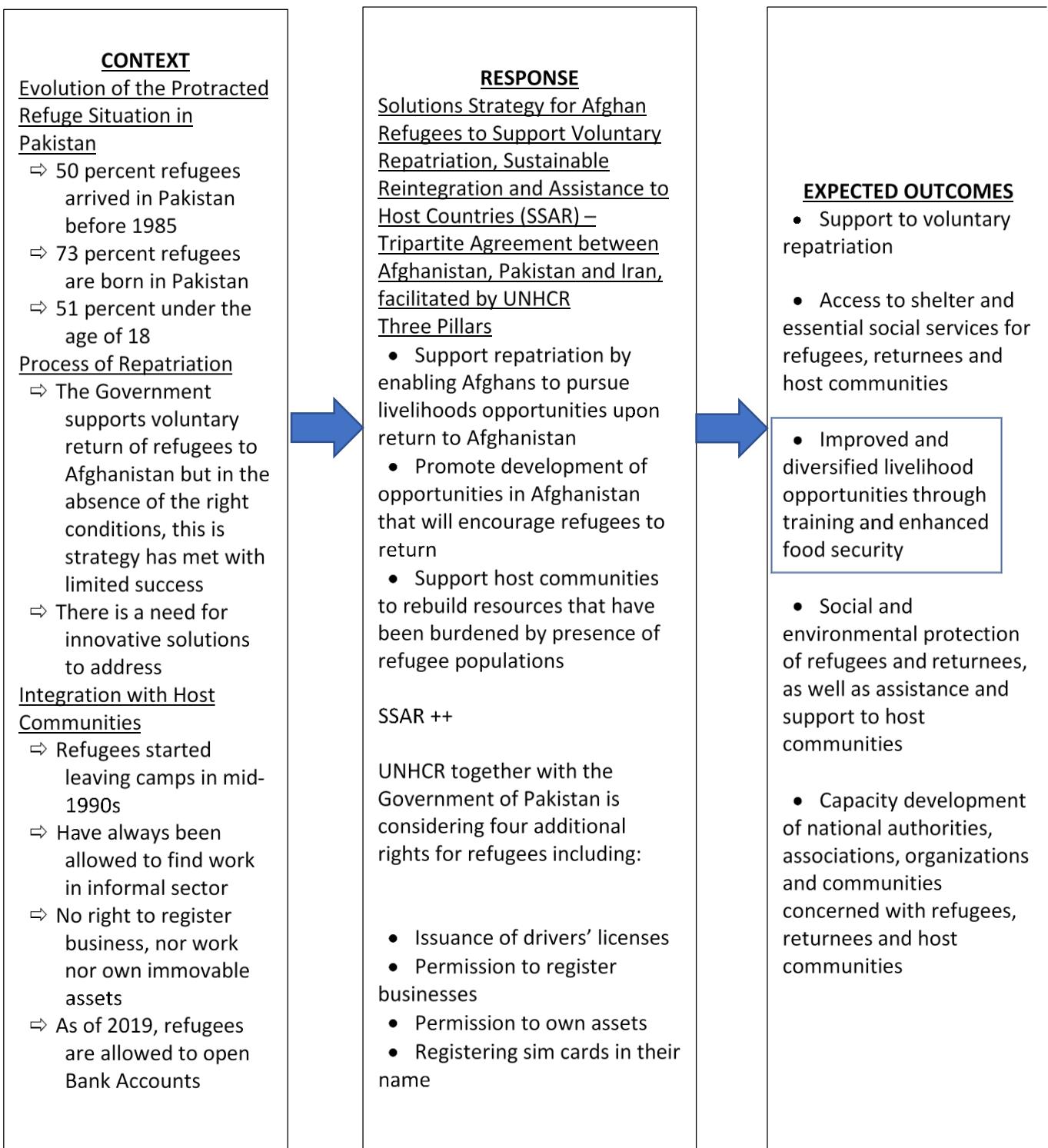
⁷ According to the Sub National Doing Business (SNDB) Report 2010, the capital of Balochistan, Quetta is ranked the lowest across 13 surveyed districts and cities.

⁸ Islam, K. "Socio-Economic and Context Analysis – Afghan Refugees in Pakistan". 2017, International Labour Organisation



District	No. of Refugees	Total Population
Pishin	54,198	736,481
Chagai	28,961	226,008
Killa Saifullah	18,167	342,814
Killa Abdullah	10,781	757,578
Mastung	2,021	226,461
Zhob	1,496	310,544
Nushki	384	178,796
Sherani	6	153,116
Total	116,014	2,931,798

11. The diagram below the framework for managing the PRS in Pakistan



12. A key point to note is that refugees across Pakistan are integrated into the local population and much of this



integration stems from Pakistan's unique context. Pakistan has hosted the largest protracted refugee population in the world. While refugees were initially placed in special villages, they have been relatively free to move out to urban areas. Indeed, in the last 25 years since the mid-1990s, refugee villages have been abandoned and refugees have assimilated with host communities. Moreover, refugees have also been granted access to national social services by Pakistani authorities (on a par with Pakistani nationals) to meet educational and health requirements. Finally, as per a 1997 circular issued by the Ministry of Interior, Afghan refugees are legally authorized to seek employment in Pakistan. The Proof of Registration (PoR) cards, issued by GoP since 2006 to provide proof of legal residence and status to Afghan refugees, have contributed to this end. Although formal sector employment still requires applicants to hold Computerized National Identity Cards (CNIC) which are available only to citizen of Pakistan, in practice, this requirement has been often circumvented. Finally, Afghan refugees have recently been allowed to open bank accounts. Nonetheless, they are still ineligible to hold positions in the public sector, nor permitted to own immovable property or own/register businesses (unless established with a local partner).

13. Although the Government is not a signatory to the international conventions on refugees (1951 Convention and 1967 Protocol relating to the Status of Refugees) and has no national refugee law, it maintains a protection framework that both UNHCR and the Bank find adequate. Pakistan has relied principally on the implementation of administrative measures for the management of the refugee population and has made significant investments in institutional provisions and practices for refugee protection that are consonant with the international principles for asylum and aligned with its international human rights obligations. The new Government has also announced substantive measures to support refugees that go beyond simply extending PoR cards. Pakistan, Afghanistan and Iran have also entered into a tripartite agreement to support repatriation, promote development of opportunities in Afghanistan that will encourage the voluntary return of refugees and support refugees and their host communities.
14. When trying to understand the impact of refugee populations in Pakistan and specifically in Balochistan, it is important to consider the following three aspects.
15. Legal Status: Legal Status: Since February 2017, through the approval of the Comprehensive Policy for Voluntary Repatriation and Management of Afghan Refugees, the Government of Pakistan has committed to improving the legislation regarding refugees and meeting/safeguarding the protection standards required under the 1951 Convention and the 1967 Protocol relating to the Status of Refugees. In its Federal Cabinet decision, the Federal Cabinet has acknowledged the differences between refugees and other forms of immigration status and has reaffirmed its intention to: (a) introduce and implement a flexible visa regime that allows temporary labor and other forms of migrations (e.g. business, students, temporary labor, health and medical visas); and (b) enact a refugee legislation. Since these institutional changes are yet pending implementation, the Government of Pakistan has been extending the stay of registered refugees (holding proof of registration) on an annual basis. In addition, on June 17, 2019 Pakistan has reasserted its adherence to the framework and objectives of the tripartite "Solution Strategy for Afghan Refugees" (SSAR) by extending the implementation of this strategy once more, till December 2021.
16. Even though the Constitution and laws of Pakistan do not explicitly extend to refugees the rights to access social services, Afghan refugees have de facto been granted access to education and health services on a par with Pakistan nationals as acknowledged in the SSAR.



17. **Informal Networks of Support:** Refugees in Balochistan are spread across rural and urban areas. In addition, there are some refugees who remain in 'refugee villages' or camps. These scattered refugee populations are represented by a Grand Shura of refugees, which meets as required and engages with the Council General of Afghanistan and the Commissioner of Refugees on a regular basis to safeguard the interests of refugees. However, given the legal status of refugees in Pakistan, Grand Shura is limited in the extent to which it can support refugee populations.
18. **Livelihoods for refugees are constrained:** Even-though refugees living in urban and rural areas for almost 40 years are well integrated in the local economy, they do not have legal rights to own assets so their ability to engage in entrepreneurial activities is limited mainly to daily wage labor in the construction and agriculture sector and seasonal migration for income generation. Refugees have negligible access to transnational resources and even if they could receive remittances from the Afghan diaspora, financial services in Balochistan are not sufficiently evolved to enable refugees to utilize these funds. Organizations such as UNHCR have implemented vocational training programmes and other activities mainly in refugee villages to build the capacity of refugees to gain higher paying jobs. These interventions are aimed at improving the ability of refugees to reintegrate upon repatriation, with little emphasis on how refugee populations would sustain themselves until the repatriation occurs. The success of such interventions is limited, however: i) they remain supply-driven with limited impact and often enhance dependency; and, ii) access of refugees to technical and vocational training facilities remains limited due to political barriers. In some instances, however, where refugees have been trained in 'alternative' skills such as masonry, carpentry, electronics and tile fitting, there is evidence of upward mobility both in Pakistan and after repatriation. Access to formal sources of finance is almost non-existent for refugee populations, although very recently, the Government has allowed refugees to open bank accounts, which is essential for them to better manage their savings and utilize their resources for productive purposes. Poverty rates vary amongst refugee and host communities. In districts such as Chagai and Pishin, where informal networks are strong, some refugee communities are relatively better off than their hosts.
19. A number of other factors also need to be considered when promoting rural livelihoods in this context. First, legal barriers are not the only restricting factor preventing integration of refugees in the local economy; perceptions towards refugees also have to be changed to promote greater cohesion, socially and economically. While refugees have been allowed to open bank accounts recently, effort is required in other areas such as permission to own assets and register businesses. Second, it is important to recognize that urban and rural refugees have different roles in the local economy, and strategies to develop refugee- affected areas should incorporate these differences in their design⁹. Third, it is important to identify the role of aid agencies and donor assistance: this is usually targeted at populations in refugee camps, where support takes the form of 'humanitarian' and short-term assistance, and this perpetuates dependency. Moreover, the emphasis of such aid to target refugee populations can contribute towards creating resentment amongst host populations.
20. The refugee situation in Pakistan is dynamic and continues to evolve. UNHCR is liaising with the Government of Pakistan to address these challenges. These provisions are captured in the Protection Overview prepared by UNHCR and updated on a regular basis. The overview forms the basis of specific activities that this project will undertake vis-à-vis refugees in Balochistan. In addition, using financial resources from the IDA 18 Sub-Window for Refugees and Host Communities, the federal government will implement a national-level project

⁹ Vriese, M. D. (2006). "Refugee Livelihoods: A Review of the Evidence". United Nations High Commissioner for Refugees Evaluation and Policy Analysis Unit



to undertake necessary reforms with regard to refugees in Pakistan more generally, as well as develop sophisticated monitoring systems to track refugees that are based in Pakistan. Moreover, as mentioned in the diagram above, UNHCR is liaising with the Government for additional rights for refugees including registration of businesses, purchase of sim cards, issuance of drivers' licenses and ownership of assets.

21. Gender disparities and gaps: Gender disparities and gaps between male and female outcomes in Balochistan are high across the board. There is a gap between access to economic opportunities and productive resources. Cultural norms do not favor female employment in productive and income generating activities and although the trend is changing, women largely remain unpaid family workers. Cultural norms determine perceptions towards women's engagement in productive and income generating activities. Mobility is also restricted not only because of cultural norms but also because infrastructure is poor, population density is low and mainly in small remote settlements and availability of transport logistics is negligible. In this context, households tend to undertake only essential travel and in the case of women, essential travel is deemed to be for extreme health reasons only. Women have a lack of skills training: in the eight districts surveyed, on average, 85.1 percent of the households surveyed reported a male member receiving training while only 14.9 percent of the households reported a female member having received training. Female access to productive resources including financial capital is also restricted, which ends up being a critical entry barrier for enterprise development. Even-though the province has a rich tradition of social mobilization and community organisations have generated significant amounts of savings, these resources are 'communal' to be used for the creation of public goods and not to support individual entrepreneurs for the promotion of livelihoods. Unlike in other parts of the country, the idea of using these resources for the purposes of revolving credit at the community level is not common in Balochistan.
22. In rural Balochistan, these factors combine to have an impact on women's ability to convert their entitlements into outcomes of empowerment or well-being. The social mobilization process and the creation of community level representative bodies for women, has empowered them in terms of giving them a 'voice', which is distinct from the male members of the community. However, it has not enabled them to have the agency that is required to 'effect' changes, be it social, cultural or economic. In this context, efforts must be made to: i) promote productive and income generating activities; ii) facilitate enterprise growth by recognizing the importance of savings and investments; and, iii) addressing the vicious cycle of low economic activity, few employment opportunities and the public sector becoming the 'employer of last resort'.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

23. To create employment opportunities for rural communities and achieve sustainability of enterprises in selected districts of Balochistan

Key Results

- Total Number of direct beneficiaries (disaggregated by relevant demographics including men, women refugees and other vulnerable groups) (Corporate Results Indicator)
- Beneficiaries of job-focused interventions, disaggregated by relevant demographics (Corporate Results Indicator)
- Profitability of enterprises supported by the project enhanced, disaggregated by gender
- Percentage of enterprises supported through projects with ongoing operations after three years,



disaggregated by gender

24. The number of beneficiaries of job-focused interventions measures the first part of the PDO, pertaining to employment opportunities while profitability and longevity indicators together measure the second part of the indicator pertaining to sustainability. The project is aimed at supporting rural entrepreneurs, which both enables and mobilizes private sector investment, in line with efforts at maximizing finance for development (MFD). Supporting the critical business development skills and value chain knowledge of entrepreneurs opens up, private investment initiatives by micro and small-scale entrepreneurial businesses. More directly, matching individual and community contributions for productive assets directly crowds in local private capital in ways that support sustainable entrepreneurship development. The project will be implemented in eight districts which include five of the six affected by prolonged refugee presence. Poverty rates in these districts are high from the outset and the presence of refugees for almost 40 years has placed an unsustainable strain on resources. Formal SMEs contribute up to 60% of total employment and up to 40% of national income (GDP) in emerging economies,¹⁰ so efforts at entrepreneurship support have an important linkage to job creation.
25. The project will be implemented in the eight northern districts of Zhob, Chagai, Nushki, Sherani, Killa Saifullah, Killa Abdullah, Pishin and Mastung¹¹.
26. The project seeks to target 6,715 refugee families, which implies approximately 40,000 (35 percent of the refugee population in the targeted districts) refugees will benefit. This compares favourably to existing initiatives being undertaken by UNHCR and UNDP, which target, on average, 15 percent of the refugee populations.
27. Two points need to be considered regarding targeting refugees. First, all beneficiaries of BLEP, including refugees and host communities are in the informal sector. Refugees have been participating in such activities for the last four decades since the first wave arrived in Pakistan – so rather than creating new activities for refugees, the project will support existing initiatives. This flexibility is accorded under the umbrella of the Solutions Strategy for Afghan Refugees (SSAR), a tripartite agreement signed between Iran, Afghanistan and Pakistan in 2012 and which will be expanded to cover more provisions for refugees as described in the table in para 12. Second, despite the restrictions that refugees currently face and that will be phased out in the long-run, as described above, the project will take to scale current efforts at promoting productive activities, which are expected to generate employment and livelihoods and income generation. Enterprise support to refugees will not depend on them owning immovable assets or that requires them to register businesses, rather enable refugees to do what they are doing better – through skills development and business development support, which will help improve all aspects of livelihoods including marketing, business management and ability to leverage their savings for more productive purposes.

D. Project Description

28. The project has three main components.

¹⁰ <https://www.worldbank.org/en/topic/smefinance>

¹¹ While Quetta has the highest concentration of refugees, it is mainly urban and refugees are being supported through other interventions. The project focuses on the selected eight districts to avoid duplication and ensure maximum coverage of hitherto underserved areas.

**Component 1: Economic Mobilisation (US\$ 9.46 million)**

29. The objective of this component is to support both the refugees and host communities in rural and peri-urban areas of selected districts in Balochistan to collectively access technical and financial resources and address issues related to low population density and high cost of delivery in an inclusive manner. The rationale of this component is two-fold: i) support rural communities in taking advantage of the ‘collective’ in an inclusive manner to mobilise resources at the local level; and, ii) building capacity of existing and potential entrepreneurs to better manage and utilize resources for productive purposes in a transparent manner. In this, the project is MFD-enabling, building the entrepreneurial skill set needed to crowd in local private capital for further investments that contribute to sustainable livelihood options.

30.

31. The Citizens’ Engagement strategy to be developed and rolled out as part of Component 1 will be context-based and will seek to mainly change community perceptions regarding savings and investments and also promote inclusive enterprise development, focusing particularly on women, youth and refugees. The aim of the strategy will be to develop adequate methods of citizens’ engagement given the intra and inter district diversity within Balochistan.

32. Specific activities to be undertaken through this component include:

- Completion of socio-economic situational analysis to identify the type and extent of social capital that exists in the eight districts of Balochistan, which can be leveraged for the economic mobilization proposed through the project. The baseline study completed as part of project preparation shows that Sherani and Nushki districts have negligible social capital and will require greater investments in building enterprise and savings groups. It is expected that the project will hire implementing partners for this purpose;
- Recruitment and training of LFs and TRPs, which is essential for project activities to be kick-started since these individuals will be the local focal points for all project activities;
- Training of project beneficiaries, once they are identified (in areas such as group and conflict management, financial management, enterprise development etc.); and,
- Formulation and roll-out of the Citizens’ Engagement Strategy.

Component 2. Promoting Enterprise Development and Livelihoods (US\$ 32.26 million)

33. The objective of this component is to support local entrepreneurs and individuals to enhance profitability, job creation and income. These activities will be implemented in areas affected by a protracted refugee situation.

34. In the context of prevailing socio-economic conditions in the targeted districts, interventions proposed for enterprise facilitation in this component are guided by three principles. First, support to enterprises should be extended with the objective of enhancing profitability, which implies facilitating improved productivity, higher sales and reduced costs of production. Only with profitability can growth come, including that needed for increased job creation. All this requires product diversification to promote competition, access to new markets and adoption of climate smart technologies to ensure sustainability and mitigate the impact of climate change. Also, there is a need to recognize that skill enhancement *per se* will not lead to the establishment or growth of enterprises; skills trainings have to be relevant to specific sectors and contextualized, thereby leading to greater efficiency of doing business. Second, while there is potential to



support rural populations in establishing new businesses, it should be recognized that not all enterprises supported through the project will be successful; the aim of interventions described below is to enhance bargaining power of entrepreneurs within the value chain, the creation of networks for technical assistance, marketing, and greater access to productive assets for value addition. Through its use of matching grants (sub-component 2.1), this component crowds in local private capital which, without direct public financing through the project, would not otherwise be invested towards meeting the development objectives around sustainable enterprise development for these communities. In complement to the MFD-enabling activities of Component 1, therefore, this component is MFD-mobilizing in nature. Third, project support will contribute towards job creation in two ways: i) by enabling rural enterprises to grow and create job opportunities; and, ii) through skills enhancement, which is cited as the main constraint for employment (either as paid labour or as self-employed).

35. Given the evolving legal status of refugees in Pakistan, efforts will be made to support them through the project both through training and where possible through enterprise support, in the form of joint ventures as seen in Khyber Pakhtunkhwa¹². This link will be facilitated by the Local facilitators and technical resource persons at the community level.
36. This component has three sub-components. Enterprise facilitation is aimed at supporting groups of entrepreneurs having common economic interests and individual entrepreneurs to prepare Enterprise Development Plans (EDPs), which will broadly outline requirements for Business Development Services (BDS), issues related to access to finance, skills gap, market linkages and the need for Business Support Facilities (BSFs). These will be funded through the project. The second sub-component will support individuals engaged in subsistence activities in the development and implementation of Livelihoods Investment Plans (LIPs) that will support an immediate need. The aim of this sub-component is to create economic activity that will help the beneficiaries of LIPs to graduate from subsistence towards more structured and semi-formal economic activities. The third sub-component is aimed at developing a vocational training and skills programme in rural parts of Balochistan to not only improve employability of individuals but also to create a skilled workforce that can be utilized by the enterprises supported through sub-components 2.1 and 2.2.
37. Specific activities in this component will include:
 - Initiation of value chain studies in priority sectors including agriculture, livestock, small industries, mining and forestry/eco-tourism;
 - Formulation of EDPs and LIPs in collaboration with LFs and TRPs;
 - BDS training entrepreneurs being supported through components 2.1 and 2.2;
 - Procurement of works and goods for the provision of BSFs;
 - Implementation of LIPs; and
 - Implementation of skills training programmes in the sectors identified above, through implementing partners.

Component 3: Project Management (US\$ 8.24 million)

¹² There are examples in KP where refugees enter into 'joint venture' arrangements with host communities where refugees provide financing but enterprises are in the name of host community members but managed jointly. This arrangement has met with mixed success.



38. This component is aimed at addressing the challenge of weak public-sector capacity for delivery of services and inculcate an efficient approach towards service delivery. This component will support the Planning and Development Department (P&DD) within Government of Balochistan to finance project management and related activities including: i) staffing and training of Project Management Unit (PMU), capacity building in the areas of financial management, procurement and technical skills, equipment, operating costs and external and internal audits; ii) establishment of Management Information System (MIS) and effective evaluation system encompassing a baseline survey, rapid evaluations during the lifetime of the project and endline assessment of achievements; and, iii) technical assistance as required including provision for Third Party Monitoring.

39. Specific activities to be implemented through this component include:

- Hiring of project staff;
- Development of MIS;
- Conducting workshops/seminars as required;
- Third Party Monitoring and Verification; and
- Technical assistance and other consultancies as required.

E. Implementation

Institutional and Implementation Arrangements

40. The project will adopt a multi-tiered and private-sector orientated approach towards implementation.

41. As agreed with the Government the day-to-day management of the project will be undertaken through a Project Management and Implementation Unit (PMIU), headed by a Project Director, which will be based in the Planning and Development Department (P&DD). P&DD will also provide oversight and coordination for the project, ensuring alignment to the priorities of the Government of Balochistan. The PMIU will be responsible to liaise with the World Bank, coordinate all project implementation and monitoring, convene meetings of the Project Steering Committee (PSC) (see below), manage implementation of technical assistance including procurement, prepare regular reports on project implementation status and achievements, consolidate plans and budget estimates, prepare periodic financial reports and audited financial statements of project expenditures, prepare budget execution reports and ensure quality and consistency of data collected through the Third Party Monitoring Agents. Private sector contractors and consulting firms will be procured to support the PMIU in training of LFs and TRPs and analytical exercises.

42. The project will rely heavily on local facilitators and technical resource persons (see component 1.1 above) who will be representing the project at the community level. These facilitators will be trained by the PMIU staff or external trainers and will be remunerated based on their performance and deliverables agreed upon from the outset¹³.

43. A Project Steering Committee (PSC) will be set up, which will provide overall strategic direction to the project and its stakeholders. The PSC will be chaired by the Additional Chief Secretary (ACS) and is expected to meet on a quarterly basis. The PSC will consist of representatives of technical line departments, who are relevant

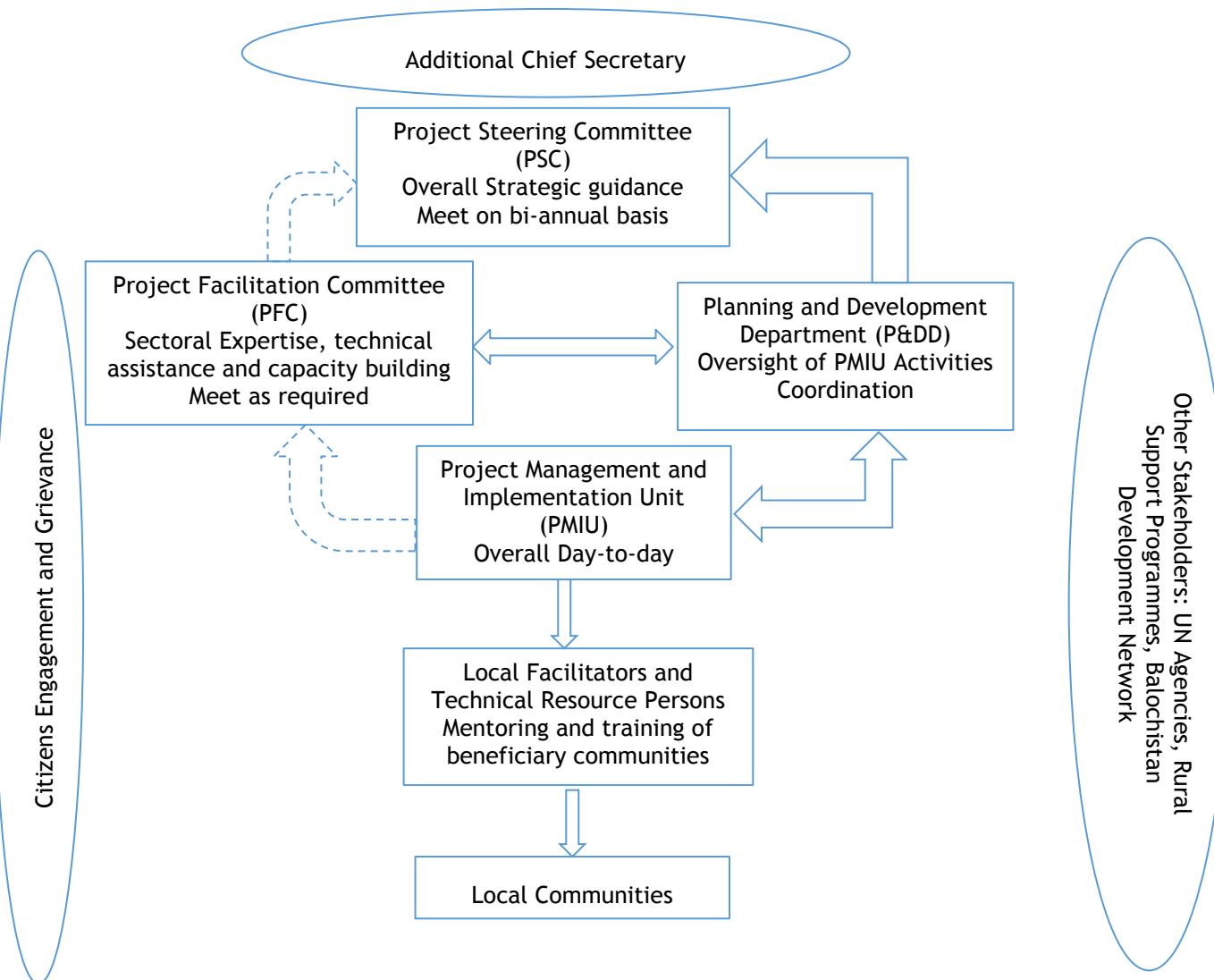
¹³ This model has been successfully tested in FCV areas of Pakistan and Afghanistan.



to the project, including livestock, agriculture, industries, forestry, mines and minerals etc. as well as the Commissioner for Afghan Refugees in Balochistan. The PSC will also conduct biannual reviews of policy and programme implementation progress and will support the PIU team in resolving implementation bottlenecks in a timely and effective manner.

44. A Project Facilitation Committee (PFC), headed by the Secretary Planning and Development Department (P&DD), will be established comprising of representatives from relevant line departments to provide sector-specific expertise, depending upon local priorities and as required. These focal points will also provide operational support and facilitate day-to-day operations specific to the departments they represent.

45. The diagram below encapsulates these implementation arrangements.



46. The project will be implemented as per guidelines and procedures outlined in the Operations Manual (OM), which will include details on financial management as well and will be adopted by the PMIU. The documents



will lay out roles and responsibilities of different stakeholders and provide details of project processes and project cycle. The Operations Manual will be reviewed periodically by the implementing entities (mainly PSC and PIU) subject to approval by the Bank to better capture implementation modalities.

47. The Government of Balochistan will be supported in the preparation and roll-out of a detailed Citizens' Engagement strategy (Component 1) to ensure beneficiary perceptions regarding project implementation are captured in a timely manner.
48. Implementation arrangements are designed to ensure outreach to female beneficiaries such as hiring male and female LFs and TRPs. Since the LFs and TRPs will be hired from the local community, they will have credibility and acceptance, which will give them greater chance to reach out to female beneficiaries. In addition, lessons learned from similar projects in KP shows that women are more likely to participate in vocational training programmes when they are closer to home. Special efforts will be made to develop mobile skills training initiatives with the help of female facilitators to ensure women receive training at or close to their homestead. Finally, recognizing that when women do travel, they are required to be accompanied by chaperones, the project will ensure this flexibility.
49. The environmental and social safeguard category of the project is assessed as B. The categorization is predominantly due to potential environmental and social impacts which are most likely to be small scale, localized, and reversible in nature. An Environmental and Social Management Framework (ESMF)¹⁴ has been prepared by the Government of Balochistan, which will serve as a roadmap outlining the environmental and social screening and assessments that will need to be undertaken for all physical interventions of the project, as per the Bank's OP4.01. Environmental Social Management Plans (ESMPS) will be prepared as required. The ESMF will be completed as per the World Bank Safeguard policies prior to appraisal of the proposed project. The World Bank Group Environmental Health and Safety Guidelines will apply to all activities of the project.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

This project will be implemented in eight districts in the north of Balochistan, including Killa Abdullah, Killa Saifullah, Chagai, Sherani, Pishin, Mastung, Zhob and Nushki and will benefit rural households to promote livelihoods through enterprise development and job creation. The choice of districts has been made in consultation with the Client, keeping in view: i) poverty rates; ii) proximity to KP and FATA to build synergies with similar projects being implemented through the MDTF there; and, iii) to ensure parity across Baloch and Pashtun populations. Balochistan is the largest province of Pakistan, spreads over an area of 347,190 square kilometres, forming 43.6 per cent of the total area of Pakistan . The project area includes eight bordering districts Killa Abdullah, Killa Saifullah, Chagai, Sherani, Pishin, Mastung, Zhob and Nushki covering

¹⁴ OP 4.09 has been triggered however, at this stage a detailed IPMP has not been prepared. When identifying sub-projects, if it is decided that an IPMP is required, the one prepared for the Balochistan Integrated Water Resource Management Project (BIWRMP) will be used and modified to address the requirements of BLEP. The IPMP for BIWRMP covers the whole province of Balochistan. The IPMP is included in the ESIA for the project, which can be found at the following website:
<http://documents.worldbank.org/curated/en/758661468291631929/pdf/SFG1738-EA-P154255-Box394852B-PUBLIC-Disclosed-1-26-2016.pdf>



an area of 90,190 square kilometres with approximately 2.9 million population. The climatic conditions vary with topography, in the plains and lower highlands, summers are very hot and winters are mild. While in the upper highlands, winters are chilly and summer temperatures are relatively low . The mean maximum temperature during the month of June is about 42°C and as low as 3°C in December . Project districts fall in sub-basin of Hamun-e-Lora, Hamun-e-Mashkel, Kadnai River, Pishin River and Zhob River. The northern part of the study area covering the districts Sherani, Zhob, Killa Saifullah, Killa Abdullah and Pishin represents partly the Dry Temperate Forest Eco-zone with elevation range from 7000 to 10,000 feet above sea level and having Juniper Forests with huge and ancient Juniper trees (*Juniperus macropoda*) and Chilgoza (*Pinus gerardiana*) trees. The Chilgoza Forests in the Suleman Mountain Range, with rocky outcrops and shallow mountain soils, are an important component of this eco-zone. The areas covering the Nushki and Chagai districts represent the Desert Eco-zone. Topographically, the area can be distinguished into four kinds of habitats; mountains/hills, gravel plains, sandy plains and seasonal streambeds. This eco-zone represents Sahara-o-Sindian type of vegetation which can tolerate salty environment. Loss of top soil due to wind and water erosion and depletion of soil seed bank have resulted in the replacement of palatable grass component by comparatively less palatable woody vegetation of *Artemisia* sp. and *Haloxylon* sp . There are nine protected areas including one national park, three wild

G. Environmental and Social Safeguards Specialists on the Team

Rahat Jabeen, Environmental Specialist
Babar Naseem Khan, Social Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project activities particularly under Components 2 and 3 can potentially cause limited adverse environmental and social impacts. However, most of these impacts are likely to be low to moderate in intensity and reversible, localized and temporary in nature. Therefore OP 4.01 is triggered. A framework approach has been adopted and Environment and Social Management Framework (ESMF) has been prepared by the Client prior to appraisal. This ESMF outlines the screening mechanism, potential impacts, mitigation measures, monitoring arrangements, capacity building/training etc. for potential activities. The ESMF will be disclosed on



		the Client's websites and subsequently on the Bank infoshop.
Performance Standards for Private Sector Activities OP/BP 4.03	No	The project does not involve activities directly related to the private sector.
Natural Habitats OP/BP 4.04	Yes	It is envisaged that some activities might have low-impact and reversible adverse impact on natural habitats found in the selected districts. Therefore, the ESMF prepared by borrower outlines the potential impacts and their mitigation measures. These measures will be included in the Environment and Social Management Plans (ESMPs) prepared for the specific sub-projects at implementation stage. The cost of these measures will be incorporated in the budget of the sub-project.
Forests OP/BP 4.36	Yes	The project may support interventions in the forestry sector. Rangelands are also classified as forest area by Government of Balochistan, however, project activities will be small scale community-based enterprise development that are highly unlikely to result in significant degradation of critical forest areas. To address any risks, the ESMF includes a mitigation approach, which will be incorporated in the ESMPs developed for individual sub-projects, to be prepared during implementation. The cost of these measures will be incorporated in the budget of the sub-project.
Pest Management OP 4.09	Yes	This is triggered because agriculture is the priority income generating sector in rural Balochistan. However, activities in the sector will be focused on small-scale community-based enterprise development. The balanced and reduced use of pesticides will be included in the project activities. Pest and pesticide management issues relevant to the project have been addressed in the ESMF. The sectoral ESMP will include the preparation of a specific Integrated Pest Management Plan (IPMP). The cost of implementing the IPMP will be incorporated in the budget of the sub-project.
Physical Cultural Resources OP/BP 4.11	No	This OP is not triggered as project interventions will not be carried out in or near the notified archaeological, physical or cultural heritage sites and monuments of Balochistan. However, chance find remains a possibility, which will be addressed in the ESMF/ESMP.



Indigenous Peoples OP/BP 4.10	No	This OP is not triggered as project interventions will not involve indigenous people. There are no notified indigenous people in Balochistan.
Involuntary Resettlement OP/BP 4.12	Yes	There may be small scale land requirement for some interventions which will be dealt with Voluntary Land Donations (VLD) keeping in mind the guidance provided by OP 4.12. The Policy is triggered and accordingly, reflected in the resettlement policy framework, included in the ESMF.
Safety of Dams OP/BP 4.37	No	The project does not involve construction of any dams therefore this policy is not triggered.
Projects on International Waterways OP/BP 7.50	No	The project interventions will not be carried on or near any international waterways. Therefore, this policy is not triggered.
Projects in Disputed Areas OP/BP 7.60	No	The project is not being implemented in a disputed area. Therefore, this policy is not triggered.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project will not undertake any complex subprojects that are expected to have a negative and irreversible impact on the environment. With regards to social safeguards, a Behavioural Change Communications Strategy will be developed to cover citizens' engagement, gender mainstreaming and grievance redressal. Since the project is demand-driven, specific activities will be identified during implementation and social and environmental and social screening of the project will be undertaken then. An Environmental and Social Safeguards Management Framework (ESMF) has been developed which includes sectoral screening checklists for E&S issues, and will be disclosed before appraisal.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
None expected.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Not relevant

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The Borrower has developed an ESMF, as per the requirements of the World Bank. However the capacity to implement the Framework is weak, hence Environmental and Social Specialists will be hired and based in the PMU to ensure compliance with ESMF at sub-project level. This staff will be trained during the lifetime of the project. The Third Party Monitoring Agent to be hired by the project will also monitor the impact of activities on environment and achievements vis-à-vis social safeguards.



5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Community based organisations, district administration and relevant technical line departments in their capacity as focal points.

B. Disclosure Requirements**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
27-Aug-2018	25-Apr-2019	

"In country" Disclosure**Resettlement Action Plan/Framework/Policy Process**

Date of receipt by the Bank	Date of submission for disclosure
27-Aug-2018	25-Apr-2019

"In country" Disclosure**Pest Management Plan**

Was the document disclosed prior to appraisal?	Date of receipt by the Bank	Date of submission for disclosure
NA		

"In country" Disclosure



If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

NA.

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

No

OP 4.09 - Pest Management

Does the EA adequately address the pest management issues?

Yes

Is a separate PMP required?

No

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?

No

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

**OP/BP 4.36 - Forests**

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

NA

Does the project design include satisfactory measures to overcome these constraints?

NA

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

NA

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

No

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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Borrower/Client/Recipient



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APPROVAL

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Approved By

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