



COUNTRY DEVELOPMENT COOPERATION STRATEGY (CDCS)

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ACRONYMS AND ABBREVIATIONS

ADS	Automated Directive Systems
AOR	Agreement Officer's Representative
CDCS	Country Development Cooperation Strategy
CLA	Collaborating, learning, and adapting
COR	Contracting Officer's Representative
CSO	Civil society organization
DO	Development objective
DQA	Data quality assessments
FP	Family planning
FY	Fiscal Year
G2G	Government-to-government
GDP	Gross domestic product
GESI	Gender Equality and Social Inclusion
GHG	Greenhouse gasses
GIS	Geographic information system
GOP	Government of Pakistan
ICS	Integrated Country Strategy
IMF	International Monetary Fund
IR	Intermediate result
MEL	Monitoring, evaluation, and learning
MNCH	Maternal, newborn and child health
MO	Mission Order
MSF	Mission Strategic Framework
MTM	Multi-Tiered Monitoring
NPI	New Partnership Initiative
PMP	Performance Management Plan
PLR	USAID Office of Planning, Learning, and Resource Management
PRC	People's Republic of China
PSE	Private sector engagement
SDG	Sustainable Development Goals
USAID	U.S. Agency for International Development
UNDP	United Nations Development Programme
USDH	U.S. direct hire
USG	U.S. government
VCM	Voluntary carbon market

EXECUTIVE SUMMARY

Pakistan is presently navigating through a series of challenges. The country is facing an economic situation marked by significant macroeconomic risks, political complexities, a resurgence of security concerns, and is still recovering from the adverse effects of the 2022 flooding. These challenges underscore the multifaceted nature of the current situation.

Structural imbalances, low investment, and a poor business environment pose threats to Pakistan's economy. High inflation, soaring energy costs and a devalued rupee are causing widespread hardship, depleting foreign reserves, and risking a macroeconomic crisis. The country struggles with political polarization, rampant corruption, limited civil liberties, and restricted media freedom. Persistent gender inequality hinders development across broad sectors, as evidenced by Pakistan's low ranking in the Global Gender Gap report. Weak social services and underdeveloped human capital impede progress, leading to a significant percentage of stunted and out-of-school children. Additionally, Pakistan is highly vulnerable to climate change, experiencing extreme heat waves, glacial melt, water scarcity, and devastating floods in 2022, further exacerbating poverty and political instability.

Given this context, USAID's goal under the Country Development Cooperation Strategy (CDCS) for the period 2023-2028 is to foster **"A more resilient, gender-equitable, inclusive, and prosperous Pakistan."** The goal aligns with Pakistan's Country Roadmap, which highlights challenges in inclusive development, governance, human capacity, economic policy, and climate vulnerability. It emphasizes climate-resilient economic growth, inclusive democracy, rights, governance, and improved health and education outcomes, focusing on a systems-strengthening approach to address these issues.

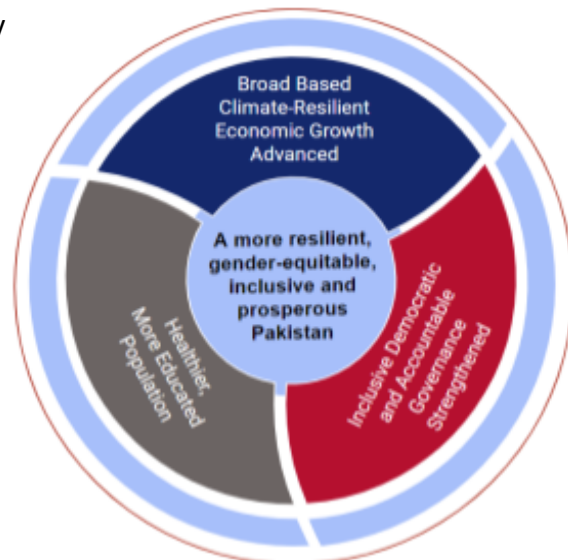


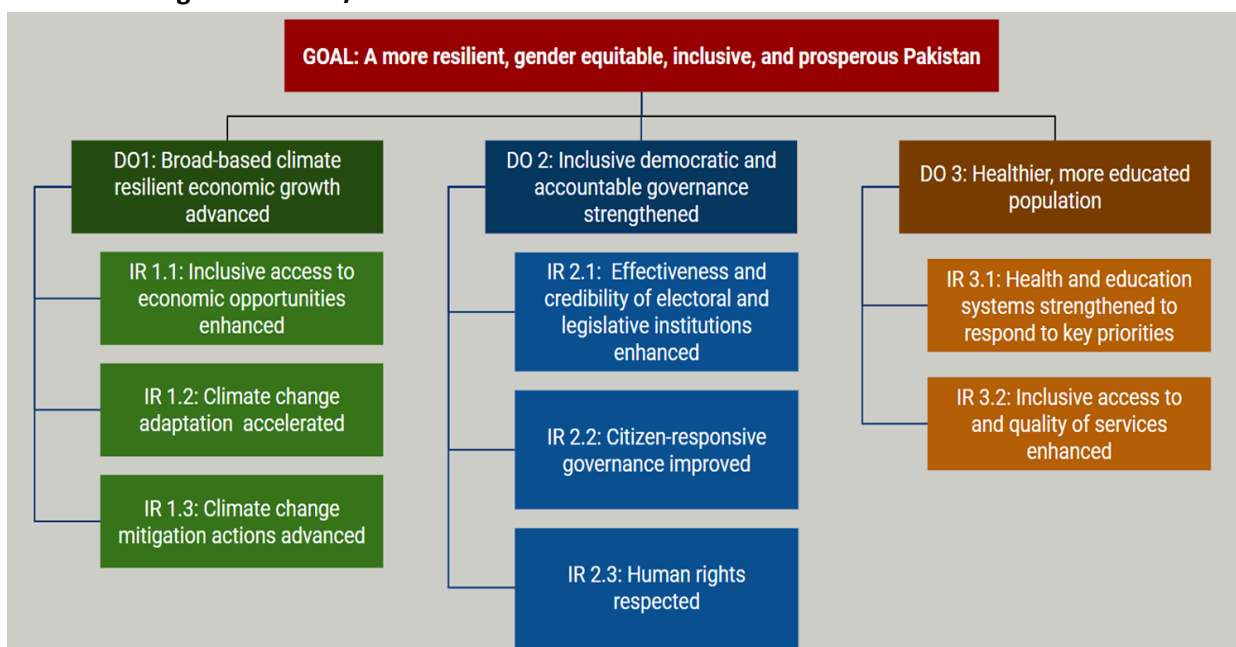
Figure 1: CDCS Graphic

Given Pakistan's country context, characterized by climate change risks and recent flood impacts, economic challenges, lack of inclusive, accountable, and democratic governance, and insufficient capital, all of which increase Pakistan's fragility, the Mission will focus on resilience and preparedness (including flood recovery and climate resilience), gender equality and social inclusion, localization, private sector engagement, and youth as cross-cutting approaches to contribute to the goal of fostering prosperity in Pakistan. These approaches cut across all aspects of the CDCS — explicitly and implicitly — from the sub-intermediate result level to the development objective level. The Mission has elevated climate resilience, gender equality, and social inclusion across each development objective (DO) and has opted to reflect their significance in the country's prosperity at the Goal level. These DOs will serve as USAID's contribution to supporting Pakistan's progress toward becoming a more resilient, gender equitable, inclusive, and prosperous country.

The CDCS aligns with U.S. government (USG) foreign policy objectives and national security priorities concerning the U.S.-Pakistan relationship. It acknowledges Pakistan's close ties with the People's Republic of China (PRC) while emphasizing the importance of strengthening the U.S.-Pakistan partnership. The CDCS approach intends to demonstrate an alternative development model based on good governance and transparency, with liberalized markets and private sector-led growth at its core. It supports initiatives related to climate change, global health, energy security, and food security. Additionally, the CDCS focuses on strengthening public awareness of human rights principles and legal mechanisms, and promoting greater tolerance of diverse religious and social identities. The Government of Pakistan (GOP) does not fully meet the minimum standards for the elimination of human trafficking but has been making significant efforts to do so. The government has increased its efforts compared with the previous reporting period of 2022 and retained Tier 2 status. The strategy reflects a commitment to advancing core U.S. interests in Pakistan while addressing critical issues such as economic stability, human rights, and religious freedom. The CDCS also aligns with the GOP's Vision 2025, emphasizing economic growth, climate action, and governance. Vision 2025 is ambitious, aspiring to make Pakistan a major economy by 2047. Achieving this goal demands a strong commitment to address current challenges and prioritize reforms, especially in the face of additional challenges posed by flood rehabilitation efforts.

The new CDCS outlines strategic shifts and engages in new areas to further the USAID Policy Framework. The Mission will move away from an Afghanistan-centric focus toward a normalized bilateral relationship with Pakistan. The CDCS integrates efforts to prevent violent extremism into broader governance activities. It focuses on strengthening government and civil society to enhance service delivery, especially during crises, and promoting inclusive networks for active participation in governance processes. Priorities include gender equity and social inclusion, climate integration, health, and education with a systems-strengthening approach.

Figure 2: USAID/PAKISTAN CDCS 2023-2028 RESULTS FRAMEWORK DIAGRAM



USAID’s Country Development Cooperation Strategy (CDCS) goal: A more resilient, gender-equitable, inclusive and prosperous Pakistan.

DO 1: Broad-Based, Climate-Resilient Economic Growth Advanced

IR 1.1: Inclusive access to economic opportunities enhanced

IR 1.2: Climate change adaptation accelerated

IR 1.3: Climate change mitigation actions advanced

DO 2: Inclusive Democratic and Accountable Governance Strengthened

IR 2.1: Effectiveness and credibility of electoral and legislative institutions enhanced

IR 2.2: Citizen-responsive governance improved

IR 2.3: Human rights respected

DO 3: Healthier, More Educated Population

IR 3.1: Health and education systems strengthened to respond to key priorities

IR 3.2: Inclusive access to and quality of services enhanced

COUNTRY CONTEXT

The goal of Pakistan's long term development strategy, Vision 2025, is to make Pakistan one of the ten largest economies in the world by 2047. Its pillars – human and social capital, good governance, energy, water and food security, private sector-led inclusive economic growth, development of a knowledge economy, and regional connectivity by modernizing transport infrastructure—are aligned with the United Nations Sustainable Development Goals (SDGs), which Pakistan has adopted at the parliamentary level. Vision 2025 also recognizes that Pakistan’s climate-related vulnerabilities present obstacles to achieving a high level of sustained growth. This necessitates a response to climate change through adaptation and mitigation. Economically, Pakistan's trade policy aims to maximize gains through a global multilateral trading system by enhancing competitive domestic production activities. On the foreign relations front, the government seeks to maintain strong ties with the PRC, while also pledging to strengthen ties with the United States and other Western countries.

Pakistan's economy is facing multiple challenges. The country is experiencing a balance-of-payments crisis, with declining foreign reserves, a weakening local currency, and rising inflation. Inflation is expected to reach 23 percent in FY 2023 due to flood-related disruptions to the supply of food and other goods, higher energy prices, and tighter global monetary conditions. High inflation is expected to disproportionately impact the poor. Moreover, a range of interrelated challenges threaten Pakistan’s political stability, economic development, and social well-being. These include:



Figure 3: Map of Pakistan

Source: CIA Factbook

Climate Change Risks and the Impacts of Recent Flooding: Climate change significantly impacts daily life in Pakistan. It is one of the ten most water-stressed countries in the world and is experiencing more frequent and extreme heat waves and glacial melt. The country also suffers from outdated and inefficient energy systems, severe air pollution, and vulnerabilities in agriculture and infrastructure. The unprecedented flooding in 2022 affected over 33 million people, causing massive damage to life, infrastructure, and the economy. It is estimated that poverty rates will increase by 3.7-4 percent, pushing 8.4-9 million more people into poverty. The economic loss caused by the floods was estimated at \$30 billion.

Lack of Inclusive, Accountable, Democratic Governance: Pakistan has experienced frequent periods of political instability and is currently undergoing another such period. Attempts to strengthen local governance have remained weak, leading to a lack of accountability and transparency, limited civic participation and engagement in governance, and continued poor service delivery. Gender inequality remains a significant concern. According to the Global Gender Gap Index Report 2022, out of the 156 countries reported, Pakistan ranks 145th for economic participation and opportunity, 135th for educational attainment, 143rd for health and survival, and 95th for political empowerment. These rankings reflect challenges such as rampant violence against women, the digital gender gap, and employment and education gaps. Pakistan cannot progress on the development continuum when gender inequality pervades every sector. Youth remains disenfranchised, marginalized populations continue to be excluded, and there is a resurgence of violent extremism and a worsening security environment. This instability has had a negative impact on the country's economic development and social cohesion.

Insufficient Human Capital: Children born in Pakistan today are expected to be only 41 percent as productive when they grow up as they could be if they had access to high-quality education and healthcare. This productivity level is lower than the average for the South Asia region and lower-middle-income countries. Rapid population growth, coupled with low contraceptive use, high rates of malnutrition and stunting, and weak health systems (resulting in high maternal and newborn mortality rates and high rates of infectious diseases), limit productivity and strain social service provision. Literacy rates are low, with only 21 percent of children able to read and understand an age-appropriate text by the age of ten. Additionally, over 40 percent of school-age children are out of school, limiting their skill development and earning potential, further hindering the nation's economic development.

Economic Challenges: Pakistan remains prone to boom-and-bust cycles of economic growth, struggling with balance-of-payments deficits every four to five years. Constrained foreign direct investment and stagnant or declining exports have further reduced foreign exchange earnings. High levels of debt, a weak tax base, energy insecurity, and limited access to finance further slow the pace of economic development and hinder efforts to address other governance challenges. The COVID-19 pandemic and recent flooding, along with the global economic downturn, have exacerbated the economic situation. PRC continues to play a significant role as a partner and investor to Pakistan. However, regionally challenges and complexities in relations with neighboring countries have led to overall poor connectivity and slowed trade.

Interrelated Challenges Heighten Pakistan’s Vulnerability: Weak government effectiveness, insufficient human capital, constrained market-led economic development, and escalating climate risks are major drivers contributing to Pakistan’s increasing political and economic fragility. The post-flood response has further exposed these development gaps.

Overall, addressing these challenges will require sustained efforts from Pakistan’s government, civil society, and international partners.

ALIGNMENT WITH GOVERNMENT OF PAKISTAN PRIORITIES

The GOP’s long term development strategy, Vision 2025, is closely aligned with many priorities of USAID and the USG. These include human capital development, good governance, energy, water and food security, private sector led inclusive economic growth, development of a knowledge economy, and regional connectivity. The Vision is aspirational, aimed at making Pakistan one of the largest economies in the world by 2047. It will require strong government commitment to advance stated priorities and needed reforms. In recent months, Pakistan has prioritized flood recovery and rehabilitation, placing an added strain on existing capacity.

GEOPOLITICAL CONSIDERATIONS

In terms of the regional context, Pakistan’s “neighborhood” is complex. Pakistan’s relationship with Afghanistan remains complicated, with continued concerns about extremism. The withdrawal of U.S. troops has helped “bilateralize” the U.S.-Pakistan relationship. Pakistan’s relationship with India remains tense, contrasting with its relationship with the PRC. Additionally, Pakistan’s relationship with Iran is also strained due to sectarian conflict (Pakistan’s Muslims are predominantly Sunni, whereas Iranians are mainly Shiite). These strained relationships lead to overall poor regional connectivity and trade.

The China-Pakistan Economic Corridor (CPEC), the largest initiative of the PRC’s Belt and Road Initiative, is a massive undertaking in Pakistan’s economic development plan. Pakistan owes the PRC \$30 billion, which accounts for about 30 percent of its total debt. Pakistan is seeking extensions with the PRC and other creditors. Concerns remain about the prospect of a financial crisis. Our CDCS approach intends to demonstrate an alternative development model based on good governance and transparency, with liberalized markets and private sector-led growth at its core.

In terms of foreign policy, Pakistan continues to recognize the PRC as its “all weather friend.” However, Pakistan also values resetting the relationship with the United States. Therefore, under this strategy, work will progress on shared U.S.-Pakistan priorities.

COUNTRY ROADMAPS

According to the most recent FY 2023 Country Roadmap from USAID’s Bureau for Planning, Learning, and Resource Management (PLR)/Analytics, Pakistan exhibits both low capacity and weak commitment.

COMMITMENT

In terms of commitment, the data point to a lack of accountable and open governance. Transparency International ranks Pakistan 140 out of 180 in the Corruption Perception Index.

Inclusion remains weak, with very strong social and gender-based exclusions contributing to persistently high poverty rates. Regarding economic policy, significant weaknesses in policy performance are observable, including the lack of trade freedom in fiscal policy, labor force engagement, and other macroeconomic policies. The country ranks 169 out of 180 countries on the Environmental Policy metric (Bertelsmann Foundation). According to the UN Food and Agriculture Organization, Pakistan is one of the ten most water-stressed countries in the world, and the most in South Asia. Additionally, the Pakistan Institute of Development Economics reports that more than 80 percent of the country's population faces severe water scarcity.

CAPACITY

On the capacity side, there are important challenges as well. For example, the GOP's poor fiscal management and weak tax system have limited its ability to provide for various public needs. Civil society and media effectiveness are strong, but they face serious restrictions on civil liberties and challenges, including media intimidation and the use of extralegal force, as noted in the Varieties of Democracy (V-DEM) index. Freedom House (2022) considers Pakistan partly free at 37/100; with political rights at 15/40; and civil liberties at 22/60. The World Press Freedom Index ranks Pakistan 157 out of 180 countries. Considering its capacity, there is an opportunity to engage civil society to strengthen government accountability, human rights, economic opportunity, and more.

The Roadmap also reflects poor human capacity development in terms of educational quality and child health. A child who completes 12 years of schooling in Pakistan will, on average, only achieve a fifth grade education due to the low quality of education. Pakistan's mortality rate for children under age five is the highest in Asia. One in 14 children does not survive to age five, and 38 percent of children under age five are stunted due to poor nutrition. Stunting contributes to long-term consequences on human capital, including decreased physical growth, lower educational attainment, cognition, and workforce productivity. Gender inequality and limited access to services continue to persist.

Pakistan's economic capacity remains fragile, with deteriorating macroeconomic indicators fueled by a dependence on imports, and low rates of foreign investment, persistently high inflation, bureaucratic red tape, weak rule of law, corruption, and long-standing difficulties attracting foreign direct investment. U.S. businesses also face challenges repatriating funds, and they experience disparate tax treatment compared to domestic businesses. In exchange for a \$7 billion IMF bailout program that began in 2019 and expired in June 2023, and which has been followed by a Stand-By Arrangement of \$3 billion, Pakistan agreed to expand its tax base, eliminate unfunded and non-targeted subsidies, pare back state-owned enterprises, reduce energy sector arrears, bar central bank lending to the government, and float the rupee. These reforms are designed to rein in fiscal and external deficits.

IMPACT OF AUGUST 2022 FLOODS

Historic floods in August 2022 caused by record monsoon rains and melting glaciers in Pakistan's northern mountain regions submerged a third of the country's land, claiming the lives of more

than 1,700 people and affecting an estimated 33 million more, washing away homes, roads, and railways. On October 28, the World Bank released a “Pakistan Floods 2022 Post Disaster Needs Assessment,” which estimated the total damage at \$14.9 billion, total loss at \$15.2 billion, and total financing needs at \$16.3 billion. Widespread loss of crops, income, livelihoods, and livestock has exacerbated already high food insecurity and malnutrition rates.

Pakistan has been a willing and engaged partner on climate and environmental topics, although it often lacks the capacity for successful implementation. Pakistan is particularly vulnerable to the impacts of climate change and is suffering from increasingly frequent extreme climate events. From a record heat wave and drought in early 2022 to the devastating floods in the summer of 2022 to the projections of water scarcity in the medium term, climate is top of mind for both average Pakistanis and political leaders. Pakistan’s 2022 floods in particular strengthened the widely-held belief that Pakistan is a “climate victim” and merits financial support to address the impacts of climate change. This has led to growing support for “climate justice” in the country; Pakistan is now a leading voice calling for developed countries to contribute more financial support to climate resilience in the developing world.

STRATEGIC APPROACH

The U.S.-Pakistan development relationship began in 1950 shortly after President Truman proposed the Point Four Program that would provide assistance to “developing countries.” In the ensuing decades, based on investments in health, energy, agriculture, education, infrastructure, and disaster response, the USG, through USAID, became a major provider of civilian assistance to Pakistan. USAID’s support for the Pakistani people has yielded impressive results spanning several sectors, including private sector development, governance, energy, infrastructure, education, health, gender inclusion, and disaster response.

PAST APPROACHES

The U.S. war on terrorism in 2010 led to the U.S. relationship with Pakistan pivoting to emphasize efforts to counter violent extremism along the Pakistan/Afghanistan border. For more than a decade, U.S. engagement with Pakistan has been through an Afghanistan lens. Though not without challenges, this development relationship has endured.

- The 2009 Enhanced Partnership with Pakistan Act (also known as the Kerry-Lugar-Berman Act) authorized up to \$7.5 billion (\$1.5 billion per fiscal year (FY) from FY 2010 to FY 2014 in non-military aid). To operationalize the Enhanced Partnership, USAID developed the Mission Strategic Framework (MSF) (2013-2017). Under the MSF, the Mission continued investments in the focus areas mentioned above and added activities in governance and stabilization with a focus on U.S. national security and U.S. economic interests.
- The Mission’s first CDCS (2018-2023) was anchored in USAID’s new orientation toward the concept of self-reliance. An improved security situation in Pakistan provided space for movement on key reforms. National elections in 2018 brought about Pakistan’s second successive democratic transfer of civilian power in its turbulent 72-year history, and the new government inherited the country’s adverse macroeconomic situation. Against this unsettled backdrop, the CDCS charted a forward-looking path with self-reliance as its underlying theme, which was to be achieved through greater private sector engagement in development, more inventive procurement practices, and strategic efforts to harness

the energy and aspirations of a growing youth population and marginalized communities, which would help Pakistan realize its enormous regional and international potential. The CDCS also included efforts to counter violent extremism, help strengthen self-reliance by addressing key obstacles to safety and security, and social exclusion.

PRIORITY PROGRAM APPROACHES

The U.S. withdrawal of forces from Afghanistan in 2021 and the political, humanitarian, and economic crisis in the country have provided Mission Pakistan the opportunity to rebrand itself as a Mission dedicated to the climate-resilient economic, social, and democratic development of Pakistan.

Geopolitically, Pakistan is in a unique position. It is a South Asian country at the junction of Central Asia and the Middle East, giving it regional significance. Pakistan borders four countries with large markets and influence—India to the east, Afghanistan and Iran to the west, and China to the northeast. It therefore plays a key role in regional stability due to its strategic location. USAID/Pakistan has been at the forefront of the U.S. Embassy in Pakistan’s efforts to “reset” the U.S. bilateral relationship with Pakistan, focusing on a country-to-country relationship between the U.S. and Pakistan. USAID’s investments in Pakistan’s climate-resilient economic, social, and democratic development are key factors promoting stability for the country, which can have spillover effects for the region.

Reflecting this strategic transition, this CDCS focuses on three Development Objectives: (1) Broad-Based Climate-Resilient Economic Growth Advanced, (2) Inclusive Democratic and Accountable Governance Strengthened, and (3) Healthier, More Educated Population. It integrates cross-cutting priority approaches: resilience and preparedness (including flood recovery, climate resilience, and conflict sensitivity across the portfolio), gender and social inclusion, youth, localization, private sector and diaspora engagement, and digital technology. These cross-cutting issues will be addressed in activity design and implementation.

Partnerships and Private Sector Engagement (PSE)

To help Pakistan address its unmet development needs, the Mission will continue to engage in partnerships with key interlocutors, the private sector, and the Pakistani diaspora and promote digitization in innovative and cross-cutting ways to mobilize resources for efficient, sustainable, and scalable development solutions. USAID will develop a mix of financial and non-financial forms of engagement platforms that are both strategic and flexible. A key approach for the Mission involves creative, participatory mechanisms to facilitate its ability to collaboratively design programs using a range of design tools and procurement mechanisms.

To apply this approach, the Mission will gauge and assess, whenever a development or humanitarian issue is to be addressed, the potential role and interest of the private sector in addressing the development challenge, using the following criteria:

- Does a market-oriented win-win approach and shared values for partnership exist to address a development challenge?

- Are there any factors that constrain USAID or the private sector from engaging and investing?
- Is there a role for USAID and/or the private sector including the diaspora to work together to eliminate/reduce these constraints?
- Can the development or use of technologies transform development processes and models to create new value-producing opportunities to achieve more outreach, transparency, and efficiency?

The Mission will facilitate and operationalize partnerships with the private sector and the Pakistani diaspora by: (1) using its convening power; (2) engaging early and often; (3) incentivizing and valuing private sector and diaspora engagement throughout the planning and programming of activities; (4) expanding the use of USAID approaches and tools that unlock the potential of the private sector, diaspora, and digital technology; and (5) building and acting on the evidence of what works, and what does not, and most importantly being creative and innovative to address the challenges. Illustrative examples of engaging with Pakistan-based businesses, new foreign investors, the Pakistani diaspora, and technology businesses include the following:

- Facilitate commercial investments with a development lens, explore and partner for social impact, and jointly address humanitarian challenges such as floods.
- Jointly combat malnutrition by increasing awareness and mobilizing resources.
- Strengthen the long-standing health partnership between the United States and Pakistan, especially following the 2022 floods, as part of the U.S.-Pakistan Health Dialogue.
- Directly engage with the GOP to minimize and address environmental challenges.
- Explore Development Finance Corporation financing in sectors of mutual interest.
- Enhance the responsible use of digital technology and strengthen the openness, inclusiveness, and security of Pakistan’s digital ecosystems in addressing development challenges in Pakistan.

Integrating Resilience and Preparedness

The Mission is committed to implementing USAID’s new Climate Strategy, given Pakistan’s extreme vulnerability to climate change. Increasingly, frequent extreme heat events, monsoons, and flooding have broad and significant economic and other consequences, especially for the most vulnerable and marginalized. These disasters and shocks erode development progress, reduce the effectiveness of governance institutions, exacerbate exclusion, keep the most vulnerable in poverty, and drive others into poverty. Shocks refer to “external short-term deviations from long-term trends that have substantial negative effects on people’s current state of well-being, level of assets, livelihoods, safety, or their ability to withstand future shocks. Shocks can be slow-onset like drought, or relatively rapid onset like flooding, disease outbreak, conflict or market fluctuations.”

To make sustainable and lasting development gains, this CDCS will utilize a systems approach that takes into account the roles of interconnected sets of actors throughout Mission

programming needed to advance resilience. Two key means to build that resilience are engaging the private sector and building government capacity.

To promote resilience, the Mission will engage nontraditional stakeholders including the private sector and local partners to offer innovative, nimble, and sustainable approaches in the wake of natural disasters and other shocks. By promoting vibrant, diverse, and free market systems that are responsive to citizen needs, the CDCS will help create an economy that provides ample opportunity for youth to seek employment at home, rather than turning to opportunities abroad as a mechanism to cope with shocks. It will also ensure that the economic makeup of Pakistan is more diverse so that shocks to one sector or location have fewer ripple effects that reverberate throughout the economy and threaten livelihoods on a large scale.

Following a natural disaster, the private sector has the potential to offer market-based solutions that can be more rapidly deployed than government or donor responses, while also reducing the strain on limited government resources. To implement this approach to resilience, the Mission will use an array of Private Sector Engagement tools—business incubation, business support services, entrepreneurial and financial support, information sharing, and workforce development—that will strengthen the capacity of the economy to make progress, even when faced with inevitable shocks and disasters.

To build more resilient government capacity, USAID will partner with the public health and education systems to plan, prevent, mitigate, and respond appropriately to shocks, conflict, and disasters using available host country resources, minimizing the need for outside assistance. Working at both the national and subnational levels, the CDCS will ensure that the health and education systems are adequately prepared to mitigate and respond to current and future shocks so that they may continue to deliver services during crises and can recover more quickly.

Moreover, the CDCS will enable the Mission to accelerate and scale targeted climate actions integrating adaptation efforts across the portfolio (e.g., promote climate-resilient agriculture, transform essential services to improve climate resilience such as water management, empower women and marginalized populations to support climate actions, etc.), as well as allow the Mission to focus on climate resilience and preparedness efforts for future crises. The Mission will continue to strengthen both the humanitarian and development fronts to support Pakistan's flood response and recovery efforts.

Gender and Inclusion

According to the Global Gender Gap Report 2023,¹ issued by the World Economic Forum, Pakistan ranks 142 out of 146 countries on the gender parity index—above only Iran, Algeria, Chad, and Afghanistan. It is the country's highest ranking since 2006. Pakistan has also shown improvement in the 'economic participation and opportunity' sub-index in the last decade to attain 36.2 percent parity—still one of the lowest globally. Parity in literacy rate and enrollment in secondary and tertiary education is also gradually advancing, leading to 82.5 percent parity

¹ <https://www.weforum.org/reports/global-gender-gap-report-2023/>

on the 'educational attainment' sub-index. On 'health and survival,' Pakistan secured parity in sex ratio at birth, boosting the sub-index parity by 1.7 percentage points from 2022. Pakistan's widest gender gap was on 'political empowerment,' which stood at 15.2 percent.

Women comprise 48 percent of Pakistan's population, but only 23 percent participate in the labor force. This is the lowest rate of women's economic participation in any country in South Asia.² This low level of economic engagement is undoubtedly in part responsible for the gap between Pakistan's GDP growth rate and the upper limits of its potential. It has been estimated that the country could grow by 7.1 percent or add almost \$30 billion to GDP if it broadly increased women's economic participation.³ Women face discrimination in employment opportunities and the workplace despite legal protections and measures taken by the government and the private sector.⁴ Pakistani women also suffer from pervasive gender-based violence, including domestic abuse, honor killings, sexual violence, institutional discrimination, and political violence, further reducing their political participation and labor force participation.

Intersex / Transgender Population⁵: According to the 2017 population census, the number of transgender people was reported to be 10,418 (0.005 percent of the total population of over 207 million). Punjab has 64.4 percent of the country's transgender population, with 6,709 people registered in the category. The second-highest population of transgender people is in Sindh—2,527, or 24 percent. Khyber Pakhtunkhwa reports 913 transgender residents, Balochistan 109, the erstwhile Federally Administered Tribal Areas, now considered the Newly Merged Districts (NMDs) 27, while the number of transgender people reported in Islamabad is 133. Transgender rights activists reject these figures. Some of them claim that there are more than a million transgender people across Pakistan.

Persons with Disabilities (PWDs): According to the 2017 census, 0.48 percent of the population is disabled. However, the United Nations Development Programme (UNDP) estimates that nearly 6.2 percent of Pakistanis have some form of disability. Other estimates consider this proportion to be much higher. Human Rights Watch, for instance, has pointed out how estimates of PWDs in Pakistan vary widely, ranging from 3.3 million to 27 million.

Religious Minorities: Pakistan is culturally, ethnically, linguistically, and religiously diverse. According to the 2017 census, Muslims constitute 96.28 percent of the country's population, while Christians are 1.59 percent and Hindus 1.60 percent.

Under the CDCS, the Mission will design and implement development initiatives from a social inclusion perspective. People who are typically denied access to legal protection or social and economic participation and programs (i.e., political participation, access to health care,

² Source Pakistan Bureau of Statistics: Labor Force 2020-21

³ Shining The Spotlight — Gender-lens Investments Enable Women Entrepreneurs to Thrive in Pakistan

⁴ <https://www.dawn.com/news/1318989>

⁵ Intersex is an umbrella term that refers to a variety of chromosomal, hormonal, and anatomical conditions in which a person does not seem to fit the typical definitions of female or male. In Pakistan's context, the term Transgender and Intersex are used interchangeably.

education, employment, and climate and disaster resiliency measures), whether in practice or in principle, for historical, cultural, political, and other contextual reasons, would be included. Such groups may include, but are not limited to, women and girls, PWDs, transgender (intersex) people, displaced persons, migrants, indigenous individuals and communities, youth and the elderly, religious minorities, ethnic minorities, people in lower castes, and people of diverse economic class and political opinions. These groups often suffer from discrimination in the application of laws and policy and access to resources, services, and social protection, and may be subject to persecution, harassment, and/or violence. They may also be described as “underrepresented,” “at-risk,” or “vulnerable.” To address this, the Mission will:

- Support initiatives that increase women’s and marginalized groups’ presence in civil and leadership positions in communities, and at the union council, district, provincial, and national levels of government.
- Support the government in implementing existing legislation or implementing those SDGs that could have a long-lasting impact on increasing gender equality and social inclusion. USAID programming could focus on institutionalizing the capacity-building and accountability mechanisms of law enforcement agencies and legal/judicial institutions. Similarly, it could put in place multi-stakeholder networks at the community level as well as establishing effective watchdog bodies at the district, provincial, and national levels.
- Collaborate to leverage the experience and investment of multilateral organizations and other donors who have internalized principles of gender equality and social inclusion (e.g., UNDP and UN Women) and are working with or through the government.
- Consult and engage with all stakeholders, especially marginalized groups, in the design, implementation, and evaluation of programs, which will lead to better development outcomes.
- Engage with the private sector to understand their business challenges and priorities, and become a true partner by exploring areas of mutual interest through initiatives that also contribute to increasing gender equality and social inclusion.

Localization

Localization refers to shifting leadership, ownership, decision making, and implementation to the local people and institutions who drive change in their own communities. USAID/Pakistan fully adheres to the USAID Localization Agenda, which supports locally led development, strengthens local systems, and builds local capacity with the aim of strengthening the quality and impact of development interventions.

Locally led development: Throughout the CDCS, DOs, and Intermediate Results (IRs) explicitly and implicitly reference the need to work with a broad range of local actors to help them set their own development agenda, design solutions, and bring about equitable change. Whether working with government officials on policy reform with small- and medium-sized enterprises to

grow and strengthen their businesses, or with youth to demonstrate how they can participate in their community's development, USAID/Pakistan recognizes the value of incorporating local voices in the design and implementation of development interventions and the role that individual citizens play in advancing change. This is especially true in Pakistan, where popular unrest and citizen dissatisfaction with the government have the potential, if harnessed effectively, to drive positive change for all Pakistanis.

Local systems: Structurally, this CDCS recognizes that individuals, communities, and institutions all play a substantial role in shaping the design, implementation, and impact of development interventions. It will be more responsive to windows of opportunity across the landscape of actors and stakeholders within local systems, allowing USAID/Pakistan to shift resources and prioritize interventions where there is the greatest potential for impact and eventually using that foothold to leverage additional interventions. Given the dynamic country context, this flexibility is a strength. It allows USAID/Pakistan to gauge receptivity and commitment from GOP stakeholders and interlocutors, collaborative development partners (bilateral and multilateral donors), businesses, civil society, and citizens before selecting development interventions.

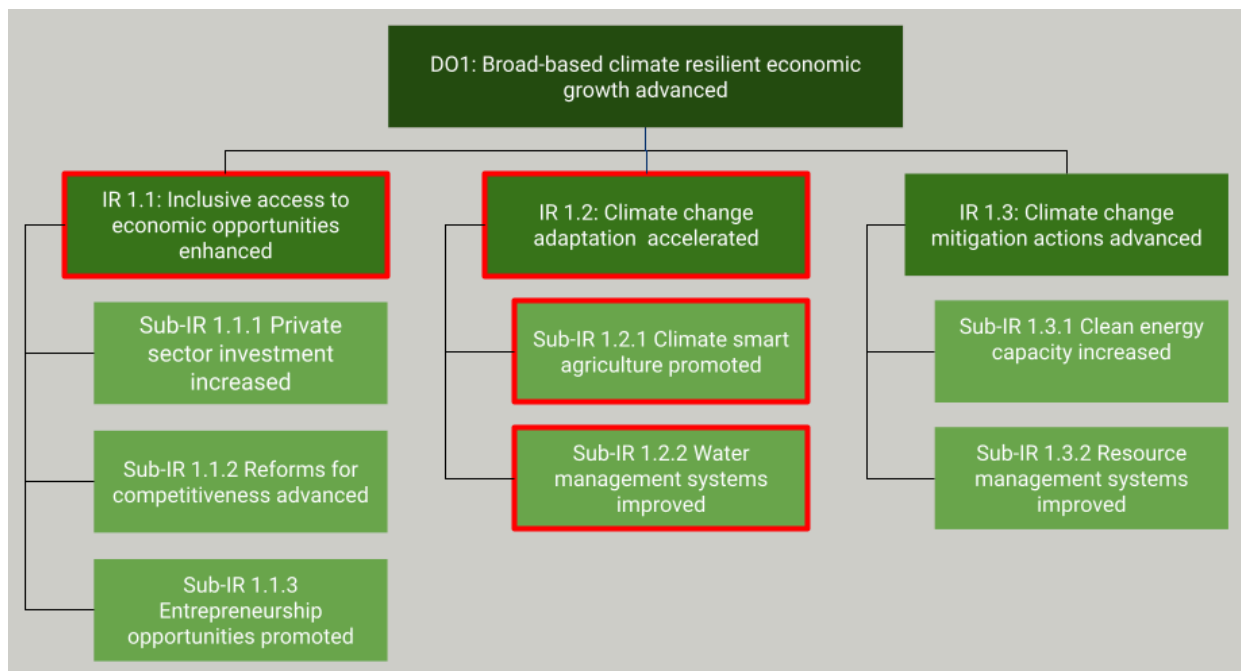
Local capacity: Integrated across the CDCS are opportunities to strengthen the capacity of government, civil society, business, and individuals to be better able to respond to local challenges, to learn and adapt, and to innovate to find solutions over time. USAID/Pakistan will engage with a wide range of citizen groups and civil society to reinforce their ability to contribute to stability and progress and respond to emerging needs, both internal/human-driven (such as policies and reforms) and external/nature-driven (such as disasters, international events, and climate change). Furthermore, as government institutions (e.g., parliament, the courts, the constitution) evolve, citizens and civil society will play an increasingly important role in shaping them and holding them accountable.

RESULTS FRAMEWORK

GOAL STATEMENT AND NARRATIVE

“A more resilient, gender equitable, inclusive, and prosperous Pakistan” is USAID/Pakistan’s 2023-2028 CDCS goal. This goal focuses on an integrated approach across the DOs. It is underpinned by the theory of change, that, IF Pakistan’s population becomes healthier and more educated, women are effectively engaged and contributing, and IF democratic systems are inclusive, representative and accountable, and people’s rights are respected and advanced, especially those of women and vulnerable groups, and IF broad-based economic growth is advanced, that is, climate-resilient to shocks, disasters, and emergencies, THEN Pakistan will become more resilient, gender equitable, inclusive, and prosperous.

Given the country’s vulnerability to the adverse impacts of climate change and the unprecedented scale of the 2022 floods, the Mission has built flood recovery and preparedness under each of the DOs to ensure that USAID/Pakistan’s activities continue to bolster resilience to future disasters.



DO1: BROAD-BASED CLIMATE-RESILIENT ECONOMIC GROWTH ADVANCED

Figure 3: Development Objective 1: Results Framework

FIGURE4: Boxes highlighted in red depict Flood Recovery activities under the respective IR and Sub-IRs

DO 1: Broad-Based, Climate-Resilient Economic Growth Advanced

- IR 1.1: Inclusive access to economic opportunities enhanced
 - Sub-IR 1.1.1 Private sector investment increased
 - Sub-IR 1.1.2 Reforms for competitiveness advanced
 - Sub-IR 1.1.3 Entrepreneurship opportunities promoted
- IR 1.2: Climate change adaptation accelerated
 - Sub-IR 1.2.1 Climate smart agriculture promoted
 - Sub-IR 1.2.2 Water management systems improved
- IR 1.3: Climate change mitigation actions advanced
 - Sub-IR 1.3.1 Clean energy capacity increased
 - Sub-IR 1.3.2 Resource management systems improved

Development Hypothesis Statement: **IF** access to sustainable business opportunities is enhanced, **IF** clean energy transition is accelerated, and **IF** the key sectors of water and agriculture are made climate change resilient, **THEN** Pakistan will advance towards broad based, inclusive and equitable economic growth.

Development Hypothesis Narrative: Pakistan ranks among the top ten countries most deeply impacted by climate change in the form of extreme heat waves, severe droughts, monsoons, and glacial melts, leading to natural catastrophes such as the devastating floods of 2022. The combined risks of extreme climate-related events, including environmental degradation and depletion of natural resources, are projected to reduce Pakistan's GDP by at least 18-20 percent by 2050 (World Bank, 2022). This will stall progress on economic development and poverty reduction. In addition, Pakistan is faced with a persistent economic crisis, exacerbated by a growing balance of payments deficit, rising inflation, worsening food and energy security, and unprecedented devaluation of the local currency. To avoid and mitigate the effects of these climate and economic challenges, Pakistan must adopt environmentally friendly technologies and efficient modes of production to gain a competitive advantage in global markets and transition toward an equitable and climate resilient economy.

The Mission's theory of change for DO1 is that if USAID invests in programs to advance the adoption of climate-friendly technologies to improve agricultural productivity and water use efficiency, and if we successfully support Pakistan's shift from fossil fuel-based energy production to renewable sources and adopt policies and regulations to decarbonize the energy sector, and if we accelerate innovation and digitization to advance supply chain sustainability, improve compliance of global greenhouse gas (GHG) standards by local industries for better trade and investment competitiveness, and if we promote greater access to finance to achieve financial inclusion, then enterprises and businesses will be better equipped to adapt to and mitigate climate risks, improve their input efficiency, enhance agriculture yields, increase domestic production, and access diversified export markets, thereby expanding employment and income generation opportunities and promoting entrepreneurship. These measures will place Pakistan on a path to a more inclusive and sustainable economic growth.

To maximize its impact and reach scale, USAID will partner with the host government to advance progressive policy reforms, and private sector actors (particularly local and international financial intermediaries) to incentivize investment in key sectors across Pakistan to achieve these development outcomes. While the Mission will not be able to address the challenges related to land tenure given the magnitude of the issue, operational challenges, limited resources, and other considerations, it will continue to gather evidence and lessons learned through the assistance provided to the provincial government of Khyber Pakhtunkhwa to establish a land registration system with special emphasis on women's access and control over assets and, assess and respond to the state of tenure security among targeted smallholders, with a particular focus on social norms that constrain women's tenure security. USAID will explore opportunities to incorporate land rights into new human rights programming. Based on evidence and learning, a Mission priority is to focus on climate-smart agriculture in order to see demonstration effects, and broadened efforts for more inclusive agriculture sector growth. Those programs, though not addressing broad policy reform, will ensure there is land security of smallholder households at the local level. USAID will also continue to ensure gender parity by promoting equal access and opportunities across its programming.

ASSUMPTIONS
<ul style="list-style-type: none"> • Continued political will and buy-in from GOP and key stakeholders for broad-based economic growth. • Resource availability (staffing level and budgets). • Continued availability of inputs through cross-border trade.
RISKS
<ul style="list-style-type: none"> • Disasters and conflicts decrease the GOP's ability to mitigate, adapt, and recover from more emergencies. • Macroeconomic instability undermines trade and investment and reduces opportunities for economic growth. • Political instability and upcoming general elections in 2023 may disrupt policy reform progress. • High interest rates which may affect productive economic activity and investments.

IR STATEMENTS AND NARRATIVES

IR 1.1: INCLUSIVE ACCESS TO ECONOMIC OPPORTUNITIES ENHANCED

IR 1.1: “Inclusive access to economic opportunities enhanced.” The unprecedented impact of climate change could disproportionately affect Pakistan’s economy as domestic industries run the risk of losing competitiveness due to rising costs associated with global climate change regulatory actions and initiatives. IR 1.1 contributes to the DO1 goal of advancing broad-based climate-resilient economic growth by creating opportunities for local enterprises, businesses, and private sector-led entrepreneurial initiatives to achieve scale through supporting the adaptation of sustainable business practices, climate-friendly technologies, and a gradual transition to a low-carbon economy. Through sub-IR 1.1.1 the Mission will work with local and international financial institutions and private sector financiers including diaspora, to mobilize investments and transactional financing to support mitigation and adaptation actions that will address climate change. To the extent possible, the funding opportunities will be directed toward women-led businesses. Sub-IR 1.1.2 seeks to advance a pro-reform approach to business development through liberalizing trade and investment. This will help scale up technological solutions and incentivize the innovation needed to drive progress toward a more competitive, efficient, and inclusive green economy. Specifically, the sub-IR will seek to improve market access by lowering tariff and regulatory barriers to trade in environmental goods and services that can help drive costs down further for local industries and accelerate their deployment. By improving compliance with GHG protocols and standards of key exporting industries, this sub-IR will help local businesses tap into diversified markets. In order to accelerate supply chain sustainability, this sub-IR will promote development of climate-resilient trade and transit infrastructure and logistics, including carbon-neutral freight transportation and green shipping practices.

Startups and entrepreneurs can be critical drivers of change and provide innovative solutions to address climate change challenges. Sub-IR 1.1.3 will support women business owners and

young entrepreneurs in identifying and pursuing new business opportunities through capacity building, technical assistance, access to mentorship, and network building in the early growth stages. USAID will support these entrepreneurs, engage with relevant stakeholders, refine their designs, demonstrate success in the market, and then deploy effective technologies and solutions for greater impact on climate change. The support will help entrepreneurs and startups generate economic value, create jobs, and accelerate development, while delivering social and environmental benefits for the customers and communities they serve.

IR 1.2. CLIMATE CHANGE ADAPTATION ACCELERATED

IR 1.2: “Climate change adaptation accelerated” IR 1.2 contributes to the DO1 goal of advancing broad-based climate-resilient economic growth through adaptation actions to address the impacts of climate change. This adaptation result will be materialized by a two-pronged strategy or two sub-IRs. Through sub-IR 1.2.1, the Mission will contribute to transforming the current subsistence and climate-vulnerable agriculture sector into a climate-resilient commercial sector to address the adverse impacts of climate change, such as rising heat, increased evaporation, and variable precipitation. Climate-smart agriculture will focus on introducing climate-resilient seeds, state-of-the-art technologies such as drip systems, and digital information platforms. It will improve practices, create a conducive policy environment, and build capacity of the stakeholders, including the private sector. Sub-IR 1.2.2 seeks to take a systems approach to transform the inefficient water infrastructure, both natural and artificial, to improve water efficiency and productivity without compromising the carrying capacity of environmental assets. Specifically, the Sub-IR will contribute to the improvement of watersheds to increase upstream water retention/absorption to reduce flood flows, strengthen drainage system to evacuate excess flood water in a timely manner, regulate groundwater to enhance resilience against climate shocks (droughts), improve water use efficiency in economic sectors, mitigate water quality hazards, strengthen the policy environment to implement proper water pricing, and build the capacity of stakeholders. Transforming the agriculture and water sectors into climate-resilient systems will contribute to achieving better adaptation results to address the adverse impacts of climate change.

IR 1.3. CLIMATE CHANGE MITIGATION ACTIONS ADVANCED

IR 1.3: “Climate change mitigation actions advanced” IR 1.3 contributes to the DO1 goal of advancing broad-based climate-resilient economic growth through mitigation actions to reduce GHG emissions and promote more renewables. Pakistan’s total GHG emissions are 489 million metric tons of CO₂-equivalent (MtCO₂e). Projections show that these emissions will reach 1600 MtCO₂e, if not curtailed. Pakistan plans to reduce its projected emissions by 50 percent, capping them around 800 MtCO₂e by 2030. The GOP is committed to reducing emissions across sectors, but given that the energy sector is the largest source of emissions (followed by agriculture, industry, land use and other sectors), three out of four high-priority mitigation actions in its 2021 Nationally Determined Contribution (NDC) relate to energy. The GOP intends to realize the full potential of the country’s share of renewables (including hydropower) to 60 percent by 2030 to help reduce its heavy reliance on fossil fuels and promote other efficiency measures toward a low-carbon economy in the energy sector.

The sub-IR 1.3.1 seeks to expand the share of clean energy to help Pakistan meet its goal of 60 percent renewable energy by 2030. This support will include partnerships with the private sector and implementation of an open and fair competitive procurement process. To meet these objectives, USAID needs to provide continued policy and regulatory support which will be achieved through sub-IR 1.3.2. Under it, USAID will support Pakistan's government in setting up an open and transparent competitive system. Additionally, USAID will also work with federal and provincial government departments to build their capacity to develop NDC implementation plans. Further, USAID will help the private sector develop the clean energy and related projects to attract and access international financing. USAID will continue to support massive-scale adoption of clean energy technologies in achieving net zero goals, and may pursue scalable selected private businesses to serve as models for companies seeking to reach net zero. USAID will continue to support the Water and Power Development Authority to complete the three ongoing hydropower projects: Mangla, Tarbela, and Kaitu Weir. This support will not only add more clean energy to the grid; it will also help avoid emissions.

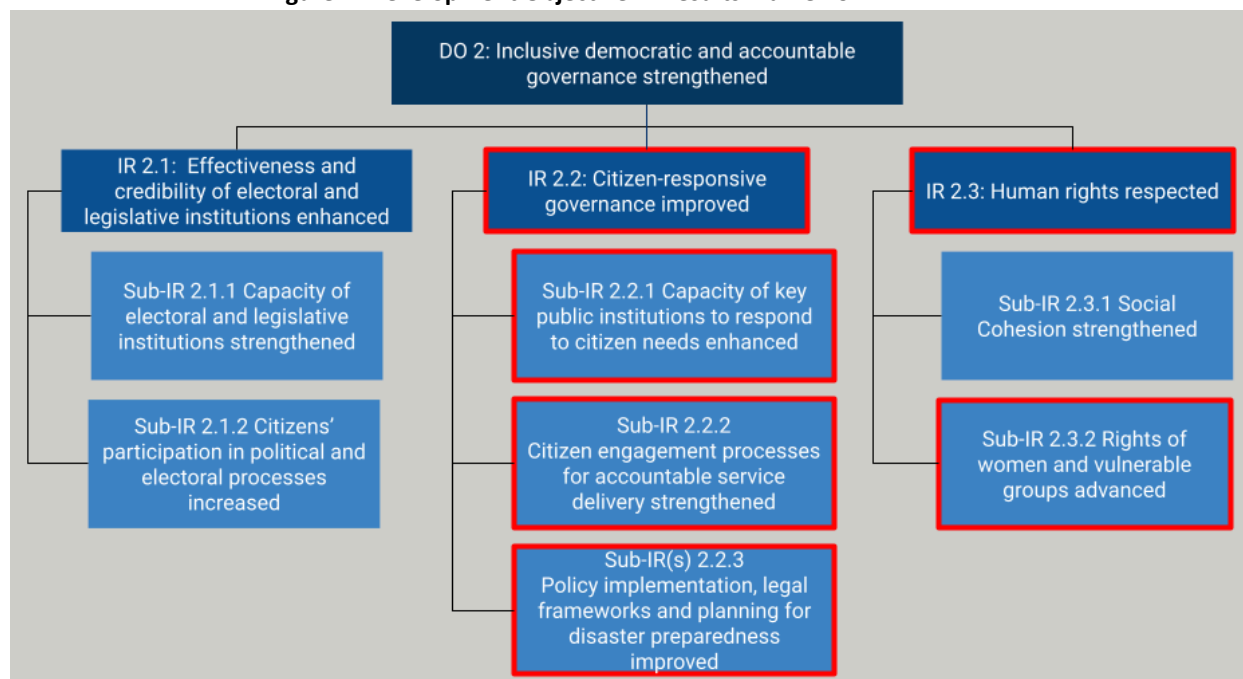
USAID will provide support to strengthen Pakistan's voluntary carbon market (VCM) by increasing the capacity of a national authority, such as the Ministry of Climate Change, and consolidating the VCM under one authority by establishing a national carbon registry system to ease the tracking and trade of carbon credits. USAID/Pakistan aims to support private-sector carbon projects, either by convening potential buyers and directing financing toward early-stage projects, or by increasing the capacity and knowledge of project developers.

Additionally, USAID will improve and refine Pakistan's national methane assessment, including improving the data currently available and identifying potential methane mitigation strategies. Both of these actions will help gauge and address Pakistan's commitments under the Global Methane Pledge. USAID will explore ways to support reductions in methane emissions due to leakages in the gas pipeline (unaccounted for gas), watershed management, and also find ways to work with the Green Climate Fund to identify the most effective, scalable options for reducing dairy emissions and then develop one or more pilot activities.

Through the Department of Energy National Laboratories, USAID will also continue to advise on the technical aspects of electric vehicles, transmission system improvements to integrate more renewables, distributed generation, integrated energy planning, and competitive markets.

DO2: INCLUSIVE DEMOCRATIC AND ACCOUNTABLE GOVERNANCE STRENGTHENED

Figure 4: Development Objective 2: Results Framework



Boxes highlighted in red depict Flood Recovery activities under the respective IR and Sub-IR's

DO 2: Inclusive Democratic and Accountable Governance Strengthened

- IR 2.1: Effectiveness and credibility of electoral and legislative institutions enhanced
 - Sub-IR(s) 2.1.1 Capacity of electoral and legislative institutions strengthened
 - Sub-IR(s) 2.1.2 Citizens' participation in political and electoral processes increased
 - Sub-IR(s) 2.2.3 Policy implementation, legal frameworks and planning for disaster preparedness improved
- IR 2.2: Citizen-responsive governance improved
 - Sub-IR(s) 2.2.1 Capacity of key public institutions to respond to citizen needs enhanced
 - Sub-IR(s) 2.2.2 Citizen engagement processes for effective service delivery strengthened
- IR 2.3: Human rights respected
 - Sub-IR(s) 2.3.1 Social Cohesion strengthened
 - Sub-IR(s) 2.3.2 Rights of women and vulnerable groups advanced

Development Hypothesis Statement: IF Pakistan's governing institutions are more responsive and accountable to citizens' needs, electoral and legislative processes are inclusive, transparent and credible, and human rights are respected, thus empowering citizens—particularly marginalized populations—to participate in governance at all levels, **THEN** trust between citizens

and the state will be improved, the foundations of democracy will be enhanced, and inclusive, democratic, and accountable governance will be strengthened.

Development Hypothesis Narrative: DO2, entitled **“Inclusive democratic and accountable governance strengthened,”** is critical to supporting USAID/Pakistan’s overall goal: A more resilient, gender equitable, inclusive, and prosperous Pakistan. Fairly elected political representation, citizen-responsive institutions, and respect for human rights form the basis of a democratic society. Democratic processes and institutions can be strengthened through the informed participation of a socially cohesive, tolerant, resilient, and inclusive society, and improved transparency and service delivery of government institutions, especially in times of disaster. DO2 promotes both supply and demand approaches to democratization by focusing on the interplay between civil society, governing institutions, and the private sector on both the local and the national levels. By strengthening the Pakistani polity to build citizen-responsive governing institutions; credible legislative, political and electoral processes; respect for human rights; and a more socially cohesive and disaster-resilient society, Pakistan will strengthen the foundations for inclusive, democratic, and accountable governance. The Mission will also explore opportunities to incorporate land rights into new human rights programming.

ASSUMPTIONS
<ul style="list-style-type: none"> ● 2023 general elections occur in a timely manner. ● The GOP takes steps to mitigate the proliferation of violence by violent extremist groups. ● The GOP remains committed to international treaties and rights charters of which it is a signatory.
RISKS
<ul style="list-style-type: none"> ● Ongoing political instability and constitutional challenges may drive the country into further crisis. ● Without a remedy to the ongoing economic crisis, the country will go deeper into debt and not be able to deliver essential services. ● Increase in terrorist attacks and political polarization will lead to extremism. ● Instability requires continued assistance to Pakistan to restore stability in the region. ● Disasters and conflicts decrease the GOP’s ability to mitigate, adapt, and recover from disasters. ● Closing the space for CSOs threatens citizen engagement and policy advocacy and governance.

IR STATEMENTS AND NARRATIVES

IR 2.1. EFFECTIVENESS AND CREDIBILITY OF ELECTORAL AND LEGISLATIVE INSTITUTIONS ENHANCED

IR 2.1 “Effectiveness and credibility of electoral and legislative institutions enhanced” focuses on the hallmark of democratic societies: representative democratic institutions and processes. Through IR 2.1, DO2 will enhance the foundation of democracy by strengthening the capacity, integrity, and legitimacy of electoral and legislative institutions. It will also increase citizen participation in political and electoral processes and improve representative democracy. The

inclusive approach will strengthen participatory political processes by state institutions, including at the subnational level.

Activities under this IR will strengthen the capacity, integrity, inclusiveness, and legitimacy of electoral and legislative institutions and processes that will enhance the foundation of democracy in Pakistan. Elections are the critical foundation of a democracy because they enable the legitimate competition of ideas through a systematic voting process and empower citizens with the opportunity to freely choose their leaders. An effective democracy in which citizens are informed and have a choice between competing parties with different policies depends on a fair competitive electoral environment, a transparent and inclusive electoral process, and a safe environment that enables every eligible voter to cast a ballot on election day. Similarly, legislative processes demonstrate the state's capacity to implement democratic principles and processes through debate, policy development, and implementation, and these political processes reflect the underlying values of a society. Under sub-IR 2.1.1 Capacity of electoral and legislative institutions strengthened, activities will build the capacity of legislative and electoral institutions, and sub-IR 2.1.2 Citizens' participation in political and electoral processes increased, will promote informed and inclusive civic participation in both electoral and legislative processes. Investments in more effective elections and legislative processes will boost citizen confidence and improve the credibility and legitimacy of democratic institutions.

Through IR 2.1, DO2 will advance Agency Localization priorities by supporting locally led democratic development. Activities will build the capacity of Pakistani representative institutions to elevate and consolidate democratic principles in electoral and legislative processes, building on past successes and improving representative institutions. IR 2.1 provides the opportunity to engage Pakistan's leaders in government, civil society, and local communities to define agendas and priorities, promote more inclusive and equitable programming that responds to local needs, and empower local actors. By engaging local actors, including GOP, political, civic, and thought leaders in democratic institution building, Pakistanis will be able influence the trajectory of democratic development. Through sub-IR 2.1.2, DO2 will also strengthen the participation of women and marginalized populations in political and electoral processes, as part of DO2's efforts to promote more representative democracy. Through sub-IR 2.1.1, DO2 will strengthen the representation of women and marginalized populations in national and provincial legislative bodies through women's caucuses and gender-responsive budgeting, and will bolster the gender architecture of legislative institutions.

IR 2.2. CITIZEN-RESPONSIVE GOVERNANCE IMPROVED

IR 2.2: "Citizen-responsive governance improved" To mitigate backsliding in the governance space, the IR 2.2 is supporting citizen-responsive governance to ensure that all levels of government are held accountable to the citizens they serve. It focuses on building the capacity, effectiveness, and legitimacy of public institutions. IR2 will focus on both the supply and the demand for democratic governance by building institutional capacity to deliver services on all levels of government and promoting active citizen participation in governance. Under sub-IR 2.2.1 Capacity of key public institutions to respond to citizen needs enhanced, interventions will support the supply side to build capacity of district, provincial, and national government entities

to provide services more effectively, particularly those related to disaster preparedness and climate governance. Under sub-IR 2.2.2 Citizen engagement processes for accountable service delivery strengthened, interventions will engage civil society and the private sector to support evidence-based approaches to climate governance and resilience. Activities will promote inclusive public participation in policy advocacy and governance, fostering policy development and implementation that is more responsive and accountable to citizens' needs, which in turn builds the credibility and legitimacy of governing institutions. Sub-IR 2.2.3 Policy implementation, legal frameworks, and planning for disaster preparedness improved, captures both supply and demand side responses to deliver services at all levels of government and promotes active citizen participation in climate governance.

IR 2 will promote more citizen-responsive governing institutions by building the capacity of public institutions at the district, provincial, and national levels to more effectively provide services. Through sub-IRs 2.2.1 and 2.2.2, DO2 will forge strategic partnerships with other DOs to improve service delivery across sectors. Adding a climate lens to good governance and linking to DO1, IR 2 will focus on improving policy development and implementation related to disaster preparedness, risk management, and climate governance. This component will promote civil society and private sector engagement in climate governance to bring about a more climate-resilient Pakistan. DO2 will continue to collaborate with DO1 to co-design and co-manage programs, including but not limited to water governance and climate resilience. The emphasis on water governance will promote more citizen-responsive water services by strengthening the capacity of national and provincial governments and line ministries, and by promoting constructive civic engagement in water policy development and implementation and water service delivery and management. This will also improve climate-responsive policies, enhance water service delivery, and strengthen community resilience through early warning systems, disaster risk reduction, and preparedness.

Through sub-IR 2.2.3, DO2 will also strengthen the supply and demand side of climate governance by building capacity of the National Disaster Management Authority, Provincial Disaster Management Authorities, and District Disaster Management Units. The focus is on disaster risk reduction, early warning systems, training on climate change adaptation, and disaster policy formulation for more citizen-responsive service delivery. DO2 will continue to implement flood recovery activities initiated in FY 2023. DO2 retargeted approximately \$33 million in existing funds across eight mechanisms in the Mission to build GOP disaster preparedness and response by strengthening the capacity of the National Disaster Management Authority and Provincial Disaster Management Authorities, facilitate registration for National Identity Cards to ensure flood affected populations can vote in the 2023 elections, and support gender-based violence-responsive health services and psychosocial support for women and girls in flood-affected areas.

IR 2.3. HUMAN RIGHTS RESPECTED

“Human rights respected” focuses on the protection of human rights and promotion of citizens’ voices, as embodied in the Universal Declaration of Human Rights. Sub-IR 2.3.1 Social Cohesion strengthened and sub-IR 2.3.2 Rights of women, minorities, disabled, and vulnerable groups

advanced form the underlying basis of this IR to promote a more socially cohesive, inclusive society that is empowered with voice and agency to fully participate in society. Building a culture that respects human rights helps strengthen the fabric of society by promoting the rule of law, deterring aggression, combating violence and corruption, strengthening democracy, preventing humanitarian crises, and promoting peace. Respect for human rights supports a culture of respect for individuals and their personal security, protects people from constraints and intrusions into their lives, and enables their participation in society. This improves the quality of their everyday life and promotes a culture of peace, security, protection, and participation in governance. Activities supported by this IR will promote more tolerance of diverse religious and social identities, foster socially cohesive and inclusive networks that participate in electoral, legislative, and governance processes, and build civic demand to ensure service delivery to all groups, particularly in times of crisis. Using a conflict-sensitive lens, activities will engage human rights institutions and promote more accountability to domestic law and international mechanisms that protect human rights.

Through IR 2.3, DO2 will build a new portfolio that advances human rights and takes a holistic approach, integrating conflict-sensitive approaches to promoting human rights by preventing violence, conflict, and extremism and promoting social inclusion. Activities will focus on preventing human rights abuses—particularly among marginalized populations including gender, religious and cultural minorities—by strengthening legal frameworks, promoting government-to-civil society engagement on human rights, integrating conflict-sensitive approaches, and promoting public awareness of human rights principles. Activities will also protect human rights through improved legal literacy, cybersecurity, and access to justice. This comprehensive approach will strengthen public awareness of human rights principles and legal mechanisms, and promote greater tolerance of diverse religious and social identities.

Cross-Cutting Themes

DO2 will prioritize Agency Localization objectives by supporting locally led democratic development across all IRs. DO2 will strive to co-create activities with local partners to promote locally-led, inclusive, democratic development. Across all three IRs, DO2 will strive to co-create new activities with local organizations to ensure program solutions are responsive to local needs and priorities. DO2 will also seek opportunities to engage the private sector and the diaspora to co-finance activities. DO2 plans to develop public-private partnerships between government, civil society, and the private sector to identify innovations in technology to advance Democracy, Human Rights, and Governance (DRG) objectives.

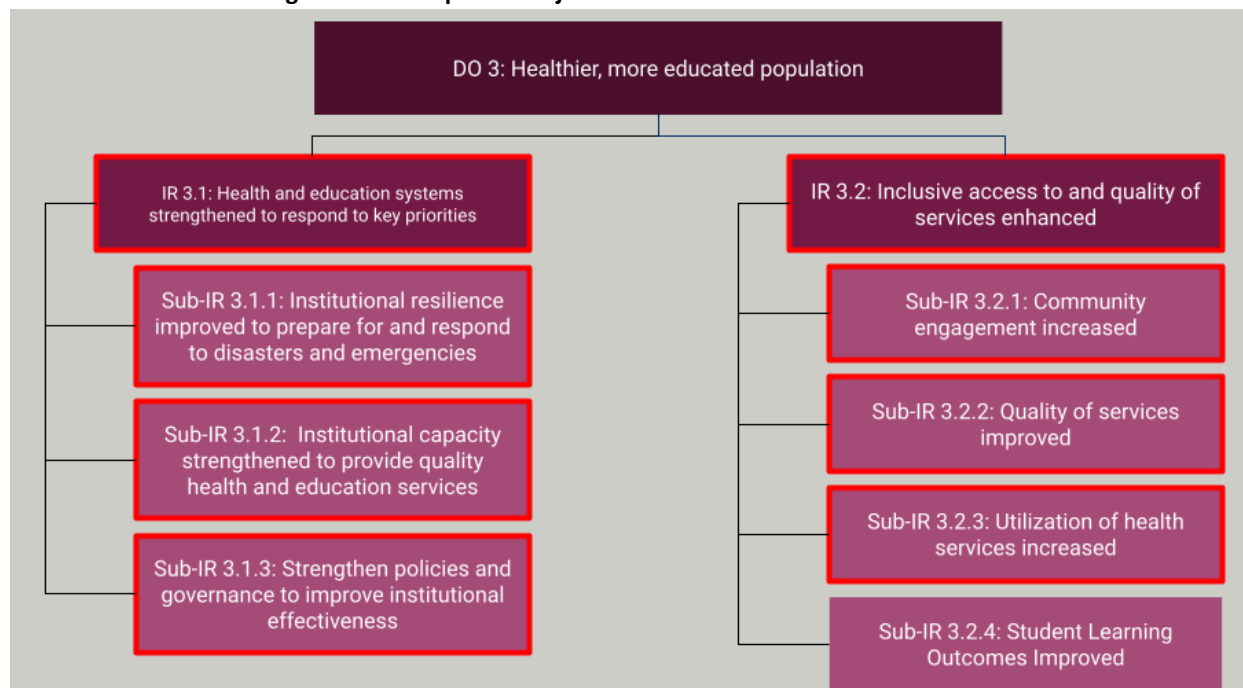
Progress Beyond Programs

DO2 will explore strategies to engage partners to achieve both programming and learning objectives. DO2 will host learning events to bring stakeholders together to share experiences, learn from each other, and identify innovations in programming. DO2 will explore opportunities to create platforms with government, civil society, academia, and other stakeholders to elevate the visibility of democracy, human rights, and good governance issues. DO2 will use its convening power to directly engage with and provide technical assistance to government, partners, and stakeholders. DO2 will also engage with and learn from other offices on strategies

to engage the diaspora to support new programming, including but not limited to potential programming in technology and gender.

DO3: HEALTHIER, MORE EDUCATED POPULATION

Figure 5: Development Objective 3: Results Framework



Boxes highlighted in red depict Flood Recovery activities under the respective IR and Sub-IR's

DO 3: Healthier, More Educated Population

IR 3.1: Health and education systems strengthened to respond to key priorities

Sub-IR 3.1.1: Institutional resilience improved to prepare for and respond to disasters and emergencies

Sub-IR 3.1.2: Institutional capacity strengthened to provide quality health and education services

Sub-IR 3.1.3: Strengthen policies and governance to improve institutional effectiveness

IR 3.2: Inclusive access to and quality of services enhanced

Sub-IR 3.2.1: Community engagement increased

Sub-IR 3.2.2: Quality of services improved

Sub-IR 3.2.3: Utilization of health services increased

Sub-IR 3.2.4: Student Learning Outcomes Improved

Development Hypothesis Statement: **IF** Pakistan's health and education systems are strengthened to effectively respond to key social sector priorities, and **IF** inclusive access to and quality of services are enhanced, **THEN** the population will be healthier and more educated.

Development Hypothesis Narrative: Pakistan is facing a human capital crisis, with a Human Capital Index score of only 0.41 in 2022, meaning that a child born in Pakistan will only be 41 percent as productive in their lifetime as they would be with full access to education and health services.⁶ This puts Pakistan below the regional average and on par with sub-Saharan Africa. To reap the benefits of a healthier and more educated population, USAID/Pakistan will concentrate interventions on two streams of effort and integrate cross-cutting themes like gender and social inclusion, private sector engagement, localization, and youth engagement.

Building on the [USAID Policy Framework 2023](#), USAID/Pakistan will draw on international best practices and local knowledge and experience to: (1) bolster the health and education systems to make them more capable of reforming, managing and leading social service delivery, particularly in the face of disasters and emergencies; and (2) enhance inclusive access to high-quality services so that on a local level, people from all backgrounds are able to benefit from the social services (health and education) being offered by the public and private sectors. The first prong of this approach focuses at the system level, ensuring that institutions are equipped to address social service delivery independently, which improves sustainability and ensures local ownership while simultaneously amplifying USAID’s impact. The second prong addresses the quality of services provided, guaranteeing that end users benefit from the best service possible and that these services are available to people as diverse as Pakistan itself. Together, these two prongs will ensure Pakistanis are healthy and educated and well-positioned to advance a more resilient, gender-equitable, inclusive, and prosperous Pakistan.

ASSUMPTIONS
<ul style="list-style-type: none"> ● GOP continues its sustained commitment and leadership in adopting evidence-based policies and guidelines for health and education sector improvement. ● Provincial governments continue prioritizing social sectors in policies and resource allocations. ● Private sector continues to see profitable investment opportunities within Pakistan’s social sectors.
RISKS
<ul style="list-style-type: none"> ● Pakistan’s rapid population growth continues escalating. ● Macroeconomic instability undermines investments, reduces opportunities for social sector growth. ● Political instability and 2023 elections disrupt policy reform progress in the health and education sectors.

IR STATEMENTS AND NARRATIVES

IR 3.1. HEALTH AND EDUCATION SYSTEMS STRENGTHENED TO RESPOND TO KEY PRIORITIES

In education, two of the main limitations within Pakistan’s system are the limited institutional capacity and the lack of governing support necessary to implement policies and reforms and

⁶ The World Bank Human Capital Review for Pakistan 2022: <https://www.worldbank.org/en/news/press-release/2023/05/02/the-silent-deep-human-capital-crisis-facing-pakistan-the-country-needs-to-substantially-increase-its-investments-in-huma>

provide relevant, high-quality education that prepares students for school completion, higher learning, and employment. USAID/Pakistan will address the lack of governing support by partnering with the host government, civil society, other development partners, and the private sector to introduce policy and system reforms as well as management efficiencies and resource utilization at the basic and higher education levels. These efforts will create an enabling environment whereby institutions are supported to operate at maximum efficiency to provide market-responsive, high-quality education. At the same time, in alignment with [USAID's Education Policy 2018](#), and to support [Pakistan's National Education Policy Framework 2018](#), USAID will strengthen institutional capacity by working with federal, provincial, and district officials, school administrators, and faculty to enhance their knowledge and skills to mobilize resources, and evaluate and adapt service delivery to meet the needs of all students to graduate with the skills necessary to thrive in the workforce and at higher levels of learning. This will enable students to graduate and effectively contribute to Pakistan's socio-economic development.

The Mission will [strengthen the health system](#), including a focus on quality, equity, and resource optimization, to improve health outcomes for the people of Pakistan. These efforts align with [the Pakistan 2030 SDG Voluntary National Review](#) and [Universal Health Coverage goal](#), and include: expanding system resilience and the capacity to prevent, detect and respond to emerging infectious disease outbreaks, and climate related severe events (extreme weathers, floods, drought etc.); improving coordination and linkages between human and animal health; expanding surveillance systems to include early warning systems for disaster management and improving timely data access, capacity to analyze, and use data for decision-making and prioritization; and strengthening coordination between public and private health services to promote access to healthcare services. Activities will cut across the thematic areas identified in the [USAID vision for health system strengthening 2030](#) and will provide stronger health systems to serve the needs of the people of Pakistan. Malnutrition and high fertility are the two underlying issues that are limiting Pakistan's overall progress and progress in health. USAID/Pakistan will provide targeted technical assistance for addressing key malnutrition and fertility issues, as the investments made now will lead to a healthier population that is prepared to actively engage and thrive in the education system and then in the economy.

Given Pakistan's extreme climate vulnerability and susceptibility to natural disasters and conflict, USAID will also work with education, health systems, and stakeholders such as relevant provincial and district government authorities, civil society and non governmental organizations, academia, and local communities to build in locally designed and locally led disaster resistance mechanisms and capacity. This will make systems and institutions more resilient to change and will enable learners to continue learning and people to access critical health services despite crises and conflicts as they arise. The focus on local leadership not only reflects best practices and sustainability, but also advances the Mission's priority for localization.

IR 3.2. INCLUSIVE ACCESS TO AND QUALITY OF SERVICES ENHANCED

This IR will enhance inclusive access to quality education and health services. Pakistan has 22.8 million out-of-school children, which is more than 40 percent of the school-aged population.

The majority of those out-of-school children are girls (Pakistan National Commission on the Rights of Child, 2022). In order to achieve the highest level of human capital development, USAID/Pakistan will engage local communities to raise awareness about the importance of school completion and lay the foundation for social and behavioral change to increase school attendance and retention. Working through parent-teacher associations and other community organizations, USAID/Pakistan will build community understanding about the importance of education, particularly for marginalized groups such as girls, underrepresented populations, and children with disabilities. Engaging communities in the school management process and making parents active decision makers within the schools will increase their sense of ownership in the education process and increase their appetite for sending their children to school, thus addressing the inclusive access component.

A persistent barrier to parents sending their children to school is the perception that the quality of education is low and therefore not worth the investment. According to the 2021 national Annual Status of Education Report (ASER), only 55 percent of children in grade five could read a grade two level story. To improve access to high-quality education, the Mission will work with the public and private sectors to make schools an inclusive place to learn by empowering educators to provide instruction for learners from diverse backgrounds and with different learning needs. USAID/Pakistan will also engage the private sector to collaborate with local government education authorities to improve teachers' pedagogical knowledge and accountability. The learner will be at the center of all programming. By focusing on learning outcomes and strengthening the inputs required to achieve academic growth, USAID/Pakistan will reinforce the overall quality of education from primary to higher education. Communities will see the benefits of their investment in education, thereby reinforcing their commitment to send future generations to school.

USAID will also work with the public sector to improve inclusive access to health services, especially for children, adolescent girls, and women, with a specific focus on gender-based violence prevention and services for survivors.

Ensuring that health services are equitable and accessible to the people who need them and improving the quality of those services are fundamental to USAID/Pakistan's efforts to improve health outcomes. The Mission's work in community health includes capacity building and engagement of community health workers to increase referrals, sharing of critical health information, and provision of services within the communities themselves. The capacity building efforts would improve healthcare providers' interpersonal skills, values, and attitudes to shift norms toward patient-centered care (e.g., family planning services and respectful maternity care). Engagement of communities to strengthen demand for and improvement of health services is a key component for driving quality improvement and demand for health services while also promoting healthy behaviors. USAID/Pakistan will work with the government on strengthening the monitoring system as part of overall health system strengthening efforts.

Specific examples of Gender Equity and Social Inclusion (GESI) and other cross-cutting priorities will be included whenever possible and relevant within both IRs and sub-IRs for education and

health activities. Specific illustrative indicators will be incorporated in the future and based on the context.

The Mission will continue to coordinate activities with other major development partners, civil society, and the private sector, leveraging our convening power to support the social sectors in Pakistan and advance Progress Beyond Programs. The GOP receives financial support from a range of donors, including multilateral organizations such as the World Bank, the Asian Development Bank, UNICEF, GAVI, the Global Fund (to Fight AIDS, Tuberculosis and Malaria) and bilateral entities including FCDO, EU, JICA, the European Commission, the Australian Department of Foreign Affairs and Trade, and German GIZ. Funding from these institutions addresses topics from educational and health planning and policy to gathering of data and evidence. Programmatic support has ranged from early childhood development to basic, secondary, and higher education. In the health sector, support has ranged from basic and essential health services to improving community health services to strengthening the capacity of the country to prevent, detect, and respond to emerging health threats. Some donor-supported programs have focused on specific areas such as gender, literacy/numeracy, pre-service and in-service health worker and teacher professional development, infrastructure, scholarships, research capacity strengthening, institutional capacity development, or post-disaster recovery following climate-induced disasters like the 2022 floods.

MONITORING, EVALUATION, AND LEARNING

USAID/Pakistan is committed to rigorous monitoring, evaluation, and learning (MEL). The Mission will use a core set of strategy indicators along with contextual and outcome monitoring techniques to identify emerging significant changes, causal pathways, and unintended consequences for learning and adaptive management. These efforts will guide adjustments to the strategy and activity approaches. The Mission will track activity progress and ensure rigor, through an array of tools and approaches to enhance its performance monitoring and reporting. The Mission also has a strong foundation in data utilization and learning, and it will continue to build on these feedback loops to determine knowledge gaps.

Collaboration, Learning, and Adapting

As a collaborating, learning, and adapting (CLA)-sensitive Mission, USAID/Pakistan views the CDCS as a dynamic document. 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 principles will guide the Mission to feed new learning, innovation, and performance information back into the strategy informing and programmatic adjustments.

Monitoring, Evaluation, and Learning Tools

The Mission will conduct twice yearly portfolio reviews and at the mid-point of the CDCS will conduct the stocktaking exercise to assess its performance and adapt programming as needed. Portfolio reviews will focus on strategic outcomes, identify issues hindering progress, and focus on activity performance. A detailed Performance Management Plan (PMP) will be prepared after CDCS approval, which will include indicator definitions, data sources, data collection and

analysis methods, data quality assessments, baselines, and targets. Monitoring and Evaluation Plans (MEL) will ensure organized tracking of indicators and program adaptation. The Mission will plan evaluations throughout the CDCS time frame for accountability and learning. Data Quality Assessments (DQA) will be conducted periodically to ensure that indicator data meet quality standards for management decisions and results reporting.

ANNEXES

A. Country Roadmap

A. COUNTRY ROADMAP



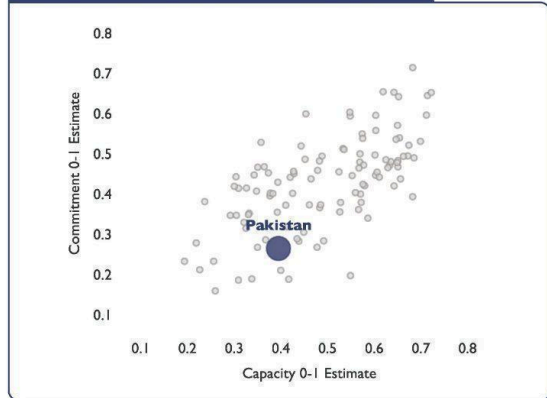
PAKISTAN FY 2023 COUNTRY ROADMAP



LEGEND

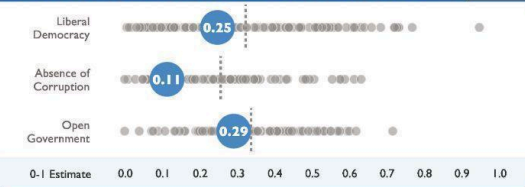


LOW- & MIDDLE-INCOME SNAPSHOT



COMMITMENT

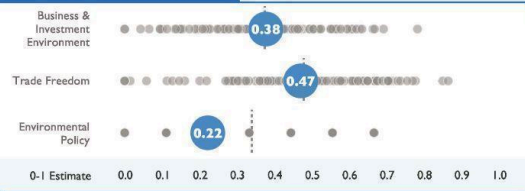
OPEN AND ACCOUNTABLE GOVERNANCE



INCLUSIVE DEVELOPMENT



ECONOMIC POLICY



RISK OF EXTERNAL DEBT DISTRESS

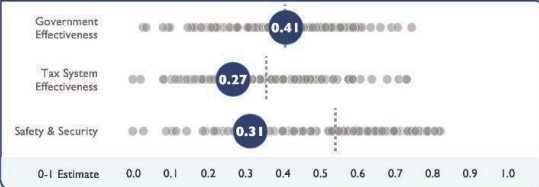
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FRAGILITY

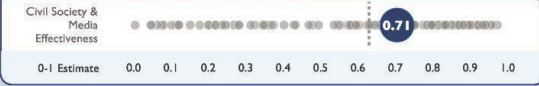


CAPACITY

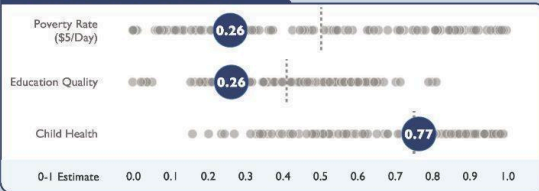
GOVERNMENT CAPACITY



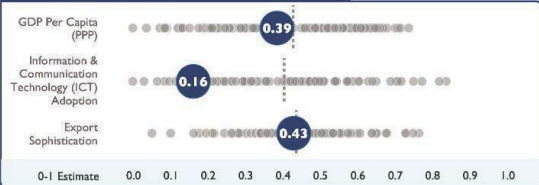
CIVIL SOCIETY CAPACITY



INDIVIDUAL CAPACITY



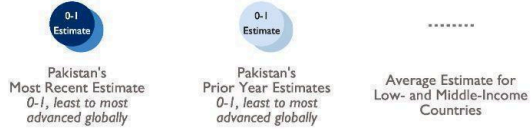
CAPACITY OF THE ECONOMY



PAKISTAN

FY 2023 COUNTRY TRENDS

LEGEND

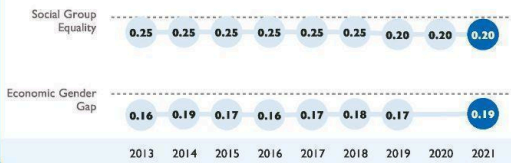


COMMITMENT

OPEN AND ACCOUNTABLE GOVERNANCE



INCLUSIVE DEVELOPMENT



ECONOMIC POLICY



METHODOLOGICAL NOTES

FY 2023 Country Roadmap results (darker shaded points) and prior year results (lighter shaded points) are normalized in the same manner to ensure comparability. In some instances, USAID has taken several additional measures to maximize comparability of results across time, including adjusting source reporting year to actual year of measurement and removing historical data that are no longer comparable due to methodological revisions. For more detail, please see the [USAID Country Roadmap Methodology Guide](#).

CAPACITY

GOVERNMENT CAPACITY



CIVIL SOCIETY CAPACITY



INDIVIDUAL CAPACITY



CAPACITY OF THE ECONOMY

