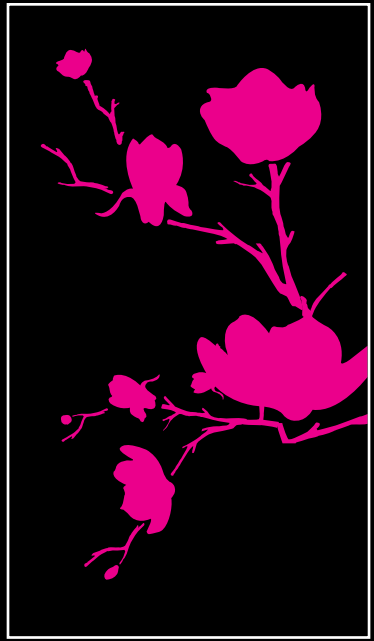


CHITRAL GROWTH STRATEGY

DEVISING OUR OWN DESTINY

A Model for Collaborative
Partnership for Inclusive and
Sustainable Growth in Chitral



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DEVISING OUR **OWN DESTINY**

A Model for Collaborative Partnership
for Inclusive and Sustainable Growth in Chitral

September **2017**

Dedicated to the People of Chitral

لویری کن باغان صفت
زوالی مومیواں صفت
جنت بٹان رویان صفت
ہرا امن اوچے امان صفت
ہرای کوراموتان صفت
خورکھیو صفت قنڈان صفت

Breath-taking are [Chitrali] gardens
The trees bent with pleasing fruits
A paradise on earth
Its people delightful
Peace envelops this heavenly realm
And outsiders marvel at the land's riches
_Dr. Inayatullah Faizi

مسحور کرتے ہیں چترال کے چمن و دمن
پیڑ جھکے ہیں جہاں ثمر شیریں سے
ایک جنت دلنشین ہے اس زمیں پر
لوگ ہیں اس کے مہمہ جہیں اور غنچہ دہن
گہوارہ ہے امن و سکون کی یہ بہشت بے بہا
عطائے ربانی سے اے دولت درنایاب

ACKNOWLEDGEMENTS

We are thankful to the federal, provincial and district governments for their support and encouragement which has allowed us to produce the Chitral Growth Strategy.

This report bears the imprint of many development specialists and institutions from federal, provincial and district governments of Chitral, who contributed to this report in several ways taking into consideration the peculiar challenges and opportunities that the strategic geopolitical location, unique topography and rich cultural heritage of the district offers.

We extend our sincere appreciation to Mr. Haji Maghfirat Shah, District Nazim of Chitral, for his support and cooperation in collecting the relevant data for the strategy. His commitment to the development of Chitral is laudable and he has provided great insights into what can be achieved in the district.

The preparation of this strategy by Ms. Maliha Hussein would not have been possible without the support of the agriculture, health, mineral development, hydropower development (PEDO), tourism, public health engineering, and planning and development departments of Khyber Pakhtunkhwa. We are grateful for her diligence and expertise which has resulted in a robust document based on thorough research and analysis.

Likewise, Chitral's district administration, deputy commissioner, AKRSP, SRSP, government departments, village councils, chamber of commerce and industry, Chitral Community Development Network, local communities, historians, tourism specialists and women groups participated in the strategic consultations and provided valuable inputs to the strategy.

Also, the contributions of international donors, especially the Italian Agency for Development Cooperation and KfW Entwicklungsbank (Development Bank of Germany), and the deliberations during the Chitral Roundtable held in Islamabad in January 2017, were inspirational in the development of this strategy. The knowledge, experiences and perspectives of stakeholders reflected in it will have a significant impact on the development and growth of Chitral.

A special thanks goes to Mr. Qazi Azmat Isa, CEO of the PPAF, who has been the driving force behind this strategy. His leadership and vision has led to this major step forward for the growth of Chitral.

THE VISION FOR CHITRAL

A happy, peaceful and prosperous Chitral district living in harmony with nature, where all communities can benefit from access to and opportunities for social development and sustainable economic growth leading to improved quality of life.

FOREWORD

The government of Chitral in collaboration with the Pakistan Poverty Alleviation Fund (PPAF) has embarked upon an innovative and bold initiative that calls for taking the ownership of the process of Chitral's growth and development and helping the district devise its own destiny. The Chitral Growth Strategy (CGS) has been formulated by involving local communities, resource persons, elected representatives and private sector and international donors. It considers the opportunities and challenges offered by the strategic location, unique topography, rich natural resource base and cultural heritage of the district and builds on the opportunity to leverage the investments made in the social capital of the district, particularly in the mobilisation and strengthening of community organisations. The Aga Khan Rural Support Programme and the Sarhad Rural Support Programme have invested in community organisations and thus, identifying and managing small-scale infrastructure schemes, savings and collective development and management of village resources. These organisations have embarked upon a path of vertical integration in the district through local support organisations. The challenge for the Rural Support Programme is to experiment to transform these organisations into sustainable ones to generate services for their members.

The Chitral Growth Strategy fits well within the broad contours of the Pakistan Vision 2025 and the Integrated Development Strategy (2014-2018) formulated by the Government of Khyber Pakhtunkhwa. In addition, the provincial government's policies on agriculture, tourism, climate change and mineral development have provided a broad direction for the formulation of the strategy. The Sustainable Development Goals have been incorporated in the strategy as key aspirational targets and the challenges and implications of meeting them at the district level have been specially highlighted. The strategy also examines some of the special strategies and policies being executed at the provincial level for creating a facilitative regulatory environment as well as the investments planned to rebuild infrastructure in the district, address its vulnerability to natural disasters, and use its potential for growth.

Today, Chitral is at the crossroads because of several growth opportunities, which are on the horizon. The opening of the year-round access through the Lowari Tunnel, the expected increase in tourist flow, the finalisation of the mineral development policy and the promise of the China-Pakistan Economic Corridor (CPEC), all can help put the district on a fast growth trajectory. In this light, a well-defined economic growth strategy can highlight the dangers that the unbridled growth can pose to the people with limited skills and education and the environment with a fragile natural resource base. The challenge for the district is how to guide the process of development both inclusively and sustainably. The strategy also identifies the issues in key social and economic development sectors and a promising way forward.

The document also assesses how the economic, social, cultural and environmental aspects can be incorporated in the development plan for the district as an integral part. The economic development strategy identifies the sub-sectors and pathways for high growth in the district, including an assessment of the growth potential of the agriculture, manufacturing and service sectors. The growth and regulation of tourism is especially focused given the unique cultural heritage of the area and the

growing interest of tourists in it. However, tourism promotion has to be undertaken in a culturally sensitive manner, especially by protecting the Kalash community from extinction, a threat posed by both internal and external elements. The document has also identified the overall infrastructure needs of the area, both medium and long-term, especially the supply and demand for energy and transportation, in light of the schemes identified in the annual district development plans. Consideration has also been given to identifying the key steps to undertake to strengthen the resilience of local people to natural disasters.

The CGS outlines the challenge of meeting the Sustainable Development Goals and formulates strategies for it. It highlights the vision of empowerment of the people to gain control over their lives and increase their capacity to act on issues they consider important. The adequacy and effectiveness of the on-going strategies of social protection at the national and provincial levels have also been reviewed in the document. The dimensions and causes of poverty and vulnerability have been examined and a district specific poverty alleviation and resilience building strategy has been formulated. The strategy has also assessed the education and health profile of the local population and identified the supply and demand gap in the provision of basic services. It suggests that the focus for the future be on both providing services of adequate quantity as well as enhancing their quality to empower the people to enhance their resilience to risk and improve the standard and quality of their life.

The strategy requires a multi-pronged approach for its funding for which the federal and provincial governments and donor community would be requested to contribute. The PPAF would explore how the Pakistan Microfinance Investment Company would develop products for private sector investment in the district to encourage local entrepreneurship and enterprise. The Special Chitral Development Forum will be facilitated by the PPAF to raise donor financing for local projects. Multilateral and bilateral donors will be invited to contribute to the financing plan. Efforts will be made to secure special donor financing through programmes like the Multi-Donor Trust Fund and Italian Debt Swap in Pakistan. International donor agencies with a special commitment to poverty alleviation and risk mitigation will be approached to contribute to the Chitral Development Fund.

The strategy will provide an opportunity to identify the institutional mechanisms and processes that are most suited to refining and implementing the strategy. It identifies the roles and responsibilities of various tiers of government, private sector, non-government organisations and local communities. It also puts in place a mechanism of governance and management to ensure equitable and transparent allocation and efficient use of resources. The roles assigned to each tier of government consistent with their strength will capitalise on the opportunities to develop a strong public-private partnership. The development of a clear growth pattern will change the nature of the interaction and engagement with internal and external financing agencies. The district government will play a proactive role in negotiating its development needs with the provincial government and development partners.

Haji Maghfirat Shah

District Nazim
Chitral

PREFACE

Chitral was one of the first districts that PPAF invested in and since then PPAF has continued to develop the social and physical capital of Chitral. For more than 15 years, PPAF has invested in water, energy, infrastructure, health, and education, developed livelihoods through tangible and intangible assets, offered microfinance services, created institutions of the people and strengthened institutions for the people. Now, with the support of the Federal, Provincial and District Government, we have been able to facilitate the development of the Chitral Growth Strategy which encompasses the ideas put forward by the far-sighted leadership of the district.

Our projects and programmes executed across the 24 Union Councils of the district have had significant impact on people's lives and our implementation through local partner organizations like AKPBS, AKRSP, MIED, SRSP and HHRDS have ensured that the interventions remain sensitized to local conditions.

While there have been many improvements in the district over the 15 years PPAF has worked in Chitral, there are serious challenges that all stakeholders; the various tiers of government, donors, civil society organisations and private sector players need to address together. PPAF, therefore, took on the role of convening all the stakeholders to create a unique model for sustainable and inclusive development.

Chitral remains cut off from the mainstream for most part of the year, especially in the harsh winter season, due to inaccessibility. With the Lowari Tunnel and China-Pakistan Economic Corridor routes travel to and from Chitral will be much easier and thus, more frequent. The PPAF is committed to ensuring that the people of Chitral are able to leverage this change in circumstances while ensuring that the development is ecologically and culturally sustainable.

The district is also vulnerable to natural disasters, whose frequency has increased in the last few years. It will take the full support, technical assistance and resources of all stakeholders to ensure that Chitral is protected from the effects of climate change and natural disasters.

The preservation and promotion of the unique cultural heritage of the region and sustainable planned economic growth that does not damage the fragile social balance of Chitral is also a concern.

PPAF believes that sustainable commitment to the people of Chitral, earnest and honest partnerships with key stakeholders and visionary political leadership will allow Chitral to peacefully transition into its bright future. PPAF will continue to serve as a key partner, confidante, supporter and catalyst – committed to facilitate the strong, inclusive, sustainable, innovative and resilient socio-economic growth of the district with the ultimate goal of bringing peace, prosperity and happiness to the people of Chitral.

In light of the higher Human Development Indicators and lower poverty levels we are now in a position to deliver more relevant support taking into consideration the unique characteristics, challenges and opportunities of the district. The sound leadership at the national, provincial and local levels and the high quality of civic leaders in Chitral allows us to take the development process to the next level with this Growth Strategy.

The Strategy proposes a transparent governance mechanism to ensure the equitable allocation of resources and an oversight or monitoring and evaluation structure. Moreover the various components of the strategy are linked to the Sustainable Development Goals and the targets that have been established by the KP government in many of its own strategy and policy documents. Finally the Strategy also puts forward a financing plan identifying the annual amounts required to fund those aspects of the Strategy that are currently not included in the public sector budget over the next five years.

I am humbled by the multitude of leading voices from amongst the people of Chitral, the local and federal government, civil society, donor organisations and others who have participated in the process of developing the district growth strategy. Truly sustainable and inclusive development is possible when all stakeholders share a common vision of development.

Qazi Azmat Isa
Chief Executive Officer
Pakistan Poverty Alleviation Fund

CHITRAL DECLARATION

January 11, 2017

We, the stakeholders committed to the sustainable development of Chitral, are determined to realize the vision laid down by the Growth Strategy of Chitral for a stable, integrated, and prosperous community in Chitral District, in which all people can enjoy the benefits of social development, economic growth, technological progress and infrastructure investments while ensuring the ecological integrity of the region.

We, the representatives of the Government, donor agencies, civil society organizations, present at the Chitral Roundtable: Devising our Destiny, recognize that poverty eradication and equitable development are an imperative part of our vision and can only be achieved through strong, inclusive, sustainable innovative and resilient economic growth. To protect the unique and fragile natural environment and the distinct cultural identity of the people of Chitral, we commit to supporting sustainable development in the district.

We believe that the effective measures towards inclusive and sustainable development growth requires a paradigm shift in the governance and planning systems, strong institutional capacity, skilled workforce, building strong and resilient local communities, climate resilience and natural disaster management, as well as the preservation and promotion of the cultural heritage of the region.

We recognize the significance of enabling the full participation of all segments of society, especially women, youth, people with disabilities, indigenous peoples and low-income and vulnerable households. We underscore the importance of empowering them with the ability to contribute to and benefit from future growth and investments in the region.

In the spirit of cooperation, we believe that partnerships are essential to realise the potential of Chitral, and should include all tiers of government, international organizations, public representatives and private sector, financial institutions, academia, civil society and media. With a strong shared commitment to achieving the goals of the Pakistan Vision 2025, the Khyber Pakhtunkhwa Road Map for Disaster Risk Reduction 2014-2019 and the Sustainable Development Goals, we believe that we will be successful in our endeavours to realize the vision of a peaceful and prosperous region.

We recognize that Chitral District is particularly vulnerable and exposed to natural disasters and that sustainable development measures must minimise losses and ensure that communities have the support to overcome adversity and to build back better. Finally, we pledge to undertake the following;

- to become members of the Chitral Development Forum designed to coordinate, steer, guide and monitor the process of the development of the district;
- to identify specific areas of support that each agency can provide in terms of technical assistance, capacity building, financial support and sharing of knowledge; and
- to take stock of the progress in designing and implementing the Chitral Growth Strategy we have made at the end of one year.



Haji Maghfirat Shah
District Nazim
Chitral



Qazi Azmat Isa
Chief Executive Officer
PPAF

ACRONYMS

AKHS	Aga Khan Health Services
AKRSP	Aga Khan Rural Support Programme
BISP	Benazir Income Support Programme
BKPAP	Bacha Khan Poverty Alleviation Programme
CCCI	Chitral Chamber of Commerce & Industry
CGS	Chitral Growth Strategy
CGSIU	Chitral Growth Strategy Implementation Unit
CMW	Community Midwives
CPEC	China Pakistan Economic Corridor
DDMA	District Disaster Management Authority
DTS	Department of Tourist Services
EZDMC	Economic Zones Development and Management Company
FATA	Federally Administered Tribal Areas
FSC	Farm Service Centers
GDP	Gross Domestic Product
IDS	Integrated Development Strategy
KEZDMC	KP Economic Zones Development & Management Company
KP	Khyber Pakhtunkhwa
MDGs	Millennium Development Goals
MW	Megawatt
NFC	National Finance Commission
NGO	Non-Governmental Organization
PAITHOM	Pak-Austrian Institute of Tourism and Hotel Management
PASDEC	Pakistan Stone Development Corporation
PBM	Pakistan Baitul Mal
PEDO	Pakhtunkhwa Energy Development Organization
PHED	Public Health Engineering Department
PPA	Power Purchase Agreement
PPAF	Pakistan Poverty Alleviation Fund
PIIB	Private Power Infrastructure Board
PSLM	Pakistan Social and Living Standards Measurement
PTI	Pakistan Tekreek-i-Insaf
SDGs	Sustainable Development Goals
SDPF	Sustainable Development Partnership Framework
SHDO	Sarhad Hydropower Development Organization
SMEDA	Small and Medium Enterprise Development Authority
SRSP	Sarhad Rural Support Programme
TBA	Traditional Birth Attendant
TCKP	Tourism Corporation Khyber Pakhtunkhwa
TEVTA	Technical Education & Vocational Training Agency
WAPDA	Water and Power Development Authority
WHO	World Health Organization

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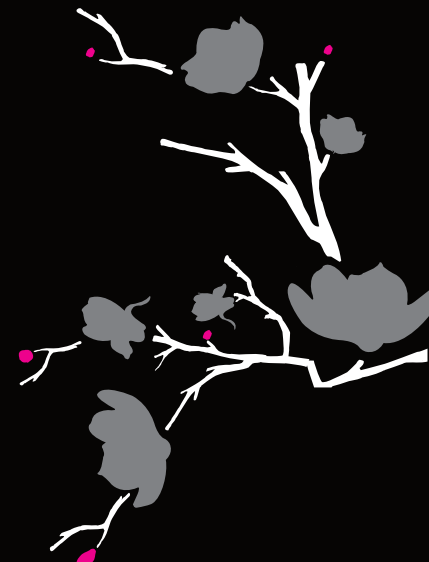
PREAMBLE

The Chitral Growth Strategy is a roadmap to sustainable economic growth and development. As with all of PPAF's endeavours the process of devising the Chitral Growth Strategy has been consultative and collaborative. This document reflects the diversity of thoughts that has been examined to reach a coherent and consistent strategy that attempts at all times to strike a balance between development and environment, technology and tradition, while celebrating the diversity that makes Chitral unique.

With a guiding strategy that looks at development holistically, we are equipped to choose the right direction and pace of development. The sectoral policies and programmes proposed are consistent with district priorities and objectives and laid out within the framework of the Sustainable Development Goals.

Chapter 1 highlights the physical features and social landscape of Chitral presenting an overview of the geography, natural resource base, population and growth trends and key social indicators. Chapter 2 presents the economic profile of the district expanding on the sectors with greatest potential. Chapter 3 outlines the broad contours of the Chitral Growth Strategy studying the growth challenges and potential pathways. Chapter 4 contains the measures proposed for each sector to achieve the targets of the growth strategy set in the context of the Sustainable Development Goals. Chapter 5 lays out the institutional arrangements required to deliver the Strategy components. Chapter 6 assesses the financial needs of Chitral district based on the specific measures proposed in the Chitral growth Strategy.

The strategy seeks coordination and collaboration with various tiers of government, international development agencies, private sector entities and civil society organisations, and our collective challenge is the effective implementation of the Strategy for the betterment of the people of Chitral.

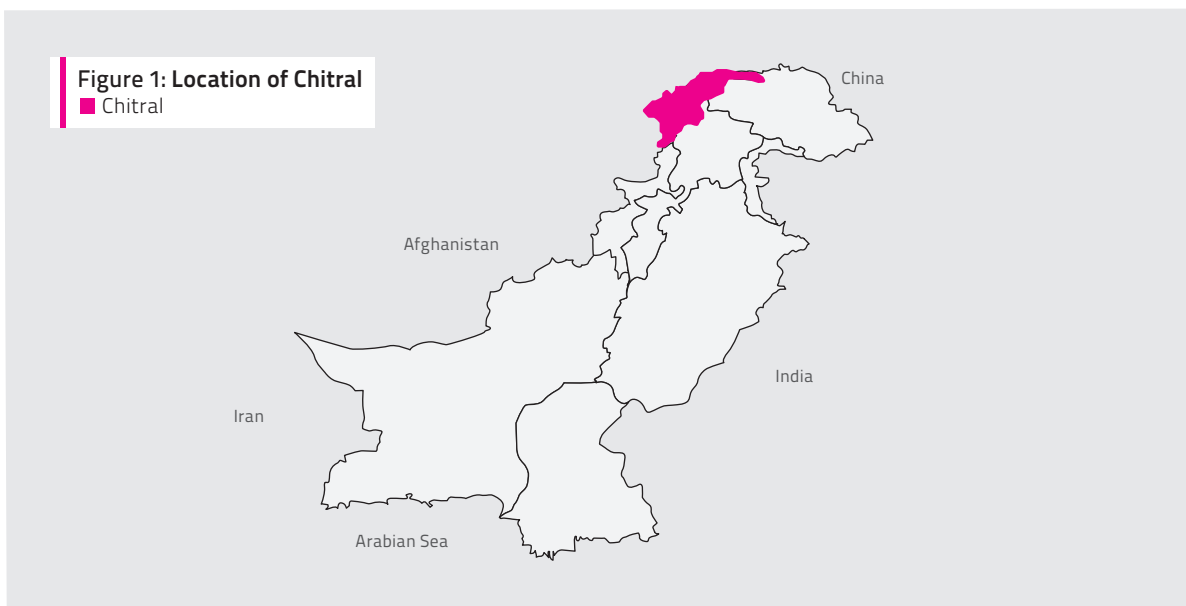


CHAPTER 1

PHYSICAL FEATURES & SOCIAL LANDSCAPE

Geography

Chitral is the northernmost district of Pakistan and the largest in Khyber Pakhtunkhwa province covering 23% of its land area. It borders Gilgit-Baltistan in the east, Afghanistan's Kunar, Badakshan and Nuristan provinces in the north and west, and with Swat and Dir in the south, while a narrow strip of the Wakhan Corridor separates it from Tajikistan. Chitral is connected to the rest of Pakistan by road through the Lowari Pass and Shandur Top, which remain closed in the winter. The Lowari Tunnel constructed under the Lowari Pass provides year-round access to the district. A number of other high passes, including the Darkot, Thoi and Zagaran Passes, provide rudimentary access to Chitral.



Natural Resource Base

The district which covers more than 14,850 km² nestled in the mountain ranges of the Hindu Kush and Karakorum, is one of the highest regions of the world, sweeping from 1,100 meters in Arandu to 7,726 meters in Tirichmir, with more than 40 peaks measuring more than 6,100 meters in height. Around 24% of the area is covered by mountains and glaciers, 62% by sparsely vegetated rangelands, five per cent by forests and only three per cent by cultivable land. The forest wealth is restricted to lower parts of the district, while in upper parts of the district Mastuj tehsil, the forest cover is scanty consisting mainly of birch, willow and other herbs and shrubs. The district has a wide variety of wildlife, including the Himalayan Brown Bear, Black Bear, Snow Leopard, Markhor and Himalayan Ibex. The people have established settlements at extremely high altitudes ranging from 3,727 feet above sea level in Arandu to 12,000 feet in Broghil. Most of the settlements are found on top of the alluvial fans, on river terraces, and near streams and springs.

Table 1: Land Use Pattern in Chitral District

Natural Resource	(km ²)	Percentage (%)
Farmland	446	3%
Rock	609	4.1%
Glacier and Snow	3,622	24.39%
Rangeland	9,207	62%
Forest	698	4.7%
Shrubs & Bushes	178	1.2%
Riverbeds	68	0.46%
Lakes	3	0.02%
Main Habitation	19	0.13%
Total	14,850	100%



Glacier crossing at Lawari Top, Drosh



An Apricot Orchard, Laspur

Early History

The recorded history of Chitral is divided into several epochs, which mark the invasion of the area by its neighbours most of whom left some indelible impact on the region's rich history and contributed to its cultural diversity. Chitral was located on the ancient trade route between China and Western Asia and the area changed hands several times between the Kushan of Peshawar, Chinese and Iranians. Alexander the Great also passed through its southern tip while crossing into northern India via east Afghanistan. In the 14th century, it was conquered by a Torkhoman prince, Rais, who established the Rais dynasty, which lasted for approximately 275 years. The Rais subdued the remaining Kalash strongholds in southern Chitral and conquered the whole area stretching from Gilgit to Asmar. The Taimuris, descendants of Mirza Hussain of Hirat, overthrew the Rais ruler and established the Katura rule. Chitral was then ruled by the Katur from 1590 to 1947. A brief history of Chitral by Professor Dr. Inayatullah Faizi, an eminent historian, is given in Annex 4.



Traditional houses in village bamburith, Ayun

The strategic importance of Chitral came to light during the Great Game, which symbolised the political and diplomatic confrontation between Britain and Russia over Afghanistan and neighbouring territories in Central and Southern Asia during most of the 19th century. The British made Chitral part of British India in the late 19th century. At the time of the Partition in 1947, Chitral, an independent princely state ruled by a Mehtar, opted to accede to Pakistan. In 1954, the administrative powers of the state were given to the political agent posted there, while in 1969 it was merged with the Malakand Division of the North West Frontier Province as a settled district. Now, the provincial government of Khyber Pakhtunkhwa administers it as a district.

People

Khaw, Katoray, Mehter and Quraysh are major tribes of Chitral but Khaw is the largest, making 92% of the local population. The people are believed to be of Aryan ancestry but some insist that they came from central Asia, Afghanistan and Kashmir. The linguistic diversity is reflective of the area's rich history. The original language of Chitral is Khowar, which is made up of words from various tongues and dialects. There are many other languages spoken in the district, including Persian, Wakhi, Kalashwar and Pashto. However, the people of some areas, including Lotkoh, Madaklasht and Kalashgum, use local dialects. The people are mostly Muslims following Sunni and Ismaili sects. However, the Kalash community, an indigenous minority, practices an ancient religion.

The Kalash – believed to be descendants of Alexander the Great – live in 15 villages of Ayun Union Council in Chitral district and have distinct tribal customs, religion and language. The total population of these 15 villages is 17,994 with 3,628 Kalash people, 1,729 women and 1,899 men. Additionally, 556 Kalash people are settled in the rest of the district, taking the community's total population to 4,184 as shown in the 1998 census. The community still relies mainly on their indigenous sources of livelihood. Interestingly, the Kalash have a matrilineal kinship structure which ensures that women are equal partners with the men.



Community meeting of PPAF supported LSO ,Ayun



Local women dressed in traditional outfit,Kalash, Valley

Population & Growth Trends

The population of Chitral was estimated to be 319,000 according to the 1998 census. The annual growth rate was estimated to be 2.52% and the average household size for the district was reported to be 7.5 persons¹. In 2013, the district government estimated that this population had increased to 460,993. Using a growth rate of 2.89%, it was estimated that this population would have increased to around 500,000 by 2016. Using a household size of seven as reported in the district profile, the number of local households comes to 71,500. The proportion of women in the district is estimated to be 49% based on the 1998 census. The updated age distribution based on the growth from the 1998 base profile in the district is given in Table 2. This illustrates the fact that 46% of the population in the district is under 14 years of age. In addition, the dependency ratio in the district, based on the number of workers is estimated to be 1:3.59 and therefore, every adult person in the workforce is expected to support around four people².

Table 2: Estimated Population Projections for Chitral District

Age Group	Male	Female	Total	(%)
0 to 4	40,575	39,549	80,124	16%
5 to 9	41,594	40,533	82,127	16%
10 to 14	34,971	34,676	69,647	14%
15 to 19	27,814	28,327	56,141	11%
20 to 59	94,955	90,345	185,300	37%
60+	14,773	12,674	27,447	5%
Total	254,683	246,104	500,786	100%

Source: Based on estimates using the 1998 Census

¹ 1998 District Census Report of Chitral Population Census Organization Statistics Division Government of Pakistan Islamabad.-May 1999.

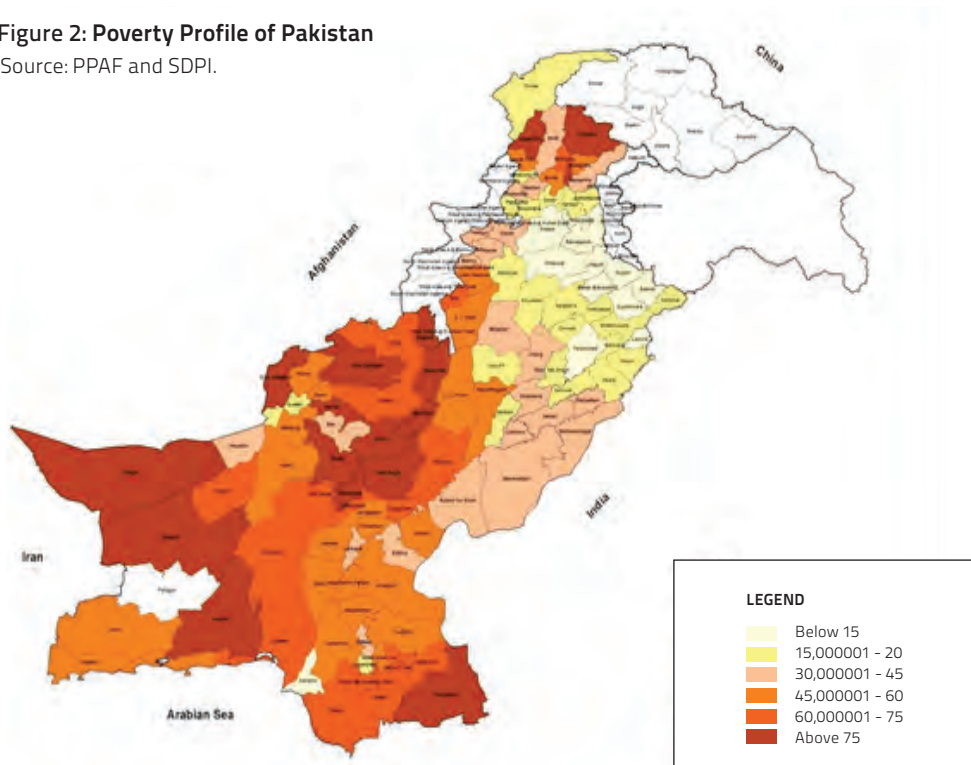
² Estimated by dividing the estimated population of Chitral by estimated workforce of 140,000 based on Labour Force Surveys.

Poverty Profile

The current figures on poverty in Chitral are not available. The most recent poverty numbers were collected from 2008-09 to 2012-13 during the Pakistan Social and Living Standards Measurement (PSLM) survey using 27 indicators pertaining to four dimensions of wellbeing, i.e. education, health, living conditions, and asset ownership³. Chitral is among the top quintile of districts that have experienced the greatest decline in the adjusted poverty headcount ratio over this period. Chitral is among the districts having low incidence of poverty. With a poverty headcount ratio (proportion of poor) of 25.93%, Chitral ranks 88th (out of 110 districts for which 2012-13 data was analysed under PPAF-SDPI study; Naveed, Wood and Ghaus 2016) and falls in High Poverty Zone-2. The map below gives an indication of Chitral's poverty profile⁴. While investments in the social capital in Chitral have resulted in improved Human Development Indicators across the districts, Chitral has a poor state of physical infrastructure, lack of industries and employment and limited capacity of the local communities to capitalise on the natural resource endowment. Chitral also displays a high vulnerability because of the frequency of natural disasters such as floods, earthquakes, landslides, glacial movements and limited ability to deal with these disasters.

Figure 2: Poverty Profile of Pakistan

Source: PPAF and SDPI.



³Geography of Poverty in Pakistan – 2008-09 to 2012-13: Distribution, Trends and Explanations. Pakistan Poverty Alleviation Fund & Sustainable Development Policy Institute

⁴Geography of Poverty in Pakistan – 2008-09 to 2012-13: Distribution, Trends and Explanations. Pakistan Poverty Alleviation Fund & Sustainable Development Policy Institute

The survey of poverty report⁵ indicates that the poverty headcount in Chitral was estimated to be 25.93% in 2012-13. This is a sharp reduction from 2008-09 when the poverty head count was reported to be 44.1%. In absolute terms, reduction in the poverty incidence in the five-year period of the analysis period for Chitral was 18% and in proportionate terms, it was 41%. Incorporating the more dynamic concept of vulnerability⁶ into the analysis indicates that 34.4% more households are identified as vulnerable to poverty in Pakistan, which is a much higher proportion than the point-in-time estimates of poverty⁷. This would mean that 60% of the people in the district are either poor at the moment or face the threat of poverty in the future. Given the poverty head count in Chitral⁸, the poverty reduction challenge for Chitral is to get 130,000 people or 18,000 households out of poverty and protect an additional 172,000, who are estimated to be vulnerable to falling below the poverty line in the future⁹.

Social Protection

Social protection in the district is required by people who are poor, old, unemployed, vulnerable, food insecure, malnourished, in poor health or illiterate, face violence and denial of rights and are unable to withstand any type of external shocks from ill-health, loss of employment, crop-failure, loss of livestock and natural disasters. The households impacted by any of these calamities do not have the resilience to cope and need assistance from external sources. It is estimated that 58% of the people in Pakistan suffer from food insecurity¹⁰; 40% of the population is illiterate, and 37% of the children are currently out of school¹¹. Women face even greater hardships due to cultural and socio-economic factors. The number of the people in Chitral district, who need protection from these vulnerabilities, can be very high in any given year. They include the poor (130,000), the elderly (20,000) and those impacted by any other calamity, especially flood victims in large number as were seen in the wake of the 2015 floods.

Several programmes are being implemented at the national, provincial and district levels to deal with the vulnerable segments of the population. The Benazir Income Support Programme (BISP) is the largest safety net programme being implemented in the country, including Chitral. In the initial poverty survey, 10,615 women were identified to receive the cash payments. At the provincial level, the KP government has developed its own vision of social protection and defines it as a system that not only provides essential guarantees to citizens on health care, livelihoods, children's education, employment and environmental and natural hazards, but also protects others from falling into poverty and vulnerable situations, and in phases, builds higher levels of protections through mandatory and voluntary social insurance¹².

⁵ Ibid.

⁶ This extends the idea of poverty to include idiosyncratic as well as aggregate risks defined as the probability of being currently poor or be prone to falling deeper into poverty in the future.

⁷ Rashida Haq. 2014. Quantifying Household Vulnerability to Poverty in a Developing Economy. Pakistan Institute of Development Economics

⁸ Using the 25.9 head count ratio from 2012-13 as more recent data is not available.

⁹ Estimated by using the 34.4% vulnerability statistic for Pakistan and applying it to the 500,000 people of the Chitral District.

¹⁰ National Nutrition Survey. 2011.

¹¹ PSLM 2012-2013.

¹² Ibid. 2014



Bread being prepared at Drosh

The Bacha Khan Poverty Alleviation Programme (BKPAP) is the largest cash transfer programme in the province but it is not being implemented in Chitral. Some of the other safety programmes include the Pakistan Baitul Mal (PBM) and Zakat programmes. Under the old formula of population ratio for the distribution of Zakat, the district receives 1.7 per cent of the Zakat funds. There are several social protection programmes that are being implemented by the education, social welfare and health departments largely focusing on cash grants, stipends and free services. The department of social welfare also implements various programmes across the province that come under the purview of social welfare such as helping the destitute, orphans and widows. Safety net programmes in KP are reported to be fragmented and often duplicative with limited coverage and poorly targeted. There is a need to improve the design of the SP schemes for better targeting and implementation¹³.

The government in Khyber Pakhtunkhwa has been very active in initiating a range of social protection programmes by using the poverty targeting tool provided by the Poverty Score Card. One of these programmes is the initiative to provide essential food commodities at subsidized prices to people living below the poverty line, called "Sasta Aata-Ghee Khasoosi Program"¹⁴. The programme comprises a special package of subsidised flour and ghee worth a total of Rs. 7 billion. The support was provided through the issuance of a customized Debit card called the Insaaf Card to almost 750,000 deserving households. After verification through SMS, deserving families can use the Insaaf Card to shop for subsidised flour and ghee at any Utility Store. The Khyber Pakhtunkhwa government recently launched a social health insurance programme to ensure the provision of health cards to underprivileged people, who are able to receive free medical assistance at both private and public hospitals across the province. Chitral was part of the first phase of the project launched jointly by Kreditanstalt für Wiederaufbau (KfW) and the KP government. A coverage per family of Rs. 175,000 per annum will be provided through State Life Insurance Corporation (SLIC). The identification of the families is to be conducted through the Benazir Income Support Programme data¹⁵. It is too early to assess the extent to which these programmes are targeted and their impact on providing effective protection to the poor and vulnerable in Chitral district.

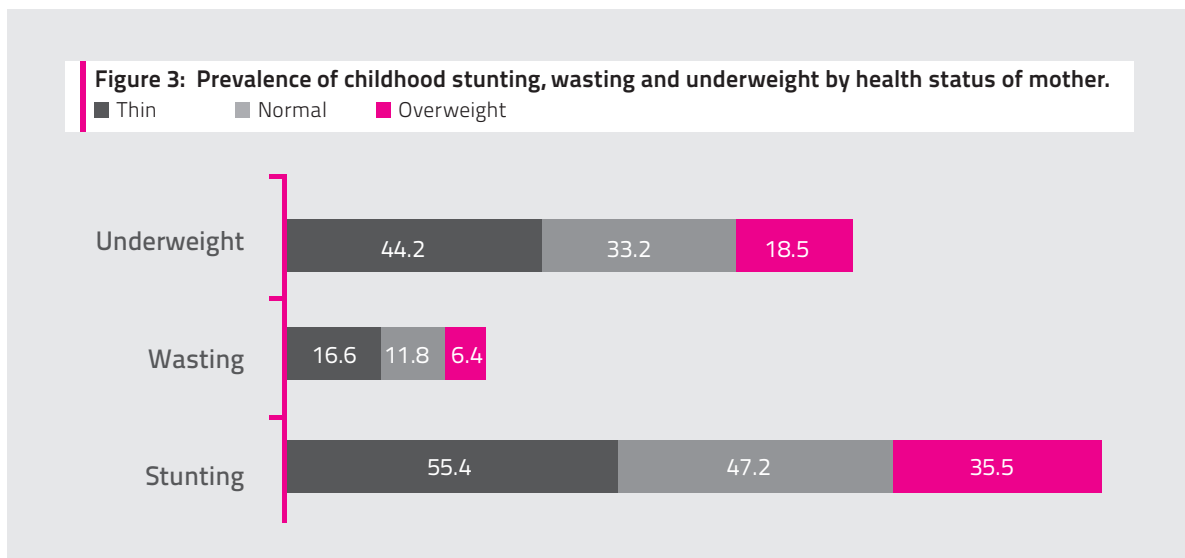
¹³ Khan, Ayesha. Institutional Mapping Study of Social Protection Schemes in the Province Of Khyber Pakhtunkhwa, 2013. International Labour Organization.

¹⁴ The package includes providing 40 Kg of flour and 5 Kg ghee per month at subsidized rates of PKR 10/ kg for flour and PKR 40/ kg for ghee.

¹⁵ <https://tribune.com.pk/story/824196/taking-the-lead-k-p-launches-health-insurance-for-the-underprivileged/>

Health

The health profile of the people of Chitral is not separately evaluated as most health indicators are available at the national or provincial level only. However, like the residents of other parts of the country, the local children and women are the most vulnerable to diseases. Eighty-eight per cent of the children in the 12-23 months age group were reported to be fully immunised according to recall and record method, while the corresponding percentage in households, which provided records of immunization, is low (72 per cent). The National Nutrition Survey of 2011 reported that at the national level, 23.5% of the under five children were reported to suffer from stunting, 16.8% from wasting and 31.2% were underweight. It is assumed in the absence of any data specific to Chitral to assume that these problems also afflict the 80,000 under five children who live in the district. The under-5 mortality rate in Pakistan is reported to be 89 per 1000 live births¹⁶ and neonatal mortality rate is 46 per 1,000 live births¹⁷. The maternal mortality rate in Pakistan is reported to vary between 178¹⁸ and 276¹⁹ per 100,000 live births. The provincial government reports that its maternal mortality rate is 206²⁰. Reducing these rates and improving the health and nutrition status of the district will be a key challenge for the district. The status of child nutrition is impacted by the health status of the mother, and data from Pakistan shows a high correlation between the weight profile of the mother and the child's health status. Figure 3 below provides an illustration of this relationship.



Source: National Nutrition Survey, 2011

¹⁶ Pakistan Demographic and health survey: 2012-13 Ministry of National Health Services & Regulation
<http://www.dhsprogram.com/pubs/pdf/FR290/FR290.pdf>

¹⁷ data.worldbank.org/indicator/SH.DYN.NMRT

¹⁸ <http://data.worldbank.org/indicator/SH.STA.MMRT>

¹⁹ Save the Children Report on State of the World's Mother 2015

²⁰ Secretary Health. Government of Khyber Pakhtunkhwa.

Based on the results of the PSLM 2014–15, access to health care facilities in the province appears to be better than in the country. However, the district average eclipses the large variation in access within the district, particularly in the remote and isolated valleys. People in the district generally consult public health care services much more frequently compared with the higher propensity to consult the private sector in the rest of the country. It is not clear whether this is due to lack of private health facilities or preference for public sector services in the district. The PSLM data from 2014–15 reveals that 67% of the people in the district consulted a public health facility in the preceding two weeks compared with the provincial average of 28% and the national average of only 20%. In Pakistan as a whole, 70% of the people generally tend to consult with a private doctor and in KP this percentage is 47% whereas in Chitral it is 27% only²¹. The district has a much higher average rate in terms of access to different types of services. The proportion of pregnant women who had received tetanus toxoid injection was reported to be 88%, compared with only 67% in the province and 75% in Pakistan. The proportion of births attended by skilled birth attendants was reported to be 52% in Pakistan as a whole²². However, 51% of the women in the district still deliver babies at home compared with only a quarter in Pakistan and KP²³. It is not reported whether a skilled birth attendant was present at the time of the home deliveries.

The government of KP is the main health service provider in the district. The health department is particularly concerned about their ability to retain the health staff in the difficult and isolated valleys of the district. The private sector health services have not grown as rapidly in the district as they have in other parts of the province. However, there is not much information available on the provision of health services by the private sector. The Aga Khan Health Services has been active in the district along with few other NGOs and these are also a significant provider of health services. The provincial government's figures on the health sector personnel and facilities, in terms of hospital staff and beds, are given in Table 3 below. The ratio of staff and beds in Chitral hospitals is among the lowest in the world and is in sharp contrast to those found in developed countries.

The WHO standard states that there should be a minimum 10 doctors for 10,000 people. USA has 24 doctors per 10,000, the Russian Federation 43, Pakistan 7.4, Bangladesh 5.8 and India six²⁴ but ironically, Chitral has less than one physician for 10,000 people. The official reports in KP generally acknowledge that there is a shortage of doctors and other staff in the Tehsil Headquarters (THQs) and Basic Health Units in hospitals. While there are no gold standards for assessing the sufficiency of the health workforce, the WHO estimates that countries with fewer than 23 health-care professionals (counting only physicians, nurses and midwives) per 10,000 population will be unlikely to achieve adequate coverage rates for the key primary health-care interventions prioritized by the Sustainable Development Goals. Hospital beds are used to indicate the availability of inpatient services. There is no global norm for the density of hospital beds in relation to the total population. In Europe, there are 63 hospital beds for 10,000 population compared with 10 in Africa, nine in India and three in Bangladesh. Pakistan has seven beds for a population of 10,000, which is the same as in Chitral but does not meet the requirements of the population.

Table 3: Ratio of Health Personnel and Hospital Beds in Chitral

	Government	Private	Total	Per Person	Per 10,000	Per 1000
Doctors	38	9	47	10,638	0.94	0.094
Nurses	104		104	4,808	2.08	0.208
Paramedics	463		463	1,080	9.26	0.926
Beds	368	0	368	1,359	7.36	0.736

Source: District Profile Chitral, Government of KP.

²¹ PSLM 2014–15.

²² http://www.nips.org.pk/abstract_files/PDHS%20Final%20Report%20as%20of%20Jan%2022-2014.pdf

²³ PSLM 2014–15.

²⁴ http://www.who.int/workforcealliance/countries/Bangladesh_En.pdf?ua=1

Some of the key problems that afflict the public health system are the unavailability of specialists and general duty doctors, shortage of medicines, lack of diagnostic facilities and unhygienic conditions in the hospitals which mar the delivery of efficient healthcare to patients in Chitral²⁵. The local stakeholders at different health forums also lamented that the budget earmarked for the tehsil headquarters hospitals and rural health centres is not rationalised to cater to the needs of the people. Most of the primary and secondary care hospitals were devoid of basic facilities and equipment and the absence of electricity was a problem common to all hospitals due to which X-ray machines remained non-functional and the patients had to go to the district headquarters hospital for seeking treatment. The health indicators have been slow to improve despite the overall efforts to improve the health systems over the last 15 years. Many indicators such as maternal and neonatal mortality and morbidity remain stubbornly high²⁶.

Those at the helm of affairs suggest that the best way forward would be not to sanction any new facilities but to properly equip and staff the existing facilities and provide a structure of incentives which will attract specialists to remote locations like Chitral²⁷. At the facility level, the most important factor in improving service delivery is likely to be the filling of all vacant sanctioned posts by attracting women health professionals and specialists in the delivery of services. The upgrading of health care systems, especially availability of emergency obstetric care, is urgently required. There are other strategies to deal with an indicator as central to health care as the maternal mortality rate. One such approach is the emerging role of traditional birth attendants especially in mountainous terrain²⁸. The deployment of Community Midwives (CMW) has been tried in partnership with the Aga Khan Health Services Pakistan (AKHSP) and the Aga Khan Rural Support Programme (AKRSP). The project empowered TBAs on Birth Preparedness and Complications Readiness (BPCR) plans and integrated referral mechanisms. The involvement of TBAs in the project was meaningful to generate the community's acceptability for young CMWs, identification of high-risk cases, and referrals of complications to CMWs and transporting pregnant women to a health facility in time. Most of the respondents shared that the availability of CMWs has empowered women in order to seek essential and emergency obstetric care in rural communities.

²⁵ Period meetings of the district development platform for health. Project for Poverty Reduction, an Italian-funded initiative of the Sarhad Rural Support Programme (SRSP).

²⁶ RAF Research on outcome indicators. 2014.

²⁷ Secretary Health. Government of Khyber Paktunkhwa.

²⁸ Babar Tasneem Shaikh et al. A qualitative exploratory study from Chitral District, Pakistan. Aga Khan Foundation. 2014.

Education

Chitral is comparatively ahead in many of the education indicators compared with many districts in the province and across the country. Its literacy rate of 62% is equal to the national averages but ahead of the provincial average, which is 55%. The proportion of population, which completed either primary school level or higher, was estimated to be 53% in the district compared to 44% in the province in 2015. However, the net enrolment rate is 56% at primary level, 31% at middle level and only eight per cent at matriculation level. There were estimated to be 151,775 children between the ages of 5 to 14 years in Chitral district in 2016²⁹. It is estimated that anywhere between 56,000³⁰ to 70,000³¹ children were out of school in 2016 in the district. An analysis by gender of the enrolment ratios indicates a very peculiar and unusual pattern for girls. While the NER for girls is lower than boys at the primary level i.e. 50 per cent and 61 per cent respectively, it is higher at the middle and matriculation levels indicating that girls are more likely to pursue and complete their education compared to boys at these levels in the district.

Table 4: Key Education Sector Indicators

Indicators	Pakistan			KPK			Chitral		
	M	F	Total	M	F	Total	M	F	Total
Population Ever Attended School	72	51	62	74	36	55	76	46	62
(%) Distribution of Population Completed Primary Level Or Higher	60	43	52	59	28	44	66	39	53
GER Primary Level (Age 5-9)- (Excluding Katchi)	97	81	89	102	77	90	112	86	100
NER Primary Level (Age 5-9)	60	53	57	61	51	56	61	50	56
GER Middle Level (Age 10-12)	60	50	55	73	46	51	104	69	88
NER Middle Level (Age 10-12)	23	21	22	24	17	21	29	34	31
GER Matric Level (Age 13-14)	67	50	59	74	41	60	93	78	87
NER at Matric Level (Age 13-14)	14	14	14	12	8	10	6	12	8
Primary Level Enrolment In Government Schools as (%) of total Enrolment	62	61	62	67	71	69	80	76	78
Literacy-Population 10 Years and Older	70	49	60	71	35	53	76	45	62
Adult Literacy-Population 15 Years and Older	68	45	57	66	29	47	72	37	55

Source: PSLM 2014-15

²⁹ Based on population projections made on the 1988 Census for the district using a growth rate of 2.8% and the same age and gender profile as given in the census report.

³⁰ Alif Ailaan estimated that 37% of the children were out of school in Chitral.

³¹ Using the data on enrolments from the District Profile for the District.

Some of the key issues raised by the education department in the district include lack of schools in the district with the distance to schools being reported as very large in some cases. The department is concerned about the 114 schools set up in mosques, single-teacher schools and large number of schools where the shortage of teachers requires multi-grade teaching. In some areas, students have to get up at 5 am to make it to school in time because of the limited access to transport and long distance to schools and poor condition of roads. While the district also benefits from the KP government's policy of a stipend of Rs. 200 per month for all female students from Grade 6 to 10 and through the provision of free textbooks to students from the kindergarten to higher secondary classes in governments schools, the main issue centres around the limited number of schools and teachers.

In Chitral, for every 34 primary school students, there is one teacher; 30% of primary schools have only one teacher. At least 69% of schools in Chitral are without electricity, 40% without boundary walls and 40% without water³². The buildings of the schools are generally assessed to be of good quality, although only 73% of the schools are reported to have a pacca structure. Thus, it is not clear how the building condition is being evaluated. Many head teachers across the province report considerable overcrowding in the school rooms and inadequate space within the compound for the children to play. One factor which is not assessed in any of the indicators, is the school location. Given the policy of asking for a free gift of land for public school buildings from the community, many of the schools are in inappropriate locations and have a land size which is clearly inadequate to house the school or allow for its expansion. The education department is also concerned about the lack of computer laboratories and lack of computer teachers where laboratories have been provided. There is also a shortage of operational budgets to enable the school to hold any type of events or competitions.

Table 5: School Facilities and Physical Characteristics (2011) Percentage of Schools

	Primary	Middle	High	Total
Boundary Wall Exists	61.62	78.41	63.64	64.15
Building Availability	99.69	100.00	93.94	99.75
'Pacca' Structure of Schools	68.33	95.45	83.33	73.08
Satisfactory Building Condition	80.66	96.59	92.42	83.90
Electricity Availability	29.49	68.18	72.73	37.86
Drinking Water Availability	64.27	80.68	84.85	68.30
Latrine Availability	62.87	96.59	92.42	69.56

Source: District Profile Chitral, Government of KP.

There is no systematic provision of data on the quality metrics of the education being imparted in schools. An attempt has been made to provide a qualitative look into the state of education by ranking the districts based on two sets of indicators: the Education Score which tracks the quality of education in the schools, and the School Infrastructure Score which assesses the facilities available in the schools³³. Together, these scores are designed to give a clearer picture on the quality aspects of the public education system. The Education Score is a composite score based on four sets of indicators namely: access, retention, learning outcomes and gender parity. Out of 151 districts and areas in the country, the rank and specific scores for Chitral are indicated in the Table 6. The district scores well on many indicators and is generally in the top 1/3rd in terms of its rank in the country. However, its score in terms of school facilities and learning outcomes is among the worst in the country. The report states that only 36% of children in grade five can read a story in Urdu and 58% can read one sentence in English.

³² Pakistan District Education Rankings 2016. Sustainable Development Policy Institute (SDPI). Alif Alan

³³ Alif Ailaan Pakistan District Education Rankings 2016

Table 6: Qualitative Aspects of the Education System							
	Rank	Education Score	Enrolment Score	Learning Score	Retention Score	Gender Parity Score	
Primary Level	47	71.1	76.41	39.66	79	89.32	
Middle Level	35	70.67	52.65	62	-	97.36	
	Rank	School Infrastructure Score	Electricity	Water	Toilet	Wall	Building Condition
Primary Level	55	65.88	33.84	69.97	67.38	62.2	96.04
Middle Level	44	86.28	73.26	86.05	96.51	81.4	94.19
	Rank	All Four	Three	Two	One	None	
School Facilities Completeness Score	82	28.08	30.65	20.51	9.89	10.87	

Source: Alif Alan Pakistan District Education Rankings 2016

The district government maintains records of the schools opened by the private sector in the district. The education department in Chitral says the district has 348 private schools, including 22 for boys, 52 for girls and 274 co-educational. Furthermore, it appears that in Chitral, girls tend to be enrolled in higher numbers in the private schools compared with boys. The PSLM data reports that 80% of the enrolment at the primary level is in government schools in the district. Compared with this at the national level, only 62% of the primary enrolment is in government schools showing a relatively higher degree of reliance in the rest of the country in the private sector. The proclivity of the population to send their children to coeducation schools might provide an option to focus more on coeducational institutions to deal with the shortage of schools in the district.

Challenges for Women

Women face challenges in all spheres whether it is political, economic and social. While the district has women representatives at the highest level in the District Council as specified in the local government ordinance, the participation of women has been hampered by existing social norms and extreme prejudice. The women's representatives felt they were not allowed to voice their views or get the same share of development funds as their male counterparts³⁴. The women say their plans to seek employment face strong resistance from the men both from within families and society at large. They strongly feel employment is important for their financial independence but are overburdened by domestic responsibilities and care of children. There are no government-supported day care centers in the area for minor children. What makes it more difficult for women to participate fully in economic activities and access to services is lack of transport. Buses do not operate in the area and women have to sit in front, next to the driver. Women are not comfortable travelling in this situation. They feel they are being constantly undermined when trying to secure jobs within the government or aspire to management positions. Women from the government sector identify the need for gender sensitization and implementation of rules and laws against their harassment at workplaces. Women also face issues at the workplace in a society where men are not used to working with women and are unaware of basic

³⁴ A meeting with women from Chitral was held on March 18, 2017.

protocol. However, number of women in the social sector workforce is growing as a result of which the situation is gradually improving. Women in the small enterprise sector or those wishing to undertake small initiatives lack the capital to start a business and do not always have the physical space and other inputs needed to initiate their economic enterprises. Those producing small handicrafts or other products lack opportunities to market their products and complain they do not get an adequate price.

Young women do not have the freedom to make critical choices about their life and as a result, there is a high suicide rate in the district. Some women also shared that there is lack of availability of psychosocial support in the area, making it difficult to seek professional help in case of issues and depression. There is no access to medical advice or medical stores in the area where women could get their supplies and medicines. Women have called for awareness of menstrual health among themselves and raised their voice for a shelter home for women and female youths. There is only one degree college for female students in the area, accommodating as many as 100 students in a class. The students have to sit in back rows if they are late even by a few minutes making it impossible to hear the teacher or take notes. There is only one public library in the town and limited access to other reading materials. Transport is a huge challenge for female students in the area. There is only one bus for the degree college students. Women are not comfortable travelling in public transport because of harassment and social stigma. There is a lack of career and psychological counselling. Although the literacy rate is 70% in the area, the dropout rate is higher at the college level.

Social Capital ---

The remote and inaccessible valleys have relied on social capital as a key organising principle for centuries in undertaking tasks in the agriculture sector especially during the planting and harvesting season, livestock management especially grazing in the high pastures, building and managing irrigation channels, building homes, etc. However, due to the limited capacity and resources, the local communities could not expand their collaboration beyond certain limits. The entry of the Aga Khan Rural Support Programme in Gilgit-Baltistan in 1983 and its subsequent expansion to Chitral as well as that of other NGOs AKPBSP, MIED, SRSP and HHRDS and PPAF, galvanized the local communities to action and undertake investments in new infrastructure schemes especially irrigation channels, roads, bridges, protective spurs, etc. Local knowledge about how best to align and determine the gradients of these gravity fed schemes with financial investments from the NGO made these investments very successful. These schemes helped in opening up new lands for development and made markets and services more accessible to local communities. A model of community organization was propagated which undertook some new and innovative ideas such as the one for collective savings, internal lending and initiated the communities in organizing around new technologies such as micro-hydropower plants for supplying electricity to remote isolated communities, undertaking collective processing and marketing activities. Many of the community organizations are now expanding vertically into village organizations and local support organizations and growing in ways which could provide some interesting synergies and interactions with the emerging local government institutions. These are promising organizing principles and would be interesting to see the patterns of growth and development that they take in providing critical services to their members. For women, organizing into communities provides interesting opportunities for savings, representation in groups, undertaking leadership positions and using these opportunities as a springboard for enhancing their status, voice and empowerment.

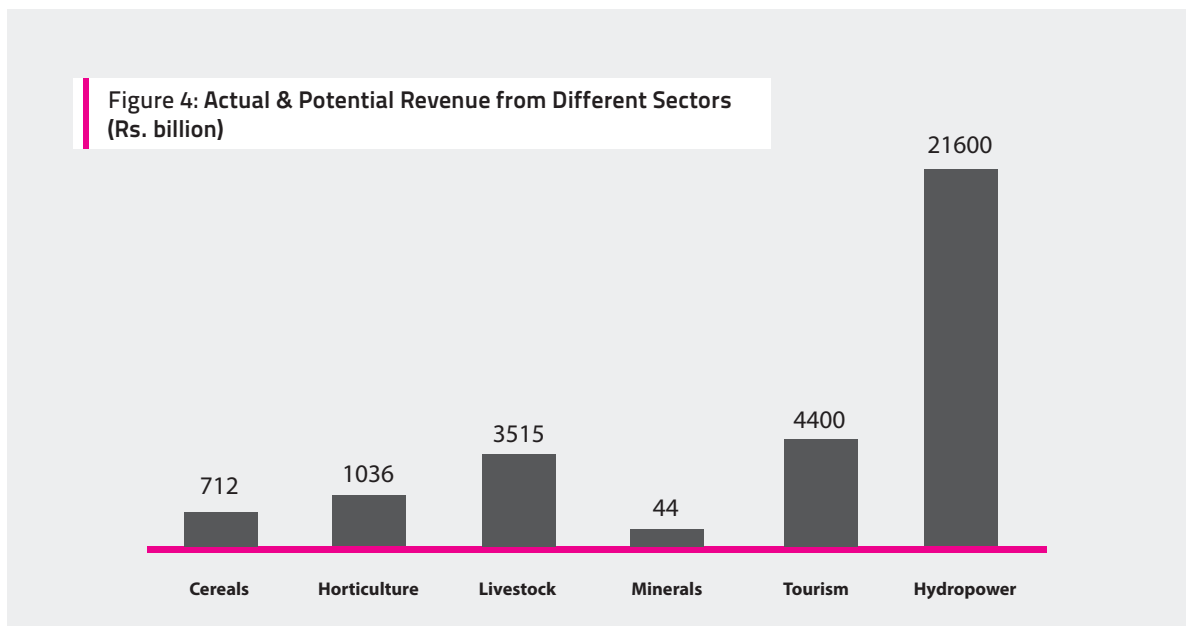


CHAPTER 2

THE ECONOMIC PROFILE

Gross Domestic Product

There is no mechanism for estimating the Gross Domestic Product at the district level in Pakistan. These figures are only available at the national level. There are wide variations in the capacity of each district to contribute to the economy and its sources of growth. To assess the precise contributions of the different sectors to the economy in Chitral would require collection and analysis of data in a manner that does not exist at the moment. The different profiles available for the district do not provide a comprehensive source of revenue and growth for the district. A broad survey of the sources of income and employment in Chitral indicate that these are derived mainly from agriculture, trade, small-scale manufacturing and the service sector. The growth potential and income from tourism, minerals and hydropower has not been fully exploited. The economic value of the income from minerals and gemstones in the district has not yet been fully ascertained and this sector does not count as a major source of employment or income at the moment. While domestic tourism is growing there is no mechanism in place to assess the income derived from it. The Government is in the process of developing the significant hydropower potential in the area but currently the district does not derive any royalties from it. There is little development of industry and limited investment by the private sector in the area. An estimate of the actual or potential revenue from different sectors was attempted based on extrapolations made on information from the Government of KP and the Chitral Government. The results are presented in Figure 4 below and explained in more detail in each relevant section.



Source: Estimated by PPAF consulting team using projections and estimates of income from each source.

Labour Force & Skills Development

There has not been a survey of the labour force deployed in the various sectors at the district level. In terms of the actual sector wise employment of the labour force, most reports extrapolate the figures for the district from the profile of the province which may be somewhat misleading as Chitral has some very unique features likely to influence the employment profile of its people. The 2014-15 Labour Force Survey of Khyber Pakhtunkhwa (KP) indicates that about 35% of the labour is employed in the agriculture sector of which 21.5% are men and 13% women³⁵. Wholesale & Retail Trade is the second most significant area of employment, followed by construction and manufacturing. What is significant is the virtual absence of women from all sectors except for agriculture, education and small-scale manufacturing. A rough estimate of the labour force in the district was made which places the figure at around 140,000³⁶ including women who are reported to be actively seeking work. Roughly between 3,500 and 5,000³⁷ people are added to the workforce in Chitral every year for which skills and new jobs would need to be provided on an annual basis.

Table 7: Q% Employed Persons by Major Industry Division KPK 2014-15 (10 years of age and over)

	Total	Male	Female
Agriculture Forestry & Fishing	34.56	21.5	13.06
Manufacturing	11.26	9.35	1.91
Construction	12.46	12.39	0.06
Wholesale & Retail Trade	15.51	15.33	0.19
Transport	8.9	8.9	-
Accommodation & Food Services	1.82	1.82	-
Education	6.13	4.42	1.71
Other	9.36	8.41	0.95
Total	100	82.12	17.88

Source: Pakistan Labour Force Survey for KP.

Trends in Labour Force: The agriculture sector is one of the main sources of employment and income in the district. However, consistent with universal trends, the percentage of labour in the agriculture sector in KP has gradually gone down in the last decade. In 2008-09 the labour force employed in the agriculture sector in KP was around 45%. This proportion has come down to 34.56% in 2014-15. This indicates a reduction of agriculture labour force by around 1.29% every year. The reduction of women in the labour force from the agriculture sector is much more gradual compared to the men. It has been recorded at less than 0.325 percent on an annual basis in the last eight years from 2008/09 to 2014/15³⁸. These figures would imply that between 2000 and 2500 people would be released from the agriculture sector in case there was no absolute growth in the labour force. However, this number would be somewhat less given that the absolute number of people in the labour force is expected to grow. However, a major challenge for the district is to create jobs for the new entrants to the labour force on an annual basis. The growth in the other trades such as construction, trade and manufacturing have all registered increases and the workforce for the future would need to be trained keeping in mind these trends.

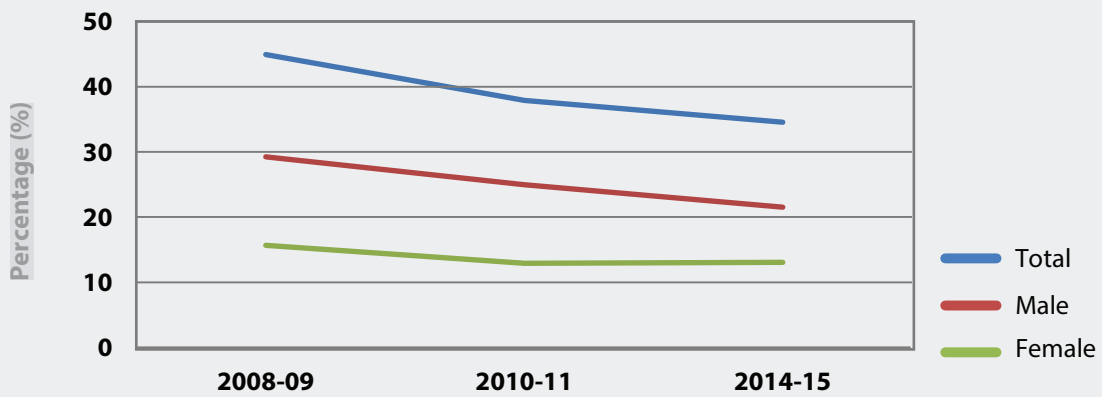
³⁵ Labour Force Survey, Pakistan Bureau of Statistics.

³⁶ Based on the estimates of the labour force participation rates in the different age category for men and women as given in the Economic Survey 2015-16.

³⁷ Based on the assumption that the annual growth rate in population is 2.54% and thus the labour force is likely to grow by this proportion every year.

³⁸ Labour Force Survey, Pakistan Bureau of Statistics.

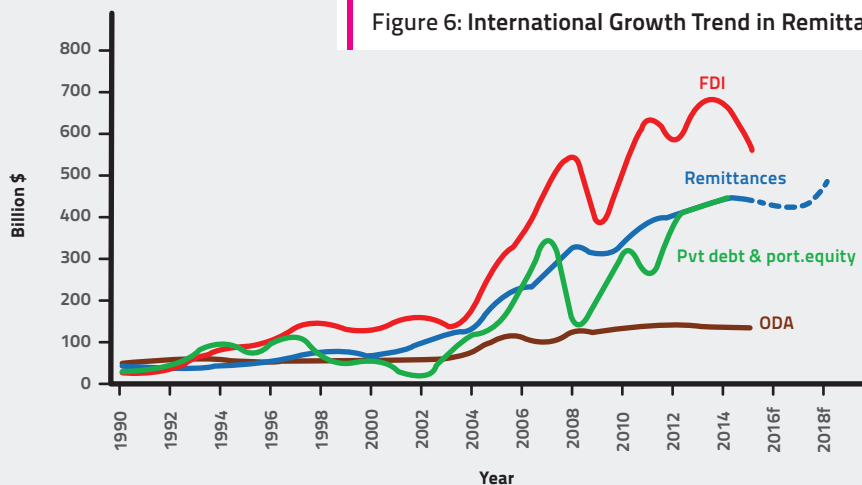
Figure 5: Trends in the Proportion of Labour Force in the Agriculture Sector in KP



Source: Pakistan Labour Force Survey for KP.

There are no records of the people from Chitral working in other areas of Pakistan or in the Middle East, Europe or America. The overall remittances contribute significantly more than Overseas Development Assistance in a country as illustrated by the graph below. The growth in the volume of remittances in the country shows that Pakistan earned USD 20 billion in remittance income in 2016 and that remittances currently contribute at least 7% to the national GDP and is an important source of growth, poverty alleviation and social development. While the numbers on the remittances sent to Chitral are unavailable, a few studies report the importance of that income as means for improving the economic and social status of local households, including investments in housing and education³⁹. An understanding of the growth trends in the workforce to different destinations and the type of trades and professions in which they are engaged is critical for proper planning for the future.

Figure 6: International Growth Trend in Remittance Income



Source: The Impacts of Remittances on Developing Countries. European Parliament. [http://www.europarl.europa.eu/RegData/etudes/etudes/join/2014/433786/EXPO-DEVE_ET\(2014\)433786_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/etudes/join/2014/433786/EXPO-DEVE_ET(2014)433786_EN.pdf).

³⁹ Ali, Akhtar. Do Remittances Contribute to Improvements in Life Standard at the Host Area (With Reference to Chitral, KPK, Pakistan European Journal of Business and Social Sciences, Vol. 2, No. 2, pp 66-74, May 2013. P.P. 66 - 74 URL:<http://www.ejbss.com/recent.aspx>ISSN: 2235 -767X .

Agriculture Potential

Traditionally, Chitral is an agrarian society, where people grow cereal crops such as wheat and maize for the mixed farming systems in which livestock is a key component for food security. Chitral has a total cultivated area of 22,552 hectares that represents only three per cent of the total land area. Approximately half of the cultivable land falls in the single cropping zone located in Lotkoh, Mastuj, Mulkhow, and Torkhow Tehsils. There is limited potential for double cropping due to the high altitude and thus there is little difference between the cultivated and cropped land. Most of the people are subsistence farmers and the current land man ratio is not enough to sustain the population in meeting the required food needs with 8.9 people on each acre of land⁴⁰. According to an estimate, almost 80% of the population holds small pieces of land that are not enough to meet the food requirements of the household.

The annual average precipitation in the district is estimated to be around 400 mm. The driest weather is in July with an average rainfall of only five millimeters. Due to the scarce rainfall, agriculture relies mostly on irrigation. Water is brought to the fields through gravity-fed irrigation channels fed by glaciers. Investment in irrigation channels has been undertaken mostly through community-managed gravity-fed channels which have been supported by non-government organizations and the communities working together. The river cannot be used as a source of irrigation in most places because of the expense of pumping water from the low lying river to the fields which are generally at higher elevations.

The major components of the agriculture sector are cereals, horticulture crops and livestock. There is some potential for fisheries especially trout farming. About 74% of the total cultivated area is under cereal production with the rest under various types of fruits and vegetables. Within cereals, the major investment is in wheat followed by maize, rice and barley. The cereal crops are generally used for home consumption with the residues used for animal feed. The total value of crops was estimated to be Rs. 1.78 billion based on market prices prevailing in 2016. Table 8 below gives the market prices and production figures used to make the assessment of crop values. In terms of value it is estimated, based on an assessment of the market value of crops, that cereals constitute only 40% of the value of the total production of crops while horticulture crops constitute 60%. While doubtless there is need to shift to more high value crops, the switch from cereal to horticulture crops is based on many other factors such as food security, land suitability, ability to invest in the land and the quick returns which accrue from production of cereals compared with the long period of return which is typical of investments in fruits, and the higher degree of inputs and links with markets required for profitable vegetable production. Thus, it is difficult to switch from cereal to horticulture crops although over the years it is apparent that the importance of horticulture crops has grown with increased access to markets and improved production technologies.

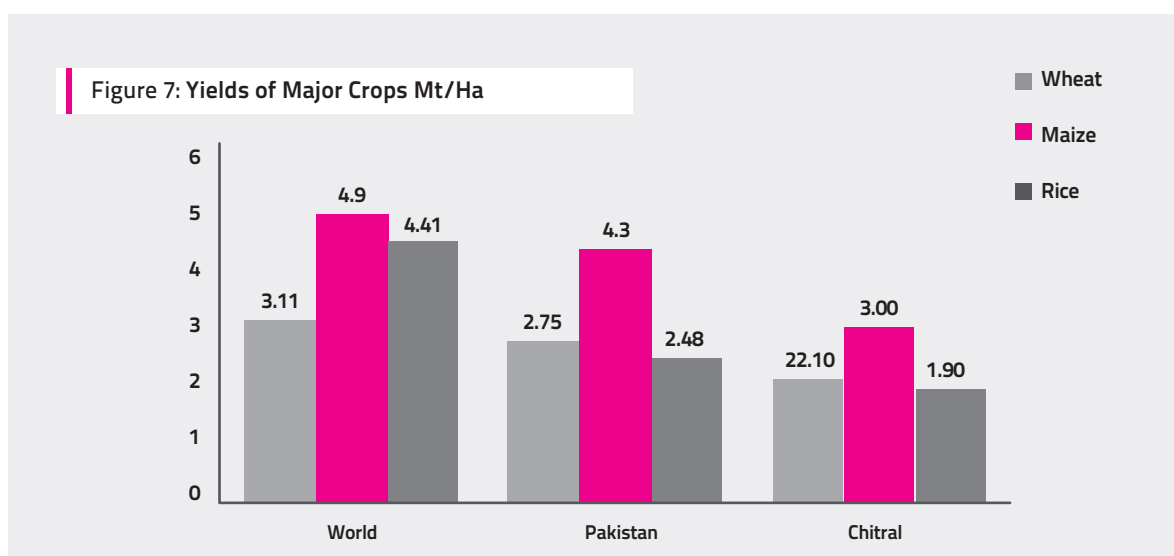
⁴⁰ It is estimated that one acre is generally required to meet the food needs of one person.

Table 8: Production of Major crops and estimated value (2014)

Crops	Area	Production (Tonnes)	Area Under (%)	Price per tonne (Rs.)	Approximate Market Value (Pak Rs)	(%)
Wheat	8,160	17,110	34%	15000	256,650,000	15%
Maize	5,920	17,750	25%	16157	286,786,750	16%
Rice	1,810	3,440	8%	37817	130,090,480	7%
Barley	1,770	2,800	7%	13785	38,598,000	2%
Vegetables	1,830	16,690	8%	-	403,898,000	23%
Fruits	600	4,050	3%	100000	405,000,000	23%
Onion	300	3,720	1%	27500	102,300,000	6%
Masoor	220	360	1%	150000	54,000,000	3%
Peas	190	1,180	1%	60,000	70,800,000	4%
Others	-	-	13%	-	-	-

Source: Development Statistics of Khyber Pakhtunkhwa, 2014 and market value figures from the prevailing market prices.

The yields of the major crops in Chitral are estimated to be much lower than the average world yields as well as the average yields in Pakistan. Thus there is potential to increase the yields of all cereal crops. The major constraints that limit yields include quality of soils, poor quality of seed, limited access to improved inputs and lack of irrigation. There has been no significant effort to increase yields in the area. A few of the programmes that focus on agriculture production have provided loans for inputs supply and improved the technical skills of farmers. However, the government's extension services are generally under resourced and the availability of certified seeds is generally limited. Farmers are unable to meet their requirements of seed from local production. For example, in the case of potatoes only about 10% of the need is met from local seed produced in the area. There is also limited post-harvest expertise and facilities as a result of which there are considerable post-harvest losses. There is need for much greater synergy and interaction with the private sector to enhance the income from horticulture.



Source: www.nue.okstate.edu/Crop_Information/World. www.finance.gov.pk/survey/chapters_16/02_Agriculture and Development Statistics of Khyber Pakhtunkhwa, 2014

Livestock is an important component of the agriculture sector in these subsistence farming communities which depend upon a mixed crop and livestock systems. However, the last livestock census was undertaken in 2006 and there has been no attempt since then to update the number of animals either at the district level or at the national level. The current numbers of livestock were increased to their current estimated level by using the assumption that there was a 3% annual increase in livestock numbers based on past trends. Based on the results from the last census, the highest proportion of animals are small ruminants mainly goats and sheep, while in terms of value, the largest contribution is from cattle which contributes almost 78% of the total capital value of livestock. The average national yield of milk was reported to be 6.1 liters and thus the yield in Chitral was 16% less than the national average and half that of those districts, which reported the highest per animal productivity. The major constraint in livestock production in the district is reported to be lack of winter feed, lack of animal health care and extension services which leads to the high mortality and morbidity rates, low calving intervals and low productivity levels. Chitral was estimated to have 34,745 households in 2006 which owned milch animals with 82% of the farmers being smallholders owning less than six milch animals. The total number of milch animals in the district in 2006 was reported to be 70,800 with an average daily production of 290,000 liters milk or five litres per animal⁴¹. There is no system of milk storage or processing and thus all the milk has to be sold or consumed almost immediately.

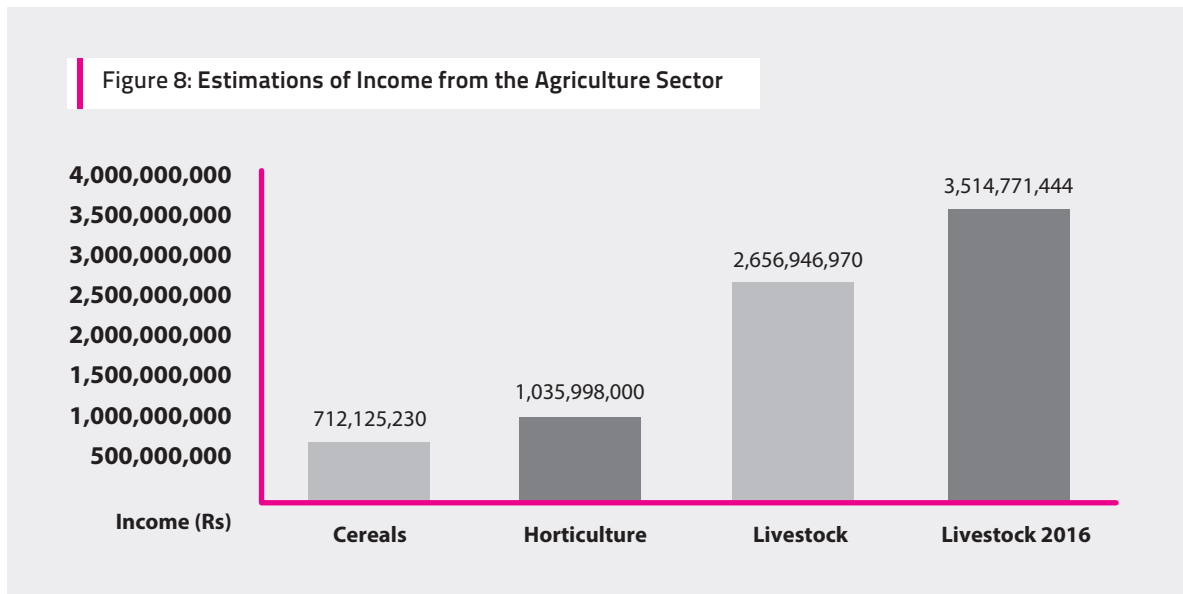
Table 9: Livestock Population and Value in Chitral District

Type	Numbers (2006)	Number (2016)
Cattle	174,842	234,973
Buffalo	296	4,174
Sheep	181,146	232,773
Goat	347,977	397,042
Horse	295	-
Mule	3,256	-
Asses	63	-
Poultry	423,749	-

Source: Livestock Census 2006.

In order to estimate the income from the agriculture sector, the market value of the crop sector was compared with the annual return from livestock, assuming a 10% return on the value of the capital invested in the livestock sector. These calculations show that the total stock of capital invested in the livestock sector is valued at Rs. 35 billion. Thus a return of 10% on this would amount to an annual income of Rs 3.5 billion from livestock. This shows that the contribution of livestock to agriculture incomes for the households engaged in this sub-sector would on annual basis be around Rs. 100,000 on average. Comparing this to the income from the crop sector shows that livestock income is twice that from the cereal and horticulture sub-sectors combined. This illustrates the need for the district to focus much more on livestock as one of the main instruments for income growth and poverty reduction. However, the livestock sector is one of the most neglected in terms of the provision of livestock extension services in the district. This needs to be given special attention in any growth strategy for the district.

⁴¹ Livestock Census 2006. www.pbs.gov.pk/sites/default/files/aco/publications/pakistan.../Table%201.pdf



Source: Estimates based by the PPAF Consulting team.

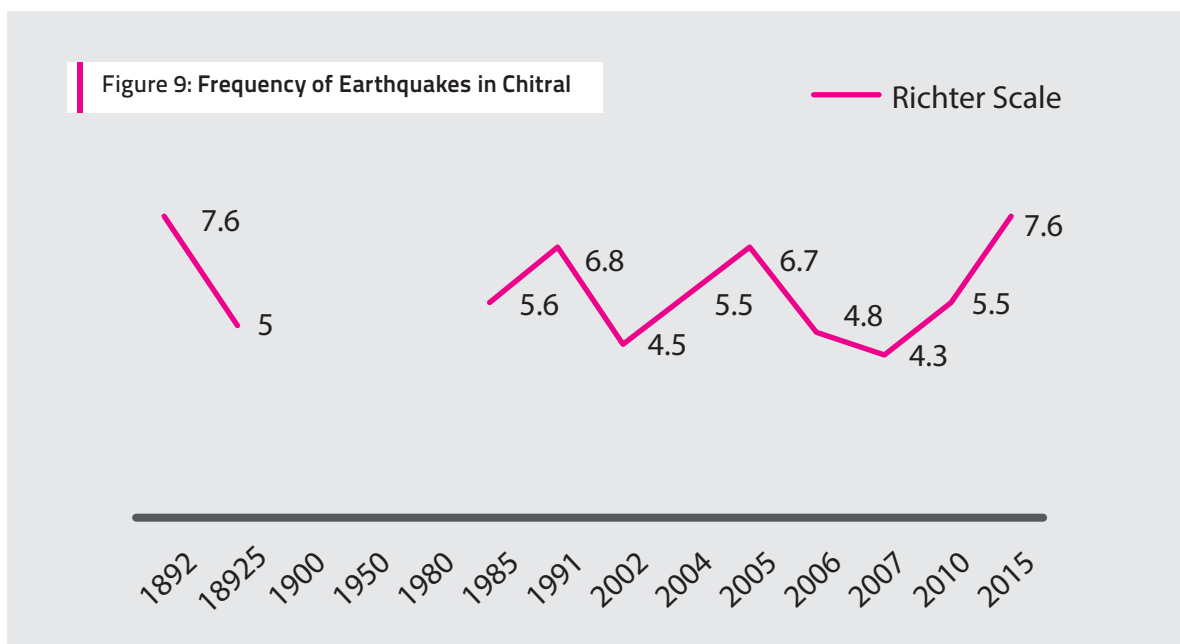
The institutional infrastructure of the Department of Agriculture is quite sophisticated at the provincial and district levels. It includes at least six different directorates which deal with different aspects of the sector such as crops, soil conservation, on-farm water management, livestock, research, etc. However, the extension system is weak and the Department does not have sufficient manpower or operating costs to provide proper extension services or plant and animal protection services. It is estimated that only 16% of the animals are provided with vaccination services. Chitral has an Agriculture Research Station and a new Veterinary Centre and Disease Investigation Centre is being constructed. The research centre has undertaken some research into improved apple and walnut varieties. The On-Farm water Management Directorate invests in the rehabilitation of the irrigation infrastructure. There are 1029 schemes of different types such as small gravity flow irrigation channels, 312 springs, 407 streams and 22 water storage tanks⁴². Communities have organized into Water User Associations under the 1981 WUA Act to maintain and operate these schemes. Under pressure from the changing livelihood system and the reduction in the reliance on agriculture, the communities are not maintaining these schemes as well as they did at one time.

The Department of Fisheries has been assisting in the development of fisheries in the natural rivers of the district as well as through establishment of fish farms. Fisheries is a relatively small sector but can provide an important source of income for the people through establishing fish farms especially of trout which is highly prized and also offers opportunities for tourists to set up excursion facilities centred around fish farming especially in Garam Chasma and Golan Valley. A few private entrepreneurs have attempted to establish fish farms but have not been able to do so due to capital constraints and lack of access to finance. The Department of Fisheries believes that establishing more private farms and assisting in setting up a cold chain to transport the fish down country could become an important source of income. There is sufficient demand for trout and other fish varieties in the local area especially during the tourist season to justify further investments in the sector. During the floods, many of the existing farms were destroyed and so, there is a need to find resources to assist them in reconstruction and rehabilitation.

⁴² Directorate of Water Management, Department of Agriculture, Government of KP

Natural Disasters and Climate Change in Chitral

Several assessments have been undertaken of the natural disaster profile of the district. Among many tools used for it is the Community-based Risk Screening Tool – Adaptation and Livelihoods (CRiS-TAL) which helps in the mapping of key risks, vulnerabilities and coping strategies and their relationship with livelihood assets at the community level. Results indicated that the three most severe disaster risks in Chitral are flash floods, avalanches, landslides and landslips. Earthquakes have also been the source of major risks and the frequency of these has shown to increase over time. These disasters take a heavy toll on community livelihood assets including water resources, agricultural crops, infrastructure, and houses⁴³. The floods in 2010, 2013 and 2015 caused by glacial lake outburst flood (GLOF) and torrential rain are among the worst disasters in the recent known history of the area as the floods hit almost every part of the district. The most damaging were the floods of July 2015 which caused substantial damage and losses to all types of infrastructure and damaged roads, bridges, power stations, schools, health centres, houses, irrigation channels and water supply schemes, etc. The floods also washed away livestock, crops and community assets.



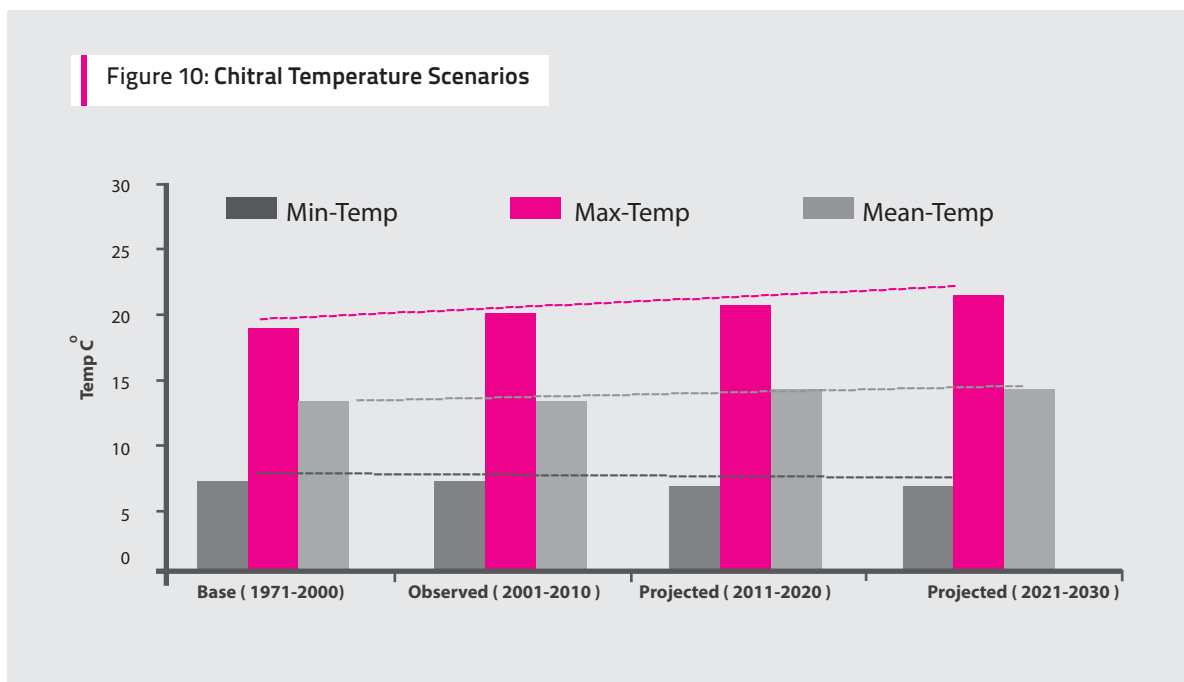
Source: Compiled by consulting various sources on the web.

Many of the local communities did not have the stock and resources to manage the food for the winter season or the ability to clear the land from debris to plant for the next season. Livestock were equally vulnerable and many households fearing their inability to cater for animal feed and shelter and further livestock losses sold their animals before the onset of the severe winter season. It was assessed that 69% of the people were impacted in the last floods. Such events cause considerable food insecurity, losses of income, liquidation of capital assets and hardship to the local people⁴⁴. Communities spend limited resources especially cash income and reserves to overcome these losses using short-term coping strategies. These unsustainable strategies further exacerbate vulnerabilities. The case of Chitral

⁴³Jawad Ali, Arjumand Nizami, Roshan Ara and Muhammad Asad Salim Hydro- Meteorological Hazards, Vulnerabilities and Coping Strategies in Garam Chashma Chitral – Pakistan. Intercooperation Pakistan. 2014.

⁴⁴<http://pakhumanitarianforum.org/wp-content/uploads/2015/09/Joint-Assessment-Report-Chitral.pdf>

indicates the importance of developing policies that encourage the government and development agencies to invest in understanding risks and long-term adaptive strategies so that local communities invest less of their scarce livelihood assets on short-term coping strategies. There is need for the government to examine its system of disaster management at the local level and assess the adequacy of its compensation packages and assistance to the affected communities. Some organisations are working on training communities in Disaster Risk Reduction (DRR) interventions and have formulated community based training programmes, provision of first aid, distribution of search and rescue kits to the communities, construction and rehabilitation of flood protection walls, diversion spurs, integrated watershed management and check dams to assist the communities in dealing with natural disasters. Several studies have been undertaken to determine whether there have been any changes in weather patterns and their impact. The recorded accounts of villagers indicate that they have clearly perceived changes in the local climate over the past 30-50 years, which can influence cropping patterns and crop growth⁴⁵. Decadal temperature scenarios for Chitral district revealed that the annual maximum temperatures show an increasing trend and annual minimum temperatures show a decreasing trend compared to the base period of 1971-2000. This implies that days are getting hotter and nights are getting cooler. On average the increase in annual mean temperatures is about 0.60 C per decade. Crop yields are expected to increase due to increasing temperature and there may be need to introduce short duration crop varieties⁴⁶. Another study indicates possibilities of expanding wheat production to mountainous areas above 1500 m where wheat currently is not grown due to shorter and colder growing season⁴⁷. Warming temperatures may also accelerate crop evapotranspiration and thereby increase crop water demand. In Chitral, the early warming temperature in spring is likely to enhance the process of early snow melt and enhance de-glaciation that may endanger the irrigation systems.



Source: Dr Syed Sajidin Hussain

⁴⁵ Arjumand Nizami, Iftikhar Hussain and Muhammad Asad Saleem, Climate Change, Early Signs and Warning Systems. The Villagers' Account. The Livelihoods Programme. Intercooperation. 2016.

⁴⁶ Syed Sajidin Hussain and Shabir Hussain Climate Change. Adaptation needs for Agriculture and Water resources in Khyber Pakhtunkhwa, Pakistan. Dr. Team Leader, The Livelihoods Programme Hindukush, Intercooperation. 2013.

⁴⁷ Hussain and Mudasser, (2007).

The livelihood coping strategies of the people have been changing over time. The dependence on forests, wildlife, medicinal plants and other resources that are collected from the wild have gradually been reduced and are now ranked fairly low in the livelihood systems. Reliance on these resources has been replaced by a greater reliance on cash crops, off-farm trade and employment. There is an increasing trend of raising forest plantations while natural forests are reported to have drastically decreased. The farming system is changing from subsistence to commercial. Livelihood activities that generate cash income are preferred over activities for subsistence. Cash saving as opposed to traditional food storage is a new trend. Cultivation of potato for commercial purposes during the last 30 years has spread fast in the area. This shift, which fetches cash, has resulted in increasing monoculture and a number of traditional local crops are no longer grown. Cash income from sale of commercial crops is becoming an important livelihood source.

Another factor which impacts the long-term sustainability of the natural resources in the district is the growing pressure of people and livestock. Only 4% of the district has a forest cover and the mountains of upper Chitral are bare. There are reports of illegal harvesting of scarce forest resources⁴⁸. Renewable resources in Chitral are under heavy pressure from a forestry system that does not take into account the needs of the people. Livestock is an important source of livelihood but is constrained by shortage of winter feed. In late spring and early autumn, herds forage in subtropical and temperate grazing lands covering 57,600 ha and the summers are spent in alpine and subalpine grazing lands extending over 316,000 ha. Many of these areas are being rapidly denuded and there is no plan for the sustainable use and management of the grazing lands. Meanwhile, fodder scarcity and domestic energy requirements contribute to the denudation of watersheds and grazing lands. The cycle of natural regeneration is disrupted in areas where the forest floor is under heavy pressure from continuous grazing⁴⁹. While there have been various programmes for tree plantation, there is no system of monitoring which confirms the survival of trees.

Infrastructure

The rugged mountainous terrain of the district and the isolated valleys spread over a vast area pose a special challenge in addressing the transport and communication needs of the people. Access to the rest of the country and the surrounding region is by means of mountain passes, mostly closed in the winter season. An all-weather access to Chitral is also via Arandu Pass through Kunar (Afghanistan). The Lowari Pass (10,400 ft.) in the south connects Chitral to Upper Dir district and is the major land route which connects it to the rest of the country. The Shandur Pass (12,700 ft.) connects it to Gilgit and provides a route to the Karakoram Highway. Due to the extreme winters both these routes remain closed for about half a year from December to May. During this period the only access to and from this district is by an erratic air service subject to good weather. The crash of a PIA flight from Chitral to Islamabad in 2016 led to a review of the fleet of aircraft used on the route and resulted in suspension of the regular flight services to the district. The Lowari tunnel, inaugurated in July 2017, provides year-round road access to the district's capital.

Within Chitral district itself, there are only 152 kilometers of black-topped roads for a total area of 14,850 square kilometers. This is clearly inadequate and much greater investment needs to be made in roads in the area. The main population centers are along the Chitral-Mastuj valley. The road along this main valley acts as an artery for the surrounding villages and towns. In addition, there are around 34 side valleys in the district which are connected with each other only through shingle or dirt roads. There is need for RCC bridges, which traverse the river at many points and connect isolated communities. Due to

⁴⁸ Ghani ur Rehman. Socio-Economic Profile of Chitral. <http://www.mahraka.com/ghani.html>
Assistant Professor of Economics, Government College Chitral.

⁴⁹ The Chitral Conservation Strategy. Chitral an Integrated Development Vision. 2004 International Union for Conservation of Nature and Natural Resources, Pakistan and the Government of North West Frontier Province (NWFP).

the inability of many of the existing bridges to transport heavily loaded vehicles, the development potential of the district is severely curtailed including its mineral and tourism development potential. Due to high frequency of disasters, especially flash floods and those caused by glacial lake outburst, landslides, etc. the district often remains cut off from the rest of the country during the summer season as well.

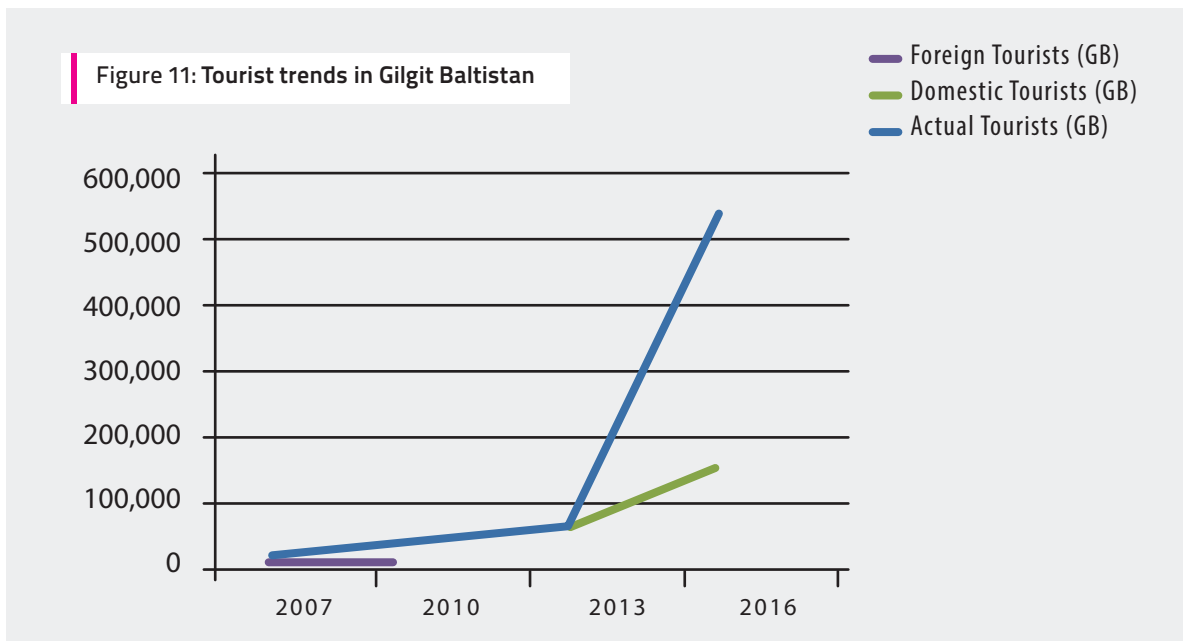
Solid Waste and Sewerage Disposal: There is a serious problem of solid waste management and sewerage disposal in Chitral. The district has no proper system or site for solid waste management. Of the estimated seven tons of garbage that is generated on a daily basis in the Chitral town, only four tons are collected. All the sewerage is disposed into the river. There is an urgent need for a recycling plant and to install an incinerator for disposal of hospital waste. This situation poses a serious public health hazard and requires urgent investment in infrastructure and technical capacity of the TMA to deal with the situation. There is only one slaughter house in the district and that is also inadequate to meet the needs of the town.

Sports Facilities: There is an acute shortage of sports facilities for young men and women in the district. There is not a single indoor hall for sports in the area given that the severe winter weather would make any outside sports activities almost impossible for large parts of the year. Indoor facilities are even more important for girls given cultural restrictions which further hamper the girls' participation in sports activities. Recently, two stadiums have been sanctioned and are under construction in Booni and Chitral with support from Germany and technical assistance from the Wish International organisation. However, there is need for construction of many more youth centres and sports facilities for boys and girls in the district to encourage them to participate in healthy communal activities.

Tourism

Chitral has been attracting tourist traffic due to the opportunities it provides for eco-tourists, trekkers, mountaineers, etc. The district has more than one hundred peaks with an altitude higher than 5,000 meters and provides numerous trekking routes on the footsteps of the Hindu Kush. In addition, there are additional attractions for those interested in the unique culture of the Kalash and their special festivals, the annual polo tournament played in the unique high altitude location of Shandur or the wildlife such as Markhor and Snow Leopard in their natural habitats.

There was a steadily growing stream of both foreign and domestic tourists to this area prior to the 9/11 attacks. While the foreign tourists have all but stopped, domestic tourism continues to grow in the country. It was estimated that there were around 8.8 million domestic tourists who visited the KP province each year from other parts of the country. This figure represents about 19% of the share of the total annual national domestic tourist traffic. The share of Chitral in this traffic has not been separately estimated. The growth rate of domestic tourists in Gilgit-Baltistan (GB), which is similar in many ways to this area, can be used as an indication of the potential for tourism. In the three years from 2007 to 2010, the tourist inflow in GB increased by 69%. Based on this growth rate, it was expected that there would be close to 100,000 tourists who would visit the district next year. However, the actual tourist numbers were estimated to be around 500,000 due to the widening of the Karakorum Highway. If the same trends are seen in Chitral after the opening of the Lowari Tunnel, the issue would not be how to attract domestic tourists and rather, it will be how to control and regulate tourism and ensure there are no negative consequences for the natural environment and the people.



Source: Tourism Department. Government of KP

Income from tourism can be an important source of revenue and employment for the district. The challenge for Chitral is not how it can attract more tourists but how to develop and manage tourism in a manner that ensures the participation of the local people in this sector so that it becomes an important source of enterprise, employment, and revenue and protects the natural environment. The total annual economic impact of tourism for KP was estimated to be Rs. 12.26 billion⁵⁰. It is not clear how much of this revenue would be due to the tourist traffic in Chitral. However, based on the assumption that even if 5% of the annual flow of tourists to KP was due to Chitral and, on average, each person spent Rs. 2,000 per day for a 5-day trip it would bring an annual revenue from tourism of around Rs. 4.4 billion. This would be almost as much as the entire income from the agriculture sector in the district.

The tourism sector in KP has been facing a host of challenges that have been impeding growth of the sector⁵¹. Some of these challenges are linked to unclear policy and institutional regime in the wake of the 18th Constitutional Amendment, poor law and order situation and low public sector capacity to facilitate and regulate the private sector. On the other hand, there are also some serious sector-specific issues affecting tourism such as limited availability of information to monitor travel and tourism trends preventing planning, poorly trained workforce, low level of private investments, absence of standards, poor infrastructure, limited and sub-optimal marketing activities and lack of capacity and skills of local people to engage in the sector, etc. Improving the tourism sector has been a priority for the government of Khyber Pakhtunkhwa, which aims to use it as a driver of economic growth and make KP a preferred tourism destination. The provincial government has developed a tourism policy with assistance of the USAID.

In KP, the Tourism Corporation Khyber Pakhtunkhwa (TCKP) and the Department of Tourists Services (DTS) are two major entities responsible for tourism promotion and management. In addition, there is Pak-Austrian Institute of Tourism and Hotel Management (PAITHOM), which is responsible for producing

⁵⁰ Tourism Policy for Khyber Pakhtunkhwa. USAID FIRMS Project. October 2013

⁵¹ Tourism Policy for Khyber Pakhtunkhwa. USAID FIRMS Project. October 2013

skilled human resources for the hospitality sector. All these organizations are collectively working under the Department of Sports, Tourism, Youth Affairs, Archaeology & Museum (DoT). Efforts are being made by the provincial government to establish linkages with tourism networks to showcase Chitral as an ideal tourist destination. Under a USAID project, a mountaineering school is being established to attract mountaineers to the peaks of the Hindu Kush mountain range. The freestyle polo played in the district is also being used as source of attraction for the tourists and polo clubs are being established under the project in seven major towns of the district. There is need to develop the skills of local people to offer a range of services for the hospitality industry and arranging for financial services, which would enable local entrepreneurs to invest in the sector.

Mineral Development

The northern Pakistan, including the Chitral region, has a complex history of geotectonic evolution and the geological environments of this region have a range of geotectonic settings which compare favourably with geologically identical mineral-producing regions elsewhere in the world⁵². There is no accurate estimate of the geological resources of the area although several attempts have been made over the years to study its mineral wealth. The first exploration was undertaken by a German group, DEMAG, in 1953 and consisted of a geophysical survey and geological mapping of Dommel Nisar iron ore occurrence. Another report on the same prospect was by the Geological Survey of Pakistan (GSP) in 1958. The GSP Mineral Directory of Pakistan by Zaki Ahmad (1968) also includes description of a few mineral occurrences from Chitral. A systematic geological mapping and mining exploration of the district was conducted during 1974–78. An Austrian Consultant Company undertook the exploration work which resulted in regional geological mapping of Chitral as well as surface and sub-surface exploration of selected prospects of Awireth gold-silver, Dommel Nisar copper-iron, Buni Zome iron, Pakhturi copper-lead-zinc, Shah Jinali molybdenum, Krinj antimony, and Shishi valley talc- magnetite. Calkins et al published the joint work of US Geological Survey in 1981. Exploration studies on localized occurrences of tungsten, gold-silver, copper-silver and antimony were also undertaken from 1981–92. A geochemical exploration of the region was initiated through the Australia- Pakistan Gold Exploration and Mineral Analysis Project (GEMAP) under the AusAID technical-assistance programme in 1992–95.

Information on geology, known metallic minerals and gemstones together with information on past exploration coverage in Chitral region was undertaken in June 2014 by USAID. This information was expected to facilitate and attract investors to undertake follow-up exploration in the district through exploration licenses⁵³. A detailed inventory of the occurrences and showings of a diversity of metallic minerals and the major localities of base metal (other than gold and PGE's) are provided in the USAID report. Although potential of in situ gold in Chitral is evident from the occurrence of placer gold along the main rivers, this was said to be debatable given that most of the bedrocks which hosted economic concentration of gold, either have been eroded completely or have left behind the outcrops with uneconomic values of gold concentration. Few showings identified in Chitral are provided in the report. Factors regarding crustal deformation and deep erosion in northern Pakistan present a convincing picture to justify the exploration of metallic minerals in the region but despite these the prospects of occurrence of economic ore bodies in the form of primary deposits and/or metamorphogenic type gold lodes may not be precluded. However, these were reported to be assumptions.

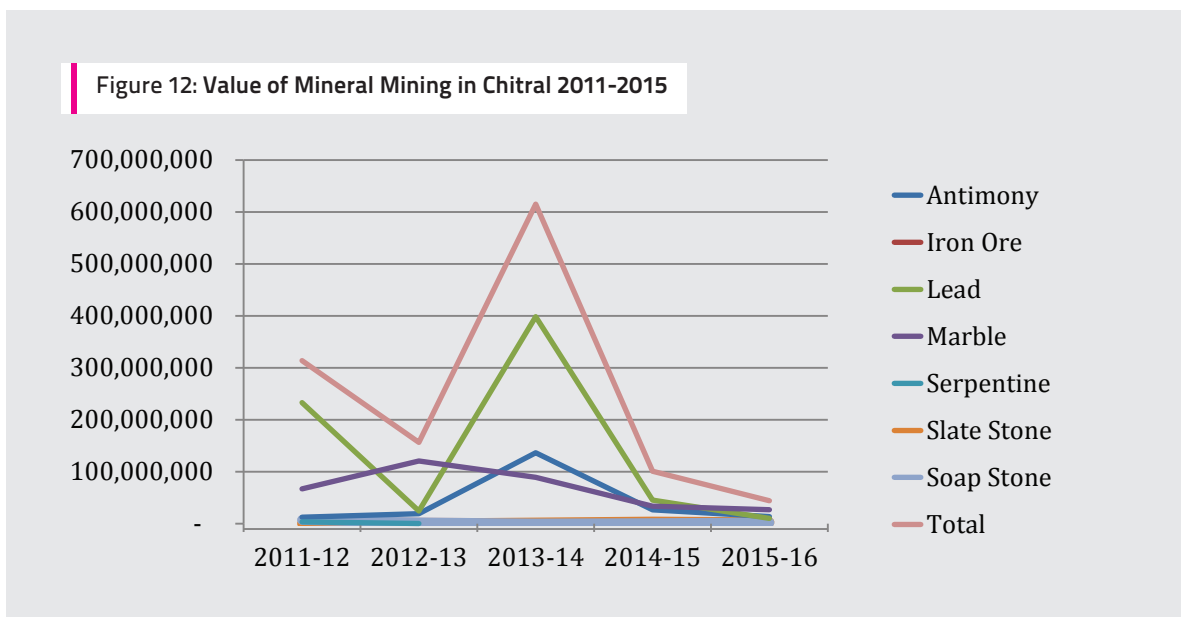
Few occurrences of gemstones are known in Chitral. The most prominent one is aquamarine, hosted by

⁵² Investor Information Package- Chitral Institutional Support to Khyber Pakhtunkhwa Mineral Development Department. Chemonics. USAID FIRMS Project. June 2014. Chemonics. USAID FIRMS Project. June 2014

⁵³ Ibid

pegmatite bodies of Garam Chashma and Nuristan or Kalash localities. Geologically the pegmatite bodies (isolated mega-crystal rock bodies of irregular shape) of the area together with mega-crystal bodies of Tirich Mir pluton should have potential for the gemstone clan beryl-topaz-tourmaline-garnet. Few occurrences of aquamarine with or without Topaz and tourmaline are known in Garam Chashma area e.g. Gobbar, Manurgol. Blue tourmaline has also been reported/known from upper Lutkho valley north of Garam Chashma. Topaz is reported from Gobor-o-Bakh locality (Zaki Ahmed, 1968). Prospecting for further localities along the pegmatite belt bordering Afghanistan was recommended. At places the pegmatite rocks are associated with the occurrence of quartz crystals of commercial use. Geologically the rock belt of Northern Suture Zone along Shishi valley and Mir Khani-Arandu valley, particularly the talc carbonate rocks in association with the serpentinite blocks, are good host rocks for emerald. Some green beryl and/or emerald have been reported from Shishi valley. A similar belt of rocks along Tirich and Rich valleys of Mulkho-Torkho areas is inferred for occurrences of green beryl and/or emerald⁵⁴.

The exploration promotion division of the Directorate General Mines and Minerals of KP is responsible for mining exploration and development of the mineral resources of the province. The Minerals Development Department gives exploration licenses and mining leases through a process of first come first served basis and evaluates each bid on a competitive basis. Several mining leases have been granted in Chitral and an analysis of these over the last five years indicates that there has been a highly variable pattern in the production of different minerals in Chitral. This uneven pattern is partly attributed to the fact that soon after coming to power in Khyber Pakhtunkhwa in 2013, the PTI-led coalition government banned the issuance of new licenses for mineral exploration and tried to remedy the inadequate legal cover following the decentralisation of the subject under the 18th Constitutional Amendment. However, when production was at its peak in 2013-14, its contribution to the revenue stream in Chitral was valued at Rs. 600 million, which is less than the combined value of the cereals produced in the district. The value of the revenue from mineral production in 2015-16 based on market prices of the different minerals is estimated to be only Rs. 44 million. The contribution of the mining sector to the provincial and district economy has historically been small despite its huge stated potential to increase incomes, employment and government revenue.



Source: Mineral Department. Government of KP.

⁵⁴ Investor Information Package- Chitral Institutional Support to Khyber Pakhtunkhwa Mineral Development Department. Chemonics. USAID FIRMS Project. June 2014

Khyber Pakhtunkhwa is the first province to enact its own mining law after the devolution of the sector under the 18th Constitutional Amendment. This law is designed to improve regulation of the minerals, mines and mining, create a transparent, competitive and enabling business environment and to provide institutional oversight. To facilitate these measures, the province plans to establish the Khyber Pakhtunkhwa Mineral Investment Facilitation Authority and a Mineral Titles Committee to regulate grants of mineral titles in the province. The law has done away with the discretionary powers of officials at the district level for granting licenses and created an authority to facilitate investment in the sector. A committee headed by the relevant secretary would henceforth exercise the leasing power. The core function of the authority will be to provide guidance to the mineral department, frame policies for investment and development of the mineral sector, facilitate investments, hear appeals against decisions of the licensing authority, and prescribe safety standards and welfare of workers, research and other relevant activities. A gems and geological and mineral institution will be established to highlight 71 kinds of minerals to attract investors. Negotiations are being held with different institutions to promote and improve various mines and minerals and train officials. The policy also calls for the introduction of new mining technology to discourage the use of outdated technology that results in wastage of expensive minerals. In the next five years, the use of dynamite and blast in minerals will be banned. The KP mineral department plans to introduce a scientific monitoring system to replace the manual checking of trucks on roads. The new KP mineral licensing policy has been finalised and the rules are currently under preparation. All shortcomings in the mineral concession rules of 2005 will be amended to facilitate investors⁵⁵.

By encouraging new investment, the province's income from the sector is expected to go up to an estimated Rs. 2 billion from the current Rs. 700 million annually. The province grants two types of licenses: a reconnaissance license for a period of one year over an area of up to 1,000 km², and exploration licenses for a period of five years over an area of up to 500 km². Under the law, a leaseholder cannot get a license for more than three sites at a time. The process for grant of exploration license includes pre-qualification of interested parties followed by competitive bidding. With USAID support, an investor information package has been developed which gives an estimate of the potential blocks in Chitral, where exploration can be carried out. Presently, the department has identified 10 blocks of metallic minerals and five of gemstones for grant of exploration licenses to potential investors. The government has received 744 applications so far from prospective investors for licenses. Of these, 34 applications are for exploration (3) and prospecting licences (31) in Chitral. The total value of these is not yet known.

The Pakistan Stone Development Corporation (PASDEC) was established almost 10 years ago as a non-profit company to assist in development of the marble and granite sector in the country. The corporation represents a model of public-private partnership which has proved to be highly successful. The PASDEC invests the government funds in the development of a mine and quarrying site in a joint venture with the private sector. It offsets the initial capital cost and some of the risks associated with investment in the sector. Once the operations prove to be technically and economically sound it divests its own investment and hands over to the private sector partner. It also encourages the development of new sites through renting out heavy equipment and machinery needed, trains manpower in stone cutting and making mosaics. It also has the technical expertise to conduct technical in-depth studies to identify the mineral potential of a site. It has invested in 14 projects in the last decade and gradually handed over 10 of these to the private sector. Its sole investment in Chitral is currently experiencing some problems due to the difficulty of investing in a hard and difficult terrain. However, its model of

⁵⁵ KP Minister for Minerals and Labour Anisa Zeb Tahirkheli.

investment provides an approach which can be used in a broad range of sectors and needs to be emulated. PASDEC is expected to play a key role in the development of marble and granite development in Chitral in the future as it is gradually transforming its operations to mechanised and modern mining techniques.

Energy

The total energy requirement of Chitral is estimated to be 40 megawatts against the current electric supply of 11 megawatts. The figures of the Pakistan Social and Living Standards Measurement Survey are somewhat misleading because it reports that 99.8% of the people in the district used electricity for lighting purposes showing that almost all households in the district have electricity. However, this statistic eclipses the fact that the supply of electricity is uneven and that the use of electricity is limited to certain specific purposes and that 99.61% people still use firewood for cooking purposes. Furthermore, due to natural disasters, the power generation infrastructure is frequently damaged and also leads to interruption in the power supply. The 4.2 megawatts Reshan hydroelectric power house was destroyed during the 2015 floods and 20,000 households have been living without electricity since.

Pakistan is endowed with significant hydropower generation capacity estimated as 60,000 MW which could be economically harnessed. Out of this vast hydropower potential only 11% has been developed so far⁵⁶. The total installed capacity of hydropower projects in the country up till 2010 was 6720 MW, out of which 3849 MW was in Khyber Pakhtunkhwa. Of the total potential, 24,736 MW have been identified in Khyber Pakhtunkhwa with high, medium and small heads in 142 sites. Out of these, 19 projects are in operation, 27 projects are under implementation in the public sector and 11 projects are under implementation in the private sector. Chitral is estimated to have a hydropower generation capacity of 2,601 megawatt which is at various stages of development. Of this only 0.4% or 3.2 MW has been developed so far. In addition, projects with a capacity of 452 MW are under implementation and raw sites with the potential capacity to produce 2,145 megawatts have been identified. Local communities with help from several NGOs have also played a role in the development of small community managed hydropower projects. These represent a good alternative for small isolated communities that are far from the main grid.

Table 10: Hydropower Potential & Current Capacity

	MW	Tapped	Percentage (%)
Pakistan Hydropower potential	60,000	6600	11%
KP Hydropower Potential	24,736	3849	16%
Chitral Potential	2,601	-	0.4%
Total Energy Requirement of Chitral	40	-	28%
Current Electricity Provision	11	-	-
GolenGol Power Project	30	-	-

Source: Private power and Infrastructure Board. February 2011

⁵⁶ <http://www.ppib.gov.pk/HYDRO.pdf> hydropower resources of Pakistan. Private power and Infrastructure Board. February 2011

Chitral has the capacity to not only meet its own energy requirements but to supply electricity to the national grid to assist in overcoming the unending power deficit in the country and use it as a source of revenue. The Net Metering Regulations recently introduced by the federal government paves the way for the establishment of a flexible regulatory regime where any consumer can install solar panels and sell excess electricity back to the distribution company. The district government could utilise the same pricing and regulatory regime to enhance its source of revenue. It is estimated that at the existing electricity tariff in Pakistan of Rs. 13 per unit or per KWh, Chitral could, by developing even 20% of its hydropower potential and selling the excess power to the national grid, generate electricity with a market value of Rs. 56 billion. The provincial government could earn a revenue of Rs. 21.6 billion at the current sale price of Rs 5 per kwh and the district could earn royalties valued at Rs 2.16 billion on an annual basis.

The institutional arrangements for investment in the power sector in the country are in place. The Government of Khyber Pakhtunkhwa established the Sarhad Hydropower Development Organization (SHYDO) under the Sarhad Hydel Development Organization Act, 1993 which has recently been renamed PEDO for identifying and development of hydropower potential in the province. With the assistance of WAPDA and GTZ, SHYDO had prepared a Regional Power Development Plan for the province and various schemes are under implementation. Hydropower projects in the public sector are developed through WAPDA whereas the Private Power Infrastructure Board (PPIB) deals with hydropower projects in the private sector. PPIB is designed to manage a one-window facility for the private investors on behalf of GOP and concerned ministries and departments. PPIB executes Implementation Agreement (IA) and provides guarantee on behalf of the government of Pakistan. It also monitors and assists IPPs in executing Power Purchase Agreement (PPA) and Water Use Agreement (WUA) with the relevant agencies. PEDO has developed an elaborate initiative to attract private sector investment for the hydropower sector with the support of World Bank and the Asian Development Bank. The same pattern could be deployed for developing the smaller hydropower projects in the district and enabling the district Government to use it as a source of additional revenue for its development.



CHAPTER 3

THE BROAD CONTOURS OF THE CHITRAL GROWTH STRATEGY

Vision ---

The Chitral Growth Strategy (CGS) is anchored in the Pakistan Vision 2025 and the Integrated Development Strategy (2014-2018) developed by the Government of Khyber Pakhtunkhwa. The seven pillars of the Pakistan Vision 2025 have been incorporated as key principles in the CGS and its starting point emanates from putting people first, making growth sustained, indigenous and inclusive, improved governance, security in the provision of basic services, encouraging entrepreneurship, focus on generating high value and investment in infrastructure and communication to promote connectivity and trade. The provincial government is committed to implementing a pro-poor, pro-people reform agenda to respond to the needs of the public. The Integrated Development Strategy (IDS) is the development roadmap for KP and is geared towards meeting the needs of a region with a fast-growing population. The Chitral Growth Strategy integrates the IDS approach to development planning that involves all key actors, including citizens, with everyone working collectively to find the best solutions to achieve the goal of long-term development. It aims to co-ordinate and work with the common objective of improvement in the quality of life of the people. The CGS like the IDS is based on the understanding that development is a multidimensional process, involving all sectors of the economy including both social and economic.

The citizens of Khyber Pakhtunkhwa have suffered a series of internal and external shocks over an extended period of time that has disrupted their livelihoods and eroded living standards. These include the fall-out from over three decades of the Afghan conflict, spill-over of the militancy in the Federally Administered Tribal Areas (FATA), devastation caused by the 2005 earthquake, internal displacement of 3 million people following the conflict in Swat in 2009, and the damage inflicted by unprecedented floods in 2010. While Chitral is secluded from the direct impact of the militancy, it has nonetheless suffered as a result of the impact of insecurity and instability in terms of the reduced flow of tourists, especially foreign tourists. More recently it has suffered as a result of the natural disasters that continue to negatively impact the district with disastrous consequences particularly the floods of 2015.

Recent developments in domestic and regional politics have given rise to considerable hope that KP is on the cusp of reclaiming prosperity and a promising future. KP's political governance structure has consolidated, financial flows led by remittances have strengthened, the economy has grown at a little over 4% per annum and the provincial Government has initiated several new programmes for economic growth, social development and encouraging the private sector to invest in the province. The China Pakistan Economic Corridor has unleashed a new optimism and considerable investments are already being made along the expected land route of the economic corridor. It is hoped that CPEC will open substantial regional trade and investment opportunities. KP's economic growth strategy is a key instrument for fulfilling the elected government's mandate to improve citizens' living standards and creating opportunities for a promising future. The Chitral Strategy hinges on the facilitative framework of the provincial strategy and the promise of the Pakistan vision 2025.

Growth Challenges and Potential Pathways in Chitral ---

There are several key challenges to growth in Chitral. One of the main ones is conflict in the country and the province. Thus, even though Chitral has been peaceful, the conflict in the surrounding areas has taken a heavy toll on the district as well. The escalation of militant conflict into a security crisis in 2009 and the consequent military action in large parts of the province was mainly responsible for constrained economic growth and impacted both the corporate sector and individual businesses. The large share of resources allocated for security detracted from the allocations available for the productive and social sectors of the economy. High unemployment rates, particularly among the youth, have been a persistent phenomenon in the more recent past. The numbers of jobs have reduced as economic growth has remained sluggish since the conflict began, forcing the closure of businesses and damage to public infrastructure.

Primitive production methods are used, resulting in waste and loss of assets in many sectors. Productivity of agricultural produce is low due to farmer's lack of awareness about the application of scientific research and knowledge about new agricultural practices, new methods of tillage and latest development of farming techniques. Inadequate technical capacity of agriculture and livestock department coupled with obsolete extension methodologies and lack of marketing infrastructure are major areas to be addressed. The use of outmoded mining methods contributes to the large-scale waste of mineral resources and harm to the recoverability of reserves. There is acute shortage of energy that impacts all sectors of the economy. Finally, the frequency of natural disasters has had a major impact on the district especially the floods of 2015 which caused significant damage to the infrastructure and negatively impacted agriculture.

Focus on Economic Growth: In the ten years up to 2011-12, KP's economy grew at an annual rate of 4.2%, slightly lower than the national growth rate of 4.6% in the same period. Growth, moreover, was highly volatile given the external shocks and is too slow to absorb the increase in the labour force. Currently, at 37%, labour force participation in KP is the lowest of all provinces (the national average is 46%) and the unemployment rate, at 9%, the highest (national average is 6%). Therefore, a major challenge in KP is that economic growth should be high enough and inclusive enough to increase the provincial labour force participation rate and provide productive employment to the fresh entrants. There are no statistics available at the district level to measure the growth rate of the economy and the unemployment rate at the district level. However, extrapolating from the labour force participation rates in the province and the population in different age cohorts, it is estimated that the district would need to generate between 3,500 and 4,000 jobs on an annual basis to accommodate the growth in the labour force. The release of labour from the agriculture sector would add another 2,000 to 2,500 to the labour force looking for jobs in other sectors if the past trends of reduction in agriculture labour force continue. One of the major growth challenges for Chitral is how to create jobs for the growing labour force.

The key starting point for the KP growth strategy is to set a realistically ambitious medium term economic growth target. It uses as its benchmark the federal government's projected national growth target of 7.5% to be achieved in the medium term to match the increase in labour force growth. This will require a near doubling of total investment from 14% of GDP in 2013 to 26% in 2020. Much of this is expected to be private investment, which is projected to rise from 8.7% of GDP in 2013 to 19% in 2020. This strategy needs to be emulated at the district level. In Chitral, too, the challenge will be how to attract private investment in key potential areas of growth. Some of the key areas of growth have been identified based on an analysis of the current situation and described in the sections below.

Investment in the Social Sectors: The most recent Millennium Development Goal (MDG) outcomes for KP do not show an encouraging trend on inclusion. The proportion of population below the poverty line in KP at 39% is substantially higher than the national average. Net primary enrolment ratio at 53% is lower than Punjab's 67% as is the literacy rate (52% compared to Punjab's 60%) and substantially below MDG targets. Similarly, contraception, maternal mortality and infant mortality rates are also far below the respective MDG targets. KP is also off target on many indicators of gender equality. The objective of inclusion requires that the growth strategy removes the causes of such poor MDG outcomes. While the educational indicators of Chitral are better than the provincial average, there were from 56,000⁵⁷ to 70,000⁵⁸ children out of school in 2016.

The relationship between the limited access to social sector services and poverty has long been understood, yet despite this, there have been limited investments in the social sectors in the country as a whole. Healthcare costs account for more than 70% of the economic shocks faced by poor households⁵⁹.

⁵⁷ Alif Ailaan estimated that 37% of the children were out of school in Chitral.

⁵⁸ Using the data on enrolments from the District Profile for the District.

⁵⁹ Ministry of Social Welfare and Special Education. Social Protection Strategy, 2005. Government of Pakistan: Islamabad, Pakistan; 2005.

The unexpected and urgent need for funds during a health emergency often entails incurring a debt, which can plunge a family into poverty. The Pakistan Safety Net Survey⁶⁰ (2005), found that nearly two-thirds of respondents (about 80% of whom were poor) suffered from one or more major shocks in three years before the survey⁶¹. The household coping strategies, as a response, are reported to range from borrowing and selling assets to ignoring illness and non-treatment - patterns similar to what has been reported for other countries. Special programmes to assist people with health care are critical. This has been recognized by the KP Government which has launched a health insurance scheme for those identified as poor.

One of the most cogent areas of investment for the poor is providing them targeted assistance to educate their children. The correlation between educational achievement and the incidence of poverty in Pakistan has been examined in several studies and found to be significant and negatively correlated⁶². The greater the number of years of schooling, the lower the chance that the person is poor. Extrapolation of the wage differentials between those never attending school and those completing primary school showed a wage premium of USD 155 a year⁶³. It is estimated that for each additional year of schooling after primary, there is approximately an 8%⁶⁴ to 10%⁶⁵ return on the base salary for wage earners. Some studies also show the impact of improved learning outcomes on wages. Studies from other parts of the world show that an improvement in test scores of one standard deviation improved earnings by 18% in India⁶⁶. Thus it is not only quantity of education but quality that can help to achieve a wage premium over existing income levels.

The co-relation between girls' education, health, fertility and its impact on the lives of children highlights the significance of taking a long-term perspective in providing access to health and education services to protect not just the current vulnerable population but also to protect future generations. The girls' education has some powerful multiplier properties and there is a strong demonstrated positive association between maternal education, child survival and reduction in fertility rates⁶⁷. These generate additional quantifiable benefits in terms of reduction in health expenditures, increased productive investment and reduction in poverty levels. In Pakistan, one woman dies every 20 minutes during

⁶⁰ A special survey of safety net recipient households.

⁶¹ Derived from the Pakistan Safety Net Survey (2007) supported by DFID and conducted by Gallup Pakistan.

⁶² Awan, Masood Sarwar; Malik, Nouman; Sarwar, Haroon and Waqas, Muhammad (2011): Impact of education on poverty reduction. Published in: International Journal of Academic Research, Vol. 3, No. 1 (2011): pp. 659-664.

⁶³ Based on the 2005/06 Pakistan Social and Living Standards Measurement Survey

⁶⁴ European Journal of Economics, Finance and Administrative Sciences

Chaudhry, I.S et al. 2009. The Impact of Gender Inequality in Education on Rural Poverty in Pakistan: An Empirical Analysis. ISSN 1450-2275 Issue 15 (2009).

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⁶⁵ Comptroller and Auditor General. HC 69SesSlon 2010-2011 June 2010. DFID Bilateral Support to Primary Education. National Audit Office.

⁶⁶ Aslam, De, Kingdon and Kumar 2010.

⁶⁷ Watkins, Kevin. April 2012. When learning saves lives: education and child mortality. Education for All Global Monitoring Report.

childbirth and the major cause is child marriage⁶⁸. Adolescent fertility adversely affects not only young women's health, education, and employment prospects but also that of their children. Births among 15-19 year olds are associated with the highest risk of infant and child mortality as well as a higher risk of morbidity and mortality for the young mother⁶⁹. The cross-national regressions indicate that higher fertility increases poverty both by retarding economic growth and by skewing distribution against the poor⁷⁰.

The available evidence suggests a sizeable gender asymmetry in economic returns to education, with returns to women's education being substantially and statistically significantly higher than men's⁷¹. Maternal education has the potential to act as a powerful catalyst for progress in child health and nutrition. Children born to more educated mothers are more likely to survive and less likely to experience malnutrition. The more educated women are, the more likely they are to have better access to reproductive health and provide better nutrition to their children, all of which reduce the risk of child mortality⁷². Women with education are far more likely to immunize their children and seek antenatal care. They are also much more likely to control their reproductive health in ways that minimize risk during pregnancy⁷³. Household survey data provide compelling evidence of the strong association between maternal education and child health. Each additional year of maternal education can reduce the risk of child death by seven to nine percent⁷⁴. In Pakistan, mothers' education was found to have strongly positive effects on children's height and weight even after other important determinants such as household income were controlled for. On average, children of mothers who had completed middle school were significantly taller and heavier than children of illiterate mothers⁷⁵. Test scores for children whose mothers have some education are higher in English, Urdu the vernacular and Mathematics by 0.24-0.35 standard deviations⁷⁶. Thus investment in girl's education can also be considered a significant investment in the next generation.

⁶⁸ Shirkat Gah, 2012.

⁶⁹ National Institute of Population Studies (NIPS) [Pakistan], and Macro International Inc. 2008. Pakistan Demographic and Health Survey 2006-07. Islamabad, Pakistan: National Institute of Population Studies and Macro International Inc.

⁷⁰ Robert Eastwood and Michael Lipton. The impact of changes in human fertility on poverty. *The Journal of Development Studies*, 1999, vol. 36, issue 1, pages 1-30.

⁷¹ Monazza Aslam, (March, 2007) RECOUP Working Paper No 1. Rates of Return to Education by Gender in Pakistan. University of Oxford.

⁷² Cohen, 2008; Lewis and Lockheed, 2008; Singh-Manoux et al., 2008.

⁷³ Kevin Watkins (April 2010). When learning saves lives: education and child mortality. Director of the Education for All Global Monitoring Report.

⁷⁴ Caldwell, 1986.

⁷⁵ Aslam and Kingdon, 2010).

⁷⁶ Tahir Andrabi, Jishnu Das, Asim Ijaz Khwaja. What Did You Do All Day? Maternal Education and Child Outcomes. (November 2011).. Pomona College, The World Bank, Harvard University.

Focus on Women: There are large gender inequalities in all areas directly undermining the country's socio-economic progress and increasing women's vulnerabilities in the economic, political, social and legal sphere. Pakistan's rank on UNDP's Gender Development Index (GDI) is 147th out of 188 countries⁷⁷ and it stood second from the bottom at the dismal position of 143 out of 144 countries on the Global Gender Gap Report 2016. Maternal mortality rate is high at between 250 to 310/100,000 live births. Women's literacy rate in 2014 was only 47% and is around 59% as a percentage of the male literacy rate⁷⁸. Although the Constitution of Pakistan guarantees equal treatment for citizens irrespective of gender and commits to affirmative action for women, this does not translate into equality of status or equal opportunities or access to resources. Women's mobility and visibility is severely constrained by cultural practices, taboos and patriarchal norms. The low status assigned to women translates into lower access to education, health and productive resources, which makes them more vulnerable to poverty than men.

There are substantial differences between men and women in terms of their participation in the labour force. Pakistan's labour market is highly gender-segmented; women's autonomous economic activity is not the norm. Women's entry in the labour market is mediated by their family and/or by social networks and connections. A defining characteristic of women's employment is the gender-based differential in remuneration: male wages are higher both in rural and urban areas. The Labour Force Survey (2013-2014) estimated that 48.9% of the male population was in the labour force, whereas only 15.8% of women were employed. However, an analysis of the gender-bias in definitions of work, data-collection and reporting methodology suggests that women's contribution is highly under-reported. Women who are not employed in the agriculture sector work as home-based, piece-rate workers or in brick kilns⁷⁹. The ratio in Pakistan of estimated female income is only 18% of the income earned by men⁸⁰. Women are deprived of adequate remuneration, skills training, legal protection, social security benefits such as health, maternity leave and other benefits under labour laws⁸¹. Access to finance remains one of the biggest challenges for Pakistani women who want to start and grow a business. A World Bank report finds between 50% and 70% of microloans to women in Pakistan, may actually be used by their male relatives. Less than 25% of Pakistan's businesswomen are microfinance borrowers. Nearly 68% of women borrowers required a male relative's permission in order to qualify for any kind of loan⁸².

Over 74 % of women who are considered employed work in the agriculture and livestock sector⁸³. Women in rural Pakistan have been described⁸⁴ as being the most socially excluded. Rural women do most of the agricultural work in Pakistan but only 2.8 % own land. Although they perform 60% of the work, they are not considered 'farmers' or 'kisaan', a term reserved exclusively for men⁸⁵. These women are also the most deprived in terms of access to basic social services. For example, 65% of the women in urban areas are literate in contrast to 30% in the rural areas of Pakistan⁸⁶. Similarly, the overall incidence of home deliveries in Pakistan, at 78%, is significantly higher in rural areas compared to urban areas⁸⁷. Women in rural areas have heavy workloads and carry out a wide range of tasks in agriculture, livestock rearing and off-farm activities. Studies show that a rural woman in Pakistan works 15.50 hours a day, spending 5.50 hours in caring for livestock, but can provide only 50 minutes for the care of her own

⁷⁷ UNDP, Human Development Report (2015).

⁷⁸ UNDP. Pakistan Report on the MDGs. 2015.

⁷⁹ Labour Force Survey, 2013-2014

⁸⁰ UNDP, Human Development Report (2009), Overcoming barriers: Human mobility and development, Palgrave MacMillan, New York.

⁸¹ Government of Pakistan – CEDAW 4th Report

⁸² The World Bank. Re Pakistan's Women Entrepreneurs Being Served by the Micro-Finance Sector. October, 2012.

⁸³ Pakistan Labour Force Survey 2013-2014

⁸⁴ Gazdar, Haris, and Shandana K. Mohmand. Social Structures in Rural Pakistan, Determinants and Drivers of Poverty Reduction and ADBS Contribution in Rural Pakistan, Rep. no.TA4319-PAK. 2007. Asian Development Bank.

<<http://www.adb.org/documents/reports/consultant/37711-pak/socialstructures-rural-pak.pdf>>.

⁸⁵ Aurat Foundation, Pakistan NGO Alternative Report on CEDAW, 2012.

⁸⁶ Government of Pakistan, (2007) Pakistan Social & Living Standard Measurement Survey (2006-2007), Federal Bureau of Statistics, Islamabad

⁸⁷ ibid

children⁸⁸ and gets virtually no time for leisure. The migration of men to urban areas has further exacerbated their workload.

Women's security, one of the necessary conditions for greater economic participation, is not adequately ensured. Social and legal controls on violence against women are minimal. Violence against women and girls, including domestic violence, rape, honour killings, acid attacks, and trafficking, continues to be an intractable problem. The Pakistan Participatory Poverty Assessment⁸⁹ shows that domestic violence, sexual harassment and the fear of these were widespread across the country. The statistics available on violence against women do not reflect the ground realities as due to social barriers and little hope of redress from the legal system, honour killings, rape, sexual abuse and other crimes against women are highly under-reported. The scale of the problem and its detrimental effects on the well-being of society are being gradually understood and accepted. Available primary and secondary data shows that between 32%⁹⁰ and 84%⁹¹ of women in Pakistan are victims of domestic violence and as a result suffer from low self-esteem, poor health, limited access to education, health and employment opportunities, which in turn has an impact on their families and continues to negatively impact the socio-economic and psychological well-being of the next generation. Women who suffer violence are prone to poor health and are less able to protect themselves and cannot enforce their rights regarding inheritance, custody, property rights, child spacing or birth control. However, gender based violence and customary practices such as child marriages are being increasingly recognized as important issues in the country and are being discussed much more openly than before.

Protection of the Cultural Heritage and Natural Endowments: The protection of the rich cultural heritage of the district is a cornerstone of the Chitral Growth Strategy. This heritage includes the unique Kalash, the diverse languages, the cuisine and tradition of dance, many indigenous varieties of vegetables especially the pears, and other varieties of herbs and spices. The Pakistan Poverty Alleviation Fund (PPAF) developed an Indigenous People's Framework based on the World Bank's guidelines that respects the traditions and culture of the people while working with them. However, one of the most important investments in protecting the Kalash would be to provide for their children a special course in religious instruction that is based on their traditions and customs. Without this, they will all succumb to the majority cultural practices and eventually become extinct. The district government will work closely with the Tourism Development Corporation of KP and the Department of Tourism to continue to ensure the holding of the festivals of the Kalash. The district government will also develop plans to encourage the growth of local sports such as polo, preserve the cuisine, local varieties of agriculture products and the local languages of the area by organising events and programmes with local resource persons, civil society and key academic institutions. A special programme around these will be designed for the purpose with donor assistance.

⁸⁸ <http://www.fao.org/sd/wpdirect/WPre0111.htm>

⁸⁹ Government of Pakistan. 2003. *Between Hope & Despair*, Pakistan Participatory Poverty Assessment, National Report. Islamabad: Planning Commission.

⁹⁰ PDHS. 2013

⁹¹ Rutgers Report on Domestic Violence. 2013

Natural Disasters and Climate Change: The overall strategy needs to be cognizant of the impact of natural disasters and Climate Change and plan for it appropriately. The new Agriculture Policy for Khyber Pakhtunkhwa (2015-2025) acknowledges that the province has seen a number of major natural disasters over recent years and it is likely that the higher frequency of extreme weather events may continue in the future. In addition, temperatures are expected to rise in line with global trends. Studies for Pakistan suggest that rising temperatures are likely to result in melting of the glaciers in the western Karakorum and Himalayas which would increase river flows. In addition, rainfall during the summer monsoon may increase by up to 20-30%, with much of the additional rainfall falling in high-intensity storm events⁹². In the case of Khyber Pakhtunkhwa, these trends pose challenges. Higher temperatures will require use of different crop varieties and livestock breeds, possibly from other parts of Pakistan, as well as improved on-farm water management practices to conserve soils and moisture. Similarly, enhanced surface water flows from rainfall and glacier melt will require flood control works as well as better preparedness and establishment of protocols and standard operating procedures in case of floods. However, these trends, particularly greater surface water flows, also create opportunities but will require significant investments to achieve soil and water conservation such as for flood diversion and water harvesting and storage. Adaptation to the continued climatic changes in agriculture sector needs input support from agriculture researchers and the University of Agriculture, Peshawar. The research would need to highlight the implications for different areas such as Chitral

Transforming the Development Paradigm ---

There is a need for transformational change in the manner in which the government conducts business. The current system of including a large number of projects in the annual public sector budget for which resources are not fully allocated has left a trail of incomplete projects. The government's inventory has a growing list of under-resourced, ill-equipped and unfinished projects. The piecemeal allocation of resources through politically elected representatives has set a dangerous precedent that includes projects for political appeasement. Most of these are either never completed or take so long that they serve no useful purpose. There is a need for a paradigm shift to ensure that only a few priority projects are selected each year and that there are properly resourced and completed within a realistic timeframe. The practise of allocating resources based on allocating a small random percentage to each sector does not fully take into account the actual needs, is ad hoc and has entailed a growing gap in service provision and demand. Furthermore, even when funds are allocated for a particular sector or scheme, the release of funds can often be delayed due to cash flow problems.

There are several key measures that need to be undertaken for the district to embark on its growth path. First, resources will have to be generated from the private sector for economic growth and social sector services. The exclusive reliance on the public sector to provide the resources and services that are needed for growth and poverty alleviation has not been a workable strategy. The public sector resources are clearly inadequate to meet the burgeoning demands of a growing population thinly spread over a vast district. Pakistan has one of the lowest GDP to tax ratio at less than nine per cent that leaves the

⁹² Vision 2030, Planning Commission, August 2007

government at all tiers strapped for resources. This limitation in resources trickles all the way down to the district level, which has an even more limited tax base and thus looks to the provincial government for funds.

Districts have limited sources of funds for their development. Chitral is among the few with the opportunity to generate resources from the hydropower sector. Enabling the District Government through greater autonomy in the management of this sector and to use its resources more productively for its development would give the district government control over their own destiny. This is a real opportunity for handing over much greater leadership to the local government and the local people to plan their development and participate in it more actively.

There has never been a clear division of work between the government, the private sector and the civil society sector. The government has moved into areas which were traditionally not its core area of strength. While it is with good reason that the government has ventured into service provision especially in areas where the private sector has been reluctant to engage because the economics of service provision have not made sense. However, an effective growth strategy entails that the role of the government, the private sector and civil society all need to be reflected upon and the broad contours defined given their relative strengths. The government should only provide social sector services where there is a gap in service delivery. It must gradually divest itself from the direct implementation of service provision and enterprise development and take the lead in setting standards, providing a regulatory framework and a facilitative environment for growth and development. The government needs to strengthen its capacity for this role at the provincial and district level. The role of politically elected leaders is to take control of the task of legislation. The private sector's strength lies in direct investments in enterprise development, trade, provision of services and creation of jobs. The civil society needs to focus on special programmes for the poor and vulnerable and act as a mediator between the citizen and state.

One of the major challenges for the Chitral Growth Strategy is how to balance the stress on economic growth with specially crafted programmes that assist the poor and vulnerable and ensure that growth is inclusive and equitable. It is increasingly being realised that growth without equity creates deep schisms in society and leads to instability and conflict. A key goal of the strategy is to increase growth, reduce poverty and vulnerability concentrated in hard to reach areas especially in a district like Chitral where many of the areas are isolated. The strategy needs to create and facilitate opportunities for the entrepreneurial and at the same time it needs to recognise that there are some who will not be able to make the journey out of poverty on their own and special programmes will have to be developed for them. In the current strategy this two-pronged approach will be adopted as a key feature to avoid growing inequality and embark on a programme for achieving prosperity.

Emerging Economic Growth Drivers ---

An analysis of the current context in Chitral leads to the identification of some potential sectors which could drive economic growth in the district. The most promising areas of growth include: (i) skilled workforce; (ii) agriculture; (iii) tourism; (iv) minerals and (v) hydropower.

Skilled Workforce: Develop a skilled workforce that is able to contribute to poverty reduction and economic growth. The strategy aims to increase the overall labour force participation rate by focusing on the low participation of women in the economy and the comparatively lower participation rate of male youth. The strategy will endeavour to create jobs for the new labour force entrants and reduce the unemployment rate for women and youth. Technical and vocational training will be accorded a high priority in the district. Efforts will be made to increase the enrolment in the public sector vocational training, which has remained stagnant for the last seven years. The district government will work closely with relevant stakeholders to assess how to be consistent with the National Vocational Framework to ensure competency-based training. Programmes will be developed to enhance the instructional skills of trainers, and improve the existing training facilities. It will in coordination with the provincial government adopt clearly defined performance standards and monitoring of performance outcomes related to vocational training. The District Government will also raise funds from the private sector to strengthen the district vocational training system. The district government will allocate stipends to enable access to training for the poor and encourage women and youth to participate in the training. The Khyber Pakhtunkhwa Economic Zones Development & Management Company (KEZDMC) has created a Job Cell which engages with the private sector in identifying the demand for specific skills and can play a critical role in Chitral together with the CCCI as well in coordinating and training skilled manpower.

Agriculture: There is a need to focus on food security and the high value adding components such as livestock and horticulture crops. The KP government has formulated a new agriculture policy for the province to support and promote sustainable agriculture as an inclusive and dynamic source of economic growth and development; and a producer of food, incomes and employment. The specific goals and objectives of agricultural policy are to: (i) enhance sector productivity and competitiveness by activities such as improving the supply chain, technology dissemination and trade promotion; (ii) address food security and incomes needs of the vulnerable sections of the population and targeted actions are needed to improve food security, reduce poverty and enhance the role of women; and (iii) improve national resource management, adaptation to climate change and disaster risk management.

The institutional landscape in rural areas of Khyber Pakhtunkhwa has changed substantially in the last decade. The private sector is playing an increasingly dominant role as a supplier of inputs and services, a buyer of output and a link to both national and international markets. This has been a result of increasing commercialization, particularly in the horticultural sector, as well as in the livestock sector where flows of live animals and meat to and from other provinces and Afghanistan have increased. An important element in the change process is the creation of Farm Service Centres (FSCs) in all districts of Khyber Pakhtunkhwa. These FSCs, which are registered under the Co-operative Societies Act (1925), would facilitate access to markets, services, technology, and credit working in close collaboration with governmental and non-governmental organisations.

The agriculture sector is a main sector for providing employment, incomes and food security to the people. One of the first tasks would be to invest in irrigation infrastructure especially to rebuild the infrastructure damaged by floods and identify opportunities for increasing the area under irrigation. There is also need to improve farmer's access to improved inputs and production technologies through access to agriculture finance and access to markets in collaboration with the private sector. There is need to introduce new technologies and increase access to inputs to enable the farmers to increase crop yields. There is scope for increase in production of horticulture and livestock through application of modern production technologies. The production of off-farm high value vegetables such as peas, potatoes, tomatoes, etc., are important strategies to pursue given the large import of these crops into the district from down country at a high cost. In the livestock sector, focus on poultry is considered a very important area to explore to meet the need for protein. The small and large ruminant sector growth requires strategies that can help to deal with the shortage of winter feed, reduction in morbidity rates and increase in productivity of milk and meat.

The Department of Agriculture does not itself have access to many of the production technologies required for the growth of the agriculture sector. Special projects and programmes will be needed for their introduction. The best way to demonstrate these technologies is to provide technical assistance, hold demonstrations and take farmers on orientation visits to farms down country to demonstrate the success in the use of these technologies. The ability of farmers to access these technologies would depend upon their ability to finance them. While microfinance institutions have provided access to seasonal credit and loans for livestock, farmers have limited ability to access these loans. Special loan products and assistance packages will have to be designed to enable farmers to access them more easily.

Agriculture Subsidies and Insurance Schemes: There will also need to be some insurance mechanisms put in place to protect farmers against the uncertain and cyclical nature of the risk in the agriculture sector. In Europe, the Common Agriculture Policy has provided huge subsidies to the farming sector to ensure that farmers are protected against the price fluctuations that are so pervasive in the sector. While a few subsidies are still in place such as a small subsidy on fertiliser, land leveling, land reclamation, most of the subsidies have been virtually phased out from the farming sector in Pakistan. There is need to put in place some innovative insurance schemes to protect against the risk especially given the added natural disasters that farmers have suffered in Chitral district which has not only destroyed standing crops and livestock but also the infrastructure that is so vital for the agriculture sector such as irrigation channels, protective spurs, roads, bridges, farm terraces, etc. Insurance schemes have been tested in Pakistan for both crop and livestock. In 2013, the State Bank of Pakistan developed a framework for livestock insurance for borrowers designed to improve access to finance for the livestock and dairy sector by mitigating risk of livestock loss. With the assistance of the Pakistan Poverty Alleviation Fund (PPAF) a weather-indexed micro-insurance product and a livestock insurance product was launched to facilitate and compensate small farmers in Pakistan. Such schemes would need to be introduced in the district.

Farmer Organisation: One of the biggest challenges for the agriculture sector is that production is in the hands of a large number of small producers who individually do not have the resources to invest in the types of infrastructure needed or links with markets. A cooperative movement that could have organized farmers, enabled them to acquire the technical skills and production technologies for aggregating their small produce, has simply not emerged in the country in the manner it did in Europe. While the community organizations formed by various NGOs performed some important functions such as identifying and implementing projects of common interest, they did not develop intrinsically as member organizations to transform farming into a modern enterprise. Thus, one of the challenges for the farming sector remains the limited organizational options for the small farmer. There is need for innovation and pilot testing new organizational approaches and assessing if the community investments made in Chitral by several NGOs can be successfully leveraged to assist farmers in transforming the sector. The cooperative model is one of the most promising ways in which the farmers could access new production techniques and technologies. Special projects would need to be developed to assist farmer's organizations in experimenting with a genuine cooperative model or other institutional options of organizing to transform agriculture production from a subsistence farming system to one which is commercially oriented.

Tourism: The challenge in the tourism sector for Chitral is not so much on how to develop the tourism sector but how to manage and regulate it in a manner that can increase local employment and incomes in a sustainable and environmentally and culturally sensitive manner. It is assessed that tourism has the potential to become a significant source of income and employment for the people of the District. The Chitral Economic Growth Strategy would focus on both foreign and domestic tourism. The district recognizes the high value opportunities that foreign tourism presents but appreciates that in the current security context the main stress would be on domestic tourism. The District Government will work closely with the provincial government as a facilitator of private sector-led growth in the tourism industry. However, care would be exercised to ensure that local people are not left out of the process and therefore, a policy would be framed at the district level with the help of the provincial government to encourage all entrepreneurs establishing tourist facilities undertake to have an equity partnership with a local partner or offer 80% employment to local people with at least 30% women employees. One of the pre-requisites for tourism promotion is infrastructure development and significant investment would need to be made in improving basic infrastructure. With the opening of the Lowari Tunnel in April 2017, domestic tourist traffic is expected to grow exponentially and the challenge will be how to help local entrepreneurs and communities prepare to use this opportunity to their advantage. The Government of KP is developing tourism through its own resources and is in discussion with several donors to develop the tourism sector. The KP government has approved a Rs. 2.5 billion Tourism Integrated Area Development Project. The World Bank is in discussion with the provincial government for investments in the tourism sector with a special standalone package for Chitral. An MOU has been signed with China to preserve the cultural heritage in the part of District which borders with Wakhan. NGOs and donors have expressed their commitment to preserving the distinct languages of the area and the Kalash traditions. These donor efforts will be coordinated through the Department of Tourism in the province.

Minerals: The government of Khyber Pakhtunkhwa views the mining sector as critical for economic growth and plans to explore the full potential of the province in this regard. The provincial government is prioritizing attracting large-scale investment through devising special incentive packages for investors, improving the transparency of mining operations, modernizing and improving mining technology, providing security of tenure by offering security over mineral rights granted, encouraging high-quality investment by developing a well-defined framework and regulating and overseeing all aspects of mining activities, including the treatment and protection of workers, citizens' communities and the environment. The Chitral Growth Strategy expects to capitalize on the potential for mineral development in Chitral in keeping with the overall provincial plans. The focus of the Chitral Growth strategy regarding mineral development would be to ensure that this sector can be an important source of income and employment for the people of the district. Over the last few years, the income from minerals in the district has fluctuated considerably due to the reformulation of the policy and suspension of all existing mining leases. Currently, the district does not earn sufficient income from this resource. The district government would set targets to substantially increase the income from this sector.

The district government together with the provincial government would ensure that the exploration licenses and the mining leases granted include provisions which ensure that (i) a certain minimum proportion of local people will be employed in the mining operations; (ii) the mining company would also set aside a small proportion of the funds for development of the area in which they are operating; (iii) No damage is caused to the natural resources in the local area and (iv) the safety of workers would not be compromised in any way. The Chitral government would use the Geographic Information System, which has been established at the provincial level to keep a track of the value of the mineral operations that are being undertaken in the district. This will help them to track the proportion of income that the sector is yielding for the provincial government. The district government would work closely with the provincial authorities to ensure that there is effective surveillance and enforcement mechanisms are adopted to reduce pilferage in the mining sector.

Hydropower: The key strategy with respect to hydropower would be to use the potential in the district for the provision of cheap indigenous energy for economic growth and as a source of revenue for the district through providing surplus production to the national grid and generating royalties for the district. PEDO has developed an elaborate initiative to attract private sector investment for the hydropower sector with the support of World Bank and the Asian Development Bank. The district government would negotiate with the provincial government its share of the royalties in the larger investments by providing the excess energy to the national grid and claiming its share under the Net Metering Regulations of the federal government. The district government would also try and secure subsidized energy for the district based on its energy production.

The CGS will also focus on the development of the smaller sites with the capacity to produce less than 5 MW. It will encourage both private investment and community participation in these ventures. Special investment seminars would be organized in collaboration with the District Chamber of Commerce and

Industry to showcase the hydropower potential of Chitral. The security of the investment and access to finance would be key for investment by the private sector. The district government will identify some innovative arrangements to mitigate the risk of financial institutions lending to the hydropower sector. For smaller community managed systems, NGOs like AKRSP and SRSP would be encouraged to use their previous experience and establish more such community based hydropower schemes to ensure that small and remote communities which are not linked to the national grid can have access to modern energy.

Infrastructure: The main aim of the Chitral Growth Strategy in this regard is to ensure a good quality integrated road network that provides people access to basic services and stimulates economic activity and eases the logistical burden. One of the principal challenges for the district is the poorly developed infrastructure and the damage to the existing infrastructure as a result of the recurrence of natural disasters. The provincial government has designed a special integrated package of support for the district valued at Rs. 1.8 billion to assist with the process of reconstruction and rebuilding. The Chitral Growth Strategy recognises the need for both large infrastructure and small community based infrastructure in the district. For the large-scale infrastructure like the major road networks, RCC bridges, flood protection works, irrigation and drinking water schemes, etc., the district government will continue to rely on the support of the provincial government. The district government will identify roads that are key to the development of areas with the potential for mining and tourism. The district government will also identify with the help of the local support organizations, neighbourhood and union councils and community organisations, a menu of infrastructure schemes that can be developed and maintained by local communities. A portfolio of investments would be developed based on a criterion that ensures that the investment is justified based on both social and economic grounds. This portfolio of projects will be financed through seeking assistance from the donor community and implemented through local government, civil society and community organisations that have considerable experience in working with local communities in building community managed infrastructure schemes.



CHAPTER 4

THE CHITRAL GROWTH STRATEGY

Overview

This section of the report highlights the measures that are suggested for each sector in order to achieve the targets of the growth strategy. These have been made consistent with the targets that have been established by the KP government in many of its own strategy and policy documents and well as the Sustainable Development Goals. The section also includes several other aspects which are key for sustainable development in Chitral. The measures suggested here provide the basis for starting the discussion in each key area with the key stakeholders. Each of these will be implemented in close coordination with the provincial government and will be consistent with the existing government plans and allocations. The district government department head for each sector will, in collaboration with the provincial government, prepare an operational plan for each sector. The baselines, targets, timelines and indicators to be achieved will be identified with the resource requirements. The Chitral Growth Strategy Implementation Unit will assist with any gaps in technical expertise, financial resources and background information and research identified during implementation.

Poverty Alleviation and Social Protection Strategy



Goal 1: End poverty in all its forms everywhere. The provincial government in Khyber Pakhtunkhwa is implementing wide-ranging pro-poor initiatives mainstreamed in the different sectors such as education, health, agriculture, and labour to support vulnerable households. Pro-poor initiatives include cash stipends for senior citizens and students; programmes to enable jobless youth to start self-employment activities; in-kind support schemes in the form of free textbooks and vouchers for female students; and skills development programmes and free-of-cost training in technical skills to deserving youth. Some microfinance schemes have also been launched while others are planned for the future, offering interest-free loans for unemployed youth, home-based female entrepreneurs and skilled artisans. The Youth Challenge Fund is envisaged to provide technical and financial assistance to skilled youth, while the 'Khud Kifalat' scheme is intended to extend interest-free loans from Rs. 50,000 to Rs. 200,000 for a period of three years. A health insurance protection scheme has been launched recently in the province and will be extended to more regions, also implementing the lessons learnt in previous years. The provincial government is also planning to set up a widows and orphans welfare foundation, with the objectives to implement measures for wellbeing, assistance and rehabilitation of deserving widows and special persons in the province.

SDG Targets:

- By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day

Chitral Targets:

- By 2020, eradicate extreme poverty by 20% from the existing 25.9% to 21% in the Chitral district

Expected Outcomes for Chitral:

- To assist in getting 130,000 people or 18,000 households out of poverty in Chitral and prevent more people from falling below the poverty line through various diversified strategies included in the strategy
- To provide 8,000 of the poorest households a social safety net programme through cash transfer programmes on the pattern of Benazir Income Support Programme
- To create assets for 10,000 households to enable them to enhance their incomes on a sustainable basis by providing assets worth on average Rs. 40,000 each especially to women and young men

The Chitral Strategy for Combating Poverty:

- The district government would maintain the poverty score card data of all households in the district and ensure that all households falling below the poverty line are identified in the list in coordination with local government institutions and local support organizations and community organisations
- The district government would assess which of the households are being supported through the various social protection, safety net and poverty alleviation programmes managed by the federal, provincial and district governments and identify households not included in any of them
- The district government would devise a strategy together with the relevant agencies at the district level for those not included in any of the existing programmes and develop a plan for their inclusion in either the existing programmes or secure assistance for them in devising a new district level programme
- The district government would establish a system of communication to inform potential beneficiaries of these programmes and enable them to access information about eligibility of each of the programmes and the procedure to be followed to receive payments and services under different programmes
- The Pakistan Poverty Alleviation Fund would devise a special programme for households identified as falling below the poverty line especially the youth and women and work with them in collaboration with other civil society organizations
- The district government would progressively move towards further refinement of graduation programmes and establish a dynamic database with the capacity of the system to monitor and record target beneficiaries who have moved out of poverty on a sustainable basis, facilitate the inclusion of left out poor families and have the capacity to track vulnerable families over time

Food Security and Malnutrition



Goal 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.

The government of Pakistan's Vision 2025 seeks a Pakistan where "all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life." The objectives are to protect the most food-insecure segments of the population through effective relief measures, including long-term arrangements and adaptation mechanisms, and create a modern, efficient and diversified agricultural sector that can ensure a stable and adequate provision of basic food supplies for the country's population, and provide high quality products to its industries and for export. It also seeks to optimise production and supply mix in line with current and projected needs by leveraging the district's unique strengths, ensure that the entire supply-chain related to food security is geared towards provision of stable and affordable access to adequate, nutritious and safe food for a healthy life and use the resource base in an efficient and sustainable manner with outcome-based benchmarks agreed in line with regional and global standards.

Some of the major factors underlying the low productivity in the agriculture sector in Chitral include small land holdings and fragmentation over time due to the pattern of land inheritance, limited capacity to hold livestock, pest and livestock disease problems, low rates of adoption of improved technologies, limited access to inputs, limited investment in marketing infrastructure, and limited amounts of credit for agricultural production and processing and the lack of agriculture-specific financing. The government plans to replace the current wheat procurement system with a more rationalised programme that procures the quantities needed to provide subsidised wheat or flour to the most food insecure consumers through well-defined and explicitly targeted interventions. Other measures to ensure food security include improving access to food by the poor households. The targeted productivity enhancement programmes for farmers and livestock owners below the subsistence level. The government also plans to increase production of critical food items mainly in the remote areas of Pakistan. Strengthening nutritional education for high-risk groups such as pregnant and lactating women, young children, the elderly and disabled.

SDG Targets:

- By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
- By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under five years of age

Chitral Targets:

- By 2020 reduce malnutrition in Chitral by 10% and ensure an appreciable increase in the metrics of stunting, wasting and underweight
- To organise special programmes of training for women in the most isolated valleys on breast feeding and early childhood feeding practices

Expected Outcomes: _____

- To ensure food security for the 172,000 vulnerable people in the district
- To ensure that stunting (23.5%) wasting (16.8%) and underweight (31.2%) in the 80,000 who are under five is eliminated

The Chitral Strategy for Combating Hunger and Malnutrition: _____

- To undertake a district level survey of the food security and nutritional status of the people in Chitral with the assistance of agencies like the Bureau of Statistics, UNICEF and the Aga Khan Health Services. This will assist in assessing the nutritional profile of the district and give an understanding of the reasons for food insecurity as well as the nutritional status of children
- Based on the findings, the district government would develop a strategy and plan of action which will focus on providing access to food, nutritional information and awareness programmes and put in place other mechanisms for dealing with the issues identified
- To develop operational plans based on the overarching country vision with regard to food security especially in remote and the most vulnerable areas and secure special financing for these programmes from the provincial government
- To devise a strategy for dealing with vulnerability during times of special stress such as natural disasters and assess the opportunities and challenges of climate change and its impact on food production and growth
- Ensure that the food insecure receive one of the social safety net packages from the Federal or provincial Governments
- To provide special incentives to farmers to grow high value off-season vegetables, poultry, increase the productivity of livestock and cereal crops

Health Sector Strategy _____**Goal 3: Ensure healthy lives and promote well-being for all ages.**

The provincial government recognizes that the health outcomes for the population of the province as a whole are reflective of a highly inadequate healthcare delivery system. Women and children are particularly disadvantaged and deprived due to cultural barriers. The status of child and maternal health is not encouraging and the related morbidity and mortality are still disturbingly high.

On some of the indicators – such as the proportion of fully immunized children (12–23 months) and the proportion of children under 5 who suffered from diarrhea in the last 30 days – the trend shows improvements. On maternal health, the proportion of births attended by skilled birth attendants (SBAs) shows a positive trend, while the statistics on antenatal consultations by women also improved. The status of immunization of children at the national level experienced only a marginal improvement, while provincial status simply mirrors the national trend.

Some of the key challenges include the extremist propaganda against immunization which inhibits public health activities, poor governance and a weak regulatory framework leading to inefficient service delivery. Some factors which are responsible for low national health indicators such as poor health and sanitation facilities, the education level of mothers, and the availability of basic health facilities have even greater correlation with poor health outcomes in KP. This pernicious linkage is more pronounced in KP when considered in conjunction with persistent gender disparities, large-scale internal population displacement and militant's attacks on health workers on vaccination campaigns. Chitral suffers from many of the same issues at the district level which lead to poor health outcomes such as, poverty, unemployment, illiteracy and the low level of expenditures on health. The available quality and level of provincial health service provision is poor, causing households to either incur significant out-of-pocket expenditure on health or suffer deteriorating health outcomes.

The provincial government aims to address deficiencies in the health care system, improve management at the facility and supervisory levels through a multi-dimensional but integrated approach. Key elements of the government's health care strategy include a focus on maternal and child health care and coverage of critical illnesses, improving governance through restructuring if required, and upgrading of Basic Health Units and Rural Health Centres and tehsil hospitals, targeting of the districts with the lowest health indicators. The health sector strategy sets the priority areas to be tackled as access to health care, improved quality, responsiveness and affordability of health care services, and the ensuring of equitable coverage. The district health coordination boards have been formed. Social protection initiatives are planned in relation to health coverage for critical illnesses (e.g. cancer, renal disorders, and Hepatitis) in the form of free treatment. A social health protection scheme has been piloted in selected districts and is being extended to other districts. The establishment of an insulin bank, the provision of incentives for maternal health services in 10 districts, and the provision of incentives for immunization services in 12 selected districts are further initiatives to expand the coverage of health care.

SDG Targets:

- By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births in Chitral
- By 2030, end preventable deaths of new born and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births

Chitral Targets:

- By 2020 fill all vacant sanctioned health care posts in the district by attracting women health professionals and specialists in the delivery of services
- Upgrade all existing health facilities in the district to ensure they have the requisite personnel, facilities and equipment to deal with the minimum health services expected from each type of facility
- Ensure the availability of emergency obstetric care in all the Union Councils of the district and ensure the availability of quality Community Midwives (CMWs) and emergency services for women
- By 2020 increase the proportion of births attended by skilled birth attendants to 75% in the district It is not reported whether a skilled birth attendant was present at the time of the home deliveries

Expected Outcomes:

- To reduce the maternal mortality ratio to less than 70 per 100,000 live births from the existing 178 to 276 per 100,000 live births
- To reduce the under-5 mortality rate from 89 per 1,000 live births to 25 and neonatal mortality rate from 74 per 1,000 live births to 12 per 1,000 live births

The Chitral Health Strategy:

- To conduct a health survey at the district level to determine the key health indicators with district level resolution. This baseline will be used to be monitor progress and compare the trends in the health indicators over time
- The Health Sector Strategy for the Chitral district would entail the improvement of the ratio of the health personnel and health facilities to population with the objective of improving the health indicators. Special incentive packages will be devised and implemented in the district to encourage health personnel to fill all vacant posts especially in the remote and isolated areas. The district government would work closely with the health department and the provincial government to formulate an incentive package for the purpose
- There would be no investment in new facilities in the district in the health sector until all existing facilities are properly equipped and all the missing physical facilities are completed. The district government will work closely with the health department to identify the missing facilities and equipment in the existing health outlets and ensure that these are financed through the provincial budget allocations within the next three years
- The district government together with the health department will assess the efficacy of the existing government schemes in the health sector working such as the health insurance schemes and the incentive packages provide for improving health services and suggest refinements in them, if required
- The public sector is unlikely to be in a position to meet the growing health needs of the district and as such, it is important for the District Government to encourage the provision of health services by the private sector. However, it would strengthen its capacity for regulation of health services by the private sector
- The district government together with the health department and NGOs working in the health sector in the district coordinate their activities and ensure the effective use of resources to improve health outcomes

Education Sector Strategy



Goal 4: Ensure inclusive and equitable quality education and promote life-long learning opportunities for all.

Conscious of the slow progress in the educational sector and the critical role of education in the economic and social uplift of the people, the provincial government declared an education emergency in the province at the time of the formulation of its IDS. It has taken a host of measures since then. Given that a majority of children in KP are enrolled in public sector schools, the Government has taken measures to improve the conditions in

public schools, improve school management, improve physical infrastructure and strengthen the monitoring and evaluation functions through parent-teacher councils (PTCs). The government plans to encourage enrolment from low-income families by focusing on student benefits, early childhood care and education. The Government also plans to re-design the stipend programmes for girls, which it has been implementing since 2008. It will continue to provide free textbooks to all students and expand the provision of teacher training, teaching materials and rooms attached to existing primary schools. Enrolment drive campaigns have been established as a regular feature for each new school year and measures to improve the quality of education.

SDG Targets:

- By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes

Chitral Targets:

- To ensure that all children have access to a school within a radius of 3 miles from their home and that all schools have one teacher per class
- To ensure that all schools have all the basic facilities of proper class rooms, boundary wall, electricity, drinking water, toilet and are properly equipped with furniture and laboratories and computer rooms
- To ensure that all children improve their learning outcomes and to increase the learning outcome scores by improving their reading, writing and basic numeracy skills
- By 2020 reduce the number of out of school children in the district by 80%
- By 2020 increase the net primary enrolment rate by 30%, net middle school enrolment by 40% and net high school enrolment by 50% in the district

Expected Outcomes:

- To ensure that the 24,000-70,000 out of school children in Chitral at the primary middle and matriculation level are enrolled in school
- To enhance the net enrolment rate at primary level of boys from 61% to 100% and of girls from 50% to 100% and increase the net enrolment rate at middle level from 29% for boys to 100% and for girls from 34% to 100% and increase the net enrolment level at matriculate level from 6% to 100% for boys and for girls from 12% to 100%

Chitral Education Sector Strategy:

- To initiate a number of new and innovative initiatives such as provide a programme of accelerated learning for children who are over age, to establish special high quality schools through the Citizen's Foundation and provide land grants to the private sector to establish schools in the area as part of the Chitral Growth Strategy and provide support for textbook development for Kalash children on their culture
- To ensure that allocation of resources for the education sector are consistent with the targets established to ensure that no child is out of school in the district
- To ensure that the number of schools established and the number of teachers hired at each level of education is in accordance with the number of students that need to be accommodated
- To experiment with innovative arrangements such as co-educational facilities in the public sector, provision of transport, local teacher hire and local management of schools to improve access and quality of teaching
- The allocation for the education sector must be in accordance with the estimates of the missing facilities and teachers in the existing schools and the number of new schools and teachers required to admit the increase in children on an annual basis
- To ensure that the new schools are adequately resourced in terms of physical space, the government of Khyber Pakhtunkhwa should pay for the land and the District Government will facilitate it in acquisition of new land for schools
- The private sector and NGOs will be encouraged to establish education facilities through provision of incentives as well as proper regulation to ensure that the growing demand for schools is met and that the quality of education is maintained
- The district government will together with the department of education identify the special needs of the more isolated valleys in Chitral district where enrolment, drop out or completion rates may be low and make a plan for these valleys
- To identify the needs for investment in higher education and encourage the public and private sector to invest in this area

Gender Equality



Goal 5: Achieve gender equality and empower all women and girls.

The provincial government and its leadership have expressed a commitment to gender equity and women's empowerment. To this effect, the government has set up the Provincial Commission on the Status of Women and revived the Women's Parliamentarians Caucus, in addition to ensuring that the SDPF and IDS have a demonstrated commitment to gender issues. These positive initiatives provide the foundation for a conducive environment for pro-women legislation.

Furthermore, the government's focus on social accountability and citizen feedback allows the opportunity to leverage the demands and voice of citizens, especially within civil society and women's organizations. The government of KP is determined to make concerted efforts to ensure that policies and budget-making processes are gender-sensitive. To make gains toward gender equality and women's empowerment, the government plans to: (i) mainstream gender indicators for all IDS sector working groups; (ii) design key performance indicators that are measurable and time bound, to monitor inputs and outputs and specify concrete results for women and girls; and (iii) collection and manage disaggregated government data to inform gender-sensitive policy and budget-making processes.

SDG Targets: _____

- End all forms of discrimination against all women and girls everywhere

Chitral Targets: _____

- To ensure that there is a much greater allocation of resources for girl's education and health facilities for women
- To ensure that women representatives of Local Governments get the same share of development funds as their male counterparts
- To ensure that employment opportunities are created for women in the public sector and that day care centres are provided for women public servants
- To provide incentives to the private sector in the district to create employment opportunities for women
- To ensure that public and private transport facilities have a proper seat allocation for women to enable them to travel freely and safely
- To strictly enforce rules and laws against women's harassment and discrimination against them at the work place.
- To encourage the provision of enterprise development for women by initiating special training and skill development programmes, asset creation and marketing links for women.
- To encourage the provision of credit to women by giving special incentives to banks and microfinance services providers
- To provide opportunities for young women to seek professional and other counseling services, a shelter home and youth hostels for women to enable them to make use of the educational and employment opportunities in the district capital

Expected Outcomes: _____

- Improve the situation of women in the district.
- Reduce the disparity of women in all areas of the economy including health, education, labour force, employment, wages, access to services, etc
- Increase the proportion of women in government jobs to 33% in the district
- Increase the proportion of women political representatives to 33% in the district

Chitral Gender Strategy: _____

- To administer a survey to establish a baseline regarding the situation of women in the district and their perceptions on key issues, identify the key areas of priority and monitor progress and the trends over time
- The district government will work closely with the Provincial Commission on the Status of Women to identify the measures to be taken at the district level to help improve the situation of women in the district
- The district government will form a forum that will include local women politicians, government servants, representatives from the civil society and the private sector. These women will identify the special measures that need to be undertaken to ensure that the situation of women is improved in the district

- Gender will be mainstreamed in all sectors and gender specific targets identified for each sector with an operational plan for each sector which will identify the barriers to women's participation and put in place measures to remove those barriers. These would include location of facilities to ensure women and girls can participate, provision of transport, flexibility in the timing of training sessions, allowing for segregated sessions where required
- The district government will institute a policy of establishing quotas for women and equal pay for equal work for women in the district and ensure that women are fully encouraged to participate in all sectors
- The district government will organise together with civil society organisations opportunities to enhance awareness of women and men about the laws, which protect women from domestic violence, early marriages and other family issues
- The district government will organize special events on International Women's Day on March 8th each year and duly acknowledge and recognise the outstanding women of the district and give them a certificate of recognition to be accompanied with prize money. This will be organized and financed through donor support for these funds and subsidy by government as well

Clean Water and Sanitation



Goal 6: Ensure availability and sustainable management of water and sanitation for all.

The provincial government recognises the importance of access to safe drinking water and safe sanitation as the most effective means of improving public health and saving lives. The government is concerned that a large number of provincial water supply schemes in the province have fallen into disrepair and require major rehabilitation and extensions to cover new areas. In addition, the floods have destroyed many of the existing water supply schemes in

Chitral. The public health engineering department is entrusted with the task of providing drinking water and sanitation facilities in the province and works with the objective to promote health, hygiene and a cleaner environment. To achieve its outcomes, the department is working on establishing new schemes of water supply. The department has plans to rehabilitate existing non-functional water supply schemes and water-quality testing laboratories and equipment will be operationalised across the province. The provincial government is in the process of developing a Master Plan for the Province in keeping with its Drinking Water Policy.

SDG Targets:

- By 2030, achieve universal and equitable access to safe and affordable drinking water for all
- By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations

Chitral Targets:

- Rehabilitate all water supply schemes in the district, which have fallen into disrepair especially those destroyed by floods
- To assist the provincial Government in developing a Master Plan in keeping with its Drinking Water Policy and ensure that all uncovered areas of the district are provided with potable water
- To ensure that a system of water-quality monitoring is established in the district which ensures that all sources of potable water have been duly tested and given a safety certification by the public health

Expected Outcomes:

- Enhance the access of the population to tap water from 74% of the population to 100%
- Increase the access of the population to adequate sanitation facilities

Water and Sanitation Strategy for Chitral:

- The district government would in collaboration with the public health engineering department conduct a survey to assess which of the areas in Chitral do not have access to water and sanitation facilities and which of the schemes are non-functional.
- Special plans will be made together with the department to assess the feasibility for provision of water to un-served areas and including them in the provincial annual development plans over the next three years
- To replace the pipes and other key components of schemes which have exceeded their design life
- To enhance the resilience of the water infrastructure to natural disasters by improved design and use of proper materials and construction techniques
- To provide proper sewerage and drainage systems for the congested towns in the district, especially Chitral Town, Drosh and Bunni over the next three years
- The district government would work closely with the public health engineering department to provide technical assistance to local communities on the construction of sanitation facilities in areas without this coverage
- A special subsidized package to install sanitation facilities would be provided to households below a certain poverty score to be agreed and decided by the district government and PHED
- To invest in establishing a proper site for disposal of solid waste in Chitral and proper sewerage system as the sewerage is currently drained in the river
- To facilitate the TMA in experimenting with innovative partnerships with the private sector and local communities for disposal of solid waste and sewerage

Renewable Energy



Goal 7: Access to affordable, reliable, sustainable and modern energy for all.

There is considerable scope for developing the renewable energy sources in the Chitral district. The overall energy generation capacity in the district is sufficient not only to meet its own energy shortfall but can also be an important source of revenue for the district. Only 25% of the energy requirement of the district is currently being met. The existing energy infrastructure is also vulnerable to damage due to the frequency of natural disasters in the district.

Chitral is estimated to have a hydropower generation capacity of 2,601 megawatt which is at various stages of development. Of this only 0.4% or 3.2 MW has been developed so far. In addition, projects with a capacity of 452 MW are under implementation and raw sites with the potential capacity to produce 2,145 megawatts have been identified. Local communities with help from several NGOs have also played a role in the development of small community managed hydropower projects. These represent a good alternative for small isolated communities that are far from the main grid. It is estimated that at the existing electricity tariff in Pakistan, Chitral could be selling the excess power to the national grid, generate electricity with a market value of Rs. 56 billion. The provincial government could earn a revenue of Rs. 21.6 billion at the current sale price of Rs 5 per kwh and the district could earn royalties valued at Rs 2.16 billion on an annual basis.

SDG Targets:

- By 2030, ensure universal access to affordable, reliable and modern energy services

Chitral Targets:

- To provide efficient and environmentally sustainable power to all households and prevent the destruction of the natural environment in the district
- To rehabilitate the power generation facilities which are in need of repair and rehabilitation such as the Reshun power plant as soon as possible
- To use the potential in the district for the provision of cheap indigenous energy for economic growth and as a source of revenue for the district through providing surplus production to the national grid and generating royalties for the district
- Develop smaller sites with the capacity to produce less than 5 MW for provision of power generation to local communities through innovative implementation arrangements

Expected Outcomes:

- Increase the proportion of the population which has access to electricity for all purposes and reduce the proportion of population which is using wood for cooking from 99% to 50%

Chitral Strategy for Renewable Energy:

- The District Strategy in this regard is to focus on hydropower as a source of renewable energy for economic development and to sustain the natural resource base in the district. While the provincial government is responsible for identifying and managing the development of the large hydropower projects, the district government will put in place mechanisms for encouraging private sector and community investment in micro hydropower projects
- While the larger hydro-projects will provide electricity to the adjoining areas, their main purpose will be to generate financial revenues and royalties for the district by selling power to the national grid
- Those projects between 500 Kwh up to 5 MW will be developed through the private sector and where this is not forthcoming these will be developed through donor financing and handed over to the District Government which will create the institutional arrangements to manage them through its own ADP
- The smaller hydropower projects of less than 500 kilowatts will be developed through NGOs such as AKRSP and SRSP which have previous experience in this area. These will be managed by communities and will be utilised as a low cost-efficient and sustainable strategy for provision of energy
- The district will encourage the use of technology for cooking, which can be powered by electricity to reduce the reliance on firewood as the principal source of energy for cooking
- Introduction of solar energy in areas where there is no hydropower potential will also be explored in collaboration with the private sector. The district government will work with the relevant agencies to demonstrate the use of solar panels in suitable areas
- To build on the successful experience in the district of forging partnerships with local communities for joint forest management, planting of trees and undertaking controlled grazing and sharing in royalties

Employment and Economic Growth



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

In the ten years up to 2011-12, KP's economy grew at an annual rate of 4.2%, slightly lower than the national growth rate of 4.6% in the same period. Growth, moreover, was highly volatile given the external shocks and is too slow to absorb the increase in the labour force. Currently, at 37%, labour force participation in KP is the lowest of all provinces (the national average is 46%) and the unemployment rate, at 9%, the highest (national average is 6%). Therefore, a major challenge in KP is that economic growth should be high enough and inclusive enough to increase the provincial labour force participation rate and provide productive employment to the fresh entrants. There are no labour force statistics which are specific to Chitral. The 2014-15 Labour Force Survey of Khyber Pakhtunkhwa (KP) indicates that the majority of the labour force is employed in the agriculture sector followed by the trade,

construction, manufacturing, etc. What is significant is the virtual absence of women from all sectors except for agriculture, education and small-scale manufacturing. A rough estimate of the labour force in the district was made which places the figure at around 140,000⁹³ including women who are reported to be actively seeking work. Roughly between 3,500 and 5000⁹⁴ people are added to the workforce in Chitral every year for which skills and new jobs need to be provided on an annual basis. Furthermore, the current trends show that labour is released from the agriculture sector every year in proportionate terms as other sectors in the economy grow. A major challenge for the district is to create jobs for the new entrants to the labour force on an annual basis.

An understanding of the growth trends in the workforce to different destinations and the type of trades and professions in which they are engaged is critical for proper planning for the future. The key starting point for the KP and Chitral growth strategy is to set a realistically ambitious medium term economic growth target. The strategy aims to increase the overall labour force participation rate by focusing on the low participation of women in the economy and the comparatively lower participation rate of male youth. The strategy will endeavour to create jobs for the new labour force entrants and reduce the unemployment rate for women and youth. Technical and vocational training will be accorded a high priority in the district. Efforts will be made to increase the enrolment in the public sector vocational training, which has remained stagnant for the last seven years. The district government will work closely with relevant stakeholders to assess how to be consistent with the National Vocational Framework to ensure competency-based training. Programmes will be developed to enhance the instructional skills of trainers, and improve the existing training facilities. It will in coordination with the provincial government adopt clearly defined performance standards and monitoring of performance outcomes related to vocational training. The District Government will also raise funds from the private sector to strengthen the district vocational training system. The district government will allocate stipends to enable access to training for the poor and encourage women and youth to participate in the training. The Khyber Pakhtunkhwa Economic Zones Development & Management Company (KEZDMC) has created a Job Cell which engages with the private sector in identifying the demand for specific skills and can play a critical role in Chitral together with the CCCI as well in coordinating and training skilled manpower.

SDG Targets:

- At least seven per cent GDP growth per annum in the least developed countries
- By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

⁹³ Based on the estimates of the labour force participation rates in the different age category for men and women as given in the Economic Survey 2015-16.

⁹⁴ Based on the assumption that the annual growth rate in population is 2.54% and thus the labour force is likely to grow by this proportion every year.

Chitral Targets: _____

- To increase the economic growth in the district to a level that sustains and grows the real incomes of the people, and ensures productive employment for the growing workforce
- To advocate for investments by the public sector in critical infrastructure that aids the economic growth and employment generation targets in the district
- To attract investment by the private sector in the district to levels which grow the economy by the planned national target of 7.5% by 2020
- To increase the participation rate of both men and women in the productive labour force with a special focus on reducing gender inequity and providing decent and dignified work opportunities
- To generate a minimum of 5000 to 8000 new jobs in the district very year to accommodate the growth in the labour force and the release of labour from the agriculture sector
- Create opportunities for skill development and vocational training for both young men and women for those types of jobs for which there is a growing demand in the Middle East and assist the people in securing those jobs

Expected Outcomes: _____

- Increase the productive potential of the district from agriculture, minerals, tourism and hydropower by at least 30% overall
- Ensure that there is a reduction in the unemployment rate of the 141,000 labour force in the Chitral district by at least 30% and increase in women's employment by 30%

Chitral Strategy for Employment and Economic Growth: _____

Business Promotion: A key prong of the Chitral Growth Strategy would be to promote business and serve the local business community through facilitation and coordination with a range of service providers. The Chitral Chamber of Commerce & Industry (CCCI) is expected to play a critical role in improving the business environment and facilitating the links of the business community. The CCCI will undertake the leadership role in this regard and some of the key measures that will be undertaken will include the following:

- To advocate for a supportive policy framework and investment in infrastructure to encourage growth and business development in the district
- To assist local entrepreneurs and businesses secure proper documentation and register their businesses to leverage on the tax exempt status of the district and enter into a range of formal arrangements to grow their business and capitalise on existing opportunities for growth and development
- To create awareness of the existing programmes for business development, enterprise development and capacity building such as are being provided through a host of donor and development agencies such as the World Bank financed Economic Revitalization Project being sponsored with funding from the MTFD through SMEDA

- To establish innovative models of public-private sector partnerships in a broad range of sectors and provide initial equity partnership, access to finance, technical assistance and capacity building in collaboration with a range of partners such as CCCI, PASDEC, SMEDA, PPAF and EZDMC. The initial equity investment of the public sector partner could gradually be disinvested as the business starts generating revenue
- The CCCI will work closely with the KP Economic Zones Development and Management Company (EZDMC) to identify potential areas of investment in Chitral for industrial and business development and secure donor and private sector financing for the purpose
- To assist in the establishment of Industrial estates including Marble and granite zones in collaboration with the KP EZDMC and PASDEC for adding value to the sector and allow for cutting and polishing of the marble and granite through a public private partnership model
- To encourage banks to establish branches in the district as well as in areas which are being promoted for trade such as the Arandu Dry Port. To advocate with banks to provide the full range of banking transactions including adequate ATM touch points, foreign currency transfers, on-line banking facilities, etc
- To request the State Bank to encourage commercial banks to provide subsidised loans for mining tourism and the hydel sector for proper economic growth of the district
- Establish a Research & Development Centre at the CCCI with the objective to play a pivotal role in business development in the district. The centre will conduct a training needs assessment, industrial data collection, institutional mapping, entrepreneurship development, assist in establishing linkages and undertake donor coordination. The capital cost of the centre is estimated at Rs. 0.5 million and the annual operation costs at Rs. 15.8 million
- Conduct baseline survey of industrial units, trade and other business activities in the region and based on the analysis identify the most appropriate interventions
- Provide local potential entrepreneurs awareness about the business potential and capacity building training to encourage the establishment of new businesses
- Prepare investment guides for the potential areas of investment which can assist local entrepreneurs to assess the revenue potential and the risks and challenges in each areas as well as the potential sources for technical assistance, finance and markets
- Conduct regular business fairs and seminars that can disseminate information of the business opportunities in the area and also help to establish the linkages with potential buyers and suppliers for business development
- Identification of different interventions for business promotion and the identification of sponsors and donor support to support these interventions
- Special training will be provided on local trades and skills required such as marble mosaic making, gemstone cutting and carving, training on eco-tourism, etc
- To ensure that all proposals for business development and growth are properly scrutinised to ensure that they are environmentally sound and follow the guidelines of Environment Impact Assessment and the procedures established by EPA

Skilled Workforce: _____

- The Chitral Growth Strategy will focus on developing a skilled workforce trained in the relevant skills for employment in the district, down country and overseas
- To establish a university of technology in Chitral that would help to provide the local men and women in the district to learn acquire skills demanded by the market and ensure their employability at the end of their training

- Make an assessment of the existing training capacity in the district and assess the demand for new trades both within the district, in other parts of the country and overseas
- Expand the vocational and training capacity of KP TEVTA to meet the demand and supply gap and add new trades to the curriculum where required
- To introduce Chinese language courses so that the people of the district could capitalize on the opportunity of participating fully in the potential opportunities to be opened up by the CPEC
- Make arrangements to coordinate with leading industrial sectors locally and following international trends for labour force skills in the region to ensure that course material is responsive to market demand
- A vocational training plan will be developed to ensure that the youth and women are provided vocational training in the required trades either within the district or in Peshawar
- The district government will also raise funds from the private sector to strengthen the district vocational training system. The district government will allocate stipends to enable access to training for the poor and encourage women and youth to participate in the training
- It will in coordination with the provincial government adopt clearly defined performance standards and monitoring of performance outcomes related to vocational training

Industry, Innovation & Infrastructure



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

The rugged mountainous terrain of the district and the isolated valleys spread over a vast area pose a special challenge in addressing the transport and communication needs of the people. The work on the Lowari tunnel is in progress and it is expected that the tunnel will provide year-round road access to the district's capital and be a boon for development in the district. Within Chitral district itself,

the road infrastructure is inadequate and much greater investment needs to be made. There is need for RCC bridges, which traverse the river at key points and connect isolated communities. Due to the inability of many of the existing bridges to transport heavily loaded vehicles, the development potential of the district is severely curtailed including its mineral and tourism development potential. The China Pakistan Economic Corridor has unleashed a new optimism and considerable investments are already being made along the expected land route of the economic corridor. It is hoped that CPEC will open substantial regional trade and investment opportunities.

SDG Targets:

- Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
- Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product
- Increase the access of small-scale industrial and other enterprises, to financial services, including affordable credit, and their integration into value chains and markets

- Support domestic technology development, research and innovation by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities
- Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet

Chitral Targets: _____

- Identify and meet the most urgent infrastructure needs of the district to support economic development and connect the isolated valleys of the district
- Promote inclusive and sustainable development of tourism and mineral development in the district to significantly raise their share of employment and income
- Increase the access of small-scale industrial and other enterprises, to financial services, including affordable credit, and their integration into value chains and markets
- Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in the district by 2020

Infrastructure Targets: _____

- Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
- By 2030, significantly raise industry's share of employment and gross domestic product,
- Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

Chitral Infrastructure Strategy: _____

- The Chitral Growth Strategy will continue to rely on the provincial government to provide the large-scale infrastructure like the major road networks, RCC bridges, flood protection works, large irrigation systems, etc. The emphasis would be on rebuilding the existing infrastructure before initiating any new projects
- The choice of infrastructure will be based on a set of criterion that would include providing access to the local communities, stimulating economic development opportunities such as tourism, mineral development, local industry, etc
- The smaller scale village based infrastructure such as gravity flow irrigation schemes, link roads, smaller bridges, protection spurs, etc., would be identified in a participatory manner with the help of the community organizations, Local Support Organizations, etc. This portfolio of projects will be financed in partnership with NGOs working in the district

Chitral Sports Infrastructure Strategy: _____

- Provide infrastructure that promotes sports among both young men and women in the district

Chitral Transport Strategy: _____

- To ensure that the Lowari Tunnel is opened as soon as possible and that once it opens, it remains fully functional so as not to disrupt the transportation to and back from the area
- To encourage the private sector to invest in the transport sector especially in the remote valleys and parts of the districts which are isolated and consider providing a fuel subsidy to ply these roads for the convenience of the local people
- To advocate for the establishment of regular flights to the district, increase the frequency and the deployment of a modern fleet of planes for the district
- The strategy envisages the need to encourage the private sector to initiate flight operations in the area including the initiation of a private helicopter service for the more remote and isolated areas
- To design a flight schedule which is in keeping with the seasonal needs and enables the people to travel to the special cultural and sports festivals of the district

Chitral Tourism Strategy: _____

- The Chitral Growth Strategy would focus on managing and regulating tourism in a manner that can increase local employment and incomes in a sustainable and environmentally and culturally sensitive manner. For the purpose, a tourism development institute will be developed with donor assistance
- The district government will work closely with the provincial government as a facilitator of private sector-led growth in the tourism industry. However, care would be exercised to ensure that local people are not left out of the process
- The district government will identify areas that are remote but have tourism potential and prepare a plan for the provincial government financing for the development of the road, electricity, water supply and other basic infrastructure. The district government would work closely with the World Bank to ensure that some of the key facilities needed are incorporated in the special development assistance package being developed by the World Bank for tourism promotion in Chitral
- The district government would work with the tourism department to prepare and implement a plan for training local young men and women in the hospitality trade, as tourist guides to brief people on the history, languages and culture of the local area and as trekking and nature or wildlife guides. A local training institute would be established for the training with the assistance of a donor for financing the proposal
- The NGOs working in the areas with tourism potential would be asked to prepare a community based eco-tourism promotion plan to be implemented by local communities. The plan will adopt the quality standards and the regulatory regime for the tourism industry established by the KP government
- The district government would approach financing agencies to provide financing to local communities and local entrepreneurs. Innovative arrangements for the provision of loans to interested communities would be sought through establishing third party guarantees and other credit risk mitigation measures in discussions among the district government, PPAF, local communities, financing agencies etc. The district government would also be open to underwriting the risk by offering its own land or other mechanisms for a credit guarantee

- Local communities will indicate when they are ready to house guests in their homes on full or half board or other housing options would be developed with the Tourism Promotion Corporation of KP such as mobile housing facilities or camping tents. Once a community is ready for accepting visitors, it will be put on the eco-tourism trial and will be promoted for tourist traffic
- Special brochures and web sites would be developed to establish direct contact with tourists. Pakistan's foreign missions would be asked to facilitate an efficient visa regime for the purpose
- An annual tourism fair would be organised by the Chitral district government in collaboration with the Tourism Promotion Corporation and the Department of Tourism in KP which would invite a range of stakeholders including foreign diplomats, travel agents from Pakistan and tourist promotion agencies worldwide
- To strengthen the arrangements regarding trophy hunting in the district that would allow the preservation of the endangered species such as snow leopard, markhor, etc and at the same time provide an incentive to local people to participate in the preservation scheme through shares in the trophy price

Chitral Mineral Development Strategy: _____

- The district government would set targets to substantially increase the income from this sector. The District Chamber of Commerce and Industry would assist in finding prospective miners and private sector investors for which it would host periodic investment opportunity seminars
- The district government together with the provincial government would ensure that the exploration licenses and the mining leases granted include provisions which ensure that local people are involved in the sector either as equity participants or as employees
- The district government would ensure that a certain share of the zero-interest loans is provided to help investors from Chitral procure modern technology and technical assistance for their operations
- The Chitral government would track the proportion of income that the sector is yielding for the provincial government and use this as a basis to secure additional resources for the district
- The district government would work closely with the provincial authorities to ensure that there is effective surveillance and enforcement mechanisms are adopted to reduce pilferage in the mining sector

Reducing Inequality within Chitral



Goal 10: Reduce inequality within and among countries. It is increasingly being realised that growth without equity creates deep schisms in society and leads to instability and conflict. A key goal of the strategy is to increase growth, reduce poverty and vulnerability concentrated in hard to reach areas especially in a district like Chitral where many of the areas are isolate. There are many dimensions of inequality in the Chitral District which arise as a result of physical location, gender, religion, income, education, etc. The

communities living in isolated valleys have generally fewer opportunities of access to education, health, markets and employment opportunities and are at a disadvantage compared with those households, which are located in more easily accessible locations. In Chitral, this is a factor which has placed many communities at a disadvantage due to the natural mountainous terrain of the district. Gender is another dimension of extreme inequity in the district and special measures need to be instituted to ensure that women have equal access to basic social sector services, employment and political participation and representation. There are no significant religious minorities in the district except for the Kalash. However, the Government has tried to take special measures to preserve their cultural identity and religious freedom.

SDG Targets:

- By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average
- By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Chitral Targets:

- To reduce income, socio-economic and gender inequity in the district by 2020 with a special focus on valleys which are isolated and remote
- Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Chitral Strategy for Reducing Inequality within the District:

- PPAF will finance a special programme in which partner organizations will be given funds for programmes in the most remote and isolated valleys in the Chitral District to provide them access to social and productive infrastructure
- To progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the district and national average
- To empower and promote social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. In the context of Chitral this will be done by ensuring that the communities in isolated valleys are given the same access to basic services as the communities in other parts of KP

- Ensure equal opportunity and reduce inequalities of outcome by promoting policies and practices that recognize the isolated and disadvantaged location of Chitral and ensuring that the people are not in a disadvantage as a result
- Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality
- Ensure enhanced representation and voice for communities in isolated valleys in decision-making in provincial and national economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions
- Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies especially for people who have limited opportunities locally and would like to seek remunerative and productive employment in other parts of the country and outside the country

The Built Environment in Chitral



Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.

The area has a unique and fragile terrain with beautiful meandering and fast flowing rivers, towering mountains, glaciers and high altitude terraces. The area is also prone to natural disasters and flash floods, landslides and glacial movements. This fragility requires very careful planning on how to design and construct the built environment. Unfortunately, the dearth of land, high population growth and the unprecedented pressure of tourism have all

led to haphazard development in cities and human settlements. The lack of a strong regulatory authority with the power and capacity to control this growth has led to a deterioration of the natural landscape. One of the major challenges for the district is how to protect its cities and human settlements from unsustainable development.

SDG Targets:

- By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
- By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all
- By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
- Strengthen efforts to protect and safeguard the world's cultural and natural heritage
- By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters and disaster risk management at all levels

Chitral Targets:

- Introduce a system for sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in the district
- Develop a proper Master Plan for the main towns and valleys of the district with a clear demarcation of the type of structures that can be built in the various sites
- Encourage the private sector to provide access to safe, affordable, accessible and sustainable transport systems for all
- Protect and safeguard the cultural and natural heritage of the Kalash community in the valleys of Birir, Bhumuret and Rhumboor

Chitral Strategy for Human Settlements:

- Under the Chitral Growth Strategy, the Chitral Implementation Unit will have a team of architects on its roster who will provide technical assistance to communities in developing their built environment. These architects and valley and town planners will be selected from a panel of young innovative architects from across Pakistan on the basis of competition and call for proposals
- A fund will be established in the Chitral Growth Strategy Unit to help design the sacred spaces for the Kalash, for the community development of tourists sites and all hotels and restaurants will need to be approved by a panel of recognized artists from Pakistan from the esthetic and environment perspective
- Ensure access for all to adequate, safe and affordable housing and basic services in the main and isolated valleys in a manner which is sensitive to the local environment
- Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in isolated areas, vulnerable situations, women, children, persons with disabilities, and older persons
- Develop the expansion in these highly fragile valleys and mountains in a way which does not threaten the fragile eco-systems through integrated and sustainable human settlement planning and management
- Strengthen efforts to protect and safeguard the cultural and natural heritage especially the Kalash
- Strive to significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
- Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
- Provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities

- Support positive economic, social and environmental links between urban, peri-urban and rural areas and isolated valleys by strengthening national and regional development planning
- Substantially increase the number of towns and human settlements adopting and implementing integrated policies and plans towards resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, holistic disaster risk management at all levels
- Support valleys through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials

The Strategy for the Protection of the Kalash

Given the importance of the Kalash community in the Chitral District, there will be a special focus on developing a strategy which safeguards the interests of the community and at the same time celebrates and celebrates their rich cultural diversity which are a source of great tourist attraction. This aspect of the strategy will ensure that the Kalash are protected and afforded the liberty to practise their customs and traditions in a peaceful and secure environment.

- To take proactive steps to ensure that no other community aggressively promotes their religion and beliefs in the area that is traditionally the domain of the Kalash. The visit of any proselytising group and the construction of mosques will be forbidden in the Kalash valleys
- To ensure that basic services such as water and sanitation and electricity are provided in the main area of residence of the community. A special assistance would be provided in the construction of communal facilities for bathing and other facilities for preservation in a manner which respects their culture and environment friendly
- The district government will ensure the provision of proper medical facilities and doctors and nurses in the health facilities and ensure that these are properly equipped and have adequate stock of essential medicines
- To provide a separate school system for the Kalash children up to the matriculation level in their main areas of residence. A special book should be designed regarding Kalash culture, religion and custom for teaching Kalash children instead of Islamiyat. Teachers from the Kalash community will be trained to teach in these schools
- In organising tourism, the district government will ensure that the privacy of the Kalash is respected and that all tours are conducted in a well regulated manner which respects the Kalash customs and traditions and that the number of tourists allowed entry into the valleys is regulated
- To put in place a system which ensures that the Kalash community as a whole benefits from the income from tourism and that the revenue is not captured exclusively by the outsiders or the Sheikh of the community but is shared equitably

The Rejuvenation of the Cultural Heritage of the District ---

The protection of the rich cultural heritage of the district is a cornerstone of the Chitral Growth Strategy. This heritage includes the unique Kalash, the diverse languages, the cuisine and tradition of dance, the annual polo festivals in Shandur and its wildlife such as Markhor and Snow Leopard in their natural habitats. The strategy will take special measures to introduce the youth to its traditions and also share these with the large domestic touristic traffic which are expected to visit the area to enjoy these traditions. In order to initiate measures to sustain and rejuvenate the rich cultural heritage of the district, the district strategy will include the following special measures;

- Inclusion of a Chitral Studies course in the primary, middle and secondary curriculum for both public and private schools. This specially designed course will include the history, geography, languages, local literature and the special customs and traditions of the people
- Financing the special festivals of the district on an annual basis, provide special stipends to the people involved to ensure that their traditional livelihoods are sustained and encourage visitors to attend these as a source of income for the local people
- Train local women in the pedagogy of a culinary course on the cuisine of the area which can be incorporated into the tourist package and to promote local cuisine to tourists by establishing special restaurants for the purpose. To host an annual food festival in the District and down country to ensure that the traditional foods and local recipes are kept alive. To promote and preserve local cuisine through television shows on the special cuisine of the area
- To provide stipends and research funds to students in the district to undertake research on the local area, its languages, its traditions, its flora and fauna, its wildlife and its unique natural resources as a means to learn about the district and document its rich history and culture and to give fellowships to students in premier research institutions in Pakistan to undertake research on the district
- To host an annual literary festival in the district to present and discuss the literature from the district, its folklore, its mythology, its culture and unique history

Production, Consumption and Waste Management ---



Goal 12: Ensure sustainable consumption and production patterns.

Sustainable consumption and production of the natural resource base in the district is a key priority measure given the fragility of the natural environment. Thus the Chitral Government will undertake special measures to ensure that the production patterns of all natural resources including agriculture, mineral exploration, tourism development and hydropower generation are all undertaken in a manner which is environmentally sustainable. Similarly, tourism will be regulated in a manner, which preserves the natural environment of the district. In this regard, one of the more serious issues which has emerged over the last few years is solid waste management and sewerage disposal in Chitral. The district has no proper system or site for solid waste management. There is an urgent need for recycling plants and incinerators for disposal of hospital waste. This situation poses a serious public health hazard and requires urgent investment in infrastructure and technical capacity of the Tehsil Management Administration to deal with the situation. There is only one

slaughter house in the district which is not inadequate to meet the needs of the town. The Chitral strategy will target some of these urgent issues.

SDG Targets:

- By 2030, achieve the sustainable management and efficient use of natural resources
- By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses
- By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products

Chitral Targets:

- Strive for the sustainable management and efficient use of natural resources
- The PPAF will provide villages dependent on agriculture innovative productivity enhancement technologies such as greenhouses for off-season high-value vegetables, horticulture and livestock development packages
- Reduce food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses
- Achieve environmentally sound management of all wastes and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
- Develop a sustainable system of solid waste management in Chitral and ensure that no waste is disposed off in the rivers
- Encourage all enterprises and establishments including hospitals, hotels, restaurants, slaughterhouses to adopt sustainable waste management practices to be regulated by the TMAs
- Encourage the use of scientific and technological capacity to move towards more sustainable patterns of consumption and production especially in the exploration and development of the natural resource, mineral and agriculture wealth of the district
- Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products
- Encourage the production of clean energy in the district by providing special incentives for its production and transmission

Agriculture:

- Under the Chitral Growth Strategy, funds will be provided to AKRSP and SRSP to assist in development of horticulture and livestock investment activities for communities who rely mainly on agriculture
- To invest in irrigation infrastructure especially to rebuild the infrastructure damaged by floods and identify opportunities for increasing the area under irrigation
- To strengthen the capacity of the farm service centre in the district to provides services and market links to farmers
- To put in place programmes that provide technical assistance and introduction of modern technologies for increasing horticulture and livestock production through demonstration of tunnel farming, green-houses, sorting and grading facilities, cold stores, abattoirs and other technologies in partnership with the private sector and facilitation for investment
- To Initiate the measures for a livestock disease free zone in the district by putting in place a disease surveillance system to curb some of the most common livestock diseases reported in the area such as Foot and Mouth disease, Enterotoxemia and Contagious caprine pleuropneumonia which is a cause of major economic losses to small ruminant producers
- To assist small producers in enhancing the markets for their produce especially the more perishable products
- Improve farmer's access to agriculture finance and access to markets in collaboration with the private sector. Special loan products and assistance packages will have to be designed to enable framers to access them more easily
- To introduce weather-indexed micro-insurance and livestock insurance products to assist framers deal with the risks inherent in the agriculture sector
- To pilot test new organizational approaches and assess if the investments made in community organisations can be successfully leveraged to assist farmer's organizations in experimenting with a genuine cooperative model to transform agriculture production from a subsistence farming system to one which is commercially oriented

Climate Change and Natural Disaster Management



Goal 13: Take urgent action to combat climate change and its impacts.

As acknowledged in the Pakistan Vision 2025, the country has very low technical and financial capacity to adapt to and mitigate the effects of climate change. The problem in a district like Chitral is even more severe given that even some changes in the climate can accelerate the melting of glaciers, lead to shifts in biodiversity, change crop and vegetation distribution, etc. The effects of global warming in mountain areas are visibly manifested by shrinking of mountain

glaciers and reduced snow cover duration. To many, the 1,000-square-mile Chitral Valley has become a case study of what could await the rest of the world if climate change accelerates. Over the past six years, the Chitral Valley has also experienced three major floods that many Pakistani scientists attribute to climate change. Among the causes cited by scientists: diminished snowfall, warmer temperatures, heavier summer rainstorms and rampant deforestation. The floodwaters destroyed critical physical infrastructure and caused loss of life and livelihoods. The Environment Protection Agency of the government of Khyber Pakhtunkhwa has put in place a Climate Change Policy for the province in June 2016. This Policy document provides adaptation and mitigation measures to be adopted in the most relevant sectors prone to the impacts of climate change. The policy highlights sectors that need mitigation measures such as energy, transport, wastes, industries, urban planning etc. It also gives emphasis, to streamline climate change in different sectors of the economy and developmental projects in the province to make a sustainable development and create resilience to natural disasters. Successful implementation of the policy in the relevant sectors like agriculture, water resources, forestry, wildlife, etc., will help in achieving targets pertaining to climate change resilience.

SDG Targets:

- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.
- Integrate climate change measures into national policies, strategies and planning
- Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
- Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change
- Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities

Chitral Targets:

- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters by identifying the types of climate change risks that are most likely to occur in Chitral and the mitigation and adaptive measures
- Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning for all key stakeholders including communities

Chitral Strategy for Disaster Management & Climate Change: _____

- Under the Chitral Growth Strategy a few pilot sites will be selected to develop model climate change and disaster management action plans
- The District Disaster Management Authority will prepare comprehensive and integrated disaster management strategies with technical assistance from an implementation unit established to assist with the implementation of the Chitral Strategy
- The Department of Agriculture will develop appropriate strategies and standard operating procedures for weather related food crises by linking weather patterns, agriculture productivity, and household food security according to the situation in the district⁹⁵
- The Chitral district strategy takes its cue from the provincial strategy and will begin by enhancing awareness of the impacts of climate change among all stakeholders for appropriate measures to combat and minimise any negative impacts and capitalize on opportunities which could have a positive impact on agriculture
- The results of different climate change impacts that have been researched and are consistent with the community experience will be discussed in the different valleys and appropriate adaptation and mitigation strategies will be developed and disseminated among the local communities. This will be particularly important for the agriculture sector where the impact of climate change is being recorded and reported
- The provincial and district governments will ensure that climate change adaptation and mitigation measures are integrated into all key sector policies, strategies, and plans for the district
- The provincial and district governments will ensure that climate change risks particularly those arising from climate induced disasters are appropriately addressed
- The provincial and district government will ensure that the interests of vulnerable groups and gender aspects are adequately addressed in the formulation and implementation of climate change strategies

Protecting the Rivers, Waters and Glaciers of Chitral _____



Goal 14: Conserve and sustainably use oceans, seas and marine resources for sustainable development.

The water resources in the Chitral District are not only important for the district but are of critical importance for the water supply for the rest of the country. Rivers in Pakistan are fed mainly by the glacial snowmelt in these high mountain areas. Of the 7,253 known glaciers in the Northern Areas, 543 are in the Chitral Valley. These glaciers feed rivers that account for about 75 per cent of the

⁹⁵ The Agriculture Policy of KP (2015-2025).

⁹⁶ Modified for Chitral.

stored-water supply in the country of at least 180 million. The Chitral River is the main river in the district and its upper most section is known as Yarkhun River, between Mastuj and Chitral towns and down- stream it is called Chitral River. The river is glacier/ snow fed and it flows steadily throughout the year with additional runoff during the monsoon period. It drains an extensive area of high relief and snow cover in Chitral and subsequently contributes well over half of the discharge of the Kabul River. Pakistan's glaciers are receding, especially those at lower elevations, including here in the Hindu Kush mountain range in northern Khyber Pakhtunkhwa province and this poses a threat to its water supply. The rivers are also of critical importance for hydropower generation and the specific sites in the district can generate enough renewable energy for its own needs and for generating an important source of revenue. Fishery in the rivers is not well developed but can provide an additional source of protein and income and needs further investment.

Chitral Targets:

- Under the Chitral Growth Strategy, special funds will be made available for protection of the rivers, conservation of water resources and development of the fisheries potential in collaboration with local entrepreneurs of the district
- By 2025, prevent and significantly reduce river pollution of all kinds, in particular from land-based activities, including solid and sewerage and debris and other pollutants
- By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks
- Provide access for small-scale artisanal fishers to use the fish resources as a source of livelihood through supporting investments in hatcheries of trout, carp and other local varieties

Protecting the Natural Resources of Chitral



Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

The Chitral District consists of 20% of Khyber-Pakhtunkhwa's total area and has a rich natural resource base and beautiful landscape. Its high mountains, valleys, natural forests, wildlife habitat, glaciers, rivers and streams attract tourists. Its potential for hydropower generation, mineral resources especially its reserves of granite, gemstones, and metals attract the investor. These resources need to be protected and well managed in a manner, which is sustainable and yet contributes to growth and economic development in a manner, which is inclusive of the local people. In keeping with the principles of sustainable development, the Chitral Growth Strategy will fashion a careful and well-considered plan for the management and development of this precious resource base.

SDG Targets:

- By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
- By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development
- Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species
- By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts
- Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems
- Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation
- Enhance global support for efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities

Chitral Targets:

- Under the Chitral Growth Strategy special funds will be made available for afforestation and development of pastures and natural parks of the district together with NGOs and local community organizations in the district
- Develop plans with local communities for the conservation, restoration and sustainable use of the natural resources, forests, mountains, the highland pastures and the glacial resources of the district
- Use the community organizations established in the area for the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development
- Work with local communities to reduce the degradation of natural habitats, halt the loss of biodiversity and, protect and prevent the extinction of threatened species such as Markhor, and other endangered wildlife in the district through managed plans for trophy hunting
- Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems
- Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to advance such management, including for conservation and reforestation in participation with communities

Building Effective Institutions



Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive at all levels.

The Chitral District has a unique and rich tradition of customary law and indigenous statecraft. This heritage, spanning a period of more than 700 years, encompasses a wide range of subjects from defence and civil administration to land tenure systems and natural resource management. Creating a better understanding of the history of the Chitral region can prove useful to development agencies, conservation organisations and knowledge-based institutions working in the district⁹⁷. Together with this indigenous knowledge there is an opportunity to work with the diverse institutional infrastructure in the district. The five-tiered local Government system from the District to the village level will be expected to undertake the main functions envisaged of them under the local government system in support of the Chitral Growth Strategy. The community organizations established in the area by the Aga Khan Rural Support Programme since 1982 and other NGOs are active in the areas of cultural rejuvenation, natural disaster management, climate change, etc. The Pakistan Poverty Alleviation Fund has helped grow the operation of many of these organizations through direct funding. These NGOs will be an important partner in the implementation of the Chitral Growth Strategy. Specific agreements will be made with them as and when required. There are 660 community organisations with a membership of 25,842 members (27% women) representing 35% of the households in the area. Many of these organisations have been vertically integrated into local support organisations at the village or union council level. This institutional network of community organisations will be leveraged for the implementation of the Chitral Growth Strategy. In addition, the potential for institutional innovation to make them stronger and more effective organisations would be assessed and implemented. The transformation of some of them into true farmer cooperatives or corporate sector or business entities would help in the promotion of economic and social development at the village level. PPAF will assist in this experimentation and innovation.

SDG Targets:

- Develop effective, accountable and transparent institutions at all levels
- Ensure responsive, inclusive, participatory and representative decision-making at all levels
- By 2030, provide legal identity for all, including birth registration
- Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements
- Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime
- Promote and enforce non-discriminatory laws and policies for sustainable development

⁹⁷ Chitral: A Study in Statecraft (1320–1969). IUCN Pakistan, Karachi, Pakistan. 2004.

Chitral Targets: _____

- Under the Chitral growth Strategy special training programmes will be developed for community leaders of COs, VOs, LSO and local Government. Special programmes will be organized for women community and political representatives
- By 2020, provide legal identity for all, including birth registration
- Strengthen the five tier local Government system so that it is able to undertake its role with representation of women at all levels

The Chitral Partnership Framework _____



Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development.

The Chitral Growth Strategy cannot be implemented without a proper partnership framework. While the Provincial Government has allocated specific resources for Chitral in the aftermath of the floods of 2015 and also allocated special funds for the district for the development of tourism, it is clear that the development of the

Chitral Strategy requires a concerted effort between all key partners. The Growth Strategy therefore is premised on a partnership framework that includes the provincial governments, the district government, the donor agencies, the civil society sector and the collaboration and facilitation of the Pakistan Poverty Alleviation Fund. Furthermore this partnership requires additional finance, capacity building, use of technology, trade, addressing systemic issues and a proper system of monitoring and supervision.

SDG Targets: _____

- Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection
- Mobilize additional financial resources for developing countries from multiple sources
- Enhance North-South, South-South and triangular regional and international cooperation, technology and innovation and enhance knowledge sharing
- Promote the development, transfer, dissemination and diffusion of environmentally sound technologies
- Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation
- Enhance policy coherence for sustainable development
- Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

- Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships
- By 2020, enhance capacity-building support to developing countries,, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts
- By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in developing countries

Chitral Targets:

- A special Chitral Development Forum and Trust Fund will be established for financing the Chitral Growth Strategy. The government is expected to finance it through its normal budget, salary budget and recurrent expenses. Donors will be invited to finance specific elements of the strategy based on their areas of interest and expertise
- Strengthen domestic resource mobilization through improved record keeping of what the district contributes to revenue generation for the province and claiming its share from the provincial Government as well as improve its capacity for local revenue generation through hydropower generation, mineral and tourism development and trophy hunting in a sustainable manner
- Mobilise additional financial resources from the international donor community through establishing special Chitral District Trust Fund
- Enhance international support for implementing effective and targeted capacity-building programmes for local communities, local government institutions and district Government officials
- Enhance policy coherence for sustainable development
- Enhance partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals for Chitral district
- Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships
- Enhance capacity-building support for the generation and use of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in the district context for improved planning and management
- By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in the district



CHAPTER 5

INSTITUTIONAL ARRANGEMENTS

Overview ---

This chapter lays out the institutional arrangements that would be required to deliver the intent of the Chitral Growth Strategy

The current arrangements for the administration of the district are shared between the provincial and district tiers. At the provincial level, the government in coordination with the district government identifies the priorities for the district. The members of the national and provincial assemblies elected from the district also advocate for the allocation of resources for projects that address a key need of the district. The district nazim as the political head of the district and the deputy commissioner as the administrative head of the government coordinate many of the activities jointly. The provincial government plays the leadership role in formulating policy and regulation as well as securing financing for the work on the ground. The arrangements which have been identified for the implementation of the Chitral Growth Strategy are consistent with the current roles and responsibilities of the various tiers of government.

Provincial Coordination Committee and Provincial Coordination Arrangements ---

At the provincial level, there already exists a coordination mechanism whereby a Steering Committee chaired by Additional Chief Secretary (ACS) is set up in Planning and Development Department for donor-funded projects. This Committee will be kept informed about the approach adopted in Chitral to develop and implement the Chitral Growth Strategy and feedback obtained as needed. It is proposed that this committee include the MNA from Chitral, the three MPAs from Chitral, the Chief Economist of Planning & Development Department of Khyber Pakhtunhwa, as well as relevant departmental heads, the Chitral Nazim and Chitral Naib Nazim. This Committee will meet twice a year. Its TORs will include securing funds from the government for Chitral Growth Strategy.

District Coordination Committee for Chitral Growth Strategy ---

The district government will form a District Coordination Committee to oversee the development, implementation, financing, monitoring and evaluation of the Chitral Growth Strategy. The Terms of Reference of the DCC are given in Annex 2. The district nazim will chair the committee and the deputy commissioner will be its co-chairman. The membership of the SC will include District Naib Nazim and all department heads in the district, as well as civil society representatives, including Pakistan Poverty Alleviation Fund. The President of the District Chamber of Commerce will also be its member. This committee will be officially notified and will meet at least once every quarter. As required members from civil society, media and key local resources persons can be co-opted as members and given specific tasks.

The District Coordination Committee will use the Chitral Growth Strategy as a living document and will refine or modify it as required. It will formulate plans to implement the strategy and fix the timeframe and responsibility for undertaking each aspect of the Growth Strategy. It will oversee the allocation of

resources in equitable and transparent manner. The concerned department will properly estimate the resources required for each element of the strategy. The district nazim will seek the assistance of the politically elected representatives to lobby and advocate for additional resources from the provincial government, through Provincial Steering Committee. The District Coordination Committee will assist in seeking the resources required for the purpose through either the provincial allocations, donor assistance or raise the funds from the private sector, civil society, philanthropists or local community contribution or through organizing special fund raising events. Regular monitoring and tracking of the progress will be undertaken and reported in a systematic manner. A quarterly report will be generated and consolidated into an annual report to document the progress made, the challenges faced and the plans for the future.

The district government will also coordinate with all the relevant government departments at the provincial level to update them on the approach and secure their assistance in the implementation of the strategy and inform them of the progress. The head of each Department at the District level will take the lead in coordinating with the relevant departments at the Provincial level of the progress in their sectors.

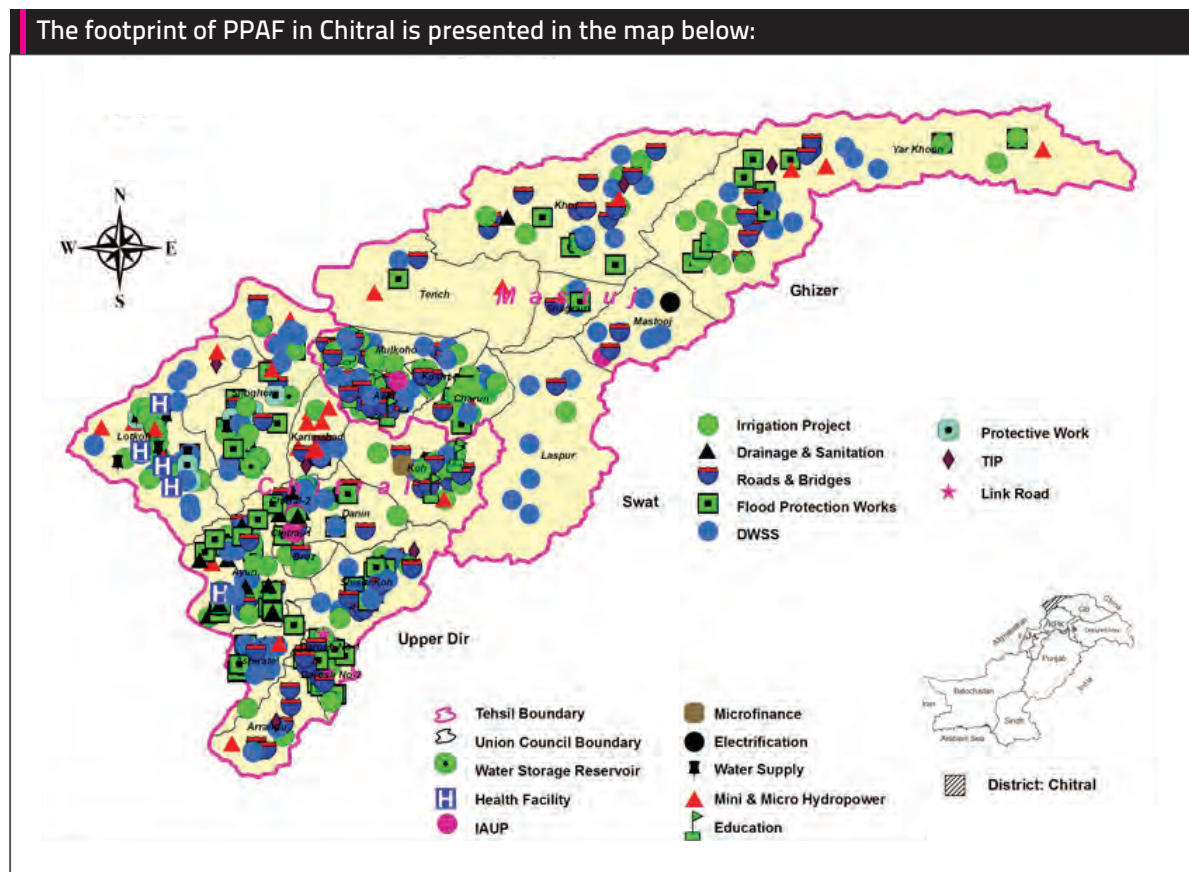
Chitral Growth Strategy Implementation Unit ---

Despite the strong institutional infrastructure for implementation of development at the provincial level, there is need for a professionally equipped technical unit to assist the district government in formulation of its operational plans, in identifying resource needs, in providing technical assistance, securing the assistance of NGOs where appropriate and coordinating with the private sector. The Terms of Reference of the Implementation Unit are given in Annex 3.

The District Government should mandate the establishment of the professionally capable Chitral Growth Strategy Implementation Unit (CGSIU) to assist in the implementation of the strategy. This unit will have a core team of professionally qualified staff on a full-time basis and will acquire short-term technical assistance in the required field as and when required. The director of the CGSIU, potentially the Head of the District P&D Unit will coordinate closely with the planning & development department of the government of Khyber Pakhtunkhwa and with other district departments' heads to ensure that the plans are consistent with the overall Provincial Government plans and there are no gaps and no duplication. The head of each department in the district will take the lead in the review of the strategy and its refinement, develop an annual plan for his/her area of responsibility, establish the targets, determine the baseline and the milestones for each year, identify the sources of finance, identify any shortfalls and discuss with the CGSIU the need for financial resources, technical assistance, surveys, etc., and monitor the progress and report this to the Steering Committee. The Chitral Growth Strategy Implementation Unit will put in place systems that undertake effective coordination with the implementing partners and key stakeholders.

The Role of Pakistan Poverty Alleviation Fund

The Pakistan Poverty Alleviation Fund (PPAF) will assist the district government in the implementation of the Chitral Growth Strategy. In addition to a Coordinator to be based in District Coordination Committee, PPAF will provide support through its core team covering livelihood social sector development, gender, infrastructure, institutional strengthening, as well as monitoring, research and evaluation. The team will provide guidance to the district government and to the CGSIU to prepare proper operational plans to meet targets. The PPAF will help the district government to work more actively with the private sector as well as its traditional civil society partners, PPAF will also facilitate graduation of households out of poverty including its social protection programmes, asset transfer and livelihood interventions, interest free and concessional loans, on to micro credit.



The MER and MIS units of PPAF will provide technical assistance to Chitral Growth Strategy Implementation Unit (CGSIU) in developing a robust system for monitoring and evaluation of progress against the identified indicators under each target. This would include sectoral and geographical based assessments and baseline studies, periodic evaluations/assessment as well as longitudinal studies to track trends against various indicators related to the SDG targets (under CGS) over time which would help provide timely and systematic input to the key stakeholders like donors, Federal, Provincial and District Governments, steering committee, PPAF and CGSIU regarding the status of plans developed, implemented and completed eventually resulting in the achievement of identified indicators related to each SDG. MER and MIS units will also built technical capacity and provide regular support CGSIU in applying Computer Assisted Personal Interviewing (CAPI) through use of smart phones and tablets. This would also include providing support in development and management of android and iOS -based mobile applications as well as development of on-line customized survey questionnaires for real-time data collection and analysis that can also be run in offline mode in absence of network/internet connectivity. MIS unit will also provide technical support in geo-tagging and geo-referencing of strategic and operational interventions under Chitral Growth Strategy.

The Chitral Chamber of Commerce and Industry

The Chitral Chamber of Commerce and Industry will assist in the implementation of those aspects of the strategy, which fall within its area of work such as business and entrepreneurship development, encourage the private sector to make investments, assist in development of a skilled workforce, etc. The CCCI will assist in organising the annual seminars and business promotion forums essential in encouraging the private sector to invest in the district. The chamber will work closely with the provincial government in ensuring an overall facilitative environment for business promotion and ensure that the provincial government provides the key resources for investment in the physical, communication and transport infrastructure to promote economic growth and development in the district.

Local Government Tiers

The local government in Chitral consists of two tehsil councils, 24 union councils, five neighbourhood councils and 95 village councils. These local government institutions will be expected to undertake the main functions envisaged of them under the local government system in support of the Chitral Growth Strategy. The Tehsil Municipal Administration is responsible for monitoring and supervising the performance of government offices located in the tehsil, preparing spatial plans for the tehsil including plans for land use, executing and managing development plans for improvement of municipal and infrastructure services, organising sports events, cultural fairs, recreational carnivals, leisure activities, cattle markets, regulating markets, issuing licenses, granting permissions as well as imposing penalties against violations, formulating strategies for infrastructure development, improvement in delivery of services and implementation of laws. Similarly, the village council and neighborhood council would undertake the functions envisaged for them such as monitoring and supervising the performance of functionaries of all government offices in their area, maintenance of village level infrastructure, identifying development needs, mobilizing communities for maintaining streets, culverts, bridges and buildings, facilitating the formation of cooperatives for improving economic returns and reduction of poverty.

Non-Government Organisations

The isolated and remote areas of northern Pakistan were the region, where the Aga Khan Rural Support Programme began its operations in 1982 and initiated the model of community organisations for village level development. That was the model, which provided the genesis for the rapid spread of the community mobilisation model in the country and led to the growth of rural support programmes as key grassroots development organisations. Several major NGOs are working in Chitral in a very diverse set of sectors, including Sarhad Rural Support Program, the Aga Khan Health and Education Services, Helping Hand and many more active in the areas of cultural rejuvenation, natural disaster management, climate change, etc. The Pakistan Poverty Alleviation Fund has helped grow the operation of many of these organizations through direct funding. These NGOs will be an important partner in the implementation of the Chitral Growth Strategy. Specific agreements will be made with them as and when required.

Community Organisations

PPAF has worked through five partner organisations in Chitral district and helped organise 660 community organisations through them with a membership of 25,842 members of which 27% are women. This means that 36% of the households have been organised into Community Organisations. In addition many of these organisations have been vertically integrated into local support organisations at the village or union council level. This institutional network of community organisations will be leveraged for the implementation of the Chitral Growth Strategy. In addition, the potential for institutional innovation to make them stronger and more effective organisations would be assessed and implemented. The transformation of some of them into true farmer cooperatives or corporate sector or business entities would help in the promotion of economic and social development at the village level. PPAF will assist in this experimentation and innovation. The existing network of Local Support Organizations (LSOs) will be leveraged for implementation of the Chitral Growth Strategy.

Special Projects

Special arrangements will be made for the design, implementation, operational planning, monitoring and evaluation of projects which are identified by donors as part of the Chitral Growth Strategy. These projects will be coordinated by the CGSIU but as required, special expertise in terms of personnel will be recruited to manage them and specific contracts will be signed with Civil Society Organizations working in the area and MoUs executed with community organisations in the district. These arrangements will be detailed in close collaboration with the district government to ensure that each donor commitment is backed up by a strong, transparent and efficient plan for good governance and effective management.



CHAPTER 6

FINANCING ARRANGEMENTS

Overview

The federal government is the main source of revenue generation in the country. The provinces generate only a small percentage of the revenue required to meet their expenditure needs. This requires transfers from the federal government to allow the provinces to carry out their functional responsibilities. The 'divisible pool' i.e. the revenue sources available for sharing is specified in the Constitution and the President can add revenue sources to the divisible pool while notifying the establishment of the National Finance Commission, the institution responsible for devising the revenue sharing arrangement between the federal government and provinces. The Commission is constituted every five years and has representation from all key stakeholders. The NFC is headed by the federal minister of finance and is composed of the provincial ministers of finance and other experts in the areas of finance and fiscal management. In decisions of the NFC, the unanimity rule is followed which stipulates that all the provinces and the federal government must agree before any decision can be binding. In the past, many times, the Commission faced deadlock and was forced to adopt the sharing arrangement prevailing at the time due to the failure to develop a consensus on any new sharing arrangement.

Historically, the divisible pool has been shared among the provinces on a per capita basis. However, since 1996 three out of four provinces have been demanding the inclusion of more elements in the distribution criteria. Each province demanded the inclusion of such elements that would entitle it to greater transfers from the divisible pool. With Karachi being the hub of business activities in Sindh, the province demanded that revenue generation effort be made a part of the distribution criteria. On the other hand, Balochistan, the largest province in terms of geographic area, contended that its cost of public service delivery is relatively high due to low population density and therefore demanded the inclusion of geographic area reflected as an inverse population density metric. Both Khyber Pakhtunkhwa and Balochistan argued that the higher poverty levels prevailing in the two provinces required greater transfers to alleviate the poverty within their area of responsibility. Punjab, with the largest population in the country, has always preferred the per capita basis and argued for the retention of this criterion. Each province shows preference for a different element of the distribution criteria.

The 7th NFC Award, which came into effect from the start of the financial year 2010, was a landmark as it broke the deadlock that had constrained the National Finance Commissions constituted in 2001 and 2006 to announce the awards. Two major changes contributed to bringing the deadlock to an end. These included a reduction in the share of the federal government in the divisible pool by 10 percentage points and the introduction of multiple indicator criteria (MIC) for the distribution of the divisible pool which replaced the earlier criterion that was solely based on population. The 7th NFC Award revised the distribution criteria and enhanced the provincial share in the divisible pool, while mandating provinces to raise own revenues. The distribution criteria are now based on weights of population, poverty, contribution to national revenues and inverse population density. The distribution criteria prescribed by the 7th NFC is given in the table below and shows the existing criteria and the one used previously by the immediately preceding Award⁹⁸.

⁹⁸ Adapted from "Pulling Back from the Abyss: Third Annual Report," Institute of Public Policy, Beacon House National University.

Table 11: Criteria for Distribution of National Revenue		
	Presidential Order 2006	7 th NFC Award
Provincial Share in Divisible Pool	46.25%	Starting with 56% and gradually increased to 57.5%
Grants and Subventions	3.75%	6%
Indicators and Weights		
Population	100%	82.0%
Poverty	–	10.3%
Revenue Generation	–	5.0%
Inverse Population Density	–	2.7%

Source: Ministry of Finance.

The new provincial shares are given in Table 12. In addition, Khyber Pakhtunkhwa was expected to receive Rs.110 billion over five years as arrears of hydro-electricity profits. As a result of this Award, the provinces were allocated an additional Rs. 200 billion in 2011-12. The provincial share of the divisible pool in 2006 was 46.25% with grants and subventions of 3.7%. This share has now been increased to 56%, which will rise to 57.5 % by the end of the five-year period to be covered by this Award. Furthermore, collection charges have been reduced from five per cent to one per cent with the difference placed in the divisible pool. To increase the revenue available to provinces, the NFC envisaged that the provinces would initiate steps to effectively tax the agriculture and real estate sectors.

Table 12: Provincial Shares in the 7 th NFC Award		
Province	Presidential Order 2006	7 th NFC Award
Punjab	53.01%	51.74%
Sindh	24.94%	24.55%
Khyber Pakhtunkhwa	14.88%	14.62%
Balochistan	7.17%	9.01%
Total	100%	100%

Source: Ministry of Finance.

The dependence of the provinces on revenue transfers from the federal government is very high and ranges from 83% to 100%. One reason for this is that the federal government is assigned most of the broad-based taxes. The own-source revenue (OSR) of the provinces is barely enough to meet a small proportion of provincial expenditure. Any shortfall in federal revenue collection adds directly to the level of fiscal stress at the provincial level. However, the General Sales Tax (GST) on services was recently devolved to the provinces. Over half of national GDP is derived from services, which potentially is the most broad-based tax in the country. None of the provinces has utilised the revenue potential and the provincial capacity to raise revenue suffers from lack of political commitment to levy taxes and a poor system of tax administration and collection. The question of financing is further compounded by the failure of provincial governments to enhance their own level of fiscal effort. Overall, the provincial tax

revenue-to-GDP has remained well below the one percent level⁹⁹. The local governments are assigned taxing powers by the province, but these powers are very limited. There are no data available to measure the level of local taxes it is generally assessed that the district government depend on the provincial transfers for more than 90% of their revenue¹⁰⁰.

The Provincial Finance Commission Award

The fiscal decentralisation to local governments is channelized through the Provincial Finance Commission (PFC), which is a statutory body established under Section 52 of the Khyber Pakhtunkhwa Local Government Act, 2013. The PFC envisions its policies through its financial Award which is based on recommendations as to a self-contained fiscal transfer system meant for the whole province. The government of Khyber Pakhtunkhwa receives more than 90% of its revenues through federal transfers, which consist of federal tax assignment, straight transfer on account of royalty on oil and gas, excise duty/development surcharge on gas and net hydel profit. The resource distribution through the PFC Award is twofold: one between the province and local governments and second amongst the local governments inter se. For this purpose, a provincial pool is determined out of the proceeds of Provincial Consolidated Fund. Obligatory expenditure being common to both the provincial and local governments is subtracted from the Provincial Pool. The net proceeds thus emerging are bifurcated into provincial allocable amount and provincial retained amount.

The Divisible Pool is shared between the provincial and local governments as provincial retained amount and provincial allocable amount in a ratio of 40:60 respectively. The provincial allocable amount is subject to fiscal needs, fiscal capacity, fiscal efforts and fiscal performance. The provincial allocable amount is distributed amongst the local governments to meet the expenditures on salary, non-salary, development and grants to local councils. The inter se distribution of district development share out of provincial allocable amount is made on the basis of a formula to cater for development needs of the local governments: population 50%, poverty 25%, poor infrastructure 20% and revenue base five percent. The Provincial Finance Commission recommended a lump sum provision or block allocation of Rs. 10,255.476 million in the financial year 2016-17 so as to provide for a fiscal room in the budget/award. Chitral's share is also based on this criterion.

The Budget Preparation Process

There is a bifurcation of the budget preparation process in Pakistan at the federal and provincial levels into development and recurrent budgets. The finance departments lead the preparation of recurrent budgets and the planning & development departments the Annual Development Programme's (ADP). The fiscal resources are distributed according to the strength of the argument made by different agencies to justify their allocations. The problem of resources is exacerbated by the acute structural rigidities in provincial expenditure. It is estimated that 60-80% of the total provincial expenditures for KPK go to payment of wages and pensions of government employees. All governments suffer from the rapidly increasing pension liabilities.

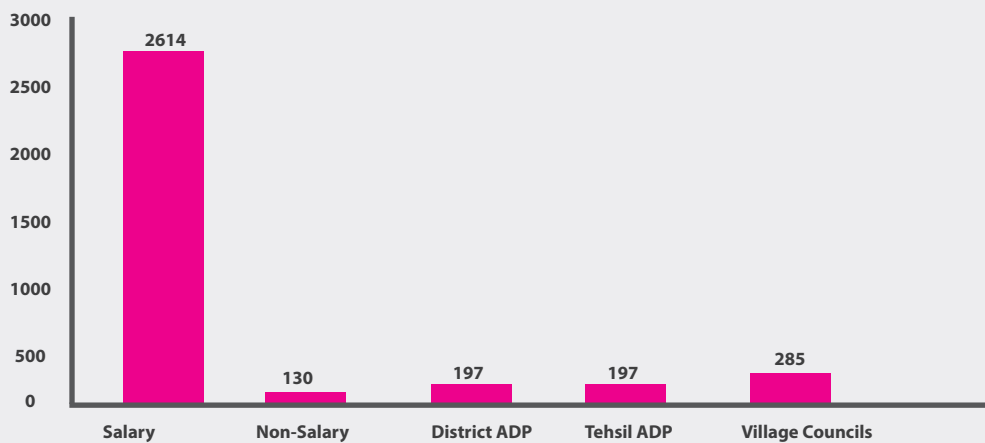
⁹⁹ Hussain and Rana (2012).

¹⁰⁰ Bahl and Cyan. Local Government Taxation in Pakistan. Georgia State University, January 2009.

The Chitral Budget

In 2015-16, the total district budget for all tiers of government was Rs. 3,423 million. Of the total outlay, 76% was for the salaries of government staff, four per cent for non-salary expenditure and 20% was for development funds at the district, tehsil and village council level. Of the salary budget, 43% is allocated for education and 19% for healthcare showing the large deployment of personnel in these sectors. A large number of priority programmes and projects were identified in the 2015-16 budget with an estimated cost of Rs. 14,371 million. These include some schemes under implementation from the previous years and those financed from the provincial and federal budgets. However, a budget of only Rs. 731 million or 5% of the total cost was allocated¹⁰¹. This means that with the current volume of funds it would take 20 years to complete these schemes. Thus, it is clear that this system of piece meal allocation would need to be modified for effective and efficient implementation. The annual developmental allocations for the district are not enough to address the basic developmental needs. Furthermore, a major share of the budget in the last few years has been consumed for the rehabilitation of damaged infrastructure and effected community members; and meeting other non-development needs of the district.

Figure 13: Budget Allocation for Chitral (2014-15) Rs. mn



Source: Chitral District Development Plan 2015. Government of KP.

¹⁰¹ Adapted from "Pulling Back from the Abyss: Third Annual Report," Institute of Public Policy, Beacon House National University.

The Financing Needs of the Strategy

In order to assess the financial needs of Chitral district, an assessment was made of the public sector salary and recurrent expenditure by using the current Chitral district budget allocation and increasing it by 10% on an annual basis. This indicates that the public sector would need to allocate Rs. 3.7765 billion, which would increase to Rs 5.5 billion by the end of the fifth year in the plan. In addition, the government would need Rs14.271 billion for investment in the priority projects of the district within the next four years. The current speed of investing only around five per cent of this amount on an annual basis is simply not sufficient. The Chitral Growth Strategy would try and assist the government in finding financial support to invest in these priority projects so that they can all be completed within the next four years. This would essentially require that the government find Rs. 3.5 billion on an annual basis over the next four years. The Floods of 2015 caused massive damage in the district. The damage assessment undertaken jointly by the PDMA and UNDP assessed that Rs. 8 billion was required for early recovery and reconstruction in the district. A total of Rs. 39 billion was required over the next five years until 2021-22 for these three main line items. Most of these funds will need to be provided by the government, which would also mobilize resources from a range of other sources for the purpose.

Table 12: Overall Public Sector Financial Needs for Chitral District

A. Recurrent Budget	Current	Growth Rate or share	2017/18	2018/19	2019/20	2020/21	2021/22
Salary	2614	1.1	2,875	3,163	3,479	3,827	4,210
Non Salary	130	1.1	143	157	173	190	209
B. Development Budget							
District ADP	197	1.1	217	238	262	288	317
Tehsil ADP	197	1.1	217	238	262	288	317
Village Councils	285	1.1	314	345	379	417	459
	3423	5.5	3,765	4,142	4,556	5,012	5,513
C. Priority Programmes^b							
Existing Development priorities	14,371	25%	3593	3593	3593	3593	

* Continued on next page

	Current	Growth Rate or share	2017/18	2018/19	2019/20	2020/21	2021/22
D. Flood Damage Assessment^c							
Education		50%	89	89	–	–	
Housing		50%	65	65	759	759	
Roads		25%	759	759	313	313	
Bridges		25%	313	313	–	–	
Water Supply Schemes		50%	166	166	–	–	
Energy							
Other Damaged Power Houses		33%	100	100	100	–	
Reshun Power House		33%	333	333	333	–	
Agriculture		75%	263	88	–	–	
Livestock		75%	37	12	–	–	
Irrigation		33%	483	483	483	–	
D. Flood Damage Total			2,608	2,407	1,988		5,513
			9,966	10,142	10,137		

Source: Chitral District Development Plan 2015

The financing requirements for the Chitral Growth Strategy were estimated based on the specific suggestions and measures proposed in the strategy. These are the aspects, which are currently not included in the public sector budget over the next five years. It is estimated that over the period from 2017/18 to 2021/22 an amount of Rs5.443 billion will be required to finance the strategy. The amount required over the next 10 year period is estimated to be Rs 6.323 billion. The funds required each year and the specific sectors and goals which they are expected to finance is outlined in Annex 1. The main challenge is to raise the funds required for the strategy in close collaboration with international donor agencies to identify their broad areas of interest. Specific proposals will be developed within these broad areas of interest with the help of PPAF and the interested donor agency as outlined in the financing strategy.

a: Government Budget
b: KP Government Chitral Budget
c: PDMA & UNDP Flood Damage Assessment 2015

Financing Strategy

Signatories to the Sustainable Development Goals recognize that the targets can only be realized through a strong commitment to global partnership and cooperation. While the official development assistance from developed countries increased by 66 per cent between 2000 and 2014, humanitarian crises brought on by conflicts or natural disasters continue to demand more financial resources and aid. Many countries also require Official Development Assistance to encourage growth. An analysis of the financial resources available for the effective implementation of the Chitral Growth Strategy indicate that these are clearly inadequate and more resources will need to be generated for the purpose. Annex 1 outlines the financing requirements for the CGS. The following measures are recommended to raise finances for the purpose:

- The district nazim and the provincial government will approach a consortium of donors to finance the strategy and assist in its implementation through dedicated financial resources for specific activities. A Chitral Donor Consortium will be established for the purpose which will meet periodically to discuss the implementation plan and monitor progress. PPAF will assist the district government in coordinating the donor meetings in Islamabad or Chitral as appropriate
- The federal government would be asked to make additional resources available for special schemes and projects in Chitral based on its strategic location, vulnerability to natural disasters, and special needs due to its vast and difficult terrain
- The federal government would be requested to assist in raising grant financing from donors and take a proactive role in guiding grant financing to the district based on considerations of equity, socio-economic status, and vulnerability and to enable the district to capitalise on the opportunity to leverage the investments in the China-Pakistan Economic Corridor (CPEC)
- The provincial government will be asked to make additional resources available for the Chitral Growth Strategy in view of its potential to generate revenue as a result of its hydropower, mineral development and tourism potential
- The district government and PPAF would work closely together to assess the types of resources that PPAF could invest in the district together with its implementing partners and ongoing donor projects
- Special donor financing such as available through the Multi-Donor Trust Fund and the funds available through the Italian Debt Swap in Pakistan programme will be approached for raising funds for the strategy
- The provincial and district governments would facilitate private sector investors through a supportive policy environment and special incentive packages.
- The district government would identify innovative ways to finance development in the district through encouraging financial institutions to finance business development in the area and provide a combination of credit risk mitigation measures such as equity financing, credit guarantees and collateral.
- The district government and PPAF would work closely with the Pakistan Microfinance Investment Company to identify innovative ways in which the private sector and local entrepreneurs and communities could be financed to invest in key enterprises in the district.



ANNEXURES

Annex 1: The Financing Requirements for the Chitral Growth Strategy

Goal 1: Poverty Alleviation		Units	Units (No)	Unit Rate (RS)	(Rs)	Share each year	2017/18	2018/19	2019/20	2020/21	2021/22	Five Year Plan
Social Protection Asset Creation for Vulnerable	Households	8,000	21600	172,800,000	100%	172,800,000	172,800,000	172,800,000	172,800,000	172,800,000	172,800,000	864,000,000
	Households	10,000	40,000	400,000,000	25%	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	400,000,000
Goal 2: Malnutrition												
Awareness on early childhood feeding practices		Participants	25,000	500	12,500,000	25%	3,125,000	3,125,000	3,125,000	3,125,000	–	12,500,000
Goal 3: Good Health												
Health Survey		Survey	2	5,000,000	10,000,000	–	–	5,000,000	–	–	–	5000000
Goal 4: Quality Education												
Accelerated Learning Programme		Students	15,000	7000	105,000,000	25%	–	26250000	26250000	26250000	26250000	105000000
The Citizen Foundation		Students	1,000	35,000	35,000,000	25%	–	8750000	8750000	8750000	8750000	35000000
Education Vouchers		Students	1,000	12000	12,000,000	25%	–	3000000	3000000	3000000	3000000	12000000
Land Grants for private sector		Land plots	5	1,500,000	7,500,000	–	–	7,500,000	–	–	–	7500000
Goal 5: Gender Equality												
Special Surveys to Assess Women's perceptions		Surveys	1	2,000,000	2,000,000	–	–	2,000,000	–	–	–	2000000
Special Grants for women		Women	1,000	50,000	50,000,000	25%	–	12500000	12500000	12500000	12500000	50000000
Grant for Women's Day		Events	5	1,500,000	7,500,000	–	–	1,500,000	1,500,000	1,500,000	1,500,000	6,000,000

Goal 6: Clean Water and Sanitation	Units	Units (No)	Unit Rate (RS)	(Rs)	Share each year	2017/18	2018/19	2019/20	2020/21	2021/22	Five Year Plan
Water Supply Schemes Solida Waste Management for Chitral Solid Waste Management for Bunni Drainage Systems for Chitral, Bunni and Drosh	Schemes	30	10,000,000	300,000,000	25%	-	75,000,000	75,000,000	75,000,000	75,000,000	300,000,000
	Schemes	1	100,000,000	100,000,000	-	-	100,000,000	-	-	-	100,000,000
	Schemes	1	50,000,000	50,000,000	-	-	-	50,000,000	-	-	50,000,000
	Systems	3	50,000,000	150,000,000	-	-	-	50,000,000	50,000,000	50,000,000	150,000,000
Goal 7: Renewable Energy											
Micro-Hydropower Projects	Projects	20	10,000,000	200,000,000	25%	-	50,000,000	50,000,000	50,000,000	50,000,000	200,000,000
Goal 8: Good Jobs and Economic Growth											
Research & Development Centre at the CCCI Investment guides Business Fairs Vocational Training University of Technology Chinese Language Institute	Centre	1	16,000,000	16,000,000	-	-	16,000,000	-	-	-	16,000,000
	Guides	5	100,000	500,000	-	-	500,000	-	-	-	500,000
	Fairs	5	1,000,000	5,000,000	-	-	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
	Participants	3,000	50,000	150,000,000	25%	-	37,500,000	37,500,000	37,500,000	37,500,000	150,000,000
	University Institute	1 1	50,000,000 10,000,000	50,000,000 10,000,000	- -	- -	- -	50,000,000 10,000,000	- -	- -	- -

Source: Ministry of Finance.

Goal 9 Industry, Innovation & Infrastructure	Units	Unit Rate (RS)	(Rs)	Share each year	2017/18	2018/19	2019/20	2020/21	2021/22	Five Year Plan
Tourism Development Institute Training Programmes for Tourist Guides Training programmes for hospitality Industry Community based eco-tourism promotion Equity Finance for Infrastructure Tourism Fairs Website promotion	Institute	30,000,000	30,000,000	-	-	30,000,000	-	-	-	30000000
	Guides	100,000	30,000,000	50%	-	15,000,000	15,000,000	-	-	30000000
	Persons	40,000	80,000,000	25%	-	20,000,000	20,000,000	20,000,000	20,000,000	80,000,000
	Communities	10,000,000	300,000,000	33.33%	-	99,990,000	99,990,000	99,990,000	-	299970000
	Enterprises	2,000,000	40,000,000	20%	-	8000000	8000000	8000000	8000000	32000000
	Fairs	1,000,000	5,000,000	-	-	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
	Website	200,000	200,000	-	-	200,000	-	-	-	200000
Goal 10 Reduced Inequality										
Basic services for communities in remote valleys	Communities	50,000,000	1,500,000,000	25%	-	375,000,000	375,000,000	375,000,000	375,000,000	1,500,000,000
Goal 11: Sustainable Towns and Communities										
Fund for innovative designs of built environment Design for Kalash bath House and construction Festivals of the Kalash Development of Chitral Studies course for schools Culinary course on Chitral cuisine. Stipends for research on Chitral Culture Annual Chitral Literary Festival	Fund	100,000,000	100,000,000	25%	-	25,000,000	25,000,000	25,000,000	25,000,000	100,000,000
	Bathroom	2,000,000	6,000,000	-	-	4,000,000	2,000,000	-	-	6000000
	Festivals	1,000,000	4,000,000	-	-	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
	Courses	500,000	500,000	-	-	500,000	-	-	-	500000
	Courses	30,000	6,000,000	-	-	1500000	1500000	1500000	1500000	6,000,000
	Stipends	200,000	2,000,000	25%	-	500000	500000	500000	500000	2000000
	Festival	500,000	2,500,000	25%	-	-	500,000	500,000	500,000	2,000,000

Goal 12:Responsible for Consumption and Production	Units	Units (No)	Unit Rate (RS)	(Rs)	Share each year	2017/18	2018/19	2019/20	2020/21	2021/22	Five Year Plan
Agriculture Development	Villages	50	500,000	25,000,000	25%	–	6,250,000	6,250,000	6,250,000	6,250,000	25,000,000
Goal 13 Climate Action											
Pilot Climate Action Plans	Villages	5	500,000	2,500,000	–	–	500,000	1,000,000	1,000,000	–	2,500,000
Goal 14: Water and Glacial resources											
Water conservation schemes	Schemes	20	1,000,000	20,000,000	25%	–	5,000,000	5,000,000	5,000,000	5,000,000	20,000,000
River protection schemes	Schemes	30	1,000,000	30,000,000	25%	–	7,500,000	7,500,000	7,500,000	7,500,000	30,000,000
Fisheries development											
Goal 15: Sustainable Use of Land resources											
Afforestation	Acres	1000	100,000	100,000,000	25%	–	25,000,000	25,000,000	25,000,000	25,000,000	100,000,000
Pasture development	Acres	5000	100,000	500,000,000	25%	–	125,000,000	125,000,000	125,000,000	125,000,000	500,000,000
national park development	Acres	5000	20,000	100,000,000	25%	–	25,000,000	25,000,000	25,000,000	25,000,000	100,000,000
Goal 16: Accountable Institutions											
Training of COs, VSO, LSO	Participants	500	10,000	5,000,000	25%	–	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000
Training of Local Government & TMAs	Participants	500	10,000	5,000,000	25%	–	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000
Women community and political participants	Participants	500	10,000	5,000,000	25%	–	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000
Goal 17:Revitalise Global Partnership for Sustainable Development											
Annual Donor conference on Chitral	Conferences	4	100,000	400,000	25%	–	100,000	100,000	100,000	100,000	400,000
Chitral Growth Strategy Implementation Unit	Years	5	6,000,000	30000000	20%	–	6,000,000	6,000,000	6,000,000	6,000,000	24,000,000
						275,925,000	1,408,715,000	1,405,515,000	1,278,515,000	1,074,400,000	5,443,070,000

ANNEXURE 2: TERMS OF REFERENCE OF THE DISTRICT COORDINATION COMMITTEE

The District Coordination Committee (DCC) will be headed by the district nazim and the deputy commissioner will be its co-chairman. The Chitral Growth Strategy Implementation Unit (CGSIU) will act as its secretariat.

The membership of the SC will include the district naib nazim, president of the CCCI and all department heads in the district. Members of the civil society and media and local resources persons can be co-opted as members as required for specific tasks.

The SC will be officially notified and will meet at least once every quarter.

It will use the Chitral Growth Strategy as a living document and will refine or modify it as required.

The SC will direct the head of each department in Chitral and the lower tiers of local government to formulate plans to implement the strategy and fix the timeframe and responsibility for undertaking its each aspect.

It will approve the technical and financial plans of the CGS on annual basis.

The SC will coordinate with the provincial government with respect to the plans in each sector and ensure that these are coordinated with the overall provincial policy and other ongoing programmes.

It will assist in seeking the resources required for the implementation of the strategy.

The Steering Committee will monitor and track progress with the help of reports prepared and submitted by the CGSIU.

It will update the planning and development secretary about the progress on the Chitral Growth Strategy and share its experience in its implementation.

The DCC will make presentations for donors as and when required on different aspects of the Chitral Growth Strategy in collaboration with the relevant departments.

ANNEXURE 3: TERMS OF REFERENCE OF THE CHITRAL GROWTH STRATEGY IMPLEMENTATION UNIT

The Pakistan Poverty Alleviation Fund will establish a professionally capable Chitral Growth Strategy Implementation Unit (CGSIU) to assist in the implementation of the strategy. This unit will have a core team of professionally qualified staff on a full-time basis and will acquire short-term technical assistance in the required field as and when required. The CGSIU will be led by a director and will have a technical team comprising a livelihood specialist, a social sector specialist, a gender specialist, infrastructure specialist, institutional specialist and monitoring and evaluation specialist.

The CGSIU will coordinate closely with the planning and development department of the government of Khyber Pakhtunkhwa and district departments heads to assist them in the preparation of the CGS annual plans.

The head of each department in the district will take the lead in the review of the strategy and its refinement, develop an annual plan for his/her area of responsibility, fix targets, determine the baseline and milestones for each year, identify the sources of finance, identify shortfalls and discuss with the CGSIU the need for financial resources, technical assistance, surveys, etc., and monitor the progress and report to the Steering Committee.

The core team will provide technical assistance to the district government to prepare proper operational plans to meet the targets. In case any other type of technical assistance is required, the CGSIU will organise these through PPAF.

The CGSIU will assist the district government in the development of operational plans for any of the sectors for which donors may require a more detail plan, proper design specification, resource requirements and implementation arrangements.

The Chitral Growth strategy Implementation Unit (CGSIU) will recommend changes in approach or refinement in the strategy based on monitoring of the work on the ground.

The CGSIU will monitor the work of all implementing partners who are assisting with the implementation of special plans under the CGS.

The Chitral Growth Strategy Implementation Unit (CGSIU) will act as a secretariat to the SC and will coordinate and arrange the meetings, prepare minutes and circulate them to the members.

The CGSIU will be responsible for the preparation of the monitoring and evaluation system of the CGS. It will prepare quarterly reports and consolidate them into an annual report to document the progress made, the challenges faced and the plans for the future.

The CGSIU will be responsible for preparing presentations on the Chitral Growth Strategy as and when required.

ANNEXURE 4: HISTORY OF CHITRAL

Compiled by Dr. Inayatullah Faizi

History

Chitral, once a princely state, is now the largest district of Malakand division in the Khyber Pakhtunkhwa province of Pakistan. The history of Chitral is colourful, culturally diverse and, on occasion, turbulent due to its proximity to Afghanistan, Tajikistan, Gilgit-Baltistan, and Xinjiang, China. The influences of the region manifest in the heterogeneous population of the district, which traces its roots to the tribes of neighbouring areas. The history of Chitral is divided into four evolutionary stages: primitive, formative, transitive and progressive. For the purpose of the Chitral Growth Strategy (CGS), the progressive stage is the most relevant. However, the other three cannot be overlooked in the case of Chitral, including the primitive one, which is what the history begins with, according to William Durant (WJ 2014). What follows is a brief overview of the history to allow the reader to put the state of development of Chitral – socially and economically – in its proper context.

The Primitive Stage

Archaeologists and anthropologists claim that the history of Chitral stretches back over 4,000 years and excavations at the Singoordok and Parwakdok graveyards in 2006-10 revealed that Aryans who had developed farming tools and used utensils had lived in Chitral as far back as 1800 BC, (Ali, Ihsan and Saleh, Muhammad, 2009).

Aurel Stien was the first to discover and document the archaeological sites of Chitral, eventually publishing his findings in 1921 after traversing Chitral on his way to Xinjiang province of China, then known as Eastern Turkistan. Published in four volumes, his book, *Sirindia*, reveals many sites of archeological significance, including a rock inscription in Pakhturidini, Barenis, and stupas carved out of rocks in Chatar bat Arandu, Charun and Baroghul. He deciphered the inscription on the Barenis rock as, 'Raja Jey Paal Ki Jai', which is Sanskrit text written in Khurashti orthography. The rock stands intact on the right bank of the Chitral River, a few kilometres north of Barenis area, (Stien, Aurel, 1921).

Chitral remained under the influence or rule of neighbouring nations for centuries. Mirza Muhammad Ghufuran states that Chitral was first ruled by Dara-e-Keshtasp of Persia in 500 BC and then by the Chinese in 56 BC. It remained under the influence of Raja Kanishka of the Gandhara dynasty from 200 AD to 500 AD before falling back to the Chinese. Local chieftains and warlords ruled parts of Chitral in 700 AD. Noted among them is Bahman Khoistani, who built forts and irrigation channels. His rule, which fell between the primitive and formative stages, laid a strong foundation for good governance and statecraft in the region.

The Formative Stage

The beginning of the last millennium was marked by many turbulent events in Hindukush, Pamir and Karakoram regions, particularly Badakhshan, Xinjiang, Gilgit-Baltistan and Chitral. Some historians, including Holseworth (1990) and Israruddin (2016) begin the history of Chitral with the establishment of the Kalash rule in 1000 AD, an era that continues till the 14th century.

The rule of the Kalash ---

The 'Kalash Daur', or Era of Kalash Rule as Mirza Muhammad Ghufraan entitled it in his book, *Nai Taarikh-e-Chitra*, has been immortalised in folklore, with particular focus on popular rulers, such as Razhawai, Bula Sing, Cheo and Gilihan, who are also called 'Mitaars'. With an absence of written records, specific details are non-existent but popular folktales highlight significant events related to mitaars, including the building of a fort on the left bank of the river in Danin and a wooden bridge over the river near Kuprisht by Cheo and the construction of a fort in Uchusht by Bula Sing. Both named after the respective rulers no longer exist. The rule of the Kalash suffered a major setback after a tribe led by Sumalik, established its principality in upper Chitral in the 12th century.

The rule of Sumalik ---

Sumalik extended his rule up to Gilgit in the east and the folk stories paint him as a benign, generous and kindhearted ruler. A local proverb, 'Pinin Sumalik ta Pongayor Khoondondit', praises him for driving the 'cruel Yorkhoon' out of the land. He was also famous for hosting large feasts, and even today, people identify large feasts with the one that lasted for many days at his funeral services.

The advent of Islam ---

Mirza Muhammad Ghufraan (Ghufraan, 1962) claims that Islam was introduced to the people in Chitral in the 8th century AD. Taj Moghal, Nasir-e-Khusrow, Shah Ardbel, Shah Riza-i-Wali, Shah Burya Wali and Akhond Salak were among the first preachers of Islam in the region. (Faizi, 1992) However, it took centuries for Islam to flourish as the predominant religion and the first Muslim ruler, Shah Nadir Rais (1320-1341), did not come to power till the 14th century.

The rule of the Rais (1320-1595) ---

In the 14th century, Shah Nadir Rais, a warlord from western Turkistan, invaded Chitral and occupied the upper region. He later launched an offensive to conquer lower Chitral and Gilgit. In 1320, he declared himself the ruler of Chitral, taking the title of 'Mitaar'. He and his family members also brought the eastern parts of the region and Ghezar, Punial and Gilgit under their control.

The Rais family extended its power from Narsat in the south to Punial in the northeast. Shah Khan Rais ruled the region for 64 years during which period he established diplomatic relations with neighbouring territories and developed family connections with some chieftains of Gilgit and Badakhshan. He also constructed forts and outposts to defend his territory.

During the reign of Shah Nasir Rais (1531-1574) the Kalash ruler, Razhawai, was overpowered and the Rais rule extended to the remote valleys of lower Chitral. According to Mirza Muhammad Ghufraan the Rais rulers appointed religious scholars as qazis or judges to decide disputes in accordance with the law of Sharia, established schools to offer basic Islamic education and invited scholars from neighbouring regions to run them. As a result, Persian became the official language and medium of instruction. In this period they also converted many members of the Kalash community to Islam forcibly using the State apparatus.

The Rais also introduced a formal system of governance by making laws for distribution of land, pastures and forests and enacting rules for the ownership of water sources and channels. They began a system of land distribution to those deemed loyal to the State. They constructed irrigation channels for barren lands, established a mechanism for collective defence against foreign invasions and established trade relations with the territories across the Hindukush and beyond the Pamirs and Karakorams. This system of governance survived the Rais rule.

The rule of the Katoor and Khoshwaqt (1595-1969)

The Rais were succeeded by the Katoor and Khoshwaqt, of Turkistan. Baba Ayub, who traced his lineage to the Mughals through Mirza Hussain Baiqra of Fargana, Uzbekistan, migrated from Herat, western Turkistan, in 1520 to settle in Chitral. His son, Sangin Ali-I, rose to political prominence due to his gallantry in wars against the 'infidels' of Bashgal and married the daughter of Shah Nasir Rais. His son, Muhammad Baig, commanded respect in the court of the then Rais ruler, while his grandson, Muhtaram Shah, became the first Katoor and Khoshwaqt ruler of Chitral in 1595 after defeating Mehmood Shah in a fierce fight, (R.K Baig, 2003).

Muhtaram Shah, also called Katoor, handed over the control of half of his territory to his younger brother, Khoshwaqt, whose successors ruled Chitral for years.

The Katoor-Khoshwaqt period is divided into three eras: Katoor Khoshwaqt era (1595-1895), British Suzerainty (1895-1947) and autonomy under the Government of Pakistan (1947-1969). The Khoshwaqt family ruled upper Chitral and Gilgit for a longer period (1630-1895). Shah Faramard (1717-24), Shah Khairullah (1761-82), Suliman Shah (1798-1832) and Gohar Aman (1832-1862) were its more famous rulers.

Twenty-one rulers of Chitral came from the Katoor family but Muhtaram Shah-II (1788-1838) Amanul Mulk (1856-1892) and Shujaul Mulk (1895-1936) stood out from the rest. Their rule spanned 374 years briefly interrupted by Shah Mehmood Rais from 1630 to 1660 and Shah Abdul Qadir Rais from 1697 to 1698. The era saw feuds within the ruling family, succession wars, uncertainty on the borders, and strategic interest of the then superpowers, Britain and Russia in Chitral, especially when the neighbouring Afghanistan became a buffer zone in their "Great Game".

The annexation of independent Khanites of the western Turkistan by Russia in the 1860s left the ruler of Chitral with two options: become a Russian ally or sign the Friendship Treaty with Britain. Amanul Mulk went for the second in 1885 through the good offices of the Maharaja of Kashmir, (Israruddin, 2016).

British Suzerainty (1895-1947)

Under the Friendship Treaty, the British government was to provide assistance for maintenance of law and order in the princely state as well as its defence. The Treaty established British regency in Chitral and Gilgit in a strategic move that was approved by the British parliament while Amanul Mulk secured an annual subsidy of Rs. 6,000 for the state, (Israruddin; 2016).

After the death of Amanul Mulk in 1892, his brother, Sher Afzal, who lived in exile in Kabul, conspired to attack Chitral. Taking advantage of the turmoil caused by the assassination of two Chitral rulers and ouster of two others, Sher Afzal along with Umra Khan of Jandul, a warlord and ruler of Dir State, invaded the state on 25th January, 1895. The British Government dispatched a Gilgit-based 400-strong contingent commanded by Major Robertson to reinforce the small camp of Lt. Gurdon, the British regent in Chitral. The ensuing war led to the besieging of Chitral Fort by Umra Khan and Sher Afzal from 3rd March to 20th April, 1895.

Meanwhile, the local residents declared Shujaul Mulk, a 14-year old and the youngest son of Amanul Mulk, their new ruler, while the incumbent, Amirul Mulk, was put under house arrest inside the fort. The British Government sent in two relief forces, one from Gilgit and another from Nowshera. The siege ended with the British government declaring Chitral State a protectorate of British India and announcing the deployment of British troops and establishment of the office of Assistant Political Agent there. Shujaul Mulk remained in power until 1936 and his descendants ruled the state until 1969.

The British Era in Chitral was a period of political stability and rule of law facilitated by local employment in the militia force, supply contracts for the civil administration and construction work for the people. It also saw the establishment of modern health care facilities and Anglo Oriental schools and exposure of the nobility and general public to urban life in India. Youngsters from the ruling family were admitted to schools in Dera Doon and those from the general public to mosques and religious schools in Deoband and Delhi.

It was also a period that saw the arrival of foreign scholars, explorers and writers, who later shared their experiences with the rest of the world through the Royal Asiatic Society and print media. British authors, including John Biddulph, George Robertson, Aurel Stien, Schomberg and Lord Curzon, published books on Chitral.

This era also created heightened public awareness of human rights, democratic norms and social justice, which led to a mass movement for accession to Pakistan during the struggle for independence of the Indian sub-continent, (Faizi, 2005).

The Transitive Stage

Muzafarul Mulk, then ruler of Chitral, formally gave his consent to accede the state to Pakistan a month before the Partition Plan was announced on 3rd June, 1947 while the instrument of accession was signed on 7th November, 1947, (Faizi, 1992). After accession to Pakistan, the state of Chitral retained its autonomous status but entered a new phase of its history, the transitive phase, facilitating a transition from the millennium as princely state to a democratic society.

In 1951, an administrative board was set up to draft and adopt an interim Constitution under which elections were held for the state advisory council in 1953 and subsequently the old state organization was replaced by a new administrative system. The five posts of governors for Drosh, Lotkoh, Mulkhow, Torkhow and Mastuj were abolished and the posts of Hakim, Charvelu, Baramush and Charbu were replaced by deputy commissioner, tehsildar and house station officer. Civil Laws and police rules were introduced to dispose of the cases of civil and criminal nature.

The former system of Judicial Council and Mezan-e-Shariya were retained with advisory status. The State Advisory Council had 12 members, six elected and six nominated by the state ruler, with the additional political agent acting as its chairman in ex-office capacity. The state was divided into two districts, Chitral and Mastuj. This administrative system lasted 36 years until the merger of the former state with Khyber Pakhtunkhwa in May 1969.

The Progressive Stage

The merger of the state's administration with Pakistan as a district of Malakand Division, Khyber Pakhtunkhwa, by President General Agha Muhammad Yahya Khan in May 1969 is another milestone in the history of Chitral as it opened new avenues of opportunities for development and political empowerment. The district got its due share in the Annual Development Programme (ADP) of the province. In addition to its Provincial Assembly seat present since 1956, Chitral was given a seat in the National Assembly. The last ruler of the princely state, Saiful Muluk Nasir, was inducted in the Foreign Service of Pakistan. He was the 21st ruler of the ex-princely state of Katoor lineage.

The post-merger period is known as the period of socioeconomic and political development of Chitral. An elected district government is in place, while a vibrant civil society is contributing to social development.

Work on the mega projects of Golen Gol hydropower House and Lowari tunnel is nearing completion. An alternate route of China-Pakistan Economic Corridor (CPEC) is crossing through Chitral, while the construction of a road to link the area with Tajikistan is also in the pipeline. During the last four decades, donor-funded programmes and projects have contributed a lot to the strengthening of the civil society and social capital in the district. The Pakistan Poverty Alleviation Fund (PPAF) has helped in social mobilisation, enterprise development and community empowerment.

Society and Culture

It is significant to mention that Chitral is a uniquely multi-cultural society. Of the 14 ethnic groups living across the district, the Khow are numerically predominant with 480 clans of different origin while the Kalasha are an indigenous people divided into three sub-groups. According to Faizi, Chitral is home to a unique culture having ancient elements with central Asian blending, (Faizi, 1984).

Languages

In the Southern Chitral, eight languages, Pashto, Palula, Gowri, Daniya, Kati, Kalasha, Madaklashti (Dari) and Khowar are spoken. In the western valleys of Lotkuh, Yedgha and Bashgali are the mother tongues apart from Khowar. In the north, Wakhi, Kirghiz and Sarquli are spoken along with Khowar. The Khow culture is essentially an amalgam of many of the traits of the ethnicities of Chitral except the Kalash community which is different due to its adherence to their ancient religion, beliefs and way of life. Thus, the society of Chitral can be seen as simplistically divided into the Khow and the Kalasha.

Khow Handicrafts and Dresses

Tolerance, peace and harmony are three attributes of the Khow culture, which evolved during the last 4,000 years. Among its neighbouring states, Chitral is the only pocket, which remained under a ruler with disciplined norms, laws and system of governance or statecraft for 1,000 years. This stability resulted in the development of music, games and handicrafts.

Of the tangible assets of Chitrali culture, woolen fabric spun and woven by local men and women is famous all over the world. Chitral's traditional woolen cap and overcoat are popular as ceremonial presents throughout the country. Rugs, carpets, embroidery, and wood carving are popular skills of Khow artisans. Kone is the traditional footwear made of goat, yak and cow skin, (Faizi: 2003).

Food and Cuisine

The food and cuisine of Chitral used wheat, milk and meat as its basic ingredients with 35 traditional dishes made of wheat, milk and egg and 43 made of cereals, vegetables and meat (Hisamul Mulk, 1988). Sanabachi, Ghalmandi, Lazhek, Mool, Shoshp and Cheera Shapik are among the most popular dishes.

Traditional Games

Freestyle polo is one the most popular games of Chitral, played by the rich and the poor, men and women, adults and youth. Each village used to have its own polo ground. There are 364 traditional games played by men, women, boys and girl of various age groups. (Tareeqi, 2005) Wrestling, racing, tug of war, weight lifting, javelin throw (stone), swimming and bull fighting were popular games of the past. The boys play a primitive style of cricket, called Budi, Patik and Tuksuri. Similarly, an old style of hockey, called Galochen Ghal, is a popular sport. Most girls play a pebble game, Paidrek (Tareeqi, 2005).

Khovar Music

The traditional music of Khovar is played with daf, drum, flute and sitar. It has two main types, Dani and Sauz. Dani is a complex rhythm for songs of longer lines and Sauz is simple rhythm for songs of smaller lines. Among popular Dani and Sauz tunes are Ghalwar, Zhanghwar, Barkararashwar, Ponwar, Murali, Shodong, Sheshtuwar, Barwazi, Shabdaraz and Suchi, which are played on special occasions, including the arrival of guests, departure of guests, declaration of war, start of a polo game, and capturing of an eagle.

Kalash Lifestyle

The Kalash follow the unique religion and lifestyle of their ancestors. The Kalash women wear a unique dress with a belt and headgear called the Kapesi, decorated with cowry shells. Besides heavy necklaces, they also wear a black, heavily embroidered shirt, called Sangachi.

The Kalash are not only famous for their ancient culture, but also their unique food, mostly made of butter, cheese, milk and meat. They make two types of bread, one thin, called Rishuki, and the other thick, called Chalaki. The Kalash people neither keep poultry nor do they consume chicken and eggs as their faith says they are polluted and disliked by divine souls and fairies.

The Kalash community has four major festivals held in the four seasons of the year. Joshi is celebrated in May, Uchao in July, Pool in October and Chaomos in December. As the Kalash calendar starts in December, Chaomos is the first festival of the year.

Each Kalash settlement has five places of religious importance. 'Jasta Khan' is a big hall built in each settlement for gatherings on special occasions. 'Charsu' is an open place in villages to dance. 'Molosh' is situated outside the settlement to give offerings to gods and goddesses. It is surrounded by oak and juniper trees in the foothills above the village. Wooden effigy of horse head is the symbol of Molosh. 'Bashali' is located at some distance from densely-populated hamlets, where women are kept in seclusion during the monthly courses and deliveries.

The Kalash people are famous for their rich culture, especially some unique arts and crafts. Women are good at spinning and weaving wool. Puppetry and basketry are also popular.

The history and faith of Kalash is reflected in their folk songs and stories, which the local elders enchant people at weddings, funerals and festivals, (Israruddin: 2016).

Preserving the unique aspects of various ethnic groups and the heritage of Chitral is essential.

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APPENDIX- (i)

A chronological list of the Rais rulers	
Shah Nadir Rais	1320-1341
Shah JanRais	1341-1356
Shah Khan Rais	1356-1420
Shah KaramRais	1420-1458
Shah NizamRais	1458-1491
Shah Akbar Rais	1491-1520
Shah Tahir Rais	1520-1531
Shah Nasir Rais	1531-1574
Shah Mehmood Rais	1574-1595

Source: (Ghufran, 1962)

APPENDIX- (ii)

A chronological list of the Katoor-Khoshwaqt rulers	
Muhtaram Shah	1595-1630
Sangin Ali-II	1660-1696
Muhammad Ghulam	1996-1997
Shah Alam	1997-1698
Muhammad Shafi	1698-1717
Shah Faramard	1717-1724
Shah Afzal-I	1724-1754
Shah Fazil	1754-1760
Shah Nawaz Khan	1760-1761
Shah Khairullah	1761-1782
Shah Nawaz Khan	1782-1788
Muhtaram Shah-II	1788-1838
Shah Afzal-II	1838-1854
Muhtaram Shah-III	1854-1856
Amanul Mulk	1856-1892
Afzalul Mulk	1892- (Three months)
Sher Afzal	1892- (27 days)
Sardar Nizamul Mulk	1892-1895
Amirul Mulk	1895-(Two months)
Shujaul Mulk	1895-1936
Nasirul Mulk	1936-1943
Muzafarul Mulk	1943-1949
Saifur Rehman	1949-1954
Saiful Muluk Nasir	1954-1969

Source: (Faizi, 1992)

The Chitral District Government in collaboration
with Pakistan Poverty Alleviation Fund