

**AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT**



**ANNUAL BUDGET SUBMISSION  
FY 1980**

**PAKISTAN**

BEST AVAILABLE

**DEPARTMENT  
OF  
STATE**

MAY 1978



FY 1980 ANNUAL BUDGET SUBMISSION

USAID/PAKISTAN

May 1978



**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT  
MISSION TO PAKISTAN**

**Cable: USAIDPAK**

**HEADQUARTERS OFFICE  
ISLAMABAD**

May 23, 1978

Mr. John Sullivan  
Assistant Administrator  
Asia Bureau  
Agency for International Development  
Washington, D.C. 20523

Dear Jack:

This letter transmits Pakistan's FY 80 Annual Budget Submission.

We have followed the approach taken in last year's submission: concentration of staff and funding in a limited number of multi-year, village oriented programs. We believe a continuing AID commitment in these areas offers the best opportunity to improve the quality of life for Pakistan's rural poor.

The freeze on new obligations since August of 1977 has made long range programming in this ABS particularly difficult. In scheduling commitments for ongoing and new activities, we have assumed obligational authority will be restored early in FY 1979, along with access to Project Development Funds for five new FY 1980 projects.

Finally, the increasing AID levels FY 80-84, the concentration of assistance in major sectors, our PL 480 Title I Strategy, and the personnel ceilings required to plan and implement proposed programs, have been endorsed by the Ambassador and appropriate members of the U.S. Mission.

Sincerely yours,

*Dick*

Richard M. Cashin  
Director

Att: FY 80 ABS

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DECISION UNIT: Pakistan

Table I - Long Range Plan  
(\$ Millions)

	FY 78	FY 79	FY 1980			Planned Period			
	Est.	Request	Min.	Mark	Proposed	FY 81	82	83	84
<b>Food and Nutrition</b>									
Grant	.4	3.8	1.9	2.9	7.9	2.4	5.0	.9	1.7
Loan	-	24.7	12.0	18.0	34.0	71.5	67.0	90.0	139.0
<b>Population</b>									
Grant	-	3.7	3.5	3.5	3.5	3.2	3.6	3.2	3.6
Loan									
<b>Health</b>									
Grant	-	1.5	-	-	-	2.0	1.5	-	-
Loan	-	27.5	5.0	5.0	5.0	46.0	20.0	60.0	-
<b>Education</b>									
Grant	.1	3.2	3.9	3.9	4.4	.5	4.5	.5	.9
Loan	-	-	20.0	40.0	40.0	-	30.0	-	30.0
<b>Selected Dev. Activities</b>									
Grant	-	-	-	-	.5	.5	.6	-	-
Loan	-	-	-	-	-	-	-	10.0	-
<b>Total Program</b>									
Grant	.5	12.2	10.3	10.3	16.3	8.6	15.2	4.6	6.2
Loan	-	52.2	37.0	62.0	79.0	117.5	117.0	160.0	169.0
<b>PL 480</b>									
Title I	76.8	96.4	85.0	85.0	85.0	85.0	73.0	61.0	52.0
Title II	-	-	1.8	1.8	1.8	2.7	3.5	4.5	4.5
<b>Personnel</b>									
Mission US	35.6	42.5	40.4	41.4	46.5	46.0	44.7	43.0	43.0
FN134.3		117.9	119.9	121.5	132.9	134.0	133.5	133.0	133.0
TDY USDH	2.7	6.3	4.0	4.3	5.5	5.4	3.2	2.5	1.5
Contract,	144.9	205.3	195.7	195.7	204.4	202.2	192.8	168.4	159.0
Other									
<b>Operating Expenses</b>	6.6	6.9	7.1	7.2	7.5	7.8	8.2	8.7	9.0

TABLE I b

Alternative FY 1978 - 1980 Program <sup>a/</sup>  
 (\$000's)

	<u>1978</u>	<u>1979</u>	<u>1980</u>
<u>FOOD/NUTRITION</u>			
Water Management Research - CSU	-	1,000	1,000
Agriculture Research	-	240	200
Dryland Agriculture Development	340	-	--
Vitaminization of Flour	250	1,755	-
Rural Electrification	24,000-L 1,000	-	-
Rural Roads	700	-	-
On-Farm Water Management	-	-	12,000-L
	317 <sup>b/</sup>	750	750
Village Level Food Processing	117 <sup>b/</sup>	275	-
Rural Credit	-	-	15,000-L
Community Nutrition Education	-	-	200
Rainfed Land & Water Management	-	-	7,000-L
	-	-	1,000
Rainfed Extension Services	-	-	3,000
Agriculture Inputs	-	50,000-L	-
	(24,000)-L (2,724)	(50,000)-L (4,020)	(34,000)-L (6,150)
<u>POPULATION</u>			
Population Research & Development	-	500	300
Population Planning (Program Comp.)	-	3,200	3,200
		(3,700)	(3,500)
<u>HEALTH</u>			
Basic Health Services	-	7,500-L	-
Rural Water	20,000-L	-	-
	1,500	-	-
Malaria Control	-	-	5,000-L
	(20,000)-L (1,500)	(7,500)-L	(5,000)-L

	<u>1978</u>	<u>1979</u>	<u>1980</u>
<u>EDUCATION AND HUMAN RESOURCES</u>			
GASI	140 <sup>b/</sup>	-	-
Development Training	1,250	425	-
Development Support Communication Center (DSCC)	-	400	445
Primary Education	500	-	40,000-L
Development Impact Measurement	-	-	3,500
Box Libraries	-	325	-
Technical Training Institutes	-	750	-
	<u>(1,890)</u>	<u>(1,900)</u>	<u>(40,000)-L</u> <u>(3,945)</u>
<u>SPECIAL DEVELOPMENT PROBLEMS</u>			
Non-Conventional Energy			<u>500</u>
			(500)
	<u>(44,000)-L</u> <u>6,114)</u>	<u>(57,500)-L</u> <u>9,620)</u>	<u>(79,000)-L</u> <u>14,095)</u>
Total:	<u>50,114</u>	<u>67,120</u>	<u>93,095</u>

a/ Assumes Mission given authority by July 1, 1978 to obligate approved projects. Excludes loans authorized in FY 77 but not signed: (Agriculture Inputs - \$25 million, Rural Roads - \$8 million, Primary Education - \$7 million, Malaria Control - \$4 million).

b/ Already obligated in FY 1978.

ACTIVITY	TABLE III - SUMMARY OF RESOURCES - BY ACTIVITY												DECISION UNIT					
	(FUNDING IN \$ 000 AND OPERATING EXPENSES-FUNDED PERSONNEL IN WORKYEARS (XX.X))												Pakistan					
	PY: 78			CY: 79			MARK			MINIMUM			EXPANSION			PROPOSED		
	FUNDING	PERSONNEL US	PERSONNEL FN	FUNDING	PERSONNEL US	PERSONNEL FN	FUNDING	PERSONNEL US	PERSONNEL FN	FUNDING	PERSONNEL US	PERSONNEL FN	FUNDING	PERSONNEL US	PERSONNEL FN	FUNDING	PERSONNEL US	PERSONNEL FN
<b>PROGRAM ACTIVITIES</b>																		
<b>Food and Nutrition (FN)</b>	(434)		(28,555)		(19,950)		(13,950)		(41,905)									
0296 - Agriculture Research	-	1.7	3.2	240	1.8	2.6	200	1.7	2.6	-	-	200	1.7	2.6	200	1.7	2.6	2.6
0403 - Dryland Agriculture Development	-	1.0	0.9	340	0.9	1.7	-	-	-	-	-	-	-	-	-	-	-	-
0404 - Vitaminization of Flour	-	0.1	1.0	250	0.1	1.0	-	-	-	-	-	-	-	-	1,755	0.1	1.0	1.0
0408 - Rural Electrification	-	0.6	0.9	25,000	0.9	1.7	-	1.5	1.5	-	-	-	1.5	1.5	-	1.5	1.5	1.5
0409 - Rural Roads	-	0.4	0.8	700	1.0	0.9	-	1.4	0.9	-	-	-	1.4	0.9	-	1.4	0.9	0.9
0413 - On-Farm Water Management	317	0.7	3.3	750	1.1	8.7	12,750	2.1	10.0	12,750	2.1	10.0	12,750	2.1	10.0	2.1	10.6	10.6
0417 - Village Level Food Processing	117	0.6	0.3	275	0.5	0.5	-	0.5	0.5	-	-	-	0.5	0.5	-	0.5	0.5	0.5
0418 - Improved Crop Estimating	-	0.2	0.7	-	0.1	0.6	-	-	-	-	-	-	-	-	-	0.1	0.6	0.6
0419 - Agriculture Inputs	-	1.0	1.1	-	0.3	0.9	-	0.3	0.8	-	-	-	0.3	0.8	-	0.3	0.8	0.8
0423 - Rural Credit	-	1.3	1.0	-	2.1	2.8	-	-	-	-	-	-	-	-	15,000	1.3	3.3	3.3
0432 - Fauji Fertilizer	-	0.2	0.7	-	0.2	0.7	-	-	-	-	-	-	-	-	-	0.1	0.4	0.4
0444 - Community Nutrition Education	-	0.5	1.1	-	0.4	1.2	-	-	-	-	-	-	-	-	200	0.4	1.2	1.2
0445 - Rainfed Land and Water Management	-	0.2	0.1	-	0.3	0.5	6,000	1.0	1.6	-	-	-	-	-	8,000	1.0	1.6	1.6
0447 - Water Management Research (CSU)	-	0.2	0.2	1,000	0.5	0.2	1,000	0.3	0.2	1,000	0.3	0.2	1,000	0.3	0.2	0.3	0.2	0.2
0448 - Rainfed Extension Services	-	0.1	-	-	0.3	-	-	-	-	-	-	-	-	-	3,000	0.3	1.3	1.3

**TABLE III - SUMMARY OF RESOURCES - BY ACTIVITY**  
(FUNDING IN \$ 000 AND OPERATING EXPENSE-FUNDED PERSONNEL IN WORKYEARS (XX, X))

ACTIVITY	DECISION UNIT Pakistan											
	CY: 79						BY: 1980					
	FY: 78		MARK		MINIMUM		EXPANSION		PROPOSED			
FUNDING	PERSONNEL	FUNDING	PERSONNEL	FUNDING	PERSONNEL	FUNDING	PERSONNEL	FUNDING	PERSONNEL	FUNDING	PERSONNEL	
US	FN	US	FN	US	FN	US	FN	US	FN	US	FN	
<u>Population Planning (PN)</u>												
0393 - Expanded Population Planning												
0411 - Population Research and Development												
0434 - Population Planning (Program Components)												
<u>Health (HE)</u>												
0406 - Rural Clean Water												
0415 - Basic Health Services												
0424 - Malaria Control												
Education and Human Resources Development (EH)												
0299 - GASI												
0407 - Development Support Communication Center												
0410 - Primary Education												
0426 - Development Training												
	(140)			(3,700)		(3,500)		(3,500)		(3,500)		
	140	0.5	4.6	500	1.0	2.0	2.0	300	1.0	2.0	2.0	
	-	0.3	1.3	500	1.0	2.0	2.0	300	1.0	2.0	2.0	
	-	0.6	0.2	3,200	1.4	3.3	3.3	3,200	1.5	3.3	3.3	
				(29,000)		(5,000)		(5,000)		(5,000)		
		1.0	0.4	21,500	1.6	1.9	1.9	-	1.7	1.9	1.9	
		1.4	2.7	7,500	1.7	3.4	3.4	-	1.9	3.4	3.4	
		1.8	1.8	-	1.4	3.1	3.1	5,000	1.4	3.1	3.1	
				(3,225)		(43,925)		(23,925)		(44,370)		
	140	0.2	4.7	400	0.4	1.3	-	-	-	445	0.3	
	-	0.2	0.6	500	2.1	2.5	3.0	20,000	2.2	3.0	3.0	
	-	1.0	2.2	1,250	0.2	3.3	3.3	425	0.7	3.3	3.3	
	-	-	-	1,250	0.2	3.3	3.3	425	0.7	3.3	3.3	

TABLE III - SUMMARY OF RESOURCES - BY ACTIVITY  
(FUNDING IN \$ 000 AND OPERATING EXPENSES-FUNDED PERSONNEL IN WORKYEARS (XX,X))

ACTIVITY	DECISION UNIT Pakistan											
	CY: 79						BY: 80					
	PY: 78		MARK		MINIMUM		EXPANSION		PROPOSED			
	FUNDING	PERSONNEL US FN	FUNDING	PERSONNEL US FN	FUNDING	PERSONNEL US FN	FUNDING	PERSONNEL US FN	FUNDING	PERSONNEL US FN	FUNDING	PERSONNEL US FN
0435 - Box Libraries - OPG	-	-	325	0.1	-	-	-	-	-	-	0.1	-
0438 - Technical Training Institutes - OPG	-	-	750	0.1	-	-	-	-	-	-	0.1	-
0440 - Development Impact Measurement	-	-	3,500	1.0	3,500	2.0	3,500	1.0	2.0	3,500	1.0	2.0
<u>Selected Development (SD)</u>	-	-	-	-	-	-	-	-	-	(500)	-	-
0414 - Technical Services	-	0.1	-	0.1	-	0.9	-	-	-	-	0.1	0.5
0446 - Non-Conventional Energy	-	0.1	-	0.2	0.6	-	-	-	-	500	0.1	0.3
<b>TOTAL PROGRAM FUNDING:</b>	<b>574</b>	<b>16.0</b>	<b>64,480</b>	<b>20.8</b>	<b>46,372,375</b>	<b>40.1</b>	<b>46,375</b>	<b>19.2</b>	<b>38.5</b>	<b>95,275</b>	<b>23.2</b>	<b>50.9</b>
PL 480 Title I	76,800	0.7	96,400	0.7	485,000	0.4	85,000	0.7	0.4	85,000	0.7	0.4
PL 480 Title II	-	0.2	-	0.2	-	-	-	-	-	1,800	0.1	1.0
<u>Non-Program Activities</u>	-	(18.7)	(208.2)	(20.8)	(207.6)	(20.5)	(208.6)	(20.5)	(208.6)	-	(22.5)	(209.6)
Policy Direction and Management	-	10.8	22.0	9.8	22.0	9.8	23.0	9.8	23.0	-	10.8	23.0
Financial Management	-	2.8	19.0	2.0	19.0	2.0	19.0	2.0	19.0	-	3.0	20.0
Mission Support	-	3.0	166.0	3.0	165.0	3.0	165.0	3.0	165.0	-	3.0	165.0
IDIs	-	1.5	-	2.3	-	-	-	1.6	-	-	1.6	-
Other (Agriculture Economic Research, Rural Development, etc.)	-	0.6	1.2	3.7	1.6	4.1	1.6	4.1	1.6	-	4.1	1.6

ACTIVITY	CY: 79						CY: 80					
	PY: 78		MARK		MINIMUM		EXPANSION		PROPOSED			
	FUNDING	PERSONNEL US FN	FUNDING	PERSONNEL US FN	FUNDING	PERSONNEL US FN	FUNDING	PERSONNEL US FN	FUNDING	PERSONNEL US FN		
Non-Mission Specific Personnel		(18.3)(4.0)	(21.0)	(4.0)	(21.0)	(4.0)				(21.0)	(4.0)	
Auditor General and IIS		16.3 4.0	19.0	4.0	19.0	4.0				19.0	4.0	
Other: (RLA and ACO)		2.0 -	2.0	-	2.0	-				2.0	-	
Operating Expenses												
Personnel	4257.2		4588.5		4733.7		4684.7			5002.0		
Housing	532.3		506.2		544.9		541.3			563.1		
Office Operations	1784.1		1759.6		1897.4		1894.1			1912.0		
Total:	6573.6		6854.3		7176.0		7120.1			7477.1		

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Agricultural Research

Project Number: 391-0296

Purpose: To establish a functioning centrally coordinated agricultural research program.

Background: Prior to the development of the national Agricultural Research Council (ARC), agriculture research in Pakistan was conducted by a variety of provincial institutions in an uncoordinated fashion. Much of the research completed did not lead to results that could be readily adopted by farmers. This project supports Pakistan's attempts to bring all agriculture research under central coordination by ARC so that research projects can support financial agriculture policy. Provincial institutions will continue to conduct most of the research but the Pakistan Agriculture Research Center (PARC) is being developed at the national level to supplement the research done elsewhere in country.

Initial project implementation highlighted the limited management and administrative competency of the ARC. Consequently the Government of Pakistan and AID jointly redesigned the project to overcome these weaknesses, placing more initial emphasis on management and administrative procedures. In the redesigned project, the establishment of an adequate institutional base is the interim purpose of Phase I terminating December 31, 1979 followed by an accelerated program of agriculture research in Phase II.

Progress to Date: Research coordinated by ARC in forage and fodder, wheat and barley and triticale, rice, oilseeds, soil and water, maize, sorghum and millet is being conducted by the PARC and provincial agricultural research institutes. A coordinated program of livestock management is under development and is expected to be implemented shortly. All research is divided into discrete manageable projects for implementation.

Two CIMMYT and two IRRI scientists are assisting ARC scientists in maize, sorghum, rice, and wheat research. Research management is being addressed by a USDA/PASA contract. Participants in training include seven at IRRI, nine at CIMMYT, and eleven at U.S. universities.

Beneficiaries: The PARC research will concentrate on crops for the rainfed areas of Pakistan, primarily in the Punjab and North-west Frontier provinces. These areas are characterized by relatively low yields, small farm size and low family income. Estimates indicate that there are approximately 870,000 farms in the rainfed sections of the two provinces, all potential beneficiaries.

All research generated and implemented under this project is designed to produce results that are relevant to the farmers, and if adopted, will increase farm production and farmer income.

Current Year Program: Continued emphasis will be given to improving the administrative and management capability of ARC. Improved salary structures, logistical support and evaluation procedures are planned. Research programs will be consolidated further. Priority will be given to establishing linkages between research and extension activities. Participant training will continue. Although PARC has constructed housing complexes, offices, and field buildings, construction of the PARC complex under fixed amount reimbursement will be initiated.

The establishment of an adequate institutional base is expected to be accomplished by June 1979 and an in-depth evaluation of the project will be conducted at that time.

Budget Year Program: Upon the establishment of a solid institutional base, major research will be accelerated in 15 commodity areas. Participant training will also be increased.

Major Outputs: A functioning ARC and PARC; 15 multi-disciplinary research problem area committees functioning, with ongoing research programs for priority commodities; 45 research projects completed with results being extended to the field.

TABLE IVB ACTIVITY BUDGET DATA		ACTIVITY TITLE		DECISION UNIT		DECISION PACKAGE		BUDGET YEAR											
Agriculture Research		Pakistan		Minimum		FY 1980		TOTAL COST											
PROJECT NUMBER 391-0296 (080)		APPROPRIATION FN		INITIAL OBLIGATION FY 1969		FINAL OBLIGATION FY 1983		DATE NEXT PAR 6/79											
CY: 1978		CY: 1979		CY: 1980		BY: 1980		DATE LAST PAR 5/77											
ESTIMATED U.S. DOLLAR COST (\$ 000)																			
ACTIVITY INPUTS	PY: 1978		CY: 1979		CY: 1980		BY: 1980		PIPE-LINE										
	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)		OBLI-GATION	EXPEN-DITURE								
<b>AID-FINANCED</b>	<b>TOTAL-</b>	1,400	1,018	5,532	10/1/78 - 9/30/79	240	1,707	4,065	10/1/79 - 9/30/80	200	1,906	2,359							
<u>Loan</u>																			
Advisory Services	(100)		312	1,967								399	1,194						
Training (Participants)	(1,300)		151	1,279								471	502						
Commodities	-		400	2,000								700	600						
<u>Grant</u>																			
Advisory Services		155		286		240		327	199	200		336	63						
HC AND OTHER DONOR	TOTAL-	8,435				8,375													
GOP																			
FF																			
CIP																			
PL 480 Research Project																			
World Bank Seed Program																			
PERSONNEL WORKYEARS (XX, X)										LIFE OF PROJECT									
FUNDING		FISCAL YEAR		PERSONNEL INTENSITY		PARTICIPANTS PROGRAMMED		FOOTNOTES		TYPE A=NONCONTRACT		FISCAL YEAR							
		1978	1979	1980	1981	1982	BEYOND					1978	1979	1980					
PROGRAM ACCOUNT		4.9	12.3	14.5	12.6	9.7	-					18	50	50					
TDY (ADD-)		-	-	-	-	-	-					-	5	10					
OPERATING EXPENSES		4.9	4.4	4.3	4.3	3.7	2.0					-	-	-					
AID 1300-8 (3-78)										TYPE B		SHORT-TERM		7		15		20	

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Dryland (Barani) Agriculture Development

Project Number: 391-0403

Purpose: The project purpose is to establish a set of conditions sufficient to bring about widespread adoption of production and income increasing practices on small barani farms.

Background: The USAID strategy is to encourage and support expanded resource mobilization and reallocation to the rural villages of Pakistan. Government of Pakistan and international donor emphasis in this regard has been on the irrigated areas due to the potential higher rate of return for investment made. The lowest income people, some 14% of the total country population, reside in barani (rainfed) areas. The thrust of the ongoing project has been to increase the agricultural productivity of this subsistence level group by demonstrating on farms the benefits of improved crop varieties, the use of fertilizers, and improved cultural practices.

Progress to Date: In FY 1976, 1977 and 1978 some 17,000 on-farm demonstrations and 500 research trials were conducted, demonstrating the production potential in the rainfed areas. Research and demonstrations have shown that wheat production in the rainfed areas of Pakistan can be doubled or tripled with improved cultural practices and cropping technology. The use of fertilizer, primarily on wheat, in the barani areas has almost doubled. Maize, groundnuts, soybeans, fodder and pulses are now being emphasized along with wheat. These new crops will provide the farmer cash income additive to food crops used to meet the subsistence needs. Recently additional emphasis has been placed on strengthening the capability of the field level implementing agencies, particularly Agricultural Extension, to better serve the farmer.

Beneficiaries: The target group is the barani farmers who own less than 12-1/2 acres and represent the lowest income sector of the rural population in Pakistan. Demonstrations are established on

farms of the target group to illustrate to demonstration participants and their neighbors the economic benefits that they can receive from using available improved technology. At the end of the project some 25,000 farmers will have been directly involved (had demonstrations on their farm) and assuming six neighbors were aware of the demonstrations and its achievements 150,000 farmers will have benefitted indirectly. Planned expenditures are \$957,000 resulting in a cost of approximately \$5.50 per farm benefitted.

Current Year Program: During the balance of FY 1978 and during FY 1979 some 8,000 additional demonstrations will be established on barani farms. Emphasis will be on increasing the quality of these demonstrations and using them as extension training vehicles to assure that the farmer demonstrator and his neighbors understand the technology being utilized. Special efforts in small selected areas will be given to reorganizing and strengthening the village level extension agents capability to assist his farmer clients.

Budget Year Program: The project is scheduled to terminate at the end of FY 1979. During the initial six months of the budget year (FY 1980) results of the project will be evaluated to help determine the directions future development of barani areas should take.

Major Outputs:

Socio-economic motivational studies of small dryland farmers completed.	2
Adaptive research and verificational on-farm trials conducted.	500
On-farm demonstrations.	24,500
Trained personnel.	400
Market feasibility studies.	2
Projects identified for USAID or other donor support	4

<b>TABLE IVB ACTIVITY BUDGET DATA</b>	<b>ACTIVITY TITLE</b>		<b>DECISION UNIT</b>		<b>DECISION PACKAGE</b>		<b>BUDGET YEAR</b>		
	Dryland Agriculture Development		Pakistan		Minimum		FY 1980		
	PROJECT NUMBER 391-0403 (070)		APPROPRIATION FN		INITIAL OBLIGATION FY 1975		TOTAL COST 934		
				DATE PP/REVISION -		DATE LAST PAR 11/77		DATE NEXT PAR 3/79	

ACTIVITY INPUTS	CY: 1978				CY: 1979				BY: 1980				LIFE OF PROJECT 2,000
	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR-TO)	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR-TO)	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR-TO)	
	ESTIMATED U. S. DOLLAR COST (\$ 000)												
<b>AID-FINANCED</b>													
TOTAL-	-	229	36	10/1/78 - 9/30/70	340	276	100	10/1/79 - 9/30/80	-	100	-		
<u>Grant</u>													
Technical Services	-	229	36		340	276	100		-	100	-		
<b>HC AND OTHER DONOR</b>	<b>TOTAL-</b>												
H.C.	632				751								
Personnel	114				130								
Credit	370				450								
Research	48				53								
Equip. and Facilities	100				118								

FUNDING	PERSONNEL WORKYEARS (XX, X)				PARTICIPANTS PROGRAMMED				FOOTNOTES		
	FISCAL YEAR		PERSONNEL INTENSITY		TYPE A=NONCONTRACT B=CONTRACT		FISCAL YEAR				
	1978	1979	1980	1981	1978	1979	1980	1978		1979	1980
PROGRAM ACCOUNTY (NON-)	7.9	10.3	0.6	-	<input type="checkbox"/> HIGH	<input checked="" type="checkbox"/> MEDIUM					
OPERATING EXPENSES	1.9	2.6	-	-	<input type="checkbox"/> LOW						

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Vitaminization of Flour

Project Number: 391-0404

Purpose: To increase B vitamin and iron intake among a significant number of the poorer citizens of Pakistan.

Background: Nutrition studies have demonstrated widespread iron and B vitamin deficiencies in Pakistan. Since the poor in Pakistan rely on wheat for the preponderance of their calories and protein, fortification of wheat flour with added nutrients would constitute a quantum improvement in nutritional levels. It is planned that the very slight additional cost of fortification will be absorbed by the Government or, at least in part, passed on to consumers. Pakistan distributes wheat flour at subsidized prices through thousands of ration shops reaching 20 million consumers from predominantly low income urban and semi-urban families. Thus, fortification of this flour would immediately reach those in greatest need of these nutrients.

Progress to Date: This 3-year project was originally proposed for obligation late in FY 75, but due to a number of issues regarding the respective role of the Government agencies involved in implementation, little progress was made. In August 1976, the Government of Pakistan decided to nationalize all flour mills of six rollers or more and the Ministry of Agrarian Management was established to manage the mills and other newly nationalized concerns. Shortly thereafter, the Ministry was assigned responsibility for the further development and implementation of the fortification project.

Since November 1976, the Ministry has prepared the basic Pakistan planning document (PC-1), incorporating the comments of the Nutrition Planning Cell of the Planning Division, and

presented this to the Central Development Working Party (CDWP) for their review and comment. The CDWP recommended that the project be approved and arranged to seek the approval of the Executive Committee of the National Economic Council (ECNEC) in June 1977.

In August 1977 the ECNEC approved the project. In September 1977, Government denationalized the flour mills and transferred project implementation responsibility from the Agrarian Management Ministry to the Food Division of the Food and Agriculture Ministry. The Food Division has completed its in-house discussion of Project Agreement. Assuming funds are available, implementation could begin early in FY 79.

Beneficiaries: The primary beneficiaries will be approximately 20 million persons, majority of whom belong to the lowest, the most disadvantaged strata of the rural population.

The average cost per person benefitted per year is an estimated at Rs. 2.5 (\$0.25).

Current Year Program: During FY 1979 necessary equipment and vitamin premix will be ordered. Technical assistance will be provided to mills to prepare for processing flour.

Budget Year Program: Technical assistance will continue to be provided to additional mills. As premix and equipment become available enriched whole wheat flour will be produced and introduced to the public through government ration shops.

Major Outputs

- 98 roller flour mills equipped and operational for atta fortification;
- clinical tests on effectiveness and impact of atta fortification (as measured by improved nutritional status) completed;
- consumer reaction study to fortified atta completed;

- nutrition education and publicity regarding benefits of  
atta fortification begun;
- completion of studies to determine the storage  
characteristics of fortified atta;
- completion of a study by the contractor indicating the  
feasibility of producing vitamin pre-mix in Pakistan;
- completion of a study of long-term financing mechanisms  
for atta fortification.



TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Rural Electrification

Project Number: 391-0408

Purpose: To provide wider, more equitable use of electricity in the rural areas of Pakistan for productive, household and social uses through an efficient rural electrification infrastructure and management system.

Background: At present, only 6,000 of Pakistan's 43,000 villages (14%) have any form of electric power. This is due to the relatively low priority that the Government of Pakistan has in the past given rural electrification vis-a-vis urban distribution, generation and transmission. The Government of Pakistan, in the draft of its current (1978-83) five year plan has assigned a higher priority to rural electrification calling for the electrification of 2,000 villages per year. This represents a three fold increase in the number of villages that have been electrified in each of the past five years. The benefits to be derived from this effort will include more extensive irrigation, expanded agro-industrial activity, increased employment opportunities resulting from rural economic growth, and improvements in the quality of life in rural Pakistan.

Project Description: The AID-assisted program will extend reliable and equitable coverage to the rural areas in Pakistan through well-constructed and maintained systems. Connections will be provided upon demand. The institutional structure will be decentralized. Consumers will participate in guiding the operations of the system in their areas.

It is estimated that the combined effects of the on-going Government of Pakistan and the AID-assisted programs will lead to the electrification of approximately 10,000 more villages by 1988.

Beneficiaries: The direct beneficiaries of the project are the inhabitants of rural areas. The project will provide better lighting at a lower cost, more employment opportunities through expanded

agricultural and commercial activity and will help uplift the general village environment. The ultimate cost per family of 7.5 persons is estimated at about \$240.

Current Year Program: Implementation of the project is scheduled to commence in October, 1978. During the ensuing year, technical assistance, basic engineering services and contracts for necessary imported commodities are expected to be signed. Design of the rural system should commence and decentralized institutional arrangements should begin.

Budget Year Program: During FY 1980 it is expected that three decentralized local rural electrification entities will be constituted and operating, that construction plans are completed and bid and construction contracts awarded.

Major Outputs:

	<u>After 5 years</u>	<u>After 10 years</u>
Local Entities created and operating.	3	14
Villages electrified.	440	1,200
Domestic consumers connected.	56,000	211,000
Industrial connections.	550	1,500
Commercial connections.	3,050	10,000
Tubewells.	1,900	6,000
Community services.	800	2,500

<b>TABLE IVB ACTIVITY BUDGET DATA</b>		<b>ACTIVITY TITLE</b>		<b>DECISION UNIT</b>		<b>DECISION PACKAGE</b>		<b>BUDGET YEAR</b>	
Rural Electrification		Pakistan		Minimum		FY 1980			
PROJECT NUMBER 391-0408 (062)		APPROPRIATION FN		FY 1979		FY 1979 I/ DATE LAST PAR		TOTAL COST: 25,000	
				DATE PP/REVISION		DATE NEXT PAR		12/79	

ACTIVITY INPUTS	PY: 1978		CY: 1979		BY: 1980		PIPE-LINE	EXPEN-DITURE	PIPE-LINE	
	OBLI-GATION	EXPEN-DITURE	FUNDING PERIOD (FR-TO)	PIPE-LINE	OBLI-GATION	EXPEN-DITURE				FUNDING PERIOD (FR-TO)
<b>AID-FINANCED</b>	<b>TOTAL-</b>									
Grant			10/1/79 - 9/30/80		25,000	340	24,660	10/1/80 - 9/30/81	1,095	23,565
TA					1,000	40	960		300	660
Loan					(24,000)	(300)	(23,700)		(795)	(22,905)
Training					100	-	100		-	100
Construction & rehabilitation					15,680	-	15,680		-	15,680
House wiring					1,800	-	1,800		-	1,800
Local Engineering Services					2,120	-	2,120		-	2,120
Commodities (off shore)					2,200	140	2,060		455	1,605
U.S. Consulting Engineering Services					2,100	160	1,940		340	1,600
<b>HC AND OTHER DONOR</b>	<b>TOTAL-</b>									
T.A.					14,300					
Engineering Services & Training					130				130	
New Construction & Housing					893				893	
Support Personnel					8,393				8,393	
Transfer Existing System					1,675				1,675	
					3,209				3,209	

FUNDING	PERSONNEL WORKYEARS (XX, X)			PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED		FOOTNOTES
	1978	1979	1980		A=NONCONTRACT	B=CONTRACT	
PROGRAM ACCOUNT	0.1	2.0	6.4	HIGH	19	19	1/ Follow on projects planned through 1983 totalling \$101 million.
TDY (ADD)	0.2	-	0.3	MEDIUM			
OPERATING EXPENSES	1.5	2.6	3.0	LOW			

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Rural Roads

Project Number: 391-0409

Purpose: Provide all weather access roads in rural areas to enable rural dwellers to take advantage of modern agricultural production inputs and technology, markets, social amenities and job opportunities.

Progress-to-Date: Nearly half of Pakistan's population lives three miles or more from a serviceable road. This isolation is a formidable obstacle to improving the quality of village life and involving the populace in rural development efforts. The Government estimates that about 120,000 miles of rural roads need to be rehabilitated or constructed.

An \$8.0 million loan for a pilot project was authorized in late FY 1977 to finance construction activities over a 3-year period in eight of the country's 60 districts. Execution of a project agreement awaits completion of the current AID/W policy review. The Government of Pakistan has completed feasibility studies and is currently in the final stages of selecting roads to be financed under this first loan. Construction activities are scheduled to begin in FY 1978 with all construction under the first loan to be completed in FY 1979.

The Government of Pakistan has selected and rated the roads for construction under the first loan and is awaiting execution of the agreement before proceeding with construction.

Beneficiaries: While rural families in all income strata will benefit from the project, selection criteria for the roads will ensure that a majority of the direct beneficiaries will be low-income farmers and the rural poor. It is estimated that more

than 200,000 rural families will benefit from the first \$8.7 million loan, which would result in a per family cost of about \$44 under the loan or about \$65 per family if all project costs are considered, including the Government of Pakistan's contribution.

Current Year Program: During FY 79 completion of approximately 50 miles of road construction/improvement is planned with work underway on another 150 miles. In the FY 79 Congressional Presentation an additional \$21,760,000 was requested to initiate Phase II of the program which would involve expanding activities into 15 more districts. Phase II has been delayed until 1981, however, by the freeze on obligation pending the completion of the review.

Budget Year Program: During FY 80 it is planned that a minimum of 150 miles of rural road construction/improvement will be completed, and an acceptable rural road maintenance program will be underway in the eight participating districts. Year around road access to markets, agricultural inputs, social amenities and job opportunities will have been provided to the rural people in the service areas of the newly constructed/improved rural roads.

Major Outputs: At least 200 miles of rural roads constructed or rehabilitated with up to 1,000 additional miles usable through improved maintenance. In eight districts an improved management organization for rural roads putting emphasis on an objective road selection system; better road design; better construction and adequate maintenance procedures adopted.



TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: On-Farm Water Management

Project Number: 391-0413

Purpose: To establish public and private sector capability to plan and deliver on-farm water management services (improvement of irrigation watercourses, precise leveling of farmland, and improvement of crop and water management practices) targetted to small and medium size farmers.

Background: With 30 million acres of farmland drawing water from the Indus River and its four major tributaries, Pakistan has one of the world's largest and most complex irrigation systems. This project responds to the Government's increasing concern to improve the system's efficiency. Major factors affecting this efficiency are: watercourse conveyance losses, water usage on fields not properly prepared for irrigation, and farm practices not conducive to maximizing use of irrigation water. Project activities include land leveling, improvement of irrigation watercourses and improvement of crop and water management practices.

Progress to Date: Three provincial directorates to manage and implement the program have been established. It has taken longer than anticipated to train and post essential field staff for these institutions. As a result, field operations and loan disbursements have been behind schedule. We believe most of these startup problems have been overcome. The pace of field work has recently increased in the Punjab and is expected to increase in Sind and NWFP during this next year. We anticipate the need for the second tranche of loan funds in FY 80.

Beneficiaries: A minimum of about 65,000 low-income farm families will benefit from this project. Efforts have been taken to assure that project efforts will focus on farmers with less than 25 acres of land.

Current Year Program: During this year field activities - water course improvement, precision land leveling and extension services to assist farmers manage their land and water resources - will continue. The project authorities will pay particular attention to ensuring that the small farmers benefit by the precision land leveling component of this project.

Budget Year Program: Field work will continue during this year with additional areas of farm land levelled and additional water-courses improved.

Major Outputs: (through second tranche in FY 80)

Trained personnel	1,600
Number of acres leveled.	320,000
Number of farms improved.	64,000
Watercourses improved.	1,170
Water user organizations established.	1,100
Contractors selected.	112
Equipment pools established.	334



TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Village Level Food Processing

Project Number: 391-0417

Purpose: To identify, develop and test feasible methods to improve small scale sugarcane, oilseeds and rice bran processing and to demonstrate the commercial feasibility of the improved technology.

Background: Traditional technology which is widely used in rural Pakistan to process sugarcane and oilseeds is physically inefficient. Extraction rates of sugar and oil are relatively low. Historically the Government has responded to this problem by promoting large scale sugar mills and solvent extraction plants. This project seeks an alternative solution by undertaking to develop more efficient technology suitable for operation in the rural environment. This strategy will generate rural employment, and increase food production and incomes of low income food processors, and all of which are consistent with USAID program objectives.

Progress to Date: In June, 1976 a grant Project Agreement was signed with the Government of Pakistan for \$565,000. The Appropriate Technology Development Organization (ATDO) assumed responsibility for coordinating, guiding and evaluating project implementation. A special project management cell within ATDO was established to perform these functions. The project implementation strategy specified that the project was to be implemented by a combination of American and Pakistani contractors. In the Summer of 1976, technical proposals were solicited from interested firms. In November, Denver Research Institute (DRI) was selected as the prime contractor by ATDO in consultation with USAID. Various unforeseen issues greatly prolonged contract negotiations. ATDO executed a host-country contract with DRI on October 4, 1977.

Actual project implementation activities commenced in November. DRI has entered into a sub-contract with the Investment Advisory Center of Pakistan to conduct Phase I feasibility, marketing and

policy studies. Field survey research is currently in progress and the results will be presented in the form of recommendations at the mid-phase I and II assessment scheduled for early Summer, 1978. A second subcontract has been executed with the Pakistan Council for Scientific and Industrial Research to conduct state-of-the-arts studies of current food processing technology and to assess the capabilities of equipment manufactures in Pakistan. Drawing upon the findings of both subcontractors, DRI will advise ATDO regarding the feasibility of developing improved, appropriate sugar cane, oilseed and rice bran processing technology. Employing selection criteria generated by these phase I research activities, DRI will also advise ATDO regarding the most promising technology it has identified in its worldwide search. At the mid-phase assessment, the feasibility of developing improved sugar cane, oilseed and rice bran processing technology will be determined, opportunities for improvements will be identified and prioritized and selection criteria for selecting candidate technology will be established.

Beneficiaries: This project seeks to assist rural food processors, a sector which is generally characterized by low income families. To the extent that the project is successful in increasing the production of traditional sugar products and edible oil, low income, rural consumers will also benefit from the increased supplies and prices that will be relatively lower than those that would otherwise prevail in the absence of the project. The Project Paper estimated potential benefits of \$60 million or more depending upon the magnitude of improvements made in sugar and oil recovery, the extent of adoption and sugar and oil commodity price levels. Even if improvements in efficiency and adoption rates are modest, benefits relative to project cost will be large.

Current Year Program: Phase III research and development work will be carried out in FY 79. Assuming that Phase I and II feasibility determinations conclude that research and development work is justified in each of the functional areas, prototype sugarcane, oilseed and rice bran processing equipment imported in Phase II will be tested and modified such that it is capable of being manufactured locally and operated and maintained in the rural environment for which it is intended. At the end of this phase improved processing technology will have been developed which is ready for

demonstration and commercialization; 4 improved sugar cane processing units, 4 improved oilseed processing units and 2 improved rice bran processing units will be provided.

Budget Year Program: In FY 80 improved food processing technology developed in Phase II will be demonstrated and extension efforts will be undertaken to assist manufacturers to fabricate it and develop a market for this improved technology. Extension efforts directed at food processing will also be undertaken to interest and assist them in adopting the improved technology. Design and engineering flaws identified at this early stage of commercialization will be subject to further research and necessary redesign will be made.

Major Outputs:

Mid and End Phase I Reports	1
Mid Phase II Reports	2
FY 79 improved sugar cane processing technology developed. (units)	4
Improved oilseed processing technology developed. (units)	4
Improved rice bran processing technology developed. (units)	2

These outputs are expected approximately one year later than scheduled in the Project Paper due to extensive delays associated with host country contracting.

<b>TABLE IVB ACTIVITY BUDGET DATA</b>	<b>ACTIVITY TITLE</b>	<b>DECISION UNIT</b>	<b>DECISION PACKAGE</b>	<b>BUDGET YEAR</b>
	Village Level Food Processing	Pakistan	Minimum	FY 1980
	<b>PROJECT NUMBER</b> 391-0417 (112)	<b>INITIAL OBLIGATION</b> FY 1976	<b>FINAL OBLIGATION</b> FY 1979	<b>TOTAL COST</b> 565
	<b>APPROPRIATION</b> FN	<b>DATE PP/REVISION</b>	<b>DATE LAST PAR</b>	<b>DATE NEXT PAR</b> 2/79

ACTIVITY INPUTS	PY: 1978				CY: 1979				BY: 1980			
	OBLI - GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)
	<b>AID-FINANCED</b>	117	216	76	10/1/78 - 9/30/79	273	175	174	10/1/78 - 9/30/80	-	100	74
<b>TOTAL-</b>												
Grant												
Technical Services	117	216	76		273	175	174		-	100	74	
<b>HC AND OTHER DONOR</b>												
<b>H.C.</b>	67				72							
<b>TOTAL-</b>												

FUNDING	PERSONNEL WORKYEARS (XX, X)				PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED				FOOTNOTES	
	FISCAL YEAR					FISCAL YEAR					
	19 78	19 79	19 80	19 81		19 80	19 79	19 80	19 80		
PROGRAM ACCOUNT	15.7	10.8	4.4	1.7							
TDY (NON-)	-	-	-	-							
OPERATING EXPENSES	0.9	1.0	1.0	0.8							



<b>TABLE IVB ACTIVITY BUDGET DATA</b>		<b>ACTIVITY TITLE</b>		<b>DECISION UNIT</b>		<b>DECISION PACKAGE</b>		<b>BUDGET YEAR</b>	
Agriculture Inputs		Pakistan		Minimum		FY 1980		TOTAL COST	
PROJECT NUMBER 391-0419 (010)		APPROPRIATION FN		DATE PP/REVISION 8/77		DATE LAST PAR 7/77		DATE NEXT PAR 1/79	
		ESTIMATED U.S. DOLLAR COST (\$ 000)							

ACTIVITY INPUTS	PY 1978		CY: 1979		BY: 1980		LIFE OF PROJECT
	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)	OBLI- GATION	EXPEN- DITURE	
<u>AID-FINANCED</u>							
TOTAL-		25,000*	25,000		-	25,000	
<u>Loan</u>							
Fertilizer/Seed		25,000*	25,000				
HC AND OTHER DONOR							
TOTAL-	101,000						
Estimated value of non-concessional fertilizer imports in Pakistan FY 77/78.							

FUNDING	PERSONNEL WORKYEARS (XX, X)				PERSONNEL INTENSITY				PARTICIPANTS PROGRAMMED				FOOTNOTES	
	FISCAL YEAR		FISCAL YEAR		TYPE		TYPE		TYPE		TYPE			
	1978	1979	1980	1981	1982	BEYOND	HIGH	MEDIUM	LOW	A=NONCONTRACT	B=CONTRACT	LONG-TERM	SHORT-TERM	
PROGRAM ACCOUNT	-	-	-	-	-	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
TDY (NET)	-	-	-	-	-	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
OPERATING EXPENSES	2.1	1.2	1.1	-	-	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

\* Represents loan authorization in FY 77 for which agreement not yet signed.

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Rural Credit

Project Number: 391-0423

Purpose: To develop a viable, non-inflationary rural credit delivery system broadly accessible to low income farmers and small rural businesses.

Background: The Government of Pakistan has been testing a number of small farmer oriented supervised credit programs using the commercial banks. These credit programs are designed to make profitable, productivity-boosting inputs accessible to small farmers and rural businesses. These programs clearly will be supportive of and beneficial to the USAID projects in rainfed agriculture, on-farm water management and village level food processing. They will provide needed credit for small scale energy using investments and help villagers get the most out of rural electrification.

Project Description: This project will assist the nation's commercial banks to improve their rural credit program and so further respond to rural needs. A viable program broadly accessible to the country's poorer farmers and current and potential small rural entrepreneurs will be built. U.S. AID will help the banks implement new ways of retailing credit previously tested in the project development phase and apply these proven schemes on a national scale. U.S. assistance will provide real purchasing power in the form of foreign exchange and so permit the increase in non inflationary liquidity need for the planned increase in small farmer agricultural credit.

The project will help develop a system to finance through loans the procurement of inputs by farmers (e.g. fertilizer, improved seed, pesticides, land leveling, improvement of on-farm irrigation, livestock, low-cost on-farm storage, tubewells, small farm equipment). It will also finance rural entrepreneurs to enable them to better provide: (a) inputs, such as land levelling services, fertilizer, pesticides, small farm equipment, seed to the rural community; and (b) marketing/processing services for the community's output.

Identification and establishment of the conditions necessary for the success of this project will require intensive evaluation of the on-going credit programs and considerable experimentation with new approaches. Some of this will be assisted by the U.S. as pre-project activities leading up to the loan, and will include a detailed study of on-going programs to assess their strengths and deficiencies. The recommendations resulting from this study will be incorporated into the banks' ongoing programs.

A viable rural credit program cannot be achieved without two major policy changes, however. One concerns charges for borrowing or interest rates; the other, support in collection. The Government now provides little support for loan recovery actions. Consequently, the administrative costs of the banks are high. This also results in high non-formal borrowing costs and programs which are quite selective in their clientele. Ways to provide more effective support in collection and loan recovery are now being studied by some Government officials.

It is unlikely that a viable farm lending program can be attained unless interest rates or official loan charges are also increased. There is substantial opposition to such action. But we believe the obvious advantages of higher rates and a well financed planned lending program will lead to spaced, incremental increases and raise the loan charges perhaps one third from the 12% now charged. The higher rate may also make it possible to pay higher rates on savings deposits, encouraging higher private saving.

Beneficiaries: The target population is the lower income farmers and small rural entrepreneurs. At least 400,000 farm families will directly benefit from the project during its life. Perhaps 40,000 small rural businessmen will also benefit directly. The number of families which will receive indirect benefits will be several fold the number receiving direct benefits, as employment opportunities increase, as new expanded rural businesses provide additional services to the rural communities and as the output of the rural communities increases. While the total cost per directly benefitted family during the project life (three years) is a rather high \$150,

the benefits of the project will extend for many years to many more people, as the systems established will be available to provide credit to farmers after the project ends.

Budget Year Program: It is expected that a project agreement will be signed during the fourth quarter of FY 1980. Therefore few project activities will be completed before the end of the fiscal year.

Major Outputs: A socially and financially viable rural credit program broadly accessible to the nation's smaller, poorer farmers and to small rural businessmen. The first tranche of AID assistance will have made credit available to at least 400,000 additional farmers in the target population and to approximately 40,000 small rural businesses under simplified lending procedure.





TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Community Nutrition Education

Project Number: 391-0444

Purpose: To introduce and/or strengthen the program of nutritional services in the various facilities operated by several of the major voluntary agencies in Pakistan.

Background: The Government of Pakistan and USAID have been, and continue to be actively interested in improving the nutrition of the population through a variety of direct nutrition programs as outlined in the DAP strategy. In addition, there are several national voluntary agencies (All Pakistan Women Association, Girl Guides, Red Crescent, etc.), which have substantial rural and urban facilities providing a variety of services including MCH care and some nutrition education. The level of training, technical expertise and the equipment in these agencies are limited, primarily due to a lack of sufficient resources. These agencies, however, have the potential of reaching an expanded number of lower income pregnant and lactating mothers and their pre-school age children with nutrition education and services.

Project Description: This project will be implemented by a consortium of the national voluntary agencies. Technical assistance will include short-term advisory services, training and equipment to professionals and workers within these organizations to enhance their knowledge of, and capability in providing services for the nutritional needs of their patients.

The training programs will be conducted at various levels - mothers, field workers (Lady Health Visitors, teachers, volunteers, etc.) and trainers. The "training of the trainers" will be carried out by a team of experts consisting of faculty from local training

institutes, program officers and health personnel from selected participating voluntary agencies and foreign experts provided by USAID. The trainers will then return to their parent agency where they will institute training programs for the agency personnel working in the various centers. The result will be voluntary agency staffs with an increased capability to provide nutrition training to their clients and to motivate their clients to change their nutrition and hygiene behavior.

During project development several issues will be addressed in depth and analyzed for resolution. These include the role of Government entities other than the Social Welfare Wing, identification of appropriate U.S. or third country contractors to provide the package of advisory services, coordination of efforts with other donor activities and analysis of the institutional capability of the voluntary agencies to be selected for the project.

Beneficiaries: Ultimate beneficiaries will be the pregnant/lactating mothers and young children serviced by the centers operated by the participating agencies. Another group of beneficiaries will be the individuals who will receive training, thereby enhancing their skills and employment potential.

It is estimated that about 190,000 mothers, and 280,000 children will benefit from the project. The estimated total project cost per family per year will be less than \$5.00.

Budget Year Program: The Consortium of Voluntary Agencies will be established to coordinate project activities. Expert consultants will work with voluntary agencies and government agencies to identify participants for overseas training and to develop in-country training programs.

Major Outputs:

Trained trainers	100
Trained workers	1,000
Upgraded nutritional services being offered through Vol Ag centers	500

<b>TABLE IVB ACTIVITY BUDGET DATA</b>		<b>ACTIVITY TITLE</b>		<b>DECISION UNIT</b>		<b>DECISION PACKAGE</b>		<b>BUDGET YEAR</b>	
Community Nutrition Education		Pakistan		Proposed		FY 1980		TOTAL COST	
PROJECT NUMBER 391-0444 (350)		APPROPRIATION FN		INITIAL OBLIGATION FY 1980		FINAL OBLIGATION FY 1982		500	
				DATE PP/REVISION -		DATE LAST PAR -		DATE NEXT PAR To be determined.	

ESTIMATED U. S. DOLLAR COST (\$ 000)											
ACTIVITY INPUTS	FY 1978			FY 1979			FY 1980				
	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)	OBLI- GATION	EXPEN- DITURE	PIPE- LINE
<b>AID-FINANCED</b>											
<b>Grant</b>											
Technical Services									200	100	100
Training									140	70	70
Equipment									30	14	16
									30	16	14
<b>TOTAL-</b>											
HC AND OTHER DONOR											
<b>H. C.</b>											
Admin. Services											
Training											
Commodities											
<b>TOTAL-</b>											

FUNDING	PERSONNEL WORKYEARS (XX.X)					PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED			FOOTNOTES
	FISCAL YEAR						FISCAL YEAR			
	1978	1979	1980	1981	1982		TYPE A	TYPE B	1978	
PROGRAM ACCOUNT	-	-	1.5	3.0	4.5	HIGH	LONG-TERM	-	-	-
TDY (ADD)	0.5	1.0	1.0	0.5	-	MEDIUM	SHORT-TERM	-	-	7
OPERATING EXPENSES	1.6	1.6	1.6	2.0	0.9	LOW	LONG-TERM	-	-	-

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Rainfed Land and Water Management

Project Number: 391-0445

Purpose: The purpose of the project is to conserve soil and water on existing production land (farmland, range land, forest land) and restore the productivity of erosion affected land utilized by small farmers in selected areas of the rainfed regions of Pakistan.

Background: The USAID strategy is to encourage and support expanded resource mobilization and reallocation to rural villages with emphasis on the lowest income sector. In Pakistan this group resides in rainfed (barani) areas of the country. The proposed project focuses directly on this segment of the population.

The Government of Pakistan has recently (January 1978) made the decision to focus on the long neglected rainfed (barani) areas. In the Punjab province a Barani Implementation Committee is now established to coordinate development in the area with the key agencies directly responsible to the Committee Chairman. The Government has realized that improved soil and water management would make this region far more valuable, both to its people and to all of Pakistan.

Project Description: The particular problems that will be addressed are the extensive removal of top soil from wind and water erosion. Estimates of annual losses of production land in the Punjab due to erosion vary from 12 to 30,000 acres. In addition much of the rainfall received in this critically short area is lost through run-off. It is estimated that 50% -- nearly 3 million acre-feet in the cropped area and twice that amount in the range-land -- is lost through run-off.

The proposed project will address these severe problems by:

1. the establishment of an effective system of coordination among the implementing agencies in the project area,

e.g. Soil Conservation Directorate, Small Dams Organization, Barani Extension Directorate, Forestry Directorate.

2. the establishment of trained multi-disciplinary Soil and Management Teams operating in the project areas. Each team would be staffed with engineers, agronomists, and range specialists and would work in selected watersheds or sub-catchment areas.
3. motivating farmers who want to address their soil and water management problems to form groups for collective action in planning of soil conservation and water utilization practices. Technical assistance and training will be provided to these groups by the field teams.
4. introducing vegetative cover erosion control measures in the project areas. This will include the introduction of grasses, controlled grazing, reforestation, etc.
5. introducing an effective system for use and disposal of rainfall in the project areas. This will include terraces, pipe drops, chute drops, deep chiseling, incorporation of crop residues in the soil, minimum tillage, small check dams, etc.

One of the primary issues faced in designing the project is social. Social customs and norms with respect to animals and grazing will have to be understood and accommodating in developing any workable plan in given project areas.

Beneficiaries: The project will focus directly on the subsistence farmers in the barani areas and be designed to raise their income by making existing land more productive through land and water management measures and where possible the reclamation of eroded land. The farmer that the project is expected to reach would cultivate 3 to 6 acres of land, may own the land or work as a tenant, would be aware that fertilizer is "good" but would not have the resources to purchase it, would be aware of improved varieties of seeds but would not have access to them, would be getting an average of 6 to 8 maunds (82 lbs. per maund) per acre wheat yield against the 20 maunds per acre potential, would have to purchase some wheat to feed the family, and would if he were fortunate have 2 to 3 sons working off the farm sending home \$5 to 10 per month.

Total cost of the six year project beginning in FY 1980 is estimated at \$52 million. The Government input is \$15 million equivalent for personnel costs, research facilities, equipment and related costs. The AID contribution is \$33 million in loan funds for land improvement, training, and vehicles and equipment. A \$4 million grant is planned to cover the technical services required.

We estimate the project will have direct impact on approximately 500,000 farm families through increased land productivity. The total cost per family benefited would be \$104 which will be provided by AID.

Budget Year Program: Since the project will not be implemented until well into the budget year (FY 1980) results during the initial year will be limited. Procurement of vehicles and equipment needed for the project, selection and training of the Government personnel and selection of the technical service contractor will be initiated.

Major Outputs: During the six years of the program the major outputs, in quantified terms are expected to be:

- Soil and Water Management Teams trained and operating. 50
- Informal farmer groups organized and engaged in land and water improvements practices. 5,000
- Acres of land where vegetative erosion control measures have been introduced. 2,000,000
- Catchment or sub-catchment areas where effective rainfall utilization and disposal measures in effect. 5,000



<b>TABLE IVB ACTIVITY BUDGET DATA</b>		<b>ACTIVITY TITLE</b>		<b>DECISION UNIT</b>		<b>DECISION PACKAGE</b>		<b>BUDGET YEAR</b>	
Rainfed Land and Water Management		Pakistan		Proposed		FY 80		FY 80	
PROJECT NUMBER 391-0445 (060)		APPROPRIATION FN		INITIAL OBLIGATION FY 80		FINAL OBLIGATION FY 80		TOTAL COST 1,000	
DATE PP/REVISION -		DATE LAST PAR -		DATE NEXT PAR -		DATE NEXT PAR -		DATE NEXT PAR To be determined.	

ESTIMATED U. S. DOLLAR COST (\$ 000)									
ACTIVITY INPUTS	FY 19 78		CY: 1979		FY: 19 80		EXPEN-DITURE	PIPE-LINE	LIFE OF PROJECT
	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE			
<b>AID-FINANCED</b>									
TOTAL-									
<u>Loan</u>									
Soil and Water Improvements									
TOTAL-									
HC AND OTHER DONOR									
TOTAL-									

FUNDING	PERSONNEL WORKYEARS (XX, X)			PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED			FOOTNOTES
	FISCAL YEAR				FISCAL YEAR			
PROGRAM ACCOUNT TODAY (NON-OPERATING EXPENSES)	19	19	19	TYPE A	TYPE B	TYPE C	TYPE D	* Proposed package increment.

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Water Management Research (CSU)

Project Number: 391-0447

Purpose: Promote conservation and efficient use of soil and water resources and increase food production through improved farm practices.

Background: This project originally funded under the AID/Washington "Water and Tropical Soils Management Project" began in Pakistan in 1970. The project, conducted by a Colorado State University Team in conjunction with local institutions such as Faisalabad Agricultural University, sponsors and conducts research in ways to more effectively and efficiently use Pakistan's water resources to improve farm productivity.

The CSU contract is centrally funded through March 30, 1979 and the Mission understands that \$950,000 is budgeted or planned for the last year of the current contract (April, 1979 to March 30, 1980) under the ongoing project. The Mission had planned to manage and fund activities from March 79 to April 80, but we concluded the "World Wide" elements of the contract (about one-fourth of the total cost) cannot be adequately managed from Pakistan. We now propose to negotiate a new contract with CSU (beginning on April 1, 1980) which more closely ties their work into Pakistan's requirements and the On-Farm Water Management Project. In this ABS, Mission has tentatively budgeted a total of \$2 million to carry the Colorado State University research activity to March of 1983. The Mission ABS budget for 1979 includes \$1 million, part of which is required to pay for local costs and support costs not covered by the centrally funded contract. The balance of FY 79 funds, along with the FY 78 level, will be utilized to finance all contract costs through the completion of project activities in March 1983.

Progress to Date: Thus far the project has:

- developed reliable, inexpensive, and farmer acceptable methods of improving the water delivery system among and on-farms;
- demonstrated the value of small, inexpensive water control structures;
- determined the benefits of land leveling and demonstrated its effectiveness in increasing production and reducing water waste;
- described behavioral and social constraints to acceptance of improved water management;
- created an awareness within the Government of Pakistan and donor agencies of the potential impact of water management improvement on food production; and
- given assistance to and helped strengthen local and national research organizations that has resulted in more attention being paid to water management research in Pakistan.

Beneficiaries: Research is being conducted specifically targetted to the smaller and medium size farmers.

Current Year Program: Extensive research will be continued in major areas of water management including better usage of water, improved designs of water courses, the economics of precision land leveling, especially for small farmers, the organization of farmers into viable water users' associations, better farming equipment for small farmers and related activities. One training program has been conducted for extension workers and another is underway. In the coming year and with Mission taking over the funding and management of the project in FY 80, it is also expected that the research will continue to be even more relevant to the needs of small farmers and related aspects of the operational On-Farm Water Management Project.

The major research activities partially funded by USAID grant rupees will be continued at Mona Reclamation Project and the University of Agriculture at Faisalabad. The related training program at the University will be institutionalized as part of the University regular curriculum and will be started in the other Provincial Agricultural Universities. Water Management training will also be conducted as part of the on-going agriculture training at the provincial Agriculture Training Institutes.

Budget Year Program: The major research and training activities already begun will continue and a major evaluation will be conducted.

Major Outputs: Major outputs will be tested and proven technology for improving farmer management of soil and water resources which when applied will result in higher crop yields especially for small farmers.

<b>TABLE IVB ACTIVITY BUDGET DATA</b>	<b>ACTIVITY TITLE</b>		<b>DECISION UNIT</b>		<b>DECISION PACKAGE</b>		<b>BUDGET YEAR</b>	
	Water Management Research - CSU		Pakistan		Minimum		FY 1980	
	<b>PROJECT NUMBER</b>	<b>APPROPRIATION</b>	<b>INITIAL OBLIGATION</b>	<b>FINAL OBLIGATION</b>	<b>DATE LAST PAR</b>	<b>DATE NEXT PAR</b>	<b>TOTAL COST</b>	<b>DATE NEXT PAR</b>
391-0447 (080)	FN	FY 1979	FY 1980			2,000	4/79	

ESTIMATED U. S. DOLLAR COST ( \$ 000)

ACTIVITY INPUTS	CY: 19		CY: 19		CY: 19		CY: 19		OBLI-GATION	EXPEN-DITURE	PIPE-LINE	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	LIFE OF PROJECT
	PY: 19	OBLI-GATION	EXPEN-DITURE	PIPE-LINE	FUNDING PERIOD (FR-TO)	OBLI-GATION	EXPEN-DITURE	PIPE-LINE							
<b>AID-FINANCED</b>															
TOTAL-									1,000	178	822	1,000	510	1,312	
Technical Services									945	123	822	1,000	510	1,312	
Vehicles/Equipment									55	55	-	-	-	-	
HC AND OTHER DONOR															
TOTAL-															
Personnel Cost															
Tubewell Operations Costs															
Vehicles/Transportation Costs															
and Misc.															

FUNDING	PERSONNEL WORKYEARS (XX, X)			PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED		FOOTNOTES
	19 78	19 79	19 80		TYPE A=NONCONTRACT B=CONTRACT	FISCAL YEAR	
PROGRAM	17.6	19.0	18.8				
ACCOUNT	1.0	0.7	0.9				
TOT (NOB)	0.4	0.7	0.5				
OPERATING EXPENSES	0.4	0.7	0.5				

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Rainfed Extension Services

Project Number: 391-0448

Purpose: The purpose of the project is to increase the agricultural productivity of the barani farmer by increasing yield per acre and crop intensity.

Background: The USAID strategy is to encourage and support expanded resource mobilization and reallocation to rural villages with emphasis on the lowest income sector. In Pakistan this group resides in the barani (rainfed) areas of the country. The proposed project focuses directly on this segment of the population.

The Government of Pakistan has recently (January 1978) made the decision to focus on the long neglected barani areas. In the Punjab Province a Barani Implementation Committee is now established to coordinate development in the area with the key agencies directly responsible to the Committee Chairman. Agricultural extension in barani areas of all provinces is receiving particular attention.

Project Description: The particular problems that will be addressed under the proposed project are:

- inadequate training, disciplined work plans, motivation to work and means of transport for Agricultural Extension staff.
- lack of adequate farmer involvement and participation in planning and implementation of rural programs.
- lack of adequate coordination among the implementation agencies e. g., Extension staff, IBRD, Soil Conservation staff, Barani Project staff, etc.
- inadequate availability of necessary inputs (fertilizer and improved seed).

We plan to deal with these problems by:

- the introduction of the "Training and Visitation System" of agricultural extension whereby each village level extension agent would be responsible for 8 to 10 villages and work through groups of farmers represented by "Contact Farmers" selected by the villagers.
- the establishment of a Village Information Center at each village where agricultural information is posted and an Agricultural Service Center serving 8 to 10 villages where training would be conducted, bankers and input suppliers would meet farmers, produce would be marketed, etc.
- facilitating the organization and mobilization of small farmers in each village around one or more common problems, and
- the establishment of programs to continually train village extension agents and farmers in the field.

Some of the issues we face in designing the project include:

- Are the incentives and motivation necessary to change an ineffective extension agent to an effective one available?
- Can we gain maximum farmer participation through the group concept and how do we assure that "contact farmers" truly represent the group?

Beneficiaries: The project will focus directly on the subsistence farmers in the barani areas and would be designed to raise their income by increasing their agricultural productivity. The farmer that the project is expected to reach would cultivate 3 to 6 acres of land, may own the land or work as a tenant,

would be aware of improved varieties of seed but would not have access to them, would be getting an average of 6 to 8 maunds per acre conservative potential, would have to purchase some wheat to feed the family, and would if he were fortunate have 2 to 3 sons working off the farm sending \$5 to \$10 per month home to their parents.

\$6 million including a \$3 million US and \$3 million GOP contribution is planned for funding the initial three years of the project expected to be implemented in 1,800 barani villages. We estimate the project will impact directly on 75% of the families or an average of 75 families per village, the total being 135,000 families during the initial three years. The total U.S. project cost per family directly benefitted therefore, would be about \$30.

Budget Year Program: Since the project will not be implemented until well into the budget year (FY 1980) results during the initial year will be limited. Procurement of vehicles and equipment needed for the project, selection and training of the Government of Pakistan project personnel and selection of the technical services contractor will be initiated.

Major Outputs: Through the life of the project the major outputs, in quantified terms, are expected to be:

	<u>First tranche</u> <u>(3 years)</u>	<u>Life of</u> <u>project</u> <u>(5 years)</u>
- village level extension agents trained and operating effectively	190	325
- Village Agricultural Information Centers operating	1,800	3,000
- Agricultural Services Centers, serving 8 to 10 villages each operating	200	333
- informal farmer groups organized and operating	5,000	9,000
- contact farmers trained and effectively assisting their farmer neighbors	5,000	9,000





TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Population Research and Development

Project Number: 391-0411

Purpose: Selectively enlist the support of major employers, village organizations, public and private research organizations, and enlightened citizens in the development and implementation of well-planned, innovative programs to encourage small families.

Background: Substantial efforts have been made by both the Government of Pakistan and USAID to reduce fertility through family planning services. There has been no significant demographic change that can be attributed to these efforts. Program changes seeking to accelerate goal achievement have often been hastily conceived and implemented without adequate preliminary study. Hence, it was decided to develop a separate bilateral project providing for systematic study of approaches including those not directly related to family planning to help Pakistan achieve meaningful reductions in family size.

Project Description: This project provides grant funding for design and testing of a broad range of innovations and for support of demographic research which will assist the Government of Pakistan in its effort to find ways to accelerate the rate of fertility decline.

The project consists of two parts. Within the Government's Population Division a Population Research and Development Cell will undertake the action research portion of this project. Under the auspices of this unit, a series of sub-projects of an experimental or quasiexperimental nature will attempt to investigate innovative ways of delivering, and creating a demand for, contraceptive services. The findings of these sub-projects will be used by policy makers to make decisions about, and to promote more widespread adoption of, innovations that have been successfully tested.

Research related to the determinants of fertility behavior and population impact analysis is the other part of this project. The Planning Division's Population and Social Planning Section has the responsibility for this research. It includes the study, in non-experimental ways, of the determinants of fertility and the development of methods of estimating the impact of alternative public expenditure strategies on fertility.

Progress to Date: This is a new activity ready for implementation. Documentation has progressed from PID through PP to a finished Project Agreement. The Government of Pakistan has advised its willingness to sign the Project Agreement. USAID awaits authority to obligate the necessary funds. In the meantime, the Government's Population Division has established a Research and Development Cell, and has appointed an able, qualified director.

Beneficiaries: The beneficiaries will be those couples in Pakistan whose decision to limit their fertility will lead to materially improved living standards.

Current Year Program: Depending on when obligational authority is received we would expect several sub-projects would be initiated before the end of the first year.

Budget Year Program:

5 - 10 additional research projects initiated.

Dissemination of findings begins..

Major Outputs:

Completed research activities	25-35
Conferences/seminars	12
Research activity summaries	25-35



TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Population Planning (Program Components)

Project Number: 391-0434

Purpose: Assist Government of Pakistan to substantially increase availability and use of effective means of fertility control throughout Pakistan.

Background: Recent AID, Pakistan Government and other donor evaluations have shown that the Expanded Population Planning project did not lead to significant improvements in contraceptive use. The decision was made to focus AID support on those program components which experience in Pakistan indicates offer either the most potential (voluntary sterilization), or are necessary pre-conditions to improved performance (management information systems). As the Government's population plans mature, other potentially effective components will be added.

Project Description: This project seeks to establish cooperative links with and between the Government's Health and Population Divisions, aiming at the delivery of high quality, easily available contraceptive delivery services as part of the spectrum of family health care services offered. Support is extended to the expansion of services and facilities only as they are in harmony with and ultimately a part of the national plan for provision of basic health services.

The project focuses U.S. assistance on a number of specific population planning program components. These include voluntary sterilization, management information systems, and contraceptive commodities.

Assistance to the Government's voluntary sterilization program seeks to provide easily available services of high medical quality throughout the country. U.S. assistance is focused primarily on construction, renovation and equipment of hospital-based voluntary sterilization centers providing both training and service.

Management information systems addressed by the project include the client record system, a continuing contraceptive prevalence survey, and an information system for contraceptive movement. A major thrust is to be an intensified effort to educate program managers in the importance of program data and their utilization. This is to be done in a series of workshops.

As the program develops, current stocks of contraceptives will gradually become depleted and it is very likely that Pakistan will require inputs of contraceptives. U.S. assistance may include contraceptives, but only when there is an increasing demand, and the program has in place and effectively functioning distributing, marketing and information systems.

Provision is made in the project for inclusion of other program components which might be considered feasible in the future. These include commercial marketing and distribution of contraceptives, communications and publicity, rupee grants for physical facilities, and participant training.

The project offers support only in response to well-developed plans and demonstrated progress in program implementation. Wherever possible, payment is to be on a reimbursement basis.

Beneficiaries: Of a total of about 14 million couples, it is estimated that two-to-three million will be acceptors of some form of contraceptive services provided by this project.

Current Year/Budget Year Program: Expected results cannot be quantified now. This should be possible on completion of the Project Paper, hopefully before the end of CY 1978. Funding levels are as estimated in attached updated activity data sheet.

Major Outputs: (Through FY 1983)

Acceptors of voluntary sterilization and consumable contraceptives - (All Donors)	Two to three million couples (all methods)
Management information system operating and functional	1
Participants trained (management, population planning, statistics, demography)	65



TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Rural Clean Water

Project Number: 391-0406

Purpose: To increase the quantity of water which is available to and used by the rural poor for drinking, washing and bathing in areas where the available supplies are insufficient, and to improve the quality of water which is used for these purposes in those rural areas where water is abundant but of poor bacteriological quality.

Background: In Pakistan, as in other developing countries, the great majority -- over 85% -- of the 55 million people who live in rural areas lack reasonable access to safe water. The unsanitary conditions which result are a major source of infectious disease. The Government of Pakistan, recognizing the severity of this problem, has identified improved rural water supply as a high priority sector in its rural development effort and plans a major investment in this sector as part of its current development plan. The Rural Clean Water project is one of a cluster of proposed or ongoing activities which support the Government strategy to promote the economic and social advancement of the rural population. The FY 79 CP indicated \$12 million would be obligated in FY 78 (handpumps and village water systems) and \$7.5 million in FY 79 (village water supply and drainage systems). Due to the hold up in obligational authority we have combined both tranches into one loan and grant for early FY 79 obligation.

Description: The project will help remove a major constraint to the improved health status of the rural poor -- the lack of adequate supplies of clean water -- by financing the installation of simple water supply systems and the construction of drainage schemes in rural villages, mostly in the 1,000 to 5,000 population range. In addition, the project will provide about 15 person years of technical assistance to implementing organizations to assist them in identifying and adopting improved, low cost and low maintenance designs for their water supply systems, and in expanding their

programs in those health and sanitation activities which are a necessary complement to the provision of clean water. Finally, the project will assist the Government of Pakistan to strengthen its in-country capability to train sanitary engineers, sanitarians and other technical personnel.

Beneficiaries: For the initial \$20 million loan and \$1.5 million grant beneficiaries will be about 2.2 million rural inhabitants of small population centers. These people belong to the poorest income groups and are highly vulnerable to water-borne diseases. Rural women, who draw water for rural households, will benefit significantly from more conveniently located water sources. The total project cost per family of six benefitted will be approximately \$58.00.

Current Year Program: During FY 79 it is estimated that 10,000 handpumps will be installed, and construction of 60 piped water supply systems will begin. Two experimental projects in health and sanitation activities will begin.

Budget Year Program: During FY 80 it is planned that the 60 piped systems will be completed, and construction of an additional 100 will begin. Three waterworks operators schools will be completed and functioning, and two experimental projects in health and sanitation activities will be completed.

Major Outputs (First Tranche)

- Approximately 150 village piped water supply and drainage systems constructed, functioning and maintained;
- about 450 simple water supply schemes in smaller rural villages;
- 30,000 handpumps installed;
- strengthened institutional capability of implementing organizations through improved in-country training for sanitary engineers, sanitarians and technical personnel, and assistance of short term and long term foreign advisors;

- experimental pilot projects to test effective health and sanitation measures which can be undertaken in Pakistan to complement the provision of clean water supplies.

<b>TABLE IVB ACTIVITY BUDGET DATA</b>	<b>ACTIVITY TITLE</b>		<b>DECISION UNIT</b>	<b>DECISION PACKAGE</b>	<b>BUDGET YEAR</b>
	Rural Clean Water Supply		Pakistan	Minimum	FY 1980
	<b>PROJECT NUMBER</b> 391-0406 (545)	<b>APPROPRIATION</b> HE	<b>INITIAL OBLIGATION</b> FY 1979	<b>FINAL OBLIGATION</b> FY 1979	<b>TOTAL COST</b> 21,500 *
		<b>DATE PP/REVISION</b>	<b>DATE LAST PAR</b>	<b>DATE NEXT PAR</b>	
					4/80

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 1978		CY: 1979		FY: 1980		PIPE-LINE	EXPEN-DITURE	OBLI-GATION	LIFE OF PROJECT
	OBLI-GATION	EXPEN-DITURE	FUNDING PERIOD (FR-TO)	PIPE-LINE	FUNDING PERIOD (FR-TO)	PIPE-LINE				
<b>TOTAL-</b>			10/1/78 - 9/30/79		10/1/79 - 9/30/80					
<u>Loan</u>								6,890		14,450
Village Water Systems								5,000		10,000
Handpumps								1,330		3,670
<u>Grant</u>										
Advisory Services								560		780
<b>TOTAL-</b>										
<u>HC AND OTHER DONOR</u>									133	7,167
Local Costs									133	7,167

FUNDING	PERSONNEL WORKYEARS (XX, X)					PARTICIPANTS PROGRAMMED			FOOTNOTES
	PERSONNEL INTENSITY					FISCAL YEAR			
	1978	1979	1980	1981	1982	TYPE A=NONCONTRACT B=CONTRACT	1978	1979	
PROGRAM						TYPE			
AGGREGATE						A			
TOY (ADD)						B			
OPERATING EXPENSES	1.4	3.5	3.6	5.6	5.8	LONG-TERM			
						SHORT-TERM			

\* Follow on loans and grants of \$41.5 million.

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Basic Health Services

Project Number: 391-0415

Purpose: To establish a functioning system of Integrated Rural Health Complexes (IRHC's).

Background: Most of Pakistan's rural population (roughly 55 million people) receive little or no modern health care. This project is designed to support Government efforts to extend preventive and curative medical services to half of the rural population by 1984. During phase one, this project will help establish 36 three-tiered health service complexes (rural health centers, satellite basic health units, and community-level health workers) throughout the country with each complex serving 50,000 to 100,000 people. The bulk of AID's funding will finance technical assistance, health worker training, and renovation/construction costs.

Progress to Date: A National Basic Health Services Cell has been established and staffed. The four University of Hawaii-MEDEX long-term advisors are assisting with implementation at the Federal and Provincial level. The adaptation of the training curriculum is complete and the first batch of tutors who will teach the mid-level workers has been trained.

The provinces have approved the establishment of Provincial Basic Health Services Cells, budgeted for training and construction in their Annual Development Plans, and begun making preparations for training centers scheduled to open in July, 1978.

Conditions precedent for the grant element of the project were met on July 25, 1977. The first set of conditions precedent under the loan portion of the agreement have also been met and the first disbursement made.

Beneficiaries: Roughly 1.8 to 3.6 million rural people are expected to have access to basic health services as a result of the project. The approximate cost per family is estimated to be \$35 to \$70. In the

longer run, the cost per family will be less because the high fixed costs (primarily for construction and renovation) during phase one.

Current Year Program: On-going activities include the training of tutors and mid-level workers and construction/renovation of the Rural Health Centers and Basic Health Units which will make up the Integrated Rural Health Complexes. Workshops to train health personnel in program management will also begin in FY 1979.

Budget Year Program: During FY 80, training of mid-level health workers will continue and the second set of 12 training centers will become operational. The curriculum for the Community-level Health Workers (CHW) will be completed and the first group of Community Health Workers will be trained. Training in program management will continue, with the emphasis on personnel management, logistics, information systems, and budgeting. The first set of Integrated Rural Health Complexes are scheduled to be ready for occupancy.

Major Outputs:

	<u>All Years</u>
Training Units	
Provincial	36
Federal	1
Trained Personnel	
Instructors	108
Middle Level Health Workers	810
Community Level Health Workers	1,350
Managers	325
Integrated Rural Health Centers	36

<b>TABLE IVB ACTIVITY BUDGET DATA</b>	<b>ACTIVITY TITLE</b>	<b>DECISION UNIT</b>	<b>DECISION PACKAGE</b>	<b>BUDGET YEAR</b>
	Basic Health Services	Pakistan	Minimum	FY 1980
	<b>PROJECT NUMBER (C 440 &amp; APPROPRIATION L 510)</b> 391-0415 HE	<b>INITIAL OBLIGATION</b> FY 1977	<b>FINAL OBLIGATION</b> FY 1979	<b>TOTAL COST</b> 15,000*

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 1978		CY: 1979		BY: 1980		EXPEN- DITURE	PIPE- LINE	OBLI- GATION	LIFE OF PROJECT	
	OBLI- GATION	EXPEN- DITURE	FUNDING PERIOD (FR- TO)	PIPE- LINE	EXPEN- DITURE	PIPE- LINE					FUNDING PERIOD (FR- TO)
<b>AID-FINANCED</b>											
<b>TOTAL-</b>	-	1,059	10/1/78 - 9/30/79	6,441	7,500	4,335	9,606	10/1/79 - 9/30/80	-	5,474	4,132
<u>Loan</u>											
Rural Health Services		600		5,400	7,500	3,900	9,000		-	5,000	4,000
<u>Grant</u>											
Advisory Services		459		1,041	-	435	606		-	474	132
<b>HC AND OTHER DONOR</b>											
<b>TOTAL-</b>	375				2,984					11,275	
H. C.											
Training, construction, equipment and personnel.	335				2,824					9,795	
WHO											
Technical Assistance	40				160					1,480	

FUNDING	PERSONNEL WORKYEARS (XX.X)				PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED			
	FISCAL YEAR					FISCAL YEAR			
	1978	1979	1980	1981	1982	1978	1979	1980	1980
PROGRAM ACCOUNT	9.0	10.0	10.0	12.0	12.0	-	-	-	-
TOY (ADD-)	-	0.5	0.6	-	24.0	-	-	-	-
OPERATING EXPENSES	4.1	5.1	5.3	5.3	5.3	-	-	-	-

\* Follow on loans  
and grants of  
\$82 million planned

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Malaria Control

Project Number: 391-0424

Purpose: To reduce the incidence of malaria in Pakistan to a level of five cases per 10,000 people.

Progress to Date: Malaria has long been the most serious health problem in Pakistan. In 1976 the Government of Pakistan embarked on a planned five year \$100 million anti-malaria campaign to reduce the number of malaria cases to a level which can be dealt with satisfactorily by the Government Health Organization. Malaria is present in all four provinces, in both rural and urban settings. The rural problem in particular has had a significant adverse impact on the quality of village life, and on productivity and income of the rural population.

In February 1978, an External Assessment Team (EAT) consisting of experts from WHO and AID made an in-depth examination of the accomplishments and status of the malaria control program. This team found that there was a definite improvement in the Slide Positivity Rates (SPR) in three provinces and for the country as a whole. In 1977 the SPR decreased 82% in the NWFP, 60% in the Punjab and 33% in Baluchistan. An extensive training program and effective field monitoring prevented a repetition last year of the earlier problems due to malathion intoxication. The EAT also commented favorably on the move toward the administrative integration of the malaria control activities into the health structures of each of the four provinces.

Beneficiaries: The average cost per beneficiary of malaria control activities over a five year period is approximately U.S. \$1.35 or per capita cost of approximately 27 cents per year. The malaria control program is expected to prevent over 67,000,000 cases of malaria with its attendant suffering and reduction in productivity.

Current Year Program: The 1979 program will continue to provide dollar financing for a portion of the foreign exchange cost of the malaria control activities in rural areas. It is estimated that \$4 million will be provided for this purpose. This is the tranche authorized in FY 77 but not yet signed. No new authorization in FY 1979 is anticipated. It will also focus on the serious problem of urban malaria in Karachi and other major cities of Pakistan, which must be controlled to avoid a resurgence in the rural areas. A second area of increased emphasis will be malaria research. Both of these activities will be supported with excess U.S.-owned local currency.

The FY 79 CP indicates a \$7 million loan in FY 78 and \$4 million in FY 79; this would have completed AID's \$35 million contribution. However, a \$4 million tranche authorized in FY 77 has not yet been signed, and the FY 78 loan reprogrammed. Currently we are planning on \$5 million in FY 80 and \$6 million in FY 81.

Budget Year Program: The Government will continue its spraying efforts directed toward the control of malaria and AID support will be used to reimburse the Government for 60% of the foreign exchange cost for the purchase of insecticides, spraying equipment and spare parts.

Major Outputs (in thousands) - Through 1981

Structures sprayed (including repeat spraying).	35,000
Malaria cases avoided (including reinfections)	67,000



<b>TABLE IVB ACTIVITY BUDGET DATA</b>	<b>ACTIVITY TITLE</b>		<b>DECISION UNIT</b>	<b>DECISION PACKAGE</b>	<b>BUDGET YEAR</b>
	Government Administrative Staff Improvement		Pakistan	Minimum	FY 1980
	<b>PROJECT NUMBER</b>	<b>APPROPRIATION</b>	<b>INITIAL OBLIGATION</b>	<b>FINAL OBLIGATION</b>	<b>TOTAL COST</b>
	391-0299 (690)	EH	FY 1969	FY 1978	1,629
		<b>DATE PP/REVISION</b>	<b>DATE LAST PAR</b>	<b>DATE NEXT PAR</b>	
			6/77	-	

ESTIMATED U.S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	PY1 1978		CY: 1979		BY: 1980		PIPE-LINE	EXPEN-DITURE	OBLI-GATION	PIPE-LINE	EXPEN-DITURE	OBLI-GATION	PIPE-LINE	EXPEN-DITURE	OBLI-GATION	PIPE-LINE	LIFE OF PROJECT	FOOTNOTES
	OBLI-GATION	EXPEN-DITURE	FUNDING PERIOD (FR-TO)	PIPE-LINE	EXPEN-DITURE	OBLI-GATION												
<b>AID-FINANCED</b>																		
TOTAL-	140	256	10/1/78 - 9/30/79	80	80			80	-									
Participants	140	256		80	80			80										
<b>HC AND OTHER DONOR</b>																		
TOTAL-																		

PERSONNEL WORKYEARS (XX, X)	FISCAL YEAR				PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED												
	1978	1979	1980	1981		TYPE A	TYPE B	LONG-TERM	SHORT-TERM									
FUNDING																		
PROGRAM ACCOUNT TOY (ADD-)																		
OPERATING EXPENSES *																		

\* See Project 0426 Table IV-B

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Development Support Communications Center

Project Number: 391-0407

Purpose: To improve and expand the use of mass media in the support of development programs in rural areas.

Background: The Government of Pakistan recognizes the need to provide relevant information on a variety of development subjects including food and nutrition, health and family planning, agriculture and general basic education to the rural population. Efforts to date have relied principally on extension field worker programs mounted by individual ministries with sporadic use of the mass media. However, these efforts have been uncoordinated and have had limited effect on the target audience. In order to take advantage of the high rate of radio ownership among the rural population, the Government with assistance from AID, is establishing a Development Support Communication Center. The Center will develop mass media campaigns emphasizing radio messages and will coordinate efforts to motivate rural audiences to adopt modern practices.

Project Description: The major issue is whether adequate federal/provincial and intra-provincial coordination among the media, nation-building ministries and rural field workers, essential to project success, can be developed. To this end, the Development Support Communication Center will collaborate with the ministries in bringing the benefits of development to village audiences by coordinating and integrating the production of messages dealing with agriculture, health, nutrition education and family planning. By working through its inter-ministerial policy committee, the Center will assist the ministries in coordinating the efforts of extension-agents, field workers, teachers and local leaders who will be responsible for establishing favorable receiving conditions in rural areas and for maximizing the adoption of the practices advocated in the campaigns.

Also, the DSCC will employ eight regional officers (corresponding to the eight radio stations of the Pakistan Broadcasting Corporation) to maintain direct linkages with field workers of the participating

ministries, managers and producers at the broadcasting stations, and officials of the provincial governments.

Progress to Date: Project approved by AID/W in FY 77 but to date no funds have been made available for project implementation. As a result, negotiations between the provinces and the federal government have been suspended and, if funds are not made available soon, the activities described below under current year and Budget Year Programs will have to be pushed, respectively, into subsequent years. The inability to sign a project agreement has also caused a loss of momentum due to changes in key personnel connected with project development.

Beneficiaries: The more effective communication campaigns produced as a result of this project will provide information to millions of rural Pakistani citizens designed to improve significantly their economic and personal well being.

Current Year Program: During FY 1979 establishment of the Development Communication Center is scheduled to be completed. Selected staff members will be undergoing training to improve staff capability to design and mount effective communication campaigns. Also the first mass media campaigns will be developed, pre-tested and revised for broadcasting.

Budget Year Program: During FY 80 additional staff members will be undergoing training, five mass media campaigns will be in various stages of preparation and two will be completed. Also, an outside research organization will be contracted with to conduct an in-depth campaign evaluation.

<u>Major Outputs:</u>	<u>All Years</u>
Development Support Communication Center established.	1
Regional research officers operational	8
Development message campaigns mounted	5
Staff trained.	10



TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Primary Education

Project Number: 391-0410

Purpose: Increased coverage and effectiveness of primary schools in rural areas.

Background: The Government of Pakistan presently devotes to primary education fiscal resources equal to 1.8% of GNP compared to 4% average for other LDCs. Largely because of this limited effort fewer than 50% of school age children are enrolled. In rural areas the percentage is much lower especially for girls. Approximately 50% of those children enrolled drop out before completion of primary school. In an effort to increase the opportunity for children to attend school and complete their primary education, the Government is focusing on quality and efficiency in primary education: improving teacher training, making available better instructional materials, strengthening planning and management capabilities and improving physical facilities in rural areas. AID is planning to support this long term effort through a series of loans and grants over the next several years. To this end during FY 1977 AID developed and approved a Phase One project the results of which were to indicate the nature and scope of follow on assistance both for AID and IBRD. However, due to our inability to fund this activity, AID has agreed to relinquish this first phase to the IBRD.

Project Description: The strategy of the IBRD project is to conduct, on a limited scale, a number of interventions into the existing system in order to: (1) make a more definitive determination of their appropriateness and (2) to establish the operating procedures necessary for large scale replication of those interventions determined to be cost effective. The interventions, developed and negotiated on a province by province basis taking into account each province's current state of educational development, vary in scope from a rather complex center school approach to be carried out in the Punjab to a fairly simple improvement of facilities, training of teachers and supply of textbooks in Baluchistan. All interventions, however, are designed to effect a qualitative improvement in the existing system. The interventions will also be accompanied by a number of studies and experiments to establish the prefeasibility of reorganization and innovation beyond that envisioned in the provincial interventions described above.

Beneficiaries: The IBRD loan will reach roughly 360,000 rural children. However, by the end of the FY 80 AID project close to ten million children of school age will be affected.

Current Year Program: The IBRD phase one project described above is planned for 21 months implementation.

Budget Year Program: FY 1980 Program: The FY 80 loan will form an integral component of the life-of-project effort to encourage the Government of Pakistan to maintain its increased fiscal effort and to take other necessary measures, i. e. policy and organizational changes, needed to achieve the project purpose. The specific activities for FY 80 will be based on the results of the studies, experiments, and evaluation of project interventions initiated by the first tranche which will be incorporated into long term provincial plans for quantitative expansion and qualitative improvements. The mix of educational activities will include construction of classrooms and teachers' housing, in-service teacher training and provision of instructional materials. Given the size of the primary school age population (estimated over 12 million by 1982) and the magnitude of the problem, there will be ample opportunity for both AID and IBRD to assist cooperatively in this effort.

Major Outputs: Male enrollment rates increased from 67% to between 80 and 90%. Female enrollment from 30% to between 40 and 50%. Retention rates all students from 47% to 63%.

<b>TABLE IVB ACTIVITY BUDGET DATA</b>	<b>ACTIVITY TITLE</b>		<b>DECISION UNIT</b>		<b>DECISION PACKAGE</b>		<b>BUDGET YEAR</b>		
	Primary Education		Pakistan		Minimum		FY 1980		
	PROJECT NUMBER 391-0410 (636)		APPROPRIATION EH		INITIAL OBLIGATION FY 1979		TOTAL COST a/ 47,500		
				DATE PP/REVISION		DATE LAST PAR		DATE NEXT PAR	
								3,180	

ESTIMATED U. S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	CY: 1978			CY: 1979			CY: 1980				
	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)	OBLI- GATION	EXPEN- DITURE	PIPE- LINE
	TOTAL-										
<u>Loan</u>			7,000*		500	5,407	2,093		40,000	2,039	40,054
Budget Support (FAR) for Rural Primary Education			7,000		-	5,225	1,775		40,000	1,775	40,000
<u>Grant</u>					400	125	275		-	224	51
Advisory Services					80	37	43		-	40	3
Short-term Consultants					20	20	-		-	-	-
Study Tours											
<b>HC AND OTHER DONOR</b>	<b>TOTAL-</b>										
<u>H. C.</u>											
Personnel, Training, Material and Construction											

FUNDING	PERSONNEL WORKYEARS (XX, X)						PARTICIPANTS PROGRAMMED			FOOTNOTES	
	FISCAL YEAR			FISCAL YEAR			FISCAL YEAR				
	1978	1979	1980	1981	1982	BEYOND	TYPE A	TYPE B	TYPE C		
PROGRAM ACCOUNT	-	1.8	2.6	0.5	1.8	3.4	-	-	-	10	-
TOTAL (NON-)	-	-	0.3	0.3	-	0.3	-	-	-	-	-
OPERATING EXPENSES	3.2	4.6	5.2	5.2	5.2	10.7	-	-	-	-	-
AID 1330-8 (3-78)											

\* Represents a FY 77 loan authorization for which an agreement has not as yet been signed.

a/ Follow on loans of 60 million through FY 84 are planned.

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Development Training

Project Number: 391-0426

Purpose: To upgrade the technical and managerial expertise of Pakistanis who are directly involved in the planning and implementation of Pakistan's priority social and economic development programs.

Background: As Pakistan accelerates its development efforts it is increasingly more difficult to find qualified technicians and managers. The country's capacity to train a cadre of technicians and managers is not adequate and must be augmented by training participants overseas and bringing qualified trainers to the country to conduct special courses. The Development Training project will provide long term and short term training to key federal and provincial government male and female personnel who are essential to the planning and implementation of development projects.

Project Description: This project provides training which augments training provided under discrete projects and also provides pre-project training for others being developed. Emphasis is placed on training in fields related to AID's mandated objectives which serve and reach the rural poor, and provision is made to require part of the funding for training of women.

Progress to Date: A draft grant agreement has been cleared by the Government of Pakistan and they are ready to negotiate the agreement as soon as AID funds become available.

Beneficiaries: Primary beneficiaries of this project will be the participants whose skills have been expanded and improved. The secondary beneficiaries will be the people in rural and urban areas who benefit from the improved development programs of the Government.

Current Year Program: In FY 79 between 20-25 participants will be sent for long term training at approximately \$11,000 per person

year, 20 for short term programs at \$1,800 per person month and 20 will be provided training in-country at approximately \$750 each. The training areas include: Food Production and Nutrition, Health/Population Planning, Public Administration, Business Administration, Business Management and Human Resources Development with major emphasis on rural primary education.

Budget Year Program: In FY 80 between 20-25 participants will be sent for long term training at approximately 11,000 per person year, 20 for short term programs at \$1,800 per person month and 20 will be provided training in-country at approximately \$750 each. The training areas include: Food Production and Nutrition, Health/Population Planning, Public Administration, Business Administration, Business Management and Human Resources Development with major emphasis on rural primary education.

Major Outputs:

	<u>All Years</u>
Long term participants.	100-125
Short term participants.	100
Participants trained in-country.	100



TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Box Libraries

Project Number: 391-0435

Purpose: To reinforce literacy and increase reading proficiency among semi-literates and spread development information among the rural population.

Background: At present less than 20% of the population of Pakistan is functionally literate and virtually no libraries and few book stores exist outside the major cities. Literacy programs have been instituted and there are literate and semi-literate people in the rural areas. However, very little material exists that is written for new or semi-literates. Therefore, without the opportunity to practice reading the new literates' acquired proficiency is not improved and in some cases may decrease.

Project Description: To attack the problem of maintaining and improving literacy among the marginally literate the Asia Foundation will prepare and distribute collections of simply written books on a variety of subjects. These Box Libraries will be distributed to rural villages where books and other written materials are not available. Among the titles included in the library will be books that provide information of interest to the people on a variety of development subjects.

Beneficiaries: Beneficiaries will be rural people with at least limited literacy who do not now have access to reading material. It is expected that the libraries will benefit 100 thousand families at a cost of \$5.50 each. Since the number of beneficiaries will increase in ensuing years while annual costs of maintaining the libraries will be low the cost per family benefitted will decrease over the long run.

Current Year Program: The Asia Foundation in collaboration with Government agencies and indigenous voluntary agencies determines villages to receive the first box libraries.

Selection of books to be included in libraries completed.

First shipment of library books received.

Distribution to selected villages initiated.

Budget Year Program: Feedback from libraries begins to be received by project staff.

Remaining box libraries assembled.

Distribution to villages continues.

Major Outputs: 2,500 libraries in place and functioning.

<b>TABLE IVB ACTIVITY BUDGET DATA</b>	<b>ACTIVITY TITLE</b>		<b>DECISION UNIT</b>		<b>DECISION PACKAGE</b>		<b>BUDGET YEAR</b>	
	Box Libraries (OPG) TAF*		Pakistan		Proposed		FY 1980	
	PROJECT NUMBER 391-0435 (611)		APPROPRIATION EH		DATE PP/REVISION -		DATE NEXT PAR -	
		CY: 19 79		CY: 19 80		TOTAL COST 325		

ESTIMATED U.S. DOLLAR COST (\$ 000)

ACTIVITY INPUTS	FY 1978		CY: 19 79		CY: 19 80		PIPE-LINE	EXPEN-DITURE	PIPE-LINE					
	OBLI-GATION	EXPEN-DITURE	FUNDING PERIOD (FR-TO)	PIPE-LINE	OBLI-GATION	EXPEN-DITURE				FUNDING PERIOD (FR-TO)	PIPE-LINE	OBLI-GATION	EXPEN-DITURE	
<b>TOTAL-</b>			10/1/78 - 9/30/79		325	95		230		10/1/79 - 9/30/80			137	93
Commodities/equipment					225	70		155					95	60
Loan costs personal-rents					75	23		52					30	22
Consultants, evaluation					25	2		23					12	11

HC AND OTHER DONOR	TOTAL-		LIFE OF PROJECT
	OBLI-GATION	EXPEN-DITURE	
Local VolAgs (Transport)	18		220
Local communities - (per-sonnel-rents)	3		10
Asia Foundation - Admin Costs	10		195
<b>TOTAL-</b>	5		15

FUNDING	PERSONNEL WORKYEARS (XX, X)				PERSONNEL INTENSITY		PARTICIPANTS PROGRAMMED		FOOTNOTES
	FISCAL YEAR				TYPE		FISCAL YEAR		
	1978	1979	1980	1981	1982	1983	1984	1985	
PROGRAM ACCOUNT TDY (NON-OPERATING EXPENSES)	-	-	-	-	-	-	-	-	
	0.1	0.1	-	-	-	-	-	-	

The Asia Foundation

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Technical Training Institutes (OPG)

Project Number: 391-0438

Purpose: To provide manpower trained in skills needed for Pakistan's manufacturing and service industries.

Background: An inhibiting factor to expansion of Pakistan's manufacturing and service industries is a lack of manpower skilled in necessary trades. With the modernization of industries in many sectors, such as heavy and light manufacturing, agriculture, transportation, construction, etc., the demand for manpower with mid-level skills is growing. However, facilities to train the needed manpower do not have the capacity to meet demand. The scarcity of skilled manpower is further exacerbated by experienced skilled workers leaving for high paying jobs in Middle East countries.

The YMCA has been operating a technical training facility in Karachi since 1961 producing trained manpower in a variety of trades - electricians, refrigeration and air conditioning technicians, machinists, metal workers, draftsmen, etc. This project is to expand training to two additional cities in Pakistan in an effort to provide additional trained manpower and draw on a larger portion of the population for trainees.

Project Description: Patterned on the successful YMCA Training Institute located in Karachi, the YMCA will construct a technical training institute in each of two cities of Pakistan, chose appropriate skills training to be included, recruit and train instructors and management/administrative staff, gather trainees and train them in skills needed for Pakistan's industries. Issues that must be solved during project development are: Does the fact that skilled workers leave Pakistan mean that the purpose of this project cannot be achieved? What are the appropriate sites for the new technical training institutes? Will these institutes have the support necessary to continue operation after AID support is terminated? What are the appropriate skills to be included in each center?

Beneficiaries: Trainees, many of whom will come from low income urban and rural groups, will benefit by gaining the skills necessary to find well paid employment in industry. Industry will benefit by having a supply of skilled manpower. Over the four year life of the project approximately 1,000 families will benefit at a project cost of \$137 per family. Over the life of the institutions these per family costs should be significantly reduced.

Current Year Program: The YMCA will select sites for the two new technical institutes, engage architectural and engineering firms and complete construction plans. Some equipment will be ordered.

Budget Year Program: Construction will proceed on the new institute buildings, training staff will be recruited and trained and curricula developed.

Major Outputs: During the four year life of this project the major outputs will be two staffed and equipped technical institutes and approximately 1,000 people trained.



TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Development Impact Measurement

Project Number: 391-0440

Purpose: This project will help install a system to provide Pakistan's policy makers and planners with more accurate, and relevant data about the country's agriculture, economy, society and population. The system will also provide timely analysis of the data in a useful form. It will concentrate upon measuring changes in the distribution of income, wealth, employment, health, and changes in access to ways of satisfying basic human needs.

Background: Pakistan wants to tailor its development plans (exemplified by the draft rolling six year development plan) to meet its population's basic human needs. But information is lacking about such fundamental questions as which of these needs are now being met; how they are being met, who is deprived, and the extent of employment and health services available to the poor. Agriculture and population censuses are out of date. Because of the length of time it took to process and analyse them they were largely out of date when they were released.

From 1950 to 1970 the U.S. gave piecemeal assistance to the Government of the new nation of Pakistan in these areas. Several statistical agencies were established. In 1970 most of this scattered help was stopped pending a Government reply to the recommendations of a World Bank sponsored report that incorporated the advice of Pakistani, U.N., U.S., and Bank experts on what had to be done to improve the statistical systems. The Government of Pakistan did not place a high priority on this problem at the time.

Now the Government has taken steps to implement these recommendations. It has combined in one upgraded government agency the functions of the agricultural census, the population census, and the regular gathering of information about prices, income, saving, investment, and employment. It has increased the budget

for these activities. It has put a full Secretary to the Federal Government in charge of the new agency on a full time basis.

These steps coincided with an increased worldwide awareness of the need for information about the distribution of real income, and extent to which basic human needs are being met.

Pakistan is now giving these activities a high priority, as does the Mission.

Project Description: This project will help Pakistan establish a working mechanism that will give regular information about the health, education, nutritional, social and income status of the population. It will help Pakistan in its efforts to improve the gathering of agricultural and demographic data and speed up the processing of this data and the production of interpretative analysis. A major part of the Government's reform of its past practices involves developing a new cooperation among the gatherers, processors, and users of data. The new institutional framework for statistics will emphasize cooperation between the producers and users of information at every stage -- in the planning of surveys and censuses, in determining survey questions and in the way data is processed, analysed and presented.

AID assistance under this project will provide training, technical assistance, and equipment to support the Government of Pakistan's initiative in reforming its statistics system. Training will be heavily concentrated on job specific skills. Most of it will be done in Pakistan by expatriate trainers. A major focus of the technical assistance and training will be upon the installation of a multi-purpose household sample survey which will provide regular and better information on social indicators.

Beneficiaries: The major target group of this as of all USAID assistance is the poor majority of Pakistan and particularly low income farmers. The regular flow of information identifying them, their status, their opportunities, and the constraints limiting improvements in their status, to be produced by the system this project will assist in building are an essential step in designing effective interventions for the target group.

Budget Year Program: During the first year of the project it will help the Government of Pakistan to consolidate and move the statistical agency to the nation's capital. Twenty-four persons will begin training, 12 of whom will complete their training during the first year. A first multipurpose survey will be completed, and the personnel gaps in the system will begin to be filled. A carefully phased plan will be prepared for new equipment and on the job training.

<b>TABLE IVB ACTIVITY BUDGET DATA</b>	<b>ACTIVITY TITLE</b>		<b>DECISION UNIT</b>	<b>DECISION PACKAGE</b>	<b>BUDGET YEAR</b>
	Development Impact Measurement		Pakistan	Minimum	FY 1980
	<b>PROJECT NUMBER</b> 391-0440 (710)	<b>APPROPRIATION</b> EH	<b>INITIAL OBLIGATION</b> FY 1980	<b>FINAL OBLIGATION</b> FY 1982	<b>TOTAL COST</b> 7,100

ACTIVITY INPUTS	ESTIMATED U.S. DOLLAR COST (\$ 000)											
	CY: 19 78			CY: 19 79			CY: 19 80			LIFE OF PROJECT		
	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	FUNDING PERIOD (FR- TO)	OBLI- GATION	EXPEN- DITURE	PIPE- LINE	
<b>AIR-FINANCED</b>												
TOTAL-												
Equipment									3,500	1,340		2,160
Training (participant)									1,450	600		850
Advisory Services									50	240		410
TOTAL-									1,400	500		900
HC AND OTHER DONOR												
TOTAL-												
H. C.												
Equipment												
Training												
Other												
TOTAL-												

FUNDING	PARTICIPANTS PROGRAMMED											
	PERSONNEL WORKYEARS (XX, X)						PERSONNEL INTENSITY					
	FISCAL YEAR			BEYOND			HIGH		MEDIUM		LOW	
19 79	19 80	19 81	19 82	19 83	BEYOND	<input type="checkbox"/>		<input checked="" type="checkbox"/>		<input type="checkbox"/>		
PROGRAM ACCOUNT	-	4.0	6.6	4.5	4.6							
TOT (NON-)	-	.8	-	.3	-							
OPERATING EXPENSES	-	-	3.0	3.0	6.0							
TYPE A=NONCONTRACT B=CONTRACT												
TYPE A LONG-TERM TYPE B LONG-TERM												
TYPE A SHORT-TERM TYPE B SHORT-TERM												
FISCAL YEAR 19 78 19 79 19 80												
TYPE A LONG-TERM TYPE B SHORT-TERM												
FOOTNOTES												

<b>TABLE IVB ACTIVITY BUDGET DATA</b>	<b>ACTIVITY TITLE</b>	<b>DECISION UNIT</b>	<b>DECISION PACKAGE</b>	<b>BUDGET YEAR</b>
	Technical Services	Pakistan	Proposed	FY 1980
	<b>PROJECT NUMBER</b> 391-0414 (900)	<b>APPROPRIATION</b> SD	<b>INITIAL OBLIGATION</b> FY 1976	<b>FINAL OBLIGATION</b> FY 1976
			<b>DATE LAST PAR</b> 7/77	<b>DATE NEXT PAR</b> 7/78

ESTIMATED U. S. DOLLAR COST ( \$ 000)

ACTIVITY INPUTS	CY: 19 78		CY: 19 79		CY: 19 80		OBLI- GATION	EXPEN- DITURE	PIPE- LINE	OBLI- GATION	EXPEN- DITURE	PIPE- LINE
	OBLI- GATION	EXPEN- DITURE	OBLI- GATION	EXPEN- DITURE	OBLI- GATION	EXPEN- DITURE						
<u>AID- FINANCED</u>	-	538	-	1,922	-	1,553	-	369		-	369	
TOTAL-	-	538	-	1,922	-	1,553	-	369		-	369	
Advisory Services												
HC AND OTHER DONOR												
TOTAL-												
H. C.												

FUNDING	PERSONNEL WORKYEARS (XX.X)				PERSONNEL INTENSITY	PARTICIPANTS PROGRAMMED				FOOTNOTES										
	FISCAL YEAR					FISCAL YEAR														
	19 78	19 79	19 80	19 81		19 82	19 83	19 84	19 85											
PROGRAM ACCOUNT TOY (ADD)	2.0	9.0	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES	1.2	1.0	1.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

TABLE IV A  
ACTIVITY NARRATIVE

Activity Title: Non-Conventional Energy

Project Number: 391-0446

Purpose: To establish an adequate institutional capability to develop and promote use of non-conventional energy resources appropriate to the needs of the rural poor.

Background: Demand for useable energy is growing in Pakistan. Energy supply helps to determine the pace of development in many sectors. Pakistan finds itself spending ever larger amounts of scarce foreign exchange for imported petroleum. The Government is searching for conventional energy resources to develop but recognizing the cost and time involved it is also interested in exploiting all appropriate non-conventional energy resources - especially those that can supply energy to rural areas not likely to be serviced by conventional energy for some time to come. For this reason the Government Energy Research Cell has been given responsibility for development of non-conventional energy and has done some experimentation in bio-gas and other technologies.

Project Description: This project will be implemented by the Energy Resources Cell (ERC). Technical assistance and commodities and short term training would be provided from an AID grant in order to assist ERC to establish an organization that is adequate to plan and implement an expanded non-conventional energy program. The ERC will be assisted to develop an information storage and dissemination system, needs assessment procedures, a training program, specific non-conventional energy sub-projects, and an adequate monitoring and evaluation procedure. A policy committee will also be established to develop a comprehensive alternate energy policy that clearly outlines priorities, strategies, and outreach to the rural poor.

At the conclusion of the project the ERC will have a comprehensive non-conventional energy policy and development program characterized by assessment of energy needs in rural areas, and implementation of actions designed to meet these needs.

End of project status would also be indicated by an acceptable non-conventional energy policy responsive to the needs of the rural poor, completion of at least one replicable pilot energy project which presents an acceptable energy alternative for the rural poor, and international acceptance of ERC as a viable institution within a professional context. These indicators would be coupled with an increased awareness of the demand by the rural populace for energy. Some of the major issues to be resolved during the preparation of the project are: (1) the specific role that other Pakistani institutions might play in a non-conventional energy program; (2) changes necessary in ERC's structure and authorities; (3) appropriate U.S. institutional counterpart to ERC and its role; and (4) the appropriate composition and authority of the energy policy committee.

Beneficiaries: The ultimate beneficiaries of the alternative energy sources developed and promoted by ERC will be the poor rural villagers who do not have access to or cannot afford conventional energy sources but are able to utilize appropriate non-conventional energy resources.

Budget Year Program: Results expected during the budget year are: a reorganized and fully staffed ERC, an Energy Policy Committee established and seminars and training courses initiated.

Major Outputs: Reorganized and fully staffed ERC.

Information storage and dissemination system operative.

Needs assessment procedure established.

Policy Committee established.

Monitoring and evaluation procedure established.

Energy sub-projects carried out.





<b>TABLE IVB ACTIVITY BUDGET DATA</b>	<b>ACTIVITY TITLE</b>		<b>DECISION UNIT</b>	<b>DECISION PACKAGE</b>	<b>BUDGET YEAR</b>
	CARE's MCH - Title II Feeding Program		Pakistan	Proposed	FY 1980
	<b>PROJECT NUMBER</b>	<b>APPROPRIATION</b>	<b>INITIAL OBLIGATION</b>	<b>FINAL OBLIGATION</b>	<b>TOTAL COST</b>
		FY 1980	FY 1984	1,777	DATE NEXT PAR

ACTIVITY INPUTS	ESTIMATED U. S. DOLLAR COST (\$ 000)						OBLI-GATION	FUNDING PERIOD (FR- TO)	PIPE-LINE	EXPEN-DITURE	PIPE-LINE	OBLI-GATION	FUNDING PERIOD (FR- TO)	PIPE-LINE	EXPEN-DITURE	PIPE-LINE
	FY 1978		CY: 1979		BY: 1980											
	OBLI-GATION	EXPEN-DITURE	OBLI-GATION	EXPEN-DITURE	OBLI-GATION	EXPEN-DITURE										
TOTAL-							10/1/79 - 9/30/80				1,777			1,777	-	
Commodities											1,777			1,777	-	
HC AND OTHER DONOR																
Local costs																
TOTAL--																

FUNDING	PERSONNEL WORKYEARS (XX, X)						PERSONNEL INTENSITY			PARTICIPANTS PROGRAMMED			FOOTNOTES		
	FISCAL YEAR						TYPE A=NONCONTRACT B=CONTRACT			TYPE A=NONCONTRACT B=CONTRACT					
	1978	1979	1980	1981	1982	BEYOND	TYPE A	TYPE B	TYPE A	TYPE B	TYPE A	TYPE B			
PROGRAM ACCOUNT							<input type="checkbox"/>	<input checked="" type="checkbox"/>							
TDY (ADD)															
OPERATING EXPENSES	1.2	1.2	1.1	1.2	1.2	2.4									

FY 1980 ANNUAL BUDGET SUBMISSION

OVERVIEW

FY 1978

The 1979 ABS for Pakistan outlined a USAID strategy and program which received general endorsement. Despite the substantial disruptions in both Pakistan's political situation and the implementation of the U.S. development assistance program during the last year, the basic elements of the proposed strategy and program remain valid and are continued and updated in this submission.

In response to the publicly announced intentions of the Government of Pakistan to procure nuclear reprocessing technology and equipment from the Government of France, a review of U.S. policy on development assistance to Pakistan was initiated in August of 1977 and further obligations were delayed. This affected \$44 million of proposed obligations for the FY 77 program. Similarly, planned 78 obligations have not been permitted pending completion of the review. This has added yet another problem to the already difficult task faced by Pakistan development officials. The delay in the FY 77 \$25 million Agriculture Inputs Loan for fertilizer contributed to a national shortage in fertilizer in the late fall of 1977. The delay in Primary Education has been particularly troublesome as the Government of Pakistan provided special funding in its 77/78 budget in order to move ahead with the program in collaboration with AID. This delay has also meant that the various provincial governments have not been able to proceed with the agreed upon program which had become the cornerstone of their development efforts in Primary Education. As of this date (May 1978) it appears that the World Bank may provide assistance for portions of the program to begin in 1978/79.

During this period of review the major U.S. assistance provided to Pakistan has been \$59.4 million in PL 480 Title I grain and vegetable oil. Implementation has also continued on the substantial portfolio of ongoing projects including Basic Health Services, Agriculture Research, On-Farm Water Management, Dryland

Agriculture, Malaria Control, Village Level Food Processing, Fauji Fertilizer Plant, Technical Services, and completion of participant training programs. Projects disbursement in FY 78 are estimated at \$16.7 million as compared to \$40.2 million in FY 77. In addition FY 78 Project Papers for Rural Electrification and Rural Water Supply have been completed. PIDs for FY 80 have also been prepared and submitted in the areas of Non-Conventional Energy, Rural Credit, Nutrition, Development Impact Measurement, Rainfed Extension Services and Rainfed Land and Water Management.

For planning purposes we have assumed that the current policy review will not be completed in time to make the planned FY 78 obligations and that Rural Electrification, (\$25 million) and Rural Water Supply, (\$21.5 million) will not be obligated until FY 79. If the current policy review is completed and allows FY 78 obligations for these activities the FY 79 program will be revised. In FY 79 we would propose additional assistance in meeting the critical need for fertilizer in response to the commitment of the Government to further expand availability and use particularly by the small producer. (See Table I B on Alternative FY 78-80 Program.)

#### I. The Problem

Pakistan is a very poor country, and one of those the UN declared most seriously affected by the world energy crisis. 1/ The two key problems Pakistan faces are a shortage of resources and inadequate administration (institutional structure and management systems) to analyze, plan and implement development proposals and policies. These problems have been the subject of reports and discussions at each annual consortium meeting. 2/

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1/ In 1976 its income per person was about \$170 in 1976 prices, placing it in the lowest third of developing countries as ranked by the World Bank.

2/ For the latest analysis see World Bank Report No. 1924, PAK, April 7, 1978.

In the 1960s Pakistan had a high national income growth rate. This was the result of two trends. In agriculture, large increases in output came from the rapid adoption of new high yield foodgrain varieties and associated fertilizer using technology by larger farmers who reinvested much of the resulting gain in water and other inputs. In industry, a large protected internal market in the two wings of then undivided Pakistan provided high returns for industrialists who also reinvested the bulk of their profits. The resources mobilized by the government from these increased incomes were similarly invested in traditional capital infrastructure. All of this investment reinforced the existing pattern of income distribution and production. Few resources were devoted to improving the living standards of the poor majority of the population. This investment pattern had already run much of its course by 1971 when war broke out and the country was divided.

In fiscal year 1975, there was a substantial expansion of foreign assistance, primarily from the OPEC countries. In addition the remittances from Pakistan workers in the Gulf States became an important element in Pakistan's foreign exchange earnings. This however, was preceded by substantial shifts in the international terms of trade against Pakistan, and further offset by two historic floods, droughts, and most recently by internal strife. Pakistan's government has taken steps to increase the mobilization of domestic resources, but in the view of most outside observers these steps have had modest, even insignificant results. While government resources have expanded approximately 7% per year in constant prices in the period 1971 to 1977, economic prices and actions taken during the period have also discouraged private investment to an extent which more than offset the government gains and otherwise slowed development. Above all the government has been unwilling to reduce the level of per capita consumption, particularly in the urban areas, to conserve resources for domestic investment.

A major question faced by development donors is what, if anything, foreign aid can do to help Pakistan overcome these problems. It is clear that several of the contributing factors including underlying basic policy problems and lack of export markets, cannot be readily alleviated through development assistance.

A critical corollary of the factors described above has been the inadequate attention by the Pakistan Government to the basic needs of the 55 million of Pakistan's 74 million citizens who live in 43,000 rural communities. These people's average per capita income is less than \$100 in 1970 prices. The government has been slow to take effective action to alter investment patterns to benefit the poor majority. Pakistan's development investment have continued to focus upon major production facilities and large infrastructure efforts. Despite a shift in development planning emphasis little has been accomplished to directly improve the access of the poor, particularly the rural poor, to basic government services. Major government interventions in the rural areas have continued to emphasize expanding aggregate water supplies, farm mechanization and credit through subsidies that inadvertently or otherwise predominantly benefit larger farmers. These have been only partially offset by continued efforts at land reform, subsidies for agricultural inputs, and price supports for some major crops. However important, these efforts have not resulted in significant changes in the lives of most rural villagers. Pakistan devotes less of its available resources to education than almost any other developing country, and these resources are skewed in favor of urban and higher education. The majority of its villagers are without electricity, minimum health facilities, allweather roads or potable water.

During the last year government statements, and to a lesser extent, actions, have given greater emphasis to improving the conditions in rural villages and meeting basic human needs. "Rural Uplift", "Integrated Rural Development" and "Basic Human Needs" are common if not overused phrases in the speeches and policy statements of government officials. We are advised that the next Five Year Plan to be announced in late May of 1978 will be a "Basic Human Needs Plan". While the details are not yet released we are confident that the AID program activities will be an important component of the plan. In fact the current and proposed AID activities appear to be the nucleus around which the government is building its program for rural development.

If broad based development is to occur, Pakistan and its donors must commit themselves to a vigorous effort directed towards transformation of the social and economic conditions in rural villages.

We believe that investments of this kind, in sufficient number and size, will increase not only the real income of Pakistan's rural poor but also their productivity. The real economic return on such investments could match those in traditional investments which are now pre-empting the bulk of Pakistan's investible resources, domestic and foreign. If undertaken on an adequate scale, the return on these investments will accrue to the poor majority and expand Pakistan's resources for development. Therefore this submission proposes that AID provide real, meaningful support that will also be an incentive for the Pakistan Government to alter its past development strategy and take the difficult measures required to shift domestic resources to rural villages.

The Minimum Decision Package for FY 80 essentially consists of tranche financing of ongoing activities in On-Farm Water Management and Research, Malaria Control, Population Planning and Research, and two new projects in Primary Education and Development Impact Measurement. We believe that reduction below this level of effort (\$46 million) would not provide support or incentive for the necessary shift in government priorities.

Building on this minimal program, the Mark and Proposed levels provide significant additional AID support for Primary Education, Land and Water Management in non-irrigated areas, Rural Credit, Non-Conventional Energy and Nutrition. We believe this commitment of AID resources (\$95 million) - sustained over a period of years - will achieve a significant qualitative improvement in village life.

Development assistance should be tied to helping Pakistan meet its "basic needs". The past pattern of programming aid primarily for projects requiring substantial imports from developed countries must be altered. Assistance should directly contribute to quantitative and qualitative measurable improvements in the conditions of life for a majority of Pakistan's rural population. If Pakistan will reorient its institutions and policies to mobilize its domestic resources for reallocation to meet the basic needs of its village population, then the assistance programs described in this submission can make a tangible and substantial contribution and be in accord with A. I. D. policy mandates.

## II. The Current Pakistan Situation

### A. Political

At this time (May 1978) Pakistan has a military government, publicly committed to holding elections for the purpose of selecting a civilian successor. The military government took over in July 1977, after a period of growing political discontent. Significant groups of the electorate had objected to both the conduct and the results of the March 1977 elections and expressed their discontent in demonstrations and acts of disorder. How long the military government plans to stay in power is not clear, but as long as it insists upon its temporary caretaker character, it will be inhibited in planning and directing any development program of institutional changes. The lack of a popular mandate makes the government particularly hesitant about initiatives that adversely affects any traditionally powerful group.

In spite of its short term intentions, the Government has found it necessary to address longer term problems and to develop and enunciate policies and programs to resolve them. It is in this context that the government has announced that a new five year development plan will be presented in the latter part of May 78 for approval in June.

While the transition to the Martial Law Government was handled smoothly it did cause some delay and disruption in various government programs while the bureaucracy attempted to adjust the new leadership. To a substantial extent this adjustment has been completed, and some development programs are being pursued more enthusiastically than in the past. This is particularly true in those areas dealing with logistics, such as port handling which have in fact been expedited under the current government. In other more complex areas decisions and actions have been delayed.

The interest of the United States continues to be the improvement of the social and economic conditions of the majority of Pakistan's citizens, and support of Pakistan's efforts to bring this about.

B. Economic

In spite of their growing commitment to basic human needs, the country's economic managers and spokesmen have tended to continue, often for reasons they believe are beyond their control, the allocation of currently available resources on essentially the same pattern followed in recent years. Sharply aware of the limited resources available and the need to make cutbacks, they hesitate to delay or slow ongoing large scale industrial and infrastructure projects. They resist shifting funds to substantial investments in those sectors that have the most direct bearing on the rural poor; namely education and rural infrastructure such as roads, village water supplies and electricity. But planners are beginning to shift funds to those specific activities which are amplified by A. I. D. and other donor assistance. Planners expect that after the completion of major foreign donor supported investment projects such as the Karachi Steel Mill, a sharp change in investment priorities towards the social sectors will be possible. World Bank reports suggest on the other hand that many of the large scale capital projects already begun, such as the Steel Mill, need not be completed at all, but might better be truncated or delayed indefinitely.

The government has stated no further nationalizations are contemplated, and has in fact reversed some of the more hasty and arbitrary nationalizations of the previous regime. The declared temporary nature of its rule, however, has weakened the impact of these actions on private investment decisions.

Pakistan's planners are assuming major improvements in cotton production and cotton vegetable exports. They have maintained a policy of providing a floor price for sugarcane and cotton. Vegetable exports to OPEC countries are growing rapidly, stimulating the growth and improvement of handling, storage, and shipping facilities as well as small farm incomes in some of the poorer northern areas.

Food grain policy, unfortunately, is less progressive. Government purchases of both rice and wheat are made below the price available in neighboring countries, and regulations about sale, movement, and storage hold farm prices below what they would be in a free market. Domestic savings are low, but the authorities do not believe there is political room for needed adjustments in interest rates which are effectively negative at current levels of inflation. Government officials continue to assert that local government bodies will be reestablished (most were dissolved in 1972) in the near future to allow financing of some government services by local institutions.

Government financial managers are acutely concerned about the increase in debt service and repayment requirements within the next three years (from \$450 to \$700 million per year) and a reversal in the direction of net flows from some OPEC countries. They have formally requested debt rescheduling from the members of the Aid to Pakistan Consortium, as well as the USSR and Iran, the two major non-consortium creditors. They have suggested that instead of debt relief itself, some donors may wish to make available a significant increase in program (import financing) assistance on IDA terms. They prefer quick disbursing program aid to project assistance which will disburse slowly and require additional matching investment on their part.

C. Administration

(1) Institutional Structure

For the most part, Government responsibilities for those activities having a direct impact upon rural villages have been assigned to provincial governments. Provincial governments rely on allocations from the Federal Government to finance approximately 90% of the services which they provide. The general allocation made by the Federal Government to the provincial governments is based on population, with some upward adjustments for Baluchistan and Northwest Frontier which have a small proportion of the population and are considered relatively less developed. The major grants are not earmarked so that the provinces allocate the resources according to their own priorities. Over and above the general allocation the Federal Government also provides direct support for an Annual

Development Program (ADP) which is submitted by the provinces for review and approval by the Federal Government. The DAP is normally about 45% of the budget resources provided to the provinces. (For additional information and analysis see IBRD Report 1924 - PAK Volume II, pp 22-23) April 1978.

Since 1971, A.I.D.'s programmatic relations have been almost exclusively with the Federal Government. This has been generally satisfactory and appropriate for food assistance, import loans and programs directly associated with central government institutions. As the Mission attempts to target its assistance more directly upon the rural poor, it becomes increasingly obvious that a more direct and effective linkage needs to be established with provincial governments. This is particularly true for such areas as education, health, rural roads, rural water supply, and on-farm water management. To solve this problem the Mission is developing separate provincial implementation agreements which will be integrally related to project agreements negotiated with the Federal Government.

The difficulty of reconciling national and provincial priorities affects not only A. I. D., but other donors, and the Federal Government itself. Problems in this regard have arisen concerning the A. I. D. assisted malaria, water management and dryland agriculture programs that are implemented by the provinces.

In the case of Primary Education (yet to be obligated) the Government of Pakistan agreed to include the U.S. assistance in the 1977/78 federal budget as a categorical grant to the provinces. Under this scheme, the U.S. assistance is covered in the federal budget as a separate item to be passed on as an additional resource to the provincial government for specific activities agreed to by USAID and the Federal and Provincial Governments. We are encouraging the Government of Pakistan to use a similar approach for other USAID activities. This nature of the federal-provincial relationship will continue to evolve and will have a direct effect upon both the planning and implementation of AID assisted projects.

In 1970 Pakistan suspended the operation of most elected local government institutions. Since that time there has been no officially designated or elected local government, although

there are appointed groups in the larger cities and towns. The lack of such bodies has proved to be a major and growing obstacle in designing development projects which can have the full participation of and make a positive effect on rural village population. The Government of Pakistan is aware of this deficiency and has announced that local government will be reestablished and local elections will be held at some future date. However, no clear statement as to the authority and responsibility that such local organizations will assume has yet been made.

In the meantime the government has designated ad hoc local committees for the smaller rural communities but to date, few are active.

## (2) Management Systems

While most development activities require changes in behavior patterns of institutions and individuals, little attention is given to building incentives into development projects. Both institutions providing services and the recipients are expected to alter their traditional practices because it is "good or right". Inadequate analysis of the social and economic obstacles to development programs is common and results in failure to design solutions to these problems within the projects. A tendency to "command" a solution to a perceived problem is prevalent. In many cases there are inadequate data to accurately describe and understand the problem, and a reluctance to make the necessary investments in time and money to obtain the relevant information. In this environment it is particularly important and appropriate for AID to provide assistance to expand the relevant data base, to strengthen the analytical context of development proposals, and to provide training in analytical methodology for Pakistan's technicians.

## III. The Strategy

AID's strategy is to encourage and support expanded resource mobilization and reallocation to the rural villages of Pakistan. AID's inputs into this effort will be catalytic and critical, but of necessity will represent only a small proportion of the resources involved, even at the proposed level. (Approximately 7% of projected total investment.)

In order to have a creditable and meaningful impact, the amounts of assistance for development grants, loans and PL 480 will be large in AID terms, increasing from \$180 million in FY 1980 to \$230 million in 1984. This will represent 15 to 20% of total foreign assistance to Pakistan. These resources will be primarily directed at improving the quality of life of the 55 million people living in rural villages. If successful, the program (combining Pakistan, other donors and AID resources) will begin a significant transformation in the lives of the majority of people living in the world's ninth largest country.

We believe this strategy, aggressively and effectively implemented, provides a viable bridge between Pakistan current restraints and requirements and the necessary planned expansion of investments in rural villages. The required reallocations of domestic resources will be difficult for Pakistan but will be supported by our assistance. Our assistance should be as rapidly disbursing as possible. The policy and institutional changes required as a condition of disbursement must be realistic and attainable and should be in consonance with Pakistan's plans and capabilities.

Critical elements in the strategy are the multi-year approach, limited areas of activity, release of assistance in response to performance, and significant levels of resources in each of the selected areas.

A. Multi-Year Framework

The goal with which we are associated (substantial expansion in the mobilization and reallocation of resources to the rural villages) requires that we program our assistance on a multi-year basis. The commitment and effort required for both institutional and policy changes by the government are such that annual stop/go decisions should be minimized. Pakistan's development managers need an indication of the type and amount of resources that can be made available over the next six years, subject of course to satisfactory performance and the usual caveats of appropriations. This is not to suggest that AID will necessarily commit or authorize assistance on a six year basis. Rather, it will be able to use the indicated multi-year planning levels to participate

with the government more effectively in finding realistic solutions for its development problems. Announcement of such a six year program would provide an important incentive to the government to take the more difficult steps required. It will also, substantially improve AID's capability for Mission management by providing the framework for determining staffing needs. The six year program outlined in this submission would, of course, be subjected to annual review and modifications so specific projects and amounts of assistance would be adjusted depending upon Pakistan performance and Agency resource availabilities. It would nevertheless be a distinct departure from prior AID practices where we have been unable to give any but the most informal views as to composition or levels of future assistance.

B. Selected Areas

The Mission's program must be focused on areas of activity that are in accordance with the program priorities of the recipient government and the policy directions of the Agency. The Mission must also limit its activities so that the programs can be well managed without substantial increases in staff. In recent years the Agency has placed much greater emphasis on pre-project analysis, improved monitoring and effective evaluation. To focus on these important aspects the number of separate activities that the Mission can effectively pursue must be limited. The proposed program, built primarily on prior initiatives, provides the major proportion of resources in the seven selected areas: On-Farm Soil and Water Management, Rural Credit, Rural Electrification, Rural Roads, Primary Education, Rural Health and Rural Water Supply.

An eighth area of critical importance "population" does not involve a substantial transfer of resources. Similarly, the critical area of management systems will be addressed within the context of the aid given in these selected areas, plus continuance of ongoing moderate training programs.

The economies of management and improved effectiveness resulting from limiting our involvement to these areas allow and encourage the Mission to develop the necessary information and knowledge base from which the most valuable types of assistance may be determined.

A small proportion of program resources involving primarily technical assistance will continue to be directed at critical technical areas. These include Agriculture Extension, Impact Measurement Indicators, Non-Conventional Energy, and Nutrition.

C. Tying of Assistance to Performance

In each of the areas selected the amount and timing of assistance will correspond directly to the recipient country's performance in meeting quantified targets. We will encourage Pakistan to take the necessary action and will provide assistance in response to accomplishments. We will avoid supporting activities which lack a full or sufficient commitment of the host country. We recognize that in many cases the necessary actions will involve institutional or policy changes, but will endeavor to find appropriate quantitative proxies on which to base our assistance. While this approach will be difficult to implement, we believe its merits outweigh potential difficulties. We should be prepared for delays in some planned disbursements but should also be prepared to speed up some programs, should conditions warrant.

D. Level of Assistance

The projected levels of resources appropriate in each of the selected areas is of necessity highly subjective and tentative because of the long time span involved. In most cases the amount projected is large enough to provide meaningful assistance in relation to the Pakistan resources planned for the sector. However, in all cases involving major resource transfers the amount projected is less than 1/2 of the total additional resources required. We believe that in order to have a meaningful and supportive impact upon the important policy and institutional changes required our assistance should be at least 15% of the total program costs in each of the selected areas. Undoubtedly there will be adjustments in the amounts depending upon program performance. Such modifications and changes will be reflected in future Annual Budget Submissions.

The estimate of future assistance are based on current costs and do not reflect inflation. It is possible therefore that the projected levels particularly from 1981 onward will have to be increased from 20 to 50% if our development assistance effort is to keep pace with Pakistan's needs.

#### IV. Program

##### A. Agriculture

Nearly 55 million of Pakistan's 74 million people live in 43,000 rural villages and are directly or indirectly dependent on agriculture for their livelihood. About 50% of the total labor force is employed directly in crop and livestock production and probably 20% in marketing and processing of agriculture products, supply of inputs and other agricultural service activities. In addition to its importance as an employer, agricultural industry is a major foreign exchange earner, in a typical year accounting for over half the total receipts from merchandise exports. Overall agricultural productivity remains low in spite of the substantial yield increase in wheat, rice and sugarcane during the recent past.

Insufficient application of improved agronomic practices, and lack of capital and marketing facilities, particularly at the small farmers' level, are basic impediments to higher production. More specifically, the constraints on agricultural production include shortage of water, inadequate water management, water-logging and salinity, low quality seeds; limited uses of fertilizers and pesticides, non availability of improved farm implements; lack of credit for investments in agriculture and insufficient processing and marketing facilities and extension services. But perhaps the most crucial need is for the careful design and implementation of better agricultural policies.

##### (1) PL 480 Title I

The U.S. Title I Program in Pakistan constitutes a major component of U.S. assistance. It has averaged over \$74 million a year since 1975. It is several times larger than all the U.S. assistance provided to the Agriculture sector under the regular development assistance program. The program provides urgently required food imports to help make up for shortages in domestic production of wheat and vegetable oil. In spite of substantial efforts in the past it has not been possible to consistently plan, program and implement this assistance with as strong and clear a link to

Pakistan's agricultural development policy and programs as is desired. The Country Team is determined to improve and strengthen this linkage and has made substantial progress in this regard in the last year. But the classical continuing problem of balancing "responsive flexibility" to Pakistan's needs and policies with the changing U.S. supply and budgetary situation is still far from resolved. (see page 152 for further discussion on PL 480.

(2) On Farm Soil and Water Management

The country's most critical natural resources are soil and water. The sound management of these resources must command the highest priority. This subject is being addressed by the Pakistan Government and a variety of bilateral and multi-lateral donors. A.I.D. has focused its attention on water use particularly at the farm level, in both the irrigated and rainfed areas of Pakistan. A major initiative began in 1976 with the On-Farm Water Management Project - a \$7.5 million development loan. We are proposing to follow this up over the next six years with \$76 million in additional assistance directed particularly at improvement of over 5,000 water courses, coupled with precision land leveling of well over a million acres. This constitutes a major task involving the training of several thousand professional and semi professional personnel and the active participation of many different organizations. However, it will represent a small portion of the total investment required if the Indus irrigation system is to make its full contribution to Pakistan's future development. Current evidence suggests that these efforts can reduce water losses by 30 to 50% and thus substantially expand the area which can be irrigated with present water supplies.

Proposed complementary activities (\$27 million) are designed to expand small farmer capability to capture and utilize more effectively runoff and rainfall and reduce erosion in the poorer non irrigated areas.

(3) Rural Credit

A critical element in the transformation and modernization of rural villages in Pakistan is access to institutional credit. This credit must be made available not only for the small

farmer but for input suppliers - fertilizer seeds, equipment - and those entrepreneurs who process and distribute the output in rural villages. The Pakistan Government has recognized this need and has attempted to have the national banking institutions channel increasing amounts of resources into the rural areas. This shift in emphasis away from traditional banking policies and institutional arrangements has not been fully successful. Pilot small farmer credit retailing efforts by several Pakistan banks are now being helped by AID. These are forerunners to a large scale effort in which we propose to participate actively. We are planning to provide \$65 million over the next six year period beginning in 1980. During that period the Pakistan Government plans a \$1.4 billion expansion in small farmer credit.

(4) Rural Electrification

At the present time it is estimated that 14% of Pakistan's 43,000 rural villages have electricity. During the next six years Pakistan will attempt to double this percentage by providing electricity to over 8,000 additional villages at an estimated cost of \$250 million. A. I. D. is proposing to provide up to \$127 million beginning in FY 79 and continuing through FY 83. This expansion will represent a significant increase over the program of recent years and extend the access to electricity to over 8 million additional Pakistani citizens. Nevertheless over 60% of Pakistan's villages will still be without electricity in 1983.

(5) Rural Roads

A conservative estimate of Pakistan's rural road needs, based on a minimum road density requirement of less than one mile per square mile of cultivated area in the four major provinces, would be about 115,000 miles of rural roads. Since only an estimated 30,000 miles of rural roads currently exist in rural areas, there is an outstanding need for 85,000 miles of new roads, and a need for major improvements on much of the existing mileage. In Pakistan nearly half of the population live three miles or more from a serviceable all weather road. Only 16% of the 43,000 villages are directly linked to such roads.

The Pakistan Government is planning to substantially expand its efforts to construct or rehabilitate over 7,000 miles of rural roads during the next six years at a projected cost of approximately \$210 million. The Mission proposes to participate actively in this effort by providing about \$70 million. It is estimated that this will have a direct and significant impact upon the lives of over 10 million people living in rural villages in Pakistan.

B. Primary Education

At the present time approximately 70% of the boys and 30% of the girls in Pakistan are enrolled in primary school. It is estimated that in much of rural Pakistan these percentages drop as low as 40% and 8%. Pakistan's present annual expenditure for education are approximately 1.8% of its GNP compared with at least 4% in most LDCs. In order to correct this situation the Government has committed itself to increasing primary school enrollment to 90% of the boys and 45% of the girls by 1983, with an increase in financial resources to 2.8% of GNP. It will be very difficult for the Pakistan Government to meet these targets. We estimate it will require increased expenditures of over \$700 million over the next six years with AID providing up to 90 million. In order to reach its target and reduce the current dropout rate of 50% in primary schools, the Government of Pakistan recognizes that substantial efforts will be required to improve the quality, efficiency and relevance of primary education and is planning on substantial reforms within the primary system.

C. Rural Health

(1) Basic Health Services

It is currently estimated that only 15 to 20% of Pakistan's population and perhaps only 5% in rural areas have access to minimum preventive and curative medical care. The Government of Pakistan has embarked upon an eight year program to expand health coverage to 65% of the population through the training and development of mid-level and village level physician extenders and the construction of integrated rural health complexes

throughout the rural areas. Training of the auxiliary medical manpower will stress preventive as well as curative health care, including nutritional surveillance and the provision of family planning services. The Government plans to spend approximately \$550 million in order to successfully implement this program. In 1977 A. I. D. provided a \$6 million loan and \$1.5 million grant to assist in initiation of this activity. It is projected that A. I. D. assistance will provide an additional \$89 million during the six year period.

(2) Rural Water

The vast majority of Pakistan's rural poor do not enjoy access to clean, convenient water for drinking, washing and bathing. Current estimates of the population served by relatively safe water supplies range from 10% (5.5 million) to 17% (8.8 million). Rural sanitation facilities are virtually non-existent.

The Government of Pakistan plans a major investment in rural clean water and sanitation programs over the next six years to raise the percentage of households with access to these services to 34% and 10% respectively. The cost of providing minimal sanitation facilities alone for half of Pakistan's rural villagers would exceed \$100 million, while an investment of over \$190 million would be required to bring safe and adequate water supplies to roughly 70% of the rural poor. A. I. D. plans to assist this effort with loans totalling \$60 million over the next six years.

D. Population

A major fallout of the political disruptions in Pakistan has been the demise of the Pakistan Population Program. Further, studies and evaluations (such as the Pakistan Fertility Survey) clearly demonstrated little change since the early 60s in contraceptive use or fertility rates, despite significant disbursements. Pakistan policy makers and donors share a sense of frustration as to what can be done to reduce this overriding development problem.

On a number of occasions the Martial Law Authorities have expressed their concern about the population problem and their intention to support a program to reduce fertility. While the structure and content of the program has not yet been decided, the government has announced that family planning will be integrated with the delivery of health services, an action that has been strongly advocated by the major donors.

In the interim, the government has decided that henceforth the large in-country stocks of orals and condoms will be distributed by 5,500 government hospitals, clinics and dispensaries. This is a welcome development.

During this period of redirection and reorganization, AID is ready to assist the government in two areas: (1) in the context of an integrated health/family planning delivery system, we will support particular elements of the government's program which offer the most potential (voluntary surgical sterilization) or are essential to improved performance (management information systems), and (2) we will help carry out pilot projects to test innovative methods - including community and individual incentives - to reduce family size. For a more detailed analysis of Mission plans see "Multi-Year Population Strategy for Pakistan" (TOAID A-089).

#### V. Defense Expenditures

Pakistan's defense expenditures have remained generally level in real terms for a decade, except for a sharp but temporary ten percent increase during the 1971 war with India. As a percentage of GNP or of overall government expenditure they have also shown small but perceptible downward trends over the period. (In the current 1977/78 fiscal year these are estimated at 5.6 and 21.7 percent, respectively.) Most significantly, the ratio of defense expenditures to the development budget has declined from 1.2 in 1972/73 to about 0.58 this year.

Pakistan imported sophisticated weapons systems, including Mirage fighters during this period. But the bulk of imported military hardware has been replacement equipment for items

originally obtained (many under U.S. military aid) in the 1960s. Military imports are not known exactly, but our best estimates are in the range of \$200 - 400 million yearly. The country obtains substantial military equipment support including refitting and similar services, from the Peoples Republic of China and Iran.

Pakistan's armed forces include certain frontier and internal security forces as well as the Army, Navy and Air Forces. The Frontier Works Forces, responsible for communication roads in the Northern Frontier (tribal) areas are probably the best known civil works operation of the military. But there are other similar operations in Baluchistan, and almost purely civil operations (with a sizeable military staffing input) in meteorology, civil aviation control and oceanography that are funded in the total defense budget as A.I.D. has consistently defined and reported it.

Another defense operation with economic impact has been the Production Division. In addition to operating ordnance factories, it also runs the Heavy Equipment Complex at Wah, northwest of Rawalpindi. Taken together, however, these civilian or marginal defense operations do not comprise more than a small fraction of defense expenditures.

## VI. Personnel Levels

We believe three additional Direct Hire positions will be required (over the current ceiling of 42) with Minimum and Mark funding availabilities in FY 80. While we will continue to rely on contract teams for the bulk of project implementation, we cannot meet our monitoring responsibilities for complex, province specific, social sector projects without additional staff. The positions are Electrical Engineer (Rural Electrification Project), General Development Officer (Development Training Project), and a Statistics Advisor (Development Impact Project).

In the event the Mission proposed level is approved, two additional positions (raising the ceiling to 47) will be required. We anticipate the need for a Nutrition Advisor (a Nutrition project is in the Proposed Decision Package) and a Financial Analyst.

DECISION UNIT: Pakistan

DECISION PACKAGE: Minimum

Activity Description

Follow on funding will be provided for the key On-Farm Water Management project, Malaria as well as Population Planning and Population Research and Development. Two new activities, Development Impact Measurement and Primary Education will be initiated.

<u>Resource Requirements</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	
			<u>Package</u>	<u>Cumulative</u>
Food and Nutrition	434	28,305	13,950	13,950
Population	-	3,700	3,500	3,500
Health	-	29,000	5,000	5,000
Education	140	1,750	23,925	23,925
Selected Development Problems	-	-	-	-
Total Program	<u>574</u>	<u>62,755</u>	<u>46,375</u>	<u>46,375</u>
PL 480 Title I	(76,800)	(96,400)	(85,000)	(85,000)
PL 480 Title II	-	-	-	-
Employment - Full time				
USDH	35.6	42.5	40.4	40.4
Foreign Nationals	134.3	117.9	119.9	119.9
TDY	<u>2.7</u>	<u>6.3</u>	<u>4.0</u>	<u>4.0</u>
Total:	<u>172.6</u>	<u>166.7</u>	<u>164.3</u>	<u>164.3</u>
5 Year Projections				
Program	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>
Personnel	46,375	125,410	75,130	154,570
U.S.	40.0	46.0	44.7	43.0
Foreign Nationals	119.9	134.0	133.5	133.0
TDY	<u>4.3</u>	<u>5.4</u>	<u>3.2</u>	<u>2.3</u>
Total:	<u>164.2</u>	<u>185.4</u>	<u>181.4</u>	<u>177.2</u>
Total:				<u>119,850</u>

DECISION UNIT: Pakistan

Short-term Objectives

Mission will be able to support scarce GOP financial and human resources directed to ongoing activities noted above. In addition, momentum will be maintained on other major programs for which no funds are requested in FY 80; Rural Roads, Rural Electrification and Rural Clean Water.

Impact on Major Objectives

While the proposed Minimum package is small relative to the country's developmental needs, anything less, we believe, will not provide sufficient incentive for a shift in Government priorities to meet the BHN's of the rural poor. We doubt the Government would be able to move as quickly or effectively to meet these needs without the resources and skills encompassed in these projects.

Other Information

By their nature, social sector projects similar to those in this package are highly labor intensive. This phenomena is exacerbated in Pakistan since the four provincial governments are largely responsible for implementation and projects are modified to reflect local conditions. In our judgement, the staffing levels for FY 80 are critical if we are to meet our planning, management and evaluation responsibilities.

DECISION PACKAGE: Minimum

DECISION UNIT: Pakistan

DECISION PACKAGE: Mark

Activity Description

The incremental funding represented by this package will permit initiation of a Rainfed Land Management project. This builds on a grant funded activity started in FY 1975. In addition, \$20 million will be added to the second tranche of the Primary Education (\$20 million was included in the Minimum Package) for a total of \$40 million.

	1978	1979	1980	
			This Package	Cumulative
<u>Resource Requirements</u>				
Food and Nutrition	434	28,305	6,000	19,950
Population	-	3,700	-	3,500
Health	-	29,000	-	5,000
Education	140	1,750	20,000	43,925
Selected Development Programs	-	-	-	-
Total Program:	<u>574</u>	<u>62,755</u>	<u>26,000</u>	<u>72,375</u>
PL 480 Title I	(76,800)	(96,400)	-	(85,000)
PL 480 Title II	-	-	-	-
Employment				
U.S.D.H.	35.6	42.5	1.0	41.4
Foreign Nationals	134.3	117.9	1.6	121.5
TDY	<u>2.7</u>	<u>6.3</u>	<u>.3</u>	<u>4.3</u>
Total:	<u>172.6</u>	<u>166.7</u>	<u>2.9</u>	<u>167.2</u>

<u>Five Year Projections</u>	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>	<u>BY+4</u>
Program	72, 375	125, 410	98, 630	154, 570	142, 350
Personnel					
Mission U.S.	41.4	46.0	44.7	43.0	43.0
Foreign Nationals	121.5	134.0	133.5	133.0	133.0
TDY U.S.	<u>4.3</u>	<u>5.4</u>	<u>3.2</u>	<u>2.5</u>	<u>1.5</u>
Total:	<u>167.2</u>	<u>185.4</u>	<u>181.4</u>	<u>178.5</u>	<u>177.5</u>

Short-term Objectives

Continue and expand assistance to Barani (rainfed) areas where many of Pakistan's poorest farmers live. Maintain momentum of Primary Education improvement, providing all of planned U.S. inputs.

Impact on Major Objectives

Any significant changes in improving the quality of village life must include a program to increase income and employment in relatively worse-off areas. The Rainfed Land and Water Management Loan (part of the initial tranche is in this package) is designed to help the Government in this effort. An additional \$20 million in Primary Education is likely to have a direct positive impact on Government of Pakistan's long term efforts to increase primary school enrollment (particularly girls) and reduce attrition.

DECISION UNIT: Pakistan

DECISION PACKAGE: Proposed

Activity Description

This package will finance an increment to the Rainfed Land and Water Management project and the related Rainfed Extension Services. In addition, this package includes the initial contribution to a multi-year effort in providing loan funds to small farmers. Finally, we will be able to support the Development Support Communication Center (initiated in FY 79), Non-Conventional Energy, Nutrition Education and the Vitaminization of Flour.

Resource Requirements	1980		
	1978	1979	This Package Cumulative
Food and Nutrition	434	28,555	21,955
Population	-	3,700	-
Health	-	29,000	-
Education	140	3,225	445
Selected Development Problems	-	-	500
Total Program	<u>574</u>	<u>64,430</u>	<u>22,900</u>
PL 480 Title I	(76,800)	(96,400)	-
PL 480 Title II	(-)	(-)	(1,800)
Employment - Full-time			
U.S.D.H.	35.6	42.5	5.1
Foreign Nationals	134.3	117.9	11.4
TDY	2.7	6.3	1.2
Total:	<u>172.6</u>	<u>166.7</u>	<u>17.7</u>
			(85,000)
			(1,800)
			46.5
			132.9
			5.5
			<u>184.9</u>

<u>Five Year Projections</u>	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>	<u>BY+4</u>
Program	95,275	126,110	132,230	164,570	175,250
Personnel					
Mission U.S.	46.5	46.0	44.7	43.0	43.0
Foreign Nationals	132.9	134.0	133.5	133.0	133.0
TDY - U.S.	5.5	5.4	3.2	2.5	1.5
Total:	<u>184.9</u>	<u>185.4</u>	<u>181.4</u>	<u>178.5</u>	<u>177.5</u>

Short Term Objectives

Package will permit a start on developing the institutional mechanism to provide credit to small farmers. Initial steps also will be taken to meet the energy requirements of the 55 million village inhabitants using non conventional sources.

Long Term Objectives

In our judgement, the Proposed Package provides an appropriate, comprehensive response on the part of AID to the Government long range BHN's strategy. This level of assistance cannot guarantee, of course, that targets will be met in on farm water use, electrification, rural health, village water supply, sanitation, rural roads and primary education. It will signal the Government that in these areas of concentration AID is prepared to make a necessarily limited (in proportion to the total resources needed) but essential contribution over the next five years.

TABLE V - PROPOSED PROGRAM RANKING

RANK	DECISION PACKAGES/PROGRAM ACTIVITY/SUPPORT ITEM	DECISION UNIT		RESOURCE REQUIREMENTS		PROGRAM FUNDING (000)		
		Pakistan		PROGRAM ACCOUNT	INCREMENT		CUMULATIVE	
		APPROPRIATE ACCT	PERSONNEL INTEN- SITY					WORKYEARS (XX, X) FUNDED FROM
DESCRIPTION	MISSION	TDY	EXPENSES	ACCOUNT	INCREMENT	CUMULATIVE		
<u>DECISION PACKAGE MINIMUM</u>								
1.	0413 - On-Farm Water Management (G/LO)	FN	H	12.7	.2	15.4	12,750	12,750
2.	0296 - Agriculture Research (GO)	FN	M	4.3	-	14.5	200	12,950
3.	0415 - Basic Health Services (G/LO)	HE	H	5.3	.6	10.0	-	12,950
4.	0409 - Rural Roads (L/O)	FN	M	2.3	-	.2	-	12,950
5.	0408 - Rural Electrification (G/LO)	FN	H	3.0	.3	6.4	-	
6.	0406 - Rural Clean Water (G/LO)	HE	H	3.6	-	5.5	-	
7.	0424 - Malaria Control (LO)	HE	H	4.5	.8	.3	5,000	17,950
8.	Regional - Colorado State University (GO)	FN	M	.5	.9	18.8	1,000	18,950
9.	0434 - Population Planning (Program Component) (GO)	POP	M	4.8	.7	1.0	3,200	22,150
10.	0411 - Population Research & Development (GO)	POP	M	3.0	.5	-	300	22,450
11.	0417 - Village Level Food Processing (GO)	FN	M	1.0	-	4.4	-	
12.	0440 - Development Impact Measurement (GN)	EH	M	3.0	-	4.0	3,500	25,950
13.	0403 - Dryland Agriculture Development (GO)	FN	M	-	-	.6	-	-
14.	0410 - Primary Education (L/GO)	EH	H	5.2	.3	2.6	20,000	45,950
15.	0426 - Development Training (GO)	EH	L	4.0	-	-	425	46,375

**TABLE V - PROPOSED PROGRAM RANKING**

NAME OF DECISION PACKAGE SET

DECISION UNIT  
Pakistan

DECISION PACKAGES/PROGRAM ACTIVITY/SUPPORT ITEM

WORKYEARS (XX, X)  
FUNDED FROM

RESOURCE REQUIREMENTS  
PROGRAM FUNDING

APPROPRIATE ACCT

PER PERSONNEL INTENSITY

MISSION

PROGRAM ACCOUNT

TOY

PROGRAM INCREMENT

CUMULATIVE

RANK	DESCRIPTION	APPROPRIATE ACCT	PER PERSONNEL INTENSITY	MISSION	TOY	PROGRAM ACCOUNT	PROGRAM INCREMENT	CUMULATIVE
16.	0419 - Agriculture Inputs	FN	L	1.1	-	-	-	-
17.	PL 480 Title I		M	1.1	-	-	(85,000)	46,375
	Summary by Personnel Intensity			(5.1)	(-)	(-)	(425)	
	Low (2 projects)			(20.0)	(2.1)	(43.5)	(93,200)	
	Medium (9 projects)			(34.3)	(2.2)	(40.2)	(37,750)	
	High (6 projects)			(59.4)	(4.3)	(83.7)	(131,375)	
	Total:							
	<u>DECISION PACKAGE - MARK</u>							
18.	0410 - Primary Education (L/GO)	EH	H	-	-	-	20,000	66,375
19.	0445 - Rainfed Land and Water Management (L/GN)	FN	H	2.6	-	(7.5)	6,000	72,375
	Summary by Personnel Intensity			(2.6)	-	(7.5)	(26,000)	
	High (2 projects)			(62.0)	(4.3)	(91.2)	(157,375)	
	Cumulative Total:							

TABLE V - PROPOSED PROGRAM RANKING

NAME OF DECISION PACKAGE SET

DECISION UNIT  
Pakistan

RANK	DECISION PACKAGES/PROGRAM ACTIVITY/SUPPORT ITEM	APPROPRIATE ACCT	RANKING BY INTENSITY	RESOURCE REQUIREMENTS			PROGRAM FUNDING INCREMENT CUMULATIVE
				DESCRIPTION	WORK YEARS (XX, X) FUNDED FROM	PROGRAM ACCOUNT	
<u>DECISION PACKAGE - PROPOSED</u>							
20.	0445 - Rainfed Land and Water Management (L/N)	FN	H	-	-	2,000	74,375
21.	0448 - Rainfed Extension Services (L/GN)	FN	H	1.6	-	3,000	77,375
22.	0423 - Rural Credit (L/N)	FN	H	4.6	.2	15,000	92,375
23.	0444 - Community Nutrition Education (GN)	FN	M	1.6	1.0	200	92,575
24.	0446 - Non-Conventional Energy (GN)	SD	L	.4	-	500	93,075
25.	0407 - Development Support Communication Center (GO) EH	EH	L	1.9	-	445	93,520
26.	0404 - Vitaminization of Flour (GO)	FN	L	1.1	-	1,755	95,275
27.	0435 - Box Libraries - OPG (GO)	EH	L	.1	-	-	95,275
28.	0438 - Technical Training Institutes - OPG (GO)	EH	L	.1	-	-	95,275
29.	0429 - Fauji Fertilizer (LO)	FN	L	.5	-	6.0	95,275
30.	0414 - Technical Services (LO)	SD	L	.6	-	1.5	95,275
31.	0418 - Improved Crop Estimating (GO)	FN	L	.7	-	.3	95,275
32.	PL 480 Title II		M	1.1	-	(1,800)	95,275
Summary by Personnel Intensity							
	Low (8 projects)		(5.4)	(-)	(12.0)	(2,900)	
	Medium (2 projects)		(2.7)	(1.0)	(1.5)	(2,000)	
	High (3 projects)		(6.2)	(.2)	(11.5)	(20,000)	
	Cumulative Total:		(76.3)	(5.5)	(116.2)	(182,075)	

**MISSION OPERATING EXPENSE FUNDED PERSONNEL REQUIREMENTS**  
(in Work years xx.x)

MISSION SPECIFIC PERSONNEL	FY 73				FY 79				FY 80				FY 80				FY 80			
	Estimated		Actual		Estimated		Mark		Estimated		Mark		Minimum		Proposed		Minimum		Proposed	
	USDH	FNDH	CONT	FN																
Directly Related to Activities*	16.3	30.6	6.3	FN	21.7	28.0	19.7	FN	20.9	30.4	10.1	US	19.9	28.8	10.1	FN	24.0	40.8	11.5	US
Policy, Direction & Management	10.8	18.0	4.0	FN	9.8	11.0	5.0	FN	9.8	18.0	5.0	FN	9.8	18.0	5.0	FN	10.8	18.0	5.0	FN
Financial Management	2.8	19.0	0	FN	2.0	17.0	2.0	FN	2.0	17.0	2.0	FN	2.0	17.0	2.0	FN	3.0	18.0	2.0	FN
Mission Support	3.0	66.0	100.0	FN	3.0	55.0	110.0	FN												
IDI's	1.5	-	-	-	2.3	-	-	-	1.6	-	-	-	1.6	-	-	-	1.6	-	-	-
OTHER (Specify) Ag Econ Research	0.6	0.7	0.5	FN	3.7	0.9	0.7	FN	4.1	1.1	0.5	FN	4.1	1.1	0.5	FN	4.1	1.1	0.5	FN
Rural Development	35.6	134.3	34.1	110.8	42.5	117.9	137.4	127.6	41.4	121.5	68.1	68.1	40.4	119.9	127.6	127.6	46.5	132.9	129.0	129.0
<b>TOTAL</b>	<b>43</b>	<b>137</b>	<b>180</b>	<b>Total</b>	<b>43</b>	<b>120</b>	<b>163</b>	<b>Total</b>	<b>43</b>	<b>122</b>	<b>165</b>	<b>Total</b>	<b>41</b>	<b>120</b>	<b>161</b>	<b>Total</b>	<b>50</b>	<b>133</b>	<b>183</b>	<b>Total</b>

END OF YEAR CEILING

NON MISSION OPERATING PERSONNEL

Auditor General & IIC

Other (Specify): RLA and ACO

TOTAL

END OF YEAR CEILING

16.3	4.0	-	-	19.0	4.0	-	-	19.0	4.0	-	-	19.0	4.0	-	-	19.0	4.0	-	-
2.0	-	-	-	2.0	-	-	-	2.0	-	-	-	2.0	-	-	-	2.0	-	-	-
18.3	4.0	-	-	21.6	4.0	-	-	21.0	4.0	-	-	21.0	4.0	-	-	21.0	4.0	-	-
<b>21</b>	<b>5</b>	<b>26</b>	<b>Total</b>																



OPERATING EXPENSE BUDGET

EXPENSE CATEGORY	LINE NO.	OBJECT CLASS	EXPENSE RELATED TO	FY 1978		FY 1979		FY 1980		MARK \$	UNITS	PROPOSED \$	UNITS
				UNITS	\$	UNITS	\$	UNITS	\$				
<b>HOUSING Continued</b>													
Rent	32	235	Nb. of Residential Units	65	251.3	68	273.4	68	280.1				
Utilities	33	235	Nb. of Residential Units	66	89.1	69	103.5	69	117.4				
Renovation	34	259	Nb. of Residential Units	3	1.5	2	1.0						
Maintenance	35	259	Nb. of Resi. Units	66	41.5	69	45.4	69	52.0				
Residential Furnishings and Equipment	36				124.3		65.4		77.1				
Additions to Inventory	37	311	Nb. of Residential Units		109.0	20	3.9	20	4.0				
Replacement	38	311			15.3		3.9		4.0				
Transportation	39	22											
Quarters Allowance	40	172	Nb. of Residential Units		24.6		17.5		18.3				
Mission Director	41				7.9		7.9		7.9				
Rent	42	235			2.2		2.3		2.5				
Utilities	43	235											
Renovation of Residence	44	259			0.7		0.7		0.7				
Maintenance of Residence	45	259			0.1		0.1		0.2				
Supplies and Materials	46	26											
Furniture Procurement	47	311											
Official Residence Allowance	48	254			2.0		2.0		2.0				
Representation Allowance	49	252			2.2		2.0		2.0				
Vehicles	50												
Acquisition	51	312			7.0				3.0				
Operation/Maintenance	52	259			2.5		2.5						
Portion of Lines 31-52 for Program Funded People	53												
	54				1784.1		1759.6		1897.4			1894.1	1912.0
<b>OFFICE OPERATIONS</b>													
Acquisition of Land and Structures	55	320											
Rent	56	234			4.0		4.0		4.0				
Utilities	57	234			140.5		145.9		151.4				
Renovations	58	259											
Building Maintenance	59	259			47.6		49.6		53.8				
Office Furnishings and Equipment	60				34.7		13.7		11.5				
Additions to Inventory	61	310											
Replacement	62	310			34.7		13.7		11.5				



OPERATING EXPENSE BUDGET

EXPENSE CATEGORY	LINE NO.	FY 1978	FY 1979	MARK	FY 1980	
					MINIMUM	PROPOSED
TOTAL OPERATING EXPENSE BUDGET	82	6573.6	6854.3	7176.0		
Reconciliation						
Deduct from item 82 items not funded from Mission's allotment:						
Object Class 11	83	2173.9	2525.4	2601.0		
Object Class 12	84	164.3	188.8	196.4		
Object Class 13	85					
Net FAAS (from line 78)	86	28.2	28.6	31.7		
Other - Explain on Attachment	87	2904.0	2847.3	3022.4		
Net Allotment Requirements	88	1303.2	1263.2	1324.5		
Operational Year Allotment Requirement by Quarter						
First Quarter	89		353.7			
Second Quarter	90		245.0			
Third Quarter	91		285.5			
Fourth Quarter	92		389.0			

ADDITIONAL SCHEDULES AND ANALYSES	Attached	
	Yes	No
Use of Trust Funds	X	
ADP Equipment		X
Budget Line 31 Detail		X
Budget Line 55 Detail		X
Budget Line 80 Detail	X	

USE OF TRUST FUND  
For FY 78, 79 & 80

(Amounts in \$ 000.0)

<u>Ob. Class</u>	<u>Description</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u> (MARK)
11	Personnel Compensation	824.6	775.5	796.2
12	Personnel Benefits	77.1	68.4	70.0
13	Benefits for former personnel	85.8	31.1	31.0
21	Travel, Transportation of Persons	487.9	479.9	540.2
22	Transportation of Things	82.4	77.0	95.4
23	Rent, Communications, Utilities	479.2	522.6	561.7
24	Printing & Reproduction	1.5	2.1	2.5
25	Other Services	315.2	328.6	366.2
25	F. A. A. S.	61.6	64.6	67.9
26	Supplies	325.0	365.7	392.0
31	Equipment	<u>101.0</u>	<u>62.3</u>	<u>74.1</u>
	Total:	<u>2,841.3</u> =====	<u>2,777.8</u> =====	<u>2,997.2</u> =====

EXPLANATION

LINE ITEM 87 - OTHER

<u>Description</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u> (MARK)
Reimbursable Details	62.7	45.9	-
Storage Charges	-	23.6	25.2
	<hr/>	<hr/>	<hr/>
Total:	62.7	69.5	25.2
	=====	=====	=====

BUDGET LINE 80 DETAILS

(Amounts in \$ 000.0)

<u>Sr. No.</u>	<u>Description</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u> (MARK)
1.	Labour Contracts for Gardeners, Electricians, Shipping Clerks, etc.	73.2	78.5	85.6
2.	Typewriter and Office Machines	11.3	13.1	13.7
3.	Advertisements	4.8	5.3	5.7
4.	Laundry Services	5.7	3.9	4.3
5.	Tailoring Services	1.9	-	-
6.	Repair of Upholstery and Furniture	2.0	1.5	1.8
7.	Medical Expenses	10.0	10.0	10.0
8.	Taxi Services	1.0	1.0	1.0
		<hr/>	<hr/>	<hr/>
	Total:	109.9	113.3	122.1
		=====	=====	=====

## COMMENTARY ON OPERATING EXPENSE AND WORKFORCE

### Step 1 - Workyears Directly Related to Activities

While the Mission will continue to rely on contract teams for the bulk of its project implementation activities, we cannot meet our monitoring responsibilities for complex, province specific, social sector projects without a modest increase in our direct-hire staff. At both the Minimum and Mark funding levels, we will require three additional positions above our current ceiling limitation of 42.

One of these positions will be a Statistics Advisor for the Development Impact Project to provide assistance in expansion of the data base, to develop and strengthen the government's analytical capability for project proposals, and to provide training in analytical methodology.

A position of General Development Officer will be established to manage the Development Training Project which expects to train, on an annual basis, 20-25 long term participants, 20 short term participants, and to provide 20 additional training opportunities in-country. Additionally, this officer would assist in the monitoring responsibilities of the Development Support Communications Center Project and in the non-project activities of the Mission, such as disaster relief, science technology, labor and residual narcotics matters.

A third position of an Electrical Engineer is required to monitor and provide technical guidance on the design and construction of rural electrification units. This position will also have responsibility for monitoring the fixed amount reimbursement claims by the Government. This position will help to assure a high level of technical competency by contract groups and Government electrical engineers in the 125 million dollar program designed to provide wider and more equitable use of electricity in the rural areas of Pakistan, extending power to 37% of Pakistan's 43,000 villages over the next ten years.

At the proposed level, one additional position is added to provide project leadership to our Nutrition activity. This project manager will be responsible for the implementation of a consortium of national voluntary agencies in their efforts to strengthen the program of nutritional services through community nutrition education. Additionally, project management responsibility for the Vitaminization

of Flour Project, designed to meet a nutritional deficiency, benefitting some 20 million persons, will be assigned to this position.

The program activities of the Mission represent an almost mathematically equal mix of personnel intensity categories. The sum of the three decision levels indicates a project mix of ten in low personnel intensity level and eleven each in the medium and high levels.

Step 2 -- All Mission Personnel

1. The quality and availability of Foreign National personnel as direct-hires.

Technical and professional skills are in great demand in Pakistan. Additionally, there is also a significant requirement for personnel in administrative and skilled trades areas such as secretaries, accountants, chauffeurs, mechanics, etc. The majority of individuals possessing such skills have and are continuing to migrate to the Gulf states where the salary levels are much more attractive than in Pakistan. Through intensive recruiting efforts the Mission has had some success in recruiting persons in these shortage categories. However, some of the professional positions have not yet been filled. For example, we have recently interviewed 40 potential candidates for the two local engineering positions without success. The Mission is fortunate in that our existing well-qualified local staff has been with the program for some time and less inclined to seek employment outside of Pakistan.

2. Alternative mixes of personnel used by a mission in terms of USDH, FNDH, and contract personnel.

The Mission has successfully used our local personnel to great advantage. Significant numbers have and will continue to be used to staff positions that would otherwise be encumbered by U.S. direct-hire personnel. We have Pakistani personnel with senior responsibilities in such diverse areas as personnel, nutrition, participant training, provincial liaison offices and field support activities, to mention a few. To attract this caliber of employee, the major incentive is the benefits offered under direct-hire appointments, principally their coverage under Civil Service Retirement. The Mission utilizes personal service contracts to meet its requirements where labor demands

are of a fluctuating nature and longevity is not a key factor. Service-type contracts are used to provide such basic services as security, cleaning and labor.

3. How the various zero base levels affect the need for mission personnel other than those directly related to projects.

The various decision packages have very little affect on mission personnel levels other than those directly related to activities. There will be a slight increase of two workyears in the financial management area, at the proposed level, in order to carry out the financial analysis required for these increased activities.

4. The impact of MODE restrictions of personnel decisions.

The Mission currently has Ambassadorial approval for a MODE level of 45 direct-hire positions, including IDI's and excluding AAG/IIS. We anticipate no difficulty in securing approval for the increase of five positions in the FY-80 program.

5. Personnel included in the ceiling but not included in the work-year efforts itemized. Explain.

There are no personnel included in the ceiling levels that are not counted in workyear efforts. Our Regional Legal Advisor and Area Contracting Officer are included in the ceiling and their work effort is shown in the Non-Mission Specific category.

6. Efforts not related(directly or indirectly) to program activities, that require Mission staffing.

None.

7. Any plans to upgrade or assume services now provided by AID/Washington. Itemize services and staffing.

None.

### Step 3 -- Expenses

1. The inflation exchange rate factor by year.

The official exchange rate of Rs 9.90 to \$1.00 has been used for all years in this presentation. The inflation factor built in for

purchase of goods and services increases at the rate of approximately 10% per year, but is not reflected in project estimates.

2. The use of housing allowance or directly providing residences.

The Mission provides leased accommodations for all of its U.S. employees. A study made by the Mission in 1975 revealed that the Mission-leasing program was advantageous to the U.S. Government, and the factors considered in that study remain unchanged.

3. Any significant changes in the expense for Office Operations from FY 78 to FY 80.

The overall decrease in Office Operations from FY 78 to FY 79 is primarily due to a reduction in the planned equipment replacement. The subsequent increase in FY 80 is principally the inflationary trend of the FY 79 level.

4. The factors that define direct-hire Foreign National benefits.

The Local Compensation Plan is based upon prevailing wage rates and compensation practices in the employment market of Pakistan. The fringe benefits, e.g., annual leave, sick leave, medical, severance pay, retirement, group life insurance, etc., which are directly provided by the Mission to the local employees were compared with similar benefits provided by the employers in the locality. Where there was a significant difference, a plus or minus adjustment was included in the Mission Compensation Plan. The benefits such as housing, transportation, bonus, leave fare assistance, dearness (cost of living) allowance, subsidized meals, etc., which the Mission does not provide directly to the local employees were also measured in monetary terms and appropriate plus adjustments were included in the local compensation plan.

5. Operating Expenses used to support program funded personnel. Explain.

The Mission is in the process of purging all contractor and PASA logistic support costs from the Operating Expense and Trust Fund budgets. Beginning in FY 1979 program funds are being budgeted to finance all dollar costs formerly charged to Operating Expenses, and a Mondale Grant is presently being processed to provide local cost funding for contractor and PASA

personnel logistic support. Hence, no funds are included in this budget, beginning with FY 79, to support program funded personnel.

6. Specifically outline any measures that you are now taking or plan to take to use the taxpayers money more efficiently.

The Mission has and continues to exercise vigorous management effort to keep all operating expense costs to an absolute minimum. As a few examples of these efforts we make a concerted effort to maximize the utilization of in-country procurement resulting in a significant saving over U.S. prices and ocean freight charges. The Mission carefully reviews all of our travel requirements with a view towards full utilization of excursion and other discounted air fares. We have been making considerable progress in reducing our telephone costs by encouraging maximum utilization of less costly methods of communication and assuring that long distance calls are only used in special circumstances. Constant monitoring of the use and requirements for overtime has kept this category of expense within reasonable bounds. We are in the process of implementing a lengthy series of cost-saving recommendations that resulted from a recently completed intensive review of the entire management support area of the Mission. These include elimination of indoor messenger service, discontinuance of night operation of telephone switchboard, transfer of janitorial and labor services to service contract, closure of Peshawar field administrative support operation, joint administrative support with Embassy in the area of housing maintenance and auto maintenance, and elimination of shuttle service between USAID and Embassy buildings, to mention a few.



WORKFORCE REQUIREMENTS - SCHEDULE 1 - EXISTING POSITIONS 001 USAID PAKISTAN 002

MODE LEVEL	AUTHORIZED	BUDGETED	REQUESTED	NON-CEILING	TOTAL FILLED	TOTAL VACANT
:	POSITIONS	POSITIONS	POSITIONS	POSITIONS	POSITIONS	POSITIONS
FY 76 45*	004	005	006	007	008	009
003	004	005	006	007	008	009
-----						
L	POS NO	POSITION TITLE	P	PIP	GII	G
I	013	014	L	0	R	I
N			A	0	R	I
E			Y	A	S	A
N			N	I	D	U
O			I	E	M	E
			I	E	S	O
012			0	N	0	0
5	273916412	ASST AG OVL OFF	FR	03	04	
6	273916416	PROJ MGR AGRI	FR	04		
7	273917025	POP ADV RES	FR	03	03	
	273917119	PH ADV	FR	04	04	
	273917122	MALARIA ADV	FR	03		
	273917212	POP OFF PH/PHSN	FR	02	02	
	273918012	MRS OVL OFF	FR	02	03	
	273918024	MRS OVL OFF EDU	FR	05		

\*Does not include PASA and AAG/ IIS Positions.

Warren appvd.  
 Long appvd.  
 Lyons appvd.  
 Mantione to fill.  
 Glenn appvd.  
 Kohashi appvd.



Direct-Hire Only PAKISTAN/USAID

LINE	Position Title	FE 0 YA 0 N 0 A 0 D 0 E	G Est. Date R SPAR to be sent to AID/W	Date Employes required on duty	Required AGSC's for new position:			New ceiling required			Mode clearance required			Will IDF graduate be assigned to position	Remarks
					U 0 1 1 1	0 0 0 0 0	0 0 0 0 0	Yes No 016 017	Yes No 018 019	Yes No 020 021	Yes No 022 023				
					Primary 012	Secondary 013	Tertiary 014								
	IRRI Farming Adv		See Remarks	9/30/78					Yes				No	SPAR already pending AID/W. See STATE	
	Gen Eng Adv		FR 4 5/13/78	9/30/78	080107				Yes				No	SPAR handcarried in AID/W 5/15/78 ISLAMABAD 4744	
	Soc Science Res Adv		FR 4 5/13/78	9/30/78	010145				Yes				No	SPAR handcarried in AID/W 5/15/78 ISLAMABAD 4744	

TABLE VI - FUNDING FOR SPECIAL CONCERNS

PROJECT NUMBER AND TITLE	APPROP CODE	SPECIAL CONCERN CODE	DECISION UNIT Pakistan						
			OBLIGATIONS (\$ 000)						
			PY: 78 PROJECT TOTAL	SPECIAL CONCERN	CY: 79 PROJECT TOTAL	SPECIAL CONCERN	BY: 80 PROJECT TOTAL	SPECIAL CONCERN	
0296 - Agriculture Research (G)	FN	XIIB			240	240		200	200
0403 - Dryland Agriculture (G)	FN	XIIB XIIS			340	340			
0408 - Rural Electrification (L) (G)	FN FN	XIIB XIIB			24,000 1,000	2,000 1,000			
0409 - Rural Roads (L)	FN	XIIB			700	300			
0413 - On-Farm Water Management (G)	FN	XIIS		317	750	750		750	750
0417 - Village Level Food Processing (G)	FN	RESD ATNL		117	275	275			
0423 - Rural Credit (L)	FN	RESA XIIB						15,000	1,000
0445 - Rainfed Land and Water Management (L) (G)	FN	ENVR XIIB						7,000 1,000	7,000 1,000
0447 - Water Management Research - CSU (G)	FN	XIIS			1,000	1,000		1,000	1,000
0448 - Rainfed Extension Services (G)	FN	XIIB						3,000	3,000

TABLE VI - FUNDING FOR SPECIAL CONCERNS

DECISION UNIT  
Pakistan

PROJECT NUMBER AND TITLE	APPROP CODE	SPECIAL CONCERN CODE	OBLIGATIONS (\$ 000)					
			FY: 78		CY: 79		FY: 80	
			PROJECT TOTAL	SPECIAL CONCERN	PROJECT TOTAL	SPECIAL CONCERN	PROJECT TOTAL	SPECIAL CONCERN
0411 - Population Research & Development (G)	PN	RESA			500	500	300	300
0415 - Basic Health Services (L)	HE	PARA			7,500			
0424 - Malaria Control (L)	HE	RESA					5,000	5,000
0425 - Rural Water (L)	HE	ATNL			20,000	20,000		
(G)	HE	RESD			1,500	500		
0410 - Primary Education (G)	EH	WID	500	200				
0440 - Development Impact Measurement (G)	EH	LTRG					3,500	1,400
		RESA						
		RESD						
0435 - Box Libraries (OPG)	EH	PVOU			325	325		
0438 - Technical Training Institutes (OPG)	EH	PVOU			750	750		
0446 - Non-Conventional Energy (G)	SD	ENER					500	500

DECISION UNIT: Pakistan

PERIOD COVERED: FY 1978 - FY 1980

Mission Evaluation Schedule for Operational Year and Budget Year

<u>Project Title and Number/Subject</u>	<u>Number and Date of last PAR/PES Submitted</u>	<u>Proposed Date of Next PES</u>	<u>Period to be Covered</u>	<u>Identification, Special Evaluations and Purpose for them</u>	<u>Remarks</u>
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FOOD AND NUTRITION

Grant Projects

0394 - Nutrition Plan- ning and Research (Islamabad 217)	12/76	-	-	-	Previously planned 4/78 evaluation not conducted as project terminated 8/31/77. Final progress report submitted 11/77. Terminal Report is awaited from MIT.
0404 - Vitaminization of Flour 1/	-	-	-	-	See footnote 2. GOP/USAID annual evaluations to begin one year after signing of Project Agreement.
0416 - Dryland Agriculture Development	(2/78 original date) Submitted 11/77 See remarks	3/79	12/77 - 3/79	-	2/78 planned evaluation advanced to 10/77 at AID/W request. Evaluation printed and distributed by AID/W. 3/79 evaluation will constitute GOP/USAID terminal review.

1/ Project title changed from Fortification of Flour.

2/ Project delayed by AID/W deferral of new obligations.

<u>Project Title and Number/Subject</u>	<u>Number and Date of last PAR/PES Submitted</u>	<u>Proposed Date of Next PES</u>	<u>Period to be Covered</u>	<u>Identifica- tion, Special Evaluations and Purpose for them</u>	<u>Remarks</u>
0417 - Village Level Food Processing	-	(3/78 original date) 2/79	11/77 - 1/79		GOP/USAID evaluation with Denver Research Institute participation.
0418 - Improved Crop Estimating	-	11/78	11/77 - 11/78		GOP/USAID/USDA Statistical Research Service evaluation with possibly AID/W participation. Timing based on opportunity to observe estimating teams in action.
<u>Loan Projects</u>					
0409 - Rural Roads	-	(5/78 original date) 1/80	* 12/78 - 12/79		GOP/USAID evaluation with possibly AID/W participation. Routine assessments of training, road construction and maintenance will be conducted and could precipitate special evaluations. 1/80 evaluation assumes ProAg signed Oct. 1978 and actual field implementation begins not later than January 1979.

\* Project delayed by AID/W deferral of new obligations.

<u>Project Title and Number/Subject</u>	<u>Number and Date of last PAR/PES Submitted</u>	<u>Proposed Date of Next PES</u>	<u>Period to be Covered</u>	<u>Identification, Special Evaluations and Purpose for them</u>	<u>Remarks</u>
0419 - Agriculture Inputs	7/77	(3/78 original date) 1/80	8/77 - 12/78		Data from 7/77 assessment are included in 8/77 PP. GOP/USAID evaluation in FY 80 timed in relation to the distribution of fertilizer.
<u>Combined Projects (Grant and Loan)</u>					
0296 - Agriculture Research	5/77	(5/78 original date) 6/79	6/77 - 5/79		5/78 planned evaluation deferred by revision of basic project agreement stemming from 5/77 evaluation, 6/79 evaluation with GOP/USAID/USDA/AID/W participation. Joint quarterly reviews could precipitate a special evaluation.
0401 - On-Farm Water Management	PAR 76/1 12/75	(3/78 original date) 5/78	1/76 - 4/78		Evaluation delayed to accommodate arrival of TDY team members. GOP/USAID/USDA/AID/W participation. Evaluation schedules based on SCS PASA schedule and spring harvest.

\* Project delayed by AID/W deferral of new obligations.

<u>Project Title and Number/Subject</u>	<u>Number and Date of last PAR/PES Submitted</u>	<u>Proposed Date of Next PES</u>	<u>Period to be Covered</u>	<u>Identification, Special Evaluations and Purpose for them</u>	<u>Remarks</u>
0408 - Rural Electrification	-	(5/79 original date) 12/79	9/78 - 11/79		GOP/USAID/HC Contractor and possibly AID/W participation. Evaluation will provide data for new loan. Periodic reviews will be held upon completion of feasibility studies.
<u>POPULATION/HEALTH</u>					
<u>Grant Projects</u>					
0384 - Population Planning (PIDE)	PAR 76-3 5/76	9/78	6/76 - 9/78		Joint GOP/USAID end of project evaluation.
0434 - Population Planning (Program Components)	-	(12/77 original date) 12/79	* 10/78 - 11/79		GOP/USAID/AID/W and other donor participation.
0411 - Population Research and Development	-	(7/79 original date) 2/80	* 12/78 - 1/80		GOP/USAID internal evaluation. Subproject reviews will be conducted prior to approval of each research endeavor. Schedule assumes funding by 12/78.

\* Project delayed by AID/W deferral of new obligations.

Project Title and Number/Subject	Number and Date of last PAR/PES Submitted	Proposed Date of Next PES	Period to be Covered	Identification, Special Evaluations and Purpose for them	Remarks
<u>Loan Projects</u>					
0424 - Malaria Control	2/78 (Handcarried to ASIA/PD for distribution)	3/79	3/78 - 2/79	GOP/USAID/WHO/AID/W participation in annual external evaluation.	
0406 - Rural Clean Water - I ) 0425 - Rural Clean Water - II )	-	(9/78 original date) 1/79 - 3/80 4/80	* 1/79 - 3/80	Annual evaluations with GOP/USAID and possibly outside consultant participation. Six month reviews to be conducted.	
0415 - Basic Health Services	-	(7/79 original date) 2/78 - 3/80 4/80	* 2/78 - 3/80	Initial project assessment related to request for second tranche will be held 4/79. GOP/USAID/MEDEX and outside consultant participation in 4/80 evaluation. Timing now based on assessing trainees after they have worked in the field for several months. Periodic reviews could precipitate an earlier special evaluation.	

\* Project delayed by AID/W deferral of new obligations.

Project Title and Number/Subject	Number and Date of last PAR/PES Submitted	Proposed Date of Next PES	Period to be Covered	Identification, Special Evaluations and Purpose for them	Remarks
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EDUCATION/HUMAN RESOURCES

Grant Projects

0299 - Government Administrative Staff Improvement	6/77	-	-	Project inputs completed with final students returning 10/78. Comprehensive data from 6/77 project assessment included in Development Training PP. Any future assessment will be included in evaluation of follow-on project, Development Training.	
0366 - Institutional Grants	10/76 TOAID A-009	6/78 (Indiana) 7/78 (CSU)	10/76 - 7/78	Two evaluations: GOP/USAID with University of Indiana participation and GOP/USAID with Colorado State University participation. Project ends FY 1978.	
0407 - Development Support Communication Center	-	(8/78 original date) 11/79	11/78 - 11/79	GOP/USAID evaluation is based on assumption that field implementation will begin 11/78. An in-depth study of one campaign will be conducted 11/80.	

\* Project delayed by AID/W deferral of new obligations.

<u>Project Title and Number/Subject</u>	<u>Number and Date of last PAR/PES Submitted</u>	<u>Proposed Date of Next PES</u>	<u>Period to be Covered</u>	<u>Identification, Special Evaluations and Purpose for them</u>	<u>Remarks</u>
0426 - Development Training	-	(10/78 original date) 10/79	* 9/78 - 9/79		GOP/USAID evaluation covers first school year after anticipated receipt of funding. In 3/81 either AID/W or contractor participation will be sought for an in-depth evaluation.

Combined Projects (Loan and Grant)

0410 - Primary Education	-	(1/79 original date) 3/80	* 10/78 - 2/80		GOP/USAID reviews are required each November to accommodate GOP budget cycle. Evaluation is required 3/80 to provide data for follow-on loan. PP is due May 1980. Schedule must slip if implementation does not begin by 10/78.
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SELECTED DEVELOPMENT ACTIVITIES

Loan Projects

0414 - Technical Services	7/77	7/78	7/77 - 6/78		GOP/USAID reviews held every six months. P.E.S. will be submitted every July following June joint review.
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\* Project delayed by AID/W deferral of new obligations.

Project Title and Number/Subject	Number and Date of last PAR/PES Submitted	Proposed Date of Next PES	Period to be Covered	Identification, Special Evaluations and Purpose for them	Remarks
<u>OTHER EVALUATIONS</u>					
PL 480 Title II Section 204 and PL 480 Section 104(h) (Mondale) rupee grant projects	See Remarks				Rupee grant projects are closely monitored through quarterly grantee progress and financial reports and evaluated within 6 months following project termination.
IRRI/ARC Agriculture Machinery Industrial Extension Project	3/77	9/79	4/77 - 8/79		GOP/USAID/IRRI with possibly AID/W participation.
Contract AID ta-c-1411 with CSU for On-Farm Water Management	-	4/79	4/78 - 4/79		Work plan and Mission role in contract management will be reviewed May 1978 with AID/W participation. GOP/USAID/AID/W evaluation planned for 24th month of this 3 year project to determine need for possible follow-on research.

PL 480 Title I and Title III

WHEAT

Background

We believe the time series shown below put the current PL 480 wheat issues into better perspective:

	(000 Metric Tons)						
	<u>1972/73</u>	<u>73/74</u>	<u>74/75</u>	<u>75/76</u>	<u>76/77</u>	<u>77/78</u>	<u>78/79 (est.)</u>
Domestic <sup>a/</sup> production	6.9	7.4	7.6	7.7	8.7	8.6-8.9 <sup>b/</sup>	8.6 <sup>b/</sup>
Total <sup>b/</sup> Imports	1.46	1.13	1.17	1.27	.5	1.1 <sup>c/</sup>	1.5
Of which <sup>b/</sup> PL 480 Title I	1.1	.1	.09	.76	.25	.2	.7
Public Sector Procurement	.2	1.3	1.2	1.2	2.3	1.9	1.8-2.0 <sup>d/</sup>
Offtake	1.5	2.2	2.3	2.3	2.8	2.9	3.0

a/ Pakistan wheat crop year May 1 to April 30; production represents harvest of previous spring, e. g., production shown under 1972/73 was harvested in April/May 1972.

b/ Source: Up through 76/77 GOP Aide Memoire of June 1977; 77/78 and 78/79 Mission estimates. Agriculture Attache' estimates 1977/78 production 9.1 MT and 78/79 8.8 MT.

c/ Includes roughly 300,000 arranged for imports to arrive after April 30, 1978.

d/ Government target is 2.2 million tons.

The Government of Pakistan is the sole legal importer of wheat into the country. For over a decade wheat has been imported only for sale by the government ration shop system, except for some distribution in connection with WFP and other projects. There have been some sales from government stocks directly into the private market, but this method of restricting market price increases has been only sporadically used, and with apparent reluctance. Government purchases of wheat at harvest have been essentially a procurement operation for ration shop needs. Imports were used to provide the difference between domestic procurement plus government stocks on hand and expected offtake from the ration system. As can be seen above, offtake has steadily increased.

In 1975, the Government declared the procurement price would become a support price for wheat, and it would buy all wheat offered at the set price, which would become the floor price.

A year ago, when the FY 79 ABS was prepared, we had proposed Title I wheat imports of 200,000 in FY 78 (and 100,000 tons in FY 79) based on our estimate of the Spring CY 1977 wheat crop in the range of the previous years record 8.7 million tons. The final official word is still not in on the Spring 77 harvest. Publicly, officials say 9.0 million tons, although privately, Ministry of Food and Agriculture officials agree it was considerably lower. Also, the Secretary General of Finance, in a meeting with Consortium representatives early in May 1978, stated that there was an error in the wheat production figures which the Government was trying to rectify. We believe the Spring 1977 crop did not exceed and may have been less than the Spring 1976 record crop of 8.7 million. The evidence for this is:

- (a) Open market prices in representative, major producing areas rose to the equivalent of \$181 per metric ton in March 1978, compared to \$114 per ton in March 1977. This happened despite sizeable Food Department releases of wheat on the open market in January and February of CY 1978.
- (b) Government procurement for public sector distribution was 1.9 million tons (down from 2.3 million tons the previous year). The official Government procurement price is 37 rupees per maund or \$100 per metric ton.

- (c) Public sector offtake (primarily ration shops) rose to over 2.9 million tons (from 2.8 million tons in 1976/77).

The Government responded to these factors by increasing imports from 505,000 tons in 1976/77 to approximately 1.1 million tons in the 1977/78 crop year.\*

#### 1977/78 Public Sector Requirements

A June 1977 Government of Pakistan Aide Memoire on wheat imports for the 1977/78 crop year projected imports at 500,000 tons. This was increased to 900,000 to 1.0 million tons when by September 1977, procurement did not meet targeted levels. The government anticipated that at projected levels of offtake a million tons of imports would adequately supply the public sector distribution system through March and April 1978. The Government made increasingly urgent efforts to line up donors for food aid, and, as a last resort dipped into its foreign exchange reserves to purchase up to 400,000 tons of wheat for cash in the U.S. market. We were unable to make a firm commitment on Title I until December 1977. An earlier awareness by the donors of the supply situation probably would have enabled the Government to obtain wheat on better terms than cash. The delays in placing the orders also had the effect of bunching arrivals in Karachi, severely taxing the port's unloading and transport capacity. We are looking forward to a more orderly and systematic analysis and scheduling of import requirements in the coming, 1978/79, crop year.

#### December 1977 PL 480 Agreement

The ad hoc nature of the Government wheat import arrangements, coupled with Government disinterest in examining the adequacy of the three year old procurement price, highlighted the need for a different, more substantive, approach to the Title I negotiations in December 1977. In addition to the self help provisions cabled to us from Washington, we sought to enter into a dialogue with Government policy makers on their goals in wheat production and marketing and the particular actions required to achieve them.

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\* Total of 1,103,315 MT's broken down as follows:  
U.S.: 750,645 ton (cash - 390,011, CCC - 169,997, PL 480 Title I - 190,637); Australia: 200,670 - one year terms; FAC (EEC, Argentina Australia) - 57,000; EEC (Belgium) - 36,000, Turkey (cash) - 20,000 Sweden (grant) - 19,000; France (cash) 10,000; and UK (grant)-10,000.

The goals and policies were discussed in the Title I negotiations and endorsed by the Government in the minutes of the December 22, 1977 Agreement.

Essentially, the Government reaffirmed that their major objectives in this area was self-sufficiency in wheat. (This would be at a consumption level of at least 11 1/2 ounces per day.) In support of this goal they stated appropriate policies would be followed so that the relationship between the price of wheat and necessary inputs would encourage additional, production increasing investments. These policies would involve an appropriate Government procurement price, unrestricted movement of wheat from surplus to deficit areas, and unrestricted storage and holding of wheat by farmers and growers.

The Government also endorsed the desirability of improving the efficiency of the public sector distribution system, in particular distribution to low income urban consumers. Finally, the Government agreed that adequate wheat storage and handling facilities must be created. In the immediate future this involved handling and storage of the 1977/78 crop. In the longer run the Government committed itself to the preparation of a Master Plan for storage (with Canadian assistance) encompassing all major agricultural commodities.

In order to systematically review progress in pursuing these policies (and to help develop the data needed to make informed decisions) the Government agreed to trimester meetings with the U.S. Mission, the agenda for which would be based on the specific commitments of the December 22 Agreement.

The initial trimester meeting is expected to be held in May, 1978.

#### Recent Developments

Faced with skyrocketing open market prices, expectations of scarcity in the market, low public sector stocks, and a harvest expected to be down marginally from the previous year, the Government - in early April 1978 - banned the movement of wheat from the major wheat producing areas in the Sind and Punjab. At the same time they limited the amount of wheat which individual growers could hold. The practica

effect of these policies is to convert the Government procurement price from a floor into a ceiling price. The Government held the procurement price but indicated they would seriously consider an upward adjustment in August before sowing of the 1978/79 crop.

In their view, a higher price now would (a) require a simultaneous increase in the ration shop issue price, which is likely to have repercussions with ration shop urban consumers or (b) require an increase in the Government subsidy to the public sector distribution system.

We believe there were other alternatives. While we understand the overriding importance which Government policy makers attach to keeping adequate stocks of atta in the ration shops, we consider the recent actions contravene the spirit, if not the letter of the December 22 Agreement on price policy and marketing restrictions. We believe that ration offtakes can be reduced and open market prices more efficiently restricted by increased open market sales from imports. Procurement prices, and most importantly farmers' market prices can thus be increased without an equivalent increase in the total Government subsidy costs.

#### PL 480 Strategy

We continue to believe the strategy proposed in the August 1976 "PL 480 Title I Program for Pakistan, FY 1977/81" and in "The Impact of PL 480 Title I on Economic Development" (Islamabad 3832) is valid. Essentially this strategy calls for the judicious use of wheat (and edible oil imports) in the short term to encourage long term growth oriented policies in fertilizer availability and distribution, major crop price policy, improved efficiency of on-farm water use, etc. Given the capability to increase production, the importance of such increases to the rural producer, and the large amount of PL 480 assistance that is likely to be required over the next 3-5 years, food aid must be an integral part of the overall aid strategy in Pakistan. Recent Government actions in banning interdistrict movement of wheat are, we believe, a setback. We do not conclude, however, that the strategy is invalidated. Rather, we must use the food aid - along with other major agriculture assistance - to firmly establish policies that will encourage increases in production on a continuing basis.

In particular, we seek:

- (A) A support price for wheat (relative to other inputs) that is an incentive to production and reflects the procurement price in neighboring markets and imports.
- (B) The elimination of restrictions on movement and storage of wheat.
- (C) Creation of a reserve stock which can be used to smooth out swings in open market prices.
- (D) Reform of the ration shop system and reversal of the trend of increasing public sector distribution.

FY 79 and Future Year Projections

There are, as of this writing, conflicting reports on the 1978/79 crop now being harvested. Acreage and yield per acre probably were down somewhat (more fertilizer could have been used, particularly urea in the irrigated areas, and quality seed was in short supply). Tarbela provided more irrigation water than in the previous year and the weather was a standoff. On balance, then, we believe the Spring 78 crop is down about 3% from the previous year. As noted above, although the Government still maintains last year's crop was 9.0 million MT, we believe the factors we can measure - procurement, market prices, imports - all indicate a crop in the 8.6 to 8.9 million tons range. If this year's harvest is less, imports May 78 to April 79 are likely to exceed the 1977/78 level of 1 million plus tons and may even reach 1.5 million, even without building up public sector stocks.

We therefore, are requesting 150,000 tons to be shipped in late FY 78 and 550,000 tons in FY 79, part of which could be used for stock buildup. Projections for the FY 79/80 period are as follows:

<u>FY 79</u>	<u>80</u>	<u>81</u>	<u>82</u>	<u>83</u>	<u>84</u>
550	400	400	300	200	200

(000) Metric Tons

WHEAT

1976/77 <sup>a/</sup> 1977/78 <sup>b/</sup>  
 Stock Situation                      Stock Situation

Beginning Stocks	490	400
Production	8,690	8,640 - 8,940
Imports:	505	1,104 <u>d/</u>
Concessional	301 <u>c/</u>	313
Non-Concessional	204	791
Disappearance	9,285	9,744 - 10,044 <u>e/</u>
Ending Stocks <u>f/</u>	400	400 <u>d/</u>

a/ GOP Wheat crop year ending April 30, 1977; harvest of May/June 1976.

b/ May 1, 1977 to April 30, 1978; harvest of May/June 1977.

c/ Includes 50,000 tons of Title II which the Government was permitted to sell.

d/ Includes roughly 300,000 tons of 1.1 million arranged imports noted above arriving after April 30, 1978.

e/ Reflects population increase; more real income (including remittances from abroad) and rise in smuggling due to large price differentials in Afghanistan and India.

f/ Government stocks.

## EDIBLE OIL

### Background

The principle elements of the country's oilseed problem are easier to identify than the solutions. They are: rising demand for ghee, stagnant domestic production, increasing imports, splintered administrative responsibility and lack of data on procurement price incentives and alternative crops and processing methods. For several years we have worked closely with the Government in these areas in an attempt to develop an acceptable overall strategy and program. (See Title I Agreements dating back to December 1976 and Aide Memoires on Edible Oil dated June 1976 and June 1977.) There are some encouraging signs (ARC research and Ghee Corporation pilot programs) but the basic problem is that neither we nor the Government now have sufficient information on which to base a major effort. Our approach is to continue providing a portion of the edible oil requirement and to help the Government identify and fill in these knowledge gaps on which a major national effort can be launched.

The table below illustrates the serious problems faced by Pakistan related to edible oil production and consumption. Consumption (primarily in the form of vegetable ghee) has been increasing at a rate of roughly 10% per year,\* while domestic production of cottonseed has been falling and rapeseed and mustard stagnant. As a result, imports of edible oil have increased dramatically - from 69,000 MT in 1971/72 to approximately 265,000 MT in 1977/78. Imports would have been greater during 1977/78 had not the Government drawn down stocks by 32,000 MT. Assuming domestic production will grow at a rate of 6-7% annually, the import gap will reach an estimated 400,000 MT by 1983/84.

Table 1

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\* This is a function of rising incomes, population increase, and limited availability of animal fat. Per capita consumption of fats is still only 6 kg. per capita, compared to 9.7 kg. in Canada and 11.4 kg. in Sweden for example.

Vegetable Oil -- Availabilities and Utilization  
(Metric Tons)

	a/ 1971/72	b/ 1972/73	c/ 1973/74	d/ 1974/75	e/ 1975/76	e/ 1976/77	e/ 1977/78	f/ 1978/79
<u>Availability</u>								
1. Opening Stocks	11	24	24	24	44	71	85	53
2. Domestic Production	245	235	233	220	176	179	206	226
- From Cottonseed	(161)	(151)	(140)	(127)	(75)	(90)	(114)	(130)
- From Rape/Mustard	(74)	(74)	(82)	(83)	(90)	(78)	(81)	(84)
- From Others	(10)	(10)	(11)	(10)	(11)	(11)	(11)	(12)
3. Imports	69	87	167	199	266	284	265	317
- U.S.	(42)	(62)	(76)	(57)	(112)	(121)	(107)	(127)
- Title I	(8)	(39)	(33)	(28)	(46)	(82)	(69)	(78)
- CCC	(34)	(23)	(43)	(29)	(66)	(39)	(38)	(49)
- Other	(27)	(25)	(91)	(142)	(154)	(163)	(158)	(190)
Total Available:	<u>325</u>	<u>346</u>	<u>424</u>	<u>443</u>	<u>486</u>	<u>534</u>	<u>556</u>	<u>596</u>
<u>Utilization</u>								
1. Industrial except ghee	26	25	50	32	15	18	22	26
2. Human Consumption	275	295	350	367	400	431	481	510
- For ghee manuf.	(200)	(220)	(245)	(306)	(358)	(384)	(421)	(450)
- Direct Consumption	(45)	(45)	(65)	(34)	(22)	(25)	(31)	(30)
- For refining	(30)	(30)	(40)	(27)	(20)	(22)	(29)	(30)
3. Closing Stocks	24	26	24	44	71	85	53	60
Total Utilization:	<u>325</u>	<u>346</u>	<u>424</u>	<u>443</u>	<u>486</u>	<u>534</u>	<u>556</u>	<u>596</u>

\* Source: From or computed from:

a/ 1972/73 Aide Memoire    b/ 1973/74 Aide Memoire    c/ 1975/76 Aide Memoire  
d/ 1976/77 Aide Memoire    e/ PK-8009, 4/19/78, 1977/78 estimates.    f/ Mission Projections

Note: Some of the figures in the Aide Memoire were adjusted so that the parts summed to the whole.

Beginning in 1976 the Government with the assistance and encouragement of the U.S. Mission - has taken a number of steps to address the problem. While self sufficiency in edible oil over the next five years cannot be achieved, the Government is seeking to reverse the trend of stagnant domestic production and increasing imports.

In furtherance of this policy the Government in early 1975 signed a contract with a U.S. firm (Experience Inc.) to do a feasibility study on cottonseed production, storage and marketing. In May, 1976, the Government established two semi-autonomous entities: The Ghee Corporation (to reorganize and manage the ghee industry along modern lines) and the Edible Oil Corporation (PEOC) to: (a) provide edible oil for the ghee manufacturing units, and (b) promote and expand domestic production of oilseeds.

In December, 1976, the Government agreed - in a Title I Agreement providing edible oil - that a comprehensive strategy for expanding edible oil production would be developed and implemented. With AID participation and assistance an inter-ministerial group drew up a five year edible oil program, the main points of which were repeated in the June 1977 "Aide Memoire on Pakistan's Requirements of Edible Oil/Fats for the year 1977/78." They are:

- (a) improve per acre yields of conventional oilseed crops;
- (b) develop sulphur, acid free rape and mustard varieties;
- (c) introduce and promote large scale cultivation of new oilseed crops such as sunflower, safflower and soybean;
- (d) introduce and promote the cultivation of industrial oil crops such as castor and linseed;
- (e) improve handling, storage, processing and utilization of oilseeds for obtaining maximum oil yields;
- (f) develop research priorities and a research implementation schedule;
- (g) provide price and other incentives to farmers for new oilseed crops; and
- (h) develop a phased program and its budgets.

In the minutes of the December 22, 1977 Agreement, the Government reaffirmed the following:

- (a) PEOC is responsible for increasing the production of indigenous edible oils and for increasing the collaboration of Ministry of Food and Agriculture, Provincial Agricultural Departments, the Agriculture Research Council, the nation's credit institutions, farmers and the private oil mills.
- (b) A separate Division has been established in PEOC for implementing the oilseed strategy.
- (c) Procurement centers are being established by the PEOC and procurement prices (for the non-traditional crops) will be reviewed, prior to the next sowing season.
- (d) PEOC will be responsible, ultimately, for providing farmers with quality seed.
- (e) PEOC is responsible for improving the efficiency of existing solvent extraction plants and oil expelling units; studies also will be carried out to determine the feasibility of new solvent extraction plants.
- (f) With regard to research, work is now underway on ARC's oilseed research program. Specialists for each edible oil crop will be added to the staff of the PARC.
- (g) The Government agreed to continue to encourage the shift from hydrogenated ghee to refined oil (which is cheaper to produce and healthier).
- (h) Finally the Government agreed to systematically review progress in each of these areas in meetings every four months. These are the same meetings referred to in the comments on wheat policy (see p. 156 above).

### Status of Government Initiatives

The Production Division has been established in PEOC under the guidance of an experienced administrator. However, a number of professional openings have not yet been filled.

A PC-1 (GOP Project Paper) "To Promote and Encourage the Cultivation of Edible Oilseeds in Country" is now under final review by the ECNEC (Executive Committee of National Economic Council). The proposal is a two year, \$1.8 million pilot effort to expand the domestic production of sunflower, safflower, and soybeans. Responsibility for the project is vested in a permanent Inter-Ministerial Committee headed by the Chairman of the PEOC.

A separate, potentially important pilot project has been proposed by the Ghee Corporation. The Corporation would encourage the cultivation of sunflower and safflower in areas contiguous to selected ghee manufacturing plants (the corporation has 24 plants under its jurisdiction) by providing farmers technical assistance and seed and fertilizer (as a loan). The Corporation would guarantee the purchase of the crop prior to planting.

PEOC also has submitted for approval a proposal for a much larger oilseeds program as the follow-on to the current pilot project.

### Unresolved Issues

Notwithstanding repeated Government confirmation that PEOC would be responsible for planning and managing the oilseed strategy, the PC-1 referred to above appears to shift implementation responsibility to the Provincial Governments. While we do not quarrel with the new arrangement, we believe that lines of authority between PEOC and the participating provincial entities must be clearly delineated.

As in the case of wheat, price policy is crucial to any effort to expand production. These relationships are complex. Important variables are the procurement price for cotton lint (cotton seed is a by-product), the internal demand and price of cottonseed meal and cake, the export price of meal, the import price of oil, and

the oil content and yield from different types of oilseed. A great deal more analysis is required to understand these relationships as the basis for optimum Government policies. In any case, there is a question whether or not the established procurement prices for oilseeds are an incentive to farmer/producers. We are urging the Government to examine the costs and benefits of raising the prices for the next (summer of CY 1978) sowing season.

### Processing

The May 1977 Strategy Report estimated that 80% of the oilseed processed in Pakistan was by the expeller method, and the remainder by solvent plants and village type bullock driven presses (kohlu). There are approximately 2,400 low pressure expellers in Pakistan and 14 solvent extraction plants (3 of which are Government owned). Notwithstanding the fact that the expeller process is much less efficient than solvent extraction (it is estimated that 50,000 tons of oil are lost per year as a result) there are several factors which argue against an immediate shift to solvent plants. They are:

1. A by-product of the expellers is cottonseed cake, relatively high in oil content, compared to the solvent produced meal. Farmers prefer the cake for animal feed and there is little domestic market for meal.
2. Closing down the expellers is likely to have a negative effect on rural income and employment in the short run.

We believe that more data is needed, not only on the costs and benefits of modernizing and expanding solvent plants, but on the sociological implications of such a change.

### Insufficient Emphasis on Cottonseed, Rape and Mustard

Cottonseed is the major domestic source for the manufacturing of vegetable oil (140,000 tons of oil in 1977/78) followed by rape and mustard (80,000 tons). All three crops are characterized by low yields per acre, due to lack of quality seed, inadequate plant protection, poor cultural practices and land subject to waterlogging

and salinity. The Government needs to be more aggressive in providing seed, fertilizer, pesticides and advice on improved cultural techniques. A coordinated, comprehensive campaign on these three crops could achieve significant increases in oil availability in the short run. Our projection of 6% annual increases in production is predicated on a sustained expansion in cotton production.

### Research

Adaptive research on cotton, rape and mustard is the most pressing need because of the immediate impact high yields will have on oilseed production. Next in importance, considerable more work needs to be done on safflower, sunflower, groundnuts, and soybeans. ARC/PARC now places a high priority on oilseeds research and is organizing and staffing the organization so as to place much more emphasis on oilseeds research and its extension. The goals of the national program are "to conduct research designed to determine, demonstrate and promulgate the best method to:

1. increase oil production per acre;
2. improve the nutritional value of edible oils, cake and meal;
3. improve the profit margin for oil seed producers.

ARC/PARC does not now have responsibility for research on cotton, which is the prerogative of the provincial governments.

### PL 480 Strategy

We intend to use the mechanism of the trimester meetings to support and encourage expeditious Government action in expanding domestic production. Through our assistance under the Agriculture Research Loan, we will be working closely with ARC/PARC on the many facets of the national oilseed research program. Where we can be helpful in obtaining data -- e. g., on price relationships, and the costs and benefits of different extraction processes -- we will certainly do so.

We have advised the Government that we are receptive to financing part of the local costs of expansion programs now under consideration with U.S. -owned excess currency.

In the interim we see a continuing need and justification for concessional oil imports, at least until increases in the rate of domestic production can begin to reduce the import gap. Such increases will flow only from a concerted multi-year effort on the part of Government, and require a high level of leadership and Inter-Ministerial, Federal-Provincial collaboration. As is the case in wheat, the grant element in Title I oil imports is a strong inducement to the Government to maximize their use at the expense of domestic production. Therefore, we must provide such oil only in the context of policies designed to reduce the need for such imports. We are proposing a Title I edible oil program as follows:

	<u>(000) MT</u>				
<u>FY 79</u>	<u>80</u>	<u>81</u>	<u>82</u>	<u>83</u>	<u>84</u>
80	80	80	80	80	60



COUNTRY/PROGRAM: Pakistan

PL 480 Title I Agreements and Shipments

Commodity	Past Year Estimate 78		Current Year Request 79	
	Agreements (MT)	Shipments (MT)	Agreements (\$ Millions) MT	Shipments to FY 1980
Wheat	200,000 <u>a/</u>	190,637 <u>b/</u>	63.8	550,000
Edible Oil	80,000	62,000 <u>c/</u>	32.6	80,000
				Carryover to FY 1980
Commodity	Agreements (MT)	Shipments (MT)	Agreements (\$ Millions) MT	Carryover to FY 1981
Wheat	48.4	400,000	400,000	-
Edible Oil	36.5	80,000	80,000	-

a/ An additional 150,000 tons requested in Islamabad 3893.

b/ Balance expected to be shipped prior to end of the FY.

c/ Full amount of Agreement not shipped due to sharp increase in U. S. price.

PL 480 Title III

We now believe it unlikely that a Title III program will be developed here in the near future. The Government of Pakistan finds it extremely difficult to meet the current interpretation of the additionality requirement. In Islamabad 1370 we suggested a broad definition of additionality tied into the Government's chronic inability to fund all of the elements of the Annual Development Plan. AID/Washington's reply (State 69683) would appear to limit us to a stricter interpretation: "However, proposal must be developed in such manner to clearly demonstrate specific nature additional effort GOP will undertake . . ." In an economy where development resources are in short supply, and proposals always exceed resources, this is not a feasible option. The immediate, additional expenditure required by the Government, which would be offset against Pakistan's future debt obligation after a substantial passage of time, does not represent a viable incentive in view of the inadequacy of current resources.

One way of meeting this problem and making Title III more attractive to the host Government is to offset the current expenditure level (for agreed upon purposes) against current repayments requirements of previous Title I loans. Should the legislation be amended to provide for this kind of repayment offset for Pakistan, we believe a multi-year program could be quickly developed.

PL 480 Title II

The history of supplementary feeding program in Pakistan includes projects sponsored by two international agencies, UNICEF and the World Food Program (WFP), and three voluntary agencies, CARE, Church World Services (CWS), and Catholic Relief Services (CRS).

UNICEF began food assistance in 1949. Commodities for their program were supplied by the United States. By the early 1970's UNICEF was distributing approximately \$2 million worth of Title II PL 480 food annually in Pakistan. These commodities were used for supplementary feeding through over 850 MCH centers. The Government of Pakistan was responsible for in-country management of the program. In 1973 UNICEF terminated this food assistance because of the Government's failure to adequately manage the program and the excessive work load monitoring this project placed on UNICEF's small Pakistan staff.

CRS and CWS operated small institutional feeding programs during the 1950's. These programs were terminated around 1961 when both organizations reduced their Pakistan-based staffs.

CARE has sponsored Title II commodity programs since the early 1950's. Their current program focuses on pregnant and lactating mothers and pre-school children in the provinces of Sind and Baluchistan. Distribution is primarily through Government MCH centers.

The World Food Program currently sponsors a commodity program aimed at the same group as CARE, but restricted to the Punjab and Northwest Frontier Provinces and Azad Kashmir.

The demarcation of Pakistan into two areas, one serviced by CARE and the other by World Food Program, dates back to 1971 when UNICEF and CARE, the major Title II sponsors, both operated countrywide. Both donors were providing commodities to some of the same distribution points, which resulted in overstocking of these centers and confusion among program staff. To correct this situation CARE limited its operations to Sind and Baluchistan, and

UNICEF supplied the rest of the country. When the World Food Program became a sponsor they restricted their program to the area previously serviced by UNICEF, and CARE maintained responsibility for Sind and Baluchistan. World Food Program also agreed to make wheat available for distribution in Sind and Baluchistan if the Government requested it and CARE agreed. Such an agreement was reached and wheat has been made available for distribution through centers serviced by CARE.

The CARE sponsored program has not had adequate support from the Government. One reason for this is the small size of the program. CARE has commodities to supply 40,000 recipients in an area with a population of more than 20 million, while WFP has commodities for more than 700,000 in an area with a population of 53 million. In addition CARE supplies vegetable oil and whey soy drink mix which are less desirable than WFP's whole wheat, dry skimmed milk and butter oil.

At present the CARE project has stopped. The Government let a contract to a private business to clear, store, and forward commodities to the MCH centers for distribution. Because of a disagreement over compensation the contractor has refused to release commodities from his warehouse since March 1977. On March 2, 1978 USAID sent a Bill of Collection to the Government covering the cost of the commodities and freight.

Although the World Food Program sponsored project is important to the Government, the Government has not adequately managed the distribution of the commodities within country. Because of limited funds, lack of expertise in movement of commodities, and inadequate staff the provincial agencies responsible for managing the project have not performed efficiently. The federal level project managers do not have the authority to control these provincial agencies. WFP has had to use its own small staff to compile district and province data. These data do not show what portion of the commodities have been distributed, how much is in the pipeline, and how much has been diverted to non-project uses.

The WFP project is scheduled to end in June 1978, but will probably continue into the fall to allow for an evaluation of the project and a full accounting of the commodities imported for the project. The WFP

has not decided whether to continue supplementary food assistance in Pakistan after this project. We understand the Government of Pakistan wants WFP to continue supplementary food support for the present target group, (pregnant and lactating mothers and pre-school children) and in addition for primary school children. We expect the WFP will make a decision sometime during FY 1979.

We do not see any possibility of designing a new CARE Title II project for implementation in FY 1979 and have therefore not requested Title II commodities for that year. We have included a commodity request for five years beginning in FY 1980. These commodities would be used in a CARE project to provide supplementary rations to pregnant and lactating mothers and pre-school children. At this time we are considering beginning with 100,000 recipients and moving up to 250,000 by year four. Distribution would be through Government MCH centers and other appropriate outlets.

This request is tentative because some important questions must be answered during this next year before a project could be implemented.

1. Will the Government of Pakistan resolve the problem that is preventing distribution of CARE Title II commodities?

CARE and the Mission have told the Government that it must recover the commodities now being held by its contractor in Karachi, and come to agreement with CARE on the appropriate distribution of these commodities before additional Title II commodity assistance is considered.

2. Will the WFP decide to continue supplementary food assistance beyond this year?

World Food Program's decision will influence many facets of a new CARE sponsored project such as: the area of Pakistan to be included under the project; the amount of commodities that will be needed; and logistics and monitoring arrangements.

3. Will the Government of Pakistan provide the support necessary to successfully operate the program?

Experience has shown that the Government is unwilling to shoulder in-country management responsibilities. CARE will assume these responsibilities at the start of a new program if the Government will finance all in-country costs and supply counterpart staff from the participating government agencies for training. In addition, the Government must agree to phased assumption of management responsibilities whereby the Government holds all management responsibility at the end of the project.

PL 480 TITLE II  
FY 1980

Country: Pakistan

Sponsor's Name: CARE

Maternal Child Health

Total Recipients - 100,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(000) <u>KGS</u>	<u>Dollars</u>
100,000	NFDM	1,080 x 551	595.1
100,000	Veg Oil	480 x 573	275.0
100,000	Wheat	<u>7,200 x 126</u>	<u>907.2</u>
TOTAL MCH 1980		<u>8,760</u>	<u>1,777.3</u>

FY 1981

MCH

Total Recipients - 150,000

150,000	NFDM	1,620 x 551	892.6
150,000	Veg Oil	720 x 573	412.6
150,000	Wheat	<u>10,800 x 126</u>	<u>1,360.8</u>
TOTAL MCH 1981		<u>13,140</u>	<u>2,666.0</u>

FY 1982

MCH

Total Recipients - 200,000

200,000	NFDM	2,160 x 551	1,190.2
200,000	Veg Oil	960 x 573	550.1
200,000	Wheat	<u>14,400 x 126</u>	<u>1,814.4</u>
TOTAL MCH 1982		<u>17,520</u>	<u>3,554.7</u>

FY 1983

<u>Maternal Child Health</u>		Total Recipients - <u>250,000</u>	
<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	(000) <u>KGS</u>	<u>Dollars</u>
250,000	NFDM	2,700 x 551	1,487.7
250,000	Veg Oil	1,200 x 573	687.6
250,000	Wheat	<u>18,000 x 126</u>	<u>2,268.0</u>
TOTAL MCH 1983		<u>21,900</u>	<u>4,443.3</u>

FY 1984

<u>MCH</u>	Total Recipients - <u>250,000</u>		
250,000	NFDM	2,700 x 551	1,487.7
250,000	Veg Oil	1,200 x 573	687.6
250,000	Wheat	<u>18,000 x 126</u>	<u>2,268.0</u>
TOTAL MCH 1984		<u>21,900</u>	<u>4,443.3</u>

TABLE I

Program Analysis for the Oral and Condom Supplies Needed to Achieve Full Availability

	(FY-1)	(PY)	(CY)	(BY)	(BY+1)	(BY+2)
<b>A. Full Supply Analysis</b>						
1. Married women of reproductive age (thousand)	11,159	11,483	11,816	12,158	12,511	12,861
2. 65% of line A1 (contracepting women required to achieve replacement fertility)	7,253	7,464	7,680	7,903	8,132	8,360
3. 50% of line A1 (contracepting women utilizing orals and condoms)	5,580	5,742	5,908	6,079	6,256	6,430
4. Annual stock requirements for "full availability"						
a. Orals 40% of line A3 x 13 monthly cycles	29,016	29,858	30,722	31,611	32,531	33,436
b. Condoms 60% of line A3 x 100 units	344,800	344,520	354,480	364,740	375,360	385,800
<b>B. Annual New Supply From Non-AID Bilateral Sources</b>						
1. Private Commercial Sector	166	167	167	167	167	167
a. Orals	-	-	-	-	-	-
b. Condoms	-	-	-	-	-	-
2. Other Donors	-	-	-	-	-	-
a. Orals	-	-	-	-	-	-
b. Condoms	-	-	-	-	-	-
3. Host Country Government Procurement	-	-	-	-	-	-
a. Orals	-	-	-	-	-	-
b. Condoms	-	-	-	-	-	-
4. Total In-Country Stock	166	167	167	167	167	167
a. Orals	-	-	-	-	-	-
b. Condoms	-	-	-	-	-	-
<b>C. Gap to be Filled to Achieve "Full Availability"</b>						
1. Orals (line A4a less line B4a)	28,850	29,691	30,555	31,444	32,364	33,269
2. Condoms (line A4b less line B4b)	334,800	344,520	354,480	364,740	375,360	385,800
<b>D. AID Bilateral Supply Objectives</b>						
1. Orals	-	-	-	-	-	-
2. Condoms	-	-	-	-	-	-

	(FY 1)	(PY)	(CY)	(BY)	(BY+1)	(BY+2)
<b>E. Total New Supply</b>						
1. Orals (line B4a plus line D1)	166	167	167	167	167	167
2. Condoms (line B4b plus line D2)	-					
<b>F. Remaining Supply Gap</b>						
1. Orals (line A4a less line E1)	28,850	29,691	30,555	31,444	32,364	33,269
2. Condoms (line A4b less line E2)	334,800	344,520	354,480	364,740	375,360	385,800
<b>G. People Gap</b>						
1. Orals (line F1 divided by 13)	2,219	2,284	2,350	2,419	2,490	2,559
2. Condoms (line F2 divided by 100)	3,348	3,445	3,545	3,647	3,754	3,858
3. Total (line G1 plus line G2)	5,567	5,729	5,895	6,066	6,244	6,417

Table 2

AID Bilateral Logistic and Financial Analysis  
of Orals  
 (Thousand M/C)

	Calendar Year			
	PY-1	PY	CY	BY
<u>A. AID Inventory Analysis</u>	77	78	79	80
1. Beginning of year stock Jan. 1	16,291	13,548	11,298	8,798
2. Add: Scheduled deliveries	-	-	-	-
3. Less: Expected Use	2,743	2,250	2,500	2,750
4. End of Year Stock Dec. 31st	13,548	11,298	8,798	6,048

To be completed by AID/Washington

B. Financial Analysis (CY)

1. Calendar Year 19CY deliveries (line A2 above)
2. Estimated cost per unit in FY of purchase
3. Estimated total cost for FY 19CY (to be determined by AID/W)

C. Financial Analysis (BY)

1. Calendar year 19BY deliveries (line A2 above)
2. Estimated cost per unit in FY of purchase  
 (to be determined by AID/W)
3. Estimated total cost for FY 19BY  
 (to be determined by AID/W)

Table 3

AID Bilateral Logistic and Financial Analysis  
of Condoms  
 (thousand pieces)

	Calendar Year			
	<u>PY-1</u> 77	<u>PY</u> 78	<u>CY</u> 79	<u>BY</u> 80
<u>A. AID Inventory Analysis</u>				<u>BY+1</u> 81
1. Beginning of year stock Jan. 1st	219,360	197,470	122,478	42,478 (40,022)
2. Add: Scheduled deliveries	50,011	8	-	-
3. Less: Expected Use	71,901	75,000	80,000	82,500 85,000
4. End of Year Stock Dec. 31st	197,470	122,478	42,478	(40,022) (125,022)

To be completed by AID/Washington

B. Financial Analysis (CY)

1. Calendar Year 19CY deliveries (Line A2 above)
2. Estimated cost per unit in FY of purchase
3. Estimated total cost for FY 19CY (to be determined by AID/W)

C. Financial Analysis (BY)

1. Calendar Year 19BY deliveries (Line A2 above)
2. Estimated cost per unit in FY of purchase (to be determined by AID/W)
3. Estimated total cost for FY 19BY (to be determined by AID/W)

### Research and Development

As mentioned in last year's ABS, a broad scale research effort is needed to identify, clarify the status of, and better understand the socio-cultural dynamics of the rural poor, AID's target group in Pakistan. Effective, meaningful indicators of poverty need to be determined. Data on elements of rural income such as access to health services, electricity, and roads, educational status, and nutritional status, need to be collected and analyzed. The proposed Development Indicators Measurement project would initiate a national household survey which would collect some of these data, but other, more intensive studies need to be done.

Further research at district levels and below is needed to determine the geographic distribution of poverty in the country. Pinpointing the poorest areas is a necessary step toward designing assistance for specific target groups.

More needs to be known about the socio-cultural profile as well as the economic nature of the poor to further understanding of the causes of, and effective ways to alleviate poverty. For example, many social sector projects depend on community support to help build and maintain structures such as schools and water systems. We need to better understand local social structures to design projects that can maximize such community involvement.

Studies which compare the experiences of various developing countries in Asian region in social sector development also would be helpful.