

UNCLASSIFIED

USAID/PAKISTAN'S PROGRAM WEEK (MARCH 18 - 22, 1985)

ANNUAL WORK PLAN

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ANNUAL WORK PLAN

A. Current Program

1. Overview

FY 1985 marked the beginning of the fourth year of the six-year economic assistance program negotiated between the USG and GOP in August 1981. Of the 23 projects/programs which comprise the multi-year program, 9 were designed and approved in FY 1982, 5 in FY 1983, and 6 in FY 1984, for a total of 20 by the end of FY 1984. While a considerable amount of staff time has been and will continue to be devoted to the design of the three remaining projects, FY 1985 witnessed a shift from a primarily design-driven mode to a focus on implementation of the 20 approved projects. In addition, in the first half of the year, three major policy studies in the areas of fertilizer, edible oil, and energy conservation were completed (see Attachment 3); work in a fourth area (primary education) was initiated; and, negotiation of the PL 480 Title I agreement self-help measures was conducted. By the end of FY 1985, it is also expected that 4 interim and 2 special evaluations of on-going projects will be completed. (See Attachment 2.) The Mission pipeline as of September 30, 1984 was about \$379 million, decreased to \$354 million as of February 15, 1985 and is projected to be about \$388 million as of September 30, 1985. (See Attachment 1.) At the end of FY 1984, the Mission had 37 USDH on board, including a Regional Computer Specialist. During the first six months of FY 1985, a total of 6 new officers arrived, and another 8 new officers are expected by the end of the FY, for a total of 14 new arrivals. Since the beginning of FY 1985, 3 officers departed post, and another 5 are expected to depart by September for a total of 8. As a result, total Mission USDH on-board strength by the end of FY 1985 should be 43 or a net gain of 6 USDH. (See Attachment 4.) As of September 30, 1984, there were 52 AID-financed long-term advisors in-country; as of March 31, 1985, there will be 61; and, a total of 100 is projected to be in-country by the end of FY 1985.

2. Policy Dialogue

FY 1985 was characterized by significant activity and progress in furthering the policy dialogue with the GOP on a number of key development issues. During the first quarter of the FY, three comprehensive policy studies were completed: (a) an analysis of the Fertilizer Industry by Chemonics; (b) a Stock and Trade Management Study by USDA consultants, which was a follow-on of the 1982/83 comprehensive study of the edible oil sector conducted by USDA/OICD; and, (c) a National Energy Conservation Strategy and Detailed Plan by Hagler, Bailly and Company, Inc. Following on the successful visual, micro-computer policy presentations made to the GOP by the Mission in the population area (RAPID presentation) in January 1983 and in the edible oil sector in November 1983, the Mission has continued to use this immensely valuable tool in our policy dialogue with the GOP. Such a presentation was made

on January 14, 1985 to senior GOP policy-makers on the stock and trade management study. The energy conservation presentation was made at the February 11, 1985 meeting of the Energy Policy Board. A fertilizer presentation is scheduled for March 19, 1985. And, RAPID presentations to Provincial Governments are planned for May 1985. These activities as well as progress in the Mission's continuing policy dialogue with the GOP in the areas of energy pricing, use of indigenous energy resources, population, irrigation, health, narcotics, PL 480, and the private sector are summarized in the Policy Dialogue Update in Attachment 3.

### 3. Project/Program Design

The Command Water Management/Irrigation Systems Management PP Amendment was submitted to AID/W in January 1985, and the authorization amendment was signed on February 19, 1985. Design work is progressing well on the \$40 million Rural Roads Project. With the assistance of the Checci/Louis Berger design team and a design specialist from Robert R. Nathan, the Mission expects to submit the Interim Report (IR) in April 1985. On the assumption that the IR is approved and the Mission is successful and satisfied in its dialogue with the GOP on the major policy issues involved in this project, we would submit the PP to AID/W in July 1985.

The IR for the \$25 million Commercial Funding and Investment Corporation (CFIC) Project is expected to be submitted for review during Program Week in March 1985 or shortly thereafter. Once the IR is approved, two major types of design work will be required to bring CFIC to final AID approval and implementation. Firstly, USAID will have to retain the services of an investment bank or investment firm to "sell" the \$10 million of equity investment to a consortium of institutional and individual investors. This process will entail legal and financial work of a complex nature and close consultation with USAID to ensure that the resultant investor package is acceptable to AID and constitutes a sound business proposition. Secondly, the Mission will have to use consultant services and in-house resources to develop the PP and to conduct the complex negotiations with the GOP which will be required to launch the only privately-owned investment house in Pakistan. When these two steps are completed, we anticipate that final AID/W review and approval may itself be somewhat more time-consuming than usual in light of the innovative aspects of the Project. For all these reasons, we anticipate that the PP will probably be submitted no earlier than the first quarter of FY 1986 and may well come in the second quarter of that year.

As indicated in the Lakhra Project Update paper prepared for Program Week, the Mission proposes to submit the Interim (Project Appraisal) Report in October/November 1985 and the PP in May 1986. The latter date assumes that the financial packaging work will be completed NLT March 31, 1986. Work has begun this FY on plans for the post 1987 period, with the submission during Program Week of a USAID/Pakistan discussion paper on the Post FY 87 U.S. Economic Assistance Program to Pakistan. This will be followed by the submission of a combined post FY 87 military/economic assistance program document by the Country Team in the late summer/early fall.

#### 4. Obligation Targets

The Mission has successfully met its obligation targets for the past three FYs. Attachments 5 and 6\* summarize the Mission's obligation plans and schedule for FY 1985 and our projections for FYs 1986 and 1987. Of the \$250 million to be obligated for projects/programs this FY, we anticipate obligating \$100.9 million (40 percent) by the end of the second quarter and another \$133 million by the end of the third quarter, with the remaining \$16.1 million for the Rural Roads Project expected to be obligated in August. The \$50 million PL 480 Title I Agreement is likely to be signed in late March 1985.

#### 5. Project Implementation Performance

##### a. Agriculture Portfolio

Of the eight on-going projects, one is scheduled to terminate in FY 1985 (Agricultural Research) and three others were approved in the latter part of FY 1984 (MART, TIPAN, and Food Security Management). The remaining four are at various stages of implementation. On the Agricultural Research Project, the Mission is undertaking a reprogramming exercise to ensure that all funds are committed and goods and services delivered by the June 30, 1985 PACD. With the signing of the University of Illinois contract in November 1984, the TIPAN Project is off to a good start, although the long-term advisors are not expected in-country until the summer. Progress in securing the services of the U.S. A&E firm, however, has been slow. While the CIMMYT contract for the Wheat and Maize component under the MART Project was signed in October 1984, delays have been encountered in negotiating the ICARDA contract for the Arid Zone Research component. Issuance of the RFP for the principal technical assistance team for the Research Management and Training components under the MART Project is not expected before April/May 1985. The GOP's PC-1 for MART has been approved. Three RFPs have been issued for the Food Security Management Project as have two major PIO/Ts for long-term PASAs. Two other major PIO/Ts for the Post-Harvest Management component are in preparation. We expect all major contracts to be signed and all advisors in-country by the end of FY 1985 for the TIPAN, MART, and FSM Projects, except the MART principal TA team, which should arrive at the end of CY 1985.

Fertilizer awards were made in December 1984, and IFBs for an estimated \$14 million worth of irrigation equipment were issued in February 1985 by the Pakistan Embassy in Washington under the Agricultural Commodities and Equipment Program. Procurement of commodities by the PSAs, AEGIS and Connell, should be completed by the end of the calendar year. The Mission plans to issue an RFP for a new

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\* Since CFIC has been moved to FY 1986, the \$15 million originally planned for obligation in FY 1985 will be added to the Rural Electrification Project and obligated in the third quarter.

PSA to procure approximately \$5 million worth of ACE-financed commodities for several other projects. A PSC will be executed shortly to hire a U.S. commodity specialist to assist the Mission implement the ACE Program. After a lengthy negotiation process, the Mission and GOP have reached agreement on the private sector window. This component of ACE is expected to be launched in March with two Pakistani banks, Habib and United Bank Ltd.

With the arrival of the long-term technical assistance team in July 1984, implementation of the institutional strengthening and training components of the On-Farm Water Management Project is proceeding well. The Mission plans to shortly issue a Project Implementation Letter to define the program of activities and budget for the remaining 2-1/2 years of this project. Implementation of the civil works rehabilitation program under the Irrigation Systems Management Project has accelerated this fiscal year and should result in significant pipeline drawdown. The comprehensive water sector research program designed by the University of Idaho was approved in February 1985, and a long-term contract for the implementation of the program is expected to be signed in April. Performance of the PRC/Checci team on the engineering, planning, and equipment management elements of the project has been mixed, due largely to the absence of a contractor Chief of Party. With the arrival in January 1985 of a new overall team leader and a new planning/management team leader expected in March 1985, the situation has improved. An interim evaluation of this project to be completed in March should provide valuable information to assist the Mission to accelerate implementation of this project. With regard to the Command Water Management Program, a team is expected shortly to assist in the development of the in-country training program for Sub-Project Management Office personnel and field workers. Documentation is being prepared to procure the services of the long-term technical assistance team and the supervisory consultants. A considerable amount of Mission time has been spent negotiating and justifying levels of technical assistance, the contracting approach for the supervisory consultants, and the organizational structure of the SMO, in particular, in the Punjab. Reconciliation of the budget levels and other inputs in the GOP's approved PC-1 as compared with the AID PP Amendment has also been a time-consuming task. While most of these issues have been satisfactorily resolved, the level of technical assistance is likely to be a controversial issue throughout this project.

The FY 1983 Forestry Planning and Development Project continues to be plagued by the GOP's project approval process. The PC-1 was finally submitted to ECNEC in January, but it was sent back for clarification. While officially the Mission was informed that the issues raised related to site selection and the economics of the project, unofficially we were told that the major concern was the level of technical assistance. The PC-1 is now expected to be resubmitted to ECNEC and approved in March. In the meantime, considerable progress has been made by the GOP in establishing the administrative/organizational structure and required staffing for the project. In addition, the Mission expects to be ready to sign a contract by the end of March with the successful offeror to provide the long-term technical assistance team. Therefore, once the PC-1 is approved, this project should be able to take off.

b. Energy Portfolio

Implementation of the three approved energy sector projects is proceeding reasonably well. Considerable progress has been made, in particular, under the Rural Electrification Project. After nearly 9 months of data collection and analysis, planning, and systems development (as well as "settling-in"), the Ebasco/AEP/ITECO team of consultants is moving forward with implementation. A major milestone occurred in January 1985 when the team, in a day-long seminar, successfully presented key plans and recommendations to senior officials and the Board of Directors of WAPDA and obtained their sanction. The plans and recommendations presented included a comprehensive training program, the reorganization of the Power Wing of WAPDA, and an automated management information system. A PIO/T has been approved for local A&E services for the design of the major Distribution Training Institute as well as the model warehouses and customer service centers. IFBs for commodities for the energy loss reduction program are in the final stages of preparation as is the Work Order System for implementing the program. The Master Plan should be finalized shortly. Two of the gas turbines for the Guddu power plant arrived in January, and it is expected that all four turbines will be operational by March 1986. The Mission benefited significantly from the services of an independent engineering consultant who provided an analysis of the required level of effort and cost implications for the U.S. A&E firm to complete the job. An amendment to the Gibbs and Hill contract is expected to be signed in March. The Mission also plans to hire a PSC engineer to assist with the implementation of this very large capital project. While the Guddu component is now on track, problems related to the gas supply for the turbines, the performance of the local contractor (NESPAK), the timely delivery and installation of the myriad of commodities involved, and the adequacy of support services for the U.S. A&E firm and suppliers at the isolated Guddu site are likely to occur, with adverse effects on the implementation schedule.

The GOP's Energy Commodities Selection Committee under its Energy Policy Board approved and submitted to USAID a list of commodities totalling about \$17 million for nine different Government agencies and organizations under the Energy Commodities and Equipment Program. The Mission is currently reviewing the list to determine the eligibility of the commodities and to identify the most expeditious and appropriate procurement approaches. Solicitation documents should be issued within the next several months. As mentioned above for the ACE Program, the ECE private sector window is expected to be launched in March.

Progress in implementing the FY 1983 Energy Planning and Development Project has been disappointingly slow in some respects. June 1984 marked a major breakthrough when substantial agreement on project components and overall GOP project management was reached, after which the GOP revised and submitted its PC-1 documents. During the ensuing nine months, significant progress has been made in establishing and staffing an ENERPLAN Office, which is headed by a highly competent, active and committed Managing Director. Another major accomplishment was in the field of energy conservation where consultants assisted the Mission to prepare a National Energy Conservation Strategy and Detailed Plan and to make a visual micro-computer presentation of this material to senior GOP

policy-makers at the Energy Policy Board meeting in February. (See Attachment 3, Policy Dialogue Update.) A major activity currently being pursued by the Mission as a result of this initiative is the hiring of an IQC contractor to design a program to improve the operational and thermal efficiency of WAPDA and KESC thermal power plants. Two candidates were identified in October 1984 to fill the PSC General Energy Advisor and the PSC Energy Conservation Advisor positions under the project. Both are Pakistanis, currently employed by the World Bank. A response to a recent letter from the GOP to the Bank requesting their release is still pending. If their release is not secured by the beginning of April, the Mission will select other candidates to fill these positions. PIO/Ts for the long-term institutional contracts for the Energy Planning and Energy Conservation components of the Project are in the final stages of preparation. The PIO/T for the PASA with the USGS on the Coal Resource Assessment component should be finalized in April. However, until all the long-term advisors arrive in-country (which is not expected before the end of CY 1985), implementation will be relatively slow. The Lakhra Feasibility Work, which is being financed under this project, is proceeding well and is described in the Lakhra Project Update paper submitted for Program Week.

### c. Health and Population Portfolio

Implementation progress of the four on-going projects is mixed. While some project components are progressing well or ahead of schedule, others have encountered delays or difficulties. As indicated in Attachment 2, the recent Population Welfare Planning Project evaluation has been instrumental in furthering the Mission's dialogue with the GOP on a number of key policy and operational issues and recommended a number of reprogramming actions which the Mission is currently pursuing with the GOP. The evaluation confirmed that contraceptive oftakes (particularly for condoms) have increased at a more rapid pace than that envisioned in the PP. As a result of the evaluation, the Mission plans to shortly issue a PIL to revise the project budget and several project activities and has requested AID/W to amend the project authorization to increase the level of funding for contraceptives. In addition, the Mission is preparing a PIO/T for a long-term three-person technical assistance team to be provided under an institutional contract to strengthen the research component of the project.

The FY 1984 Social Marketing of Contraceptives Project is another project which has fallen victim to the GOP's project approval process. The PC-1 has been approved by the Central Development Working Party (CDWP), the first tier in the process, and the PC-1 is expected to be submitted to ECNEC for approval in March 1985. In the meantime, the GOP has proceeded with the RFP for the host country contract with a private sector manufacturing/distribution firm to implement the project. Negotiations with the top-ranked firm are expected to begin in March. In addition, the Mission has obtained GOP approval to move forward with the RFP for the U.S. technical assistance contractor. The RFP for this procurement, which has been made a small business set-aside, will be issued during the latter part of March. Contraceptives have already begun to arrive in-country. With these steps having been taken, the Project is ready to take off once the PC-1 is approved.

The Malaria Control II Project has encountered a number of problems. The death of the Federal Director of the program in December, following his illness for the previous four months, has left the program without experienced leadership and with several pending project actions, such as the purchase of a new building for the National Malaria Training Center. The malaria situation is becoming more serious due to: an increase in reported falciparum cases; some evidence of chloroquine resistance in the parasite; and, some evidence of malathion resistance in one type of mosquito. A special field evaluation is planned for the fourth quarter of FY 1985 to examine the implications of this situation as well as progress in implementing the Malaria Program in general. The findings and recommendations of the external evaluation of the International Center for Malaria Research and Training (ICMRT) conducted in July 1984 have not been implemented. The change in leadership at the Ministry of Health, with a new Secretary and a vacant position for the Minister, has made it almost impossible to move forward toward a new malaria research organization. USAID's support to the existing ICMRT is scheduled to terminate in May 1985, and it is unlikely that plans for the merger of ICMRT's functions into the new organization will be finalized by then. On the positive side, the PSC Malaria Advisor, who has been a major and driving force behind this project, recently signed a contract amendment to extend for another two years. Awards for malathion totalling \$8.2 million were made in February 1985, and insecticide deliveries are expected to arrive in time for the 1985 spraying season. The Special Field evaluation at the end of FY 1984 showed a marked improvement over the previous year in the performance of the spray teams and district and provincial personnel in carrying out spraying operations.

The GOP's decision not to move forward at this time on the health financing initiative was disappointing. However, prospects are good that we will obtain GOP sanction to undertake the study in FY 1986. Work is proceeding on the curriculum revision and other training activities and in the management area. Contracts for the construction of the Medical Technician Training Schools are expected to be executed within the next several months, which should move the pipeline considerably. A new initiative in the area of Oral Rehydration Therapy (ORT) is beginning to take shape and appears promising. The interim evaluation scheduled for the fourth quarter of FY 1985 will be used as a vehicle to assist the Mission to reassess its health sector initiatives and the possible need for modifications.

#### d. Area Development Projects

The Baluchistan Area Development Project, which was signed in August 1984, is off to a good start. Although the GOP's PC-1 has not yet been approved, this has not interfered with our ability to move forward with pre-implementation activities. Design of the housing/office complex at Turbat is expected to be completed on March 12, a Project Director for the PPMU has been appointed, a contract with a local A&E firm for the small dams feasibility survey is about to be executed, and two PSC advisors, a water engineer and a general engineer, are in-country. The RFP for the long-term technical assistance contract will be issued on March 11, and advisors should arrive in-country by August 1985. The RFP

for U.S. A&E services for the major Bela-Awaran road will be issued in March. A major concern is the construction of the housing/office complex, which, unfortunately, is behind schedule by several months.

The Mission is satisfied with the progress being made under the NWF Area Development Project. Cooperation from both the line departments, in particular Agriculture, and farmers in implementing project activities has been quite good. The GOP has also lived up to its commitments to enforce the poppy ban in accordance with the mutually agreed upon phased enforcement plan. A U.S. PSC Engineer, who will be based in Peshawar, was recently hired to assist in the road construction and small infrastructure projects under this and the Tribal Areas Development Project. A major accomplishment was the signing of an agreement in January with the Overseas Pakistani Foundation to implement the Off-Farm Employment component. With the arrival of the third DAI advisor in November 1984, implementation of the livestock, reforestation, and watershed management program elements has accelerated. Implementation of the Special Development and Enforcement Plan (SDEP) is proceeding satisfactorily. The Special Development Unit (SDU) has been established, and the SDU is currently reviewing the report prepared by a British design team for the Dir sub-project. Plans are also being made to design several other sub-projects. In addition, the SDU recently issued a major progress report on Narcotics Suppression Activities in Pakistan.

Performance under the Tribal Areas Development Project has been mixed. While progress is being made with the small self-help development sub-projects under the Special Development Fund and with some of the small irrigation schemes, the Bara irrigation project is encountering difficulties as is the geohydrological development component, largely due to the inadequate performance of FATA-DC. The agricultural demonstration activity, which is being implemented in the Bara area, is beginning to pick up. Poor designs and inadequate supervision by Provincial C&W Department staff have caused delays in the road construction program. To address this problem, the Mission has persuaded the GOP to hire private A&E firms under direct AID contracts to assist in design and construction supervision, and a contract is expected to be executed shortly. This action, coupled with the hiring of the U.S. PSC engineer described above, should greatly facilitate the implementation of the roads components under both the TADP and NWF Area (Gadoon) Projects. An interim evaluation of TAD is scheduled for the fourth quarter of FY 1985. This exercise will assist the Mission to determine the need for possible changes in, inter alia, the nature and level of technical assistance inputs and the institutional and administrative mechanisms in place for this project.

#### e. Other Projects

Both the Development Support Training Project and the Project Design Fund are proceeding extremely well and have been of enormous assistance to the Mission in carrying out its training and design objectives for the entire portfolio. Short-term and long-term U.S. and Third Country participant placements for the first six months of FY 1985 totalled 80. The number is expected to reach 300 by the end of this FY, as compared with a total of 126 participants for FY 1984. The Mission

has requested AID/W approval to increase the level of funding for the PDF and plans to seek additional funding toward the end of the calendar year for the DST Project, on the basis of the interim evaluation of that project to be conducted in the first quarter of FY 1986.

#### 6. Implementation Problems

At the April 1984 Paris Consortium Meeting, agreement was reached to establish a Donor-GOP Implementation Task Force under the aegis of the World Bank to examine project design and implementation problems and to make recommendations for an action plan to remedy problems. A September 1984 meeting of donor representatives in Pakistan, chaired by the Minister of Planning and Development, officially launched this initiative. Progress since then, however, has been slow. Attachment 7 contains three separate reports on implementation performance and problems prepared by the World Bank, USAID, and the ADB. All 3 documents are currently under review by the GOP. The GOP is expected to convene a meeting of donor representatives prior to the Consortium Meeting in May to review the findings and recommendations in the reports and to decide on the next steps. The Mission urges AID/W to ensure that this topic is placed on the agenda and receives priority attention at the upcoming Consortium Meeting in May. As indicated in the preceding section, the GOP's project approval process is the single most pervasive bottleneck to the timely implementation of the USAID/Pakistan portfolio.

Another major implementation problem relates to the poor design and construction supervision performance of Pakistan's Provincial C&W Departments and local A&E firms. The Mission is trying to overcome poor C&W Department performance by hiring local private sector A&E firms. However, our experience to date with these firms, in most cases, is less than optimum, although certainly better than that with the C&W Departments. Lack of attention to detail and a casual attitude in meeting schedules appear to be the rule rather than the exception. This situation has placed an enormous additional burden on our Engineering Office, which is already overworked and understaffed. A project-funded PSC engineer, located in Peshawar, has been contracted to reduce some of this burden, but the magnitude of the problem is likely to increase as more and more construction activities get underway.

As indicated in Attachment 4, contracting is perhaps the most serious implementation constraint on the USAID side. It is becoming increasingly apparent that two USDH contracts officers cannot handle new procurements generated by our design and implementation load, respond to a myriad of complex contract administration matters in a timely manner, and at the same time keep abreast of the changing and restrictive procurement regulations which have been promulgated during the past year.

The staffing situation in our Energy Office is also critical given the nature and magnitude of the workload. The USDH Energy Advisor

The special implementation problems related to the Gibbs and Hill A&E contract under the Guddu/Rural Electrification Project, the PRC/Checchi contract under the ISM Project, the Skidmore, Owings and Merrill A&E contract under the TIPAN project, and the ICARDA technical assistance contract under the MART project have collectively consumed an inordinate amount of Mission staff time. The ICMRT activity under the Malaria Control II Project probably should be ranked number one as the worst offender in this regard, especially for senior management time.

## 7. Summary

Despite some delays and disappointments, the Mission is satisfied with the progress achieved during the past year in project design, project implementation, evaluation, and the policy dialogue and in meeting its obligation targets and managing its pipeline. From the foregoing, it should be apparent that the Pakistan portfolio is still in its infancy, with many of the 20 approved projects at the "pre-implementation" stage between project approval and the arrival of the long-term technical assistance team. The project pipeline balance at the end of FY 1985 will be about \$388 million, which the Mission considers reasonable, given the annual project obligation levels of \$200 million, \$225 million, and \$250 million in FYs 1983-1985, respectively, and the fact that a significant percentage of our annual obligations is of a relatively slow-disbursing nature. The pipeline is also a function of the degree of forward funding (structural pipeline) of projects. As we approach the end of the current six-year program period, more forward funding of projects is occurring to ensure our obligation target of \$1.625 billion is met by the end of FY 1987. Another important factor in the rate of pipeline drawdown is the level of staff time devoted to implementation, which must also compete with design, evaluation, and policy dialogue activities.

## B. Future Program

FY 1986 will see the pendulum begin to shift from a predominant focus on project implementation back to an increased focus on program development and project design. On the implementation side, with the exception of the FY 1985 Rural Roads Project, we expect that all long-term advisors for all approved projects will have arrived in-country by FY 1986. The effect of this major accomplishment, however, will not begin to be reflected in the pipeline until FY 1987 where we are projecting a decline in the pipeline from its peak of \$399 million at the end of FY 1986 to \$370 million at the end of FY 1987. The arrival of the USDH commodity specialist at the end of FY 1985 should help significantly in achieving our disbursement targets.

Six evaluations each are scheduled in FY 1986 and FY 1987. The policy assessment of the primary education sub-sector, initiated in the fourth quarter of FY 1985, should be completed during the first quarter of FY 1986. In addition, the Mission is currently considering undertaking a policy analysis of the health sector in FY 1986, along the same lines as the primary education sub-sector assessment. (See the separate document submitted for Program Week on the Primary Education Sub-Sector Assessment.) The health care financing initiative previously planned for FY 1985 would be undertaken as part of this overall assessment. The

design of both an energy sector assessment and a water sector assessment is also scheduled for FY 1986, with both being undertaken in FY 1987. And, an agricultural technology assessment will probably be designed in FY 1987 and executed in FY 1988. (See the January 1984 CDSS.)

During FY 1986, the Mission will be focusing much of its time and effort in finalizing the design of the last two (and perhaps the most challenging) of the twenty-three projects under the current economic assistance package, namely, Lakhra and CFIC. We will also continue our on-going policy dialogue with the GOP in the critical areas summarized in Attachment 3, through the evaluations and assessment work described above and other special studies/analyses which may be identified during the ensuing years. In both FY 1986 and FY 1987, a considerable amount of time will also be spent in negotiating the annual PL 480 Title I Agreements. And, during FY 1986 and FY 1987, serious planning and project preparation work will have to begin for the post-1987 period.

Clearly, the most serious challenge to date to the Mission's combined design and implementation capacity will occur in FYs 1986 and FY 1987. The staffing implications of the work that lies ahead needs to be carefully examined.

USAID/PAKISTAN'S PROGRAM WEEK (MARCH 18-22, 1985)

INTERIM PIPELINE ANALYSIS  
AS OF FEBRUARY 15, 1985

Project expenditures totaled approximately \$ 36 million during the first 4-1/2 months of FY'85, and obligations were \$ 11 million, resulting in a \$ 25 million net reduction of the pipeline to \$ 353.5 million as of February 15, 1985. Based on updated expenditure estimates, we project a pipeline balance of \$ 387.7 as of 9/30/85, which is approximately one half million dollars higher than our last projection. This very small increase in the projected pipeline balance is primarily due to the delay in GOP approval of the PC-1 for the Forestry Planning and Development Project, which resulted in a reduction of projected FY'85 expenditures for that project.

We have also projected the pipeline on a project by project basis through the end of FY 1986 (schedule attached) based on the best information currently available which is summarized below (in millions):

| Projected<br>Balance<br>9/30/85 | FY 1986                  |                           | Projected<br>Balance<br>9/30/86 |
|---------------------------------|--------------------------|---------------------------|---------------------------------|
|                                 | Projected<br>Obligations | Projected<br>Expenditures |                                 |
| \$387.7                         | \$275.0                  | \$264.4                   | \$398.3                         |

The projected FY 1986 year end pipeline would consist of the following fiscal year obligations (in millions):

| <u>1983</u>  | <u>1984</u>  | <u>1985</u>   | <u>1986</u>    |
|--------------|--------------|---------------|----------------|
| \$11.8<br>3% | \$30.9<br>8% | \$88.7<br>22% | \$266.9<br>67% |

The FY 1983 funds in the projected pipeline are in the Irrigation Systems Management and Forestry Planning and Development Projects.

We have not made a detailed projection beyond the end of FY 1986.

However, based on planned obligations of \$275 million in FY'87 and expenditure growth trends, the pipeline as of 9/30/87 should be approximately \$ 370 million. This balance should then consist of only FY 1986 and FY 1987 obligations.

The four projects previously mentioned as potential pipeline problems (see below) continue to incur expenditures somewhat slower than projected. However, only the projections for the Forestry Planning and Development Project have been reduced for FY 1985. The other projects are still expected to achieve their targets as of the end of FY 1985.

The following is the status of these four projects as of 2/15/85:

|                         | <u>Pipeline<br/>2/15/85</u> | <u>Planned<br/>Obligations</u><br>(In Millions) | <u>Projected<br/>Expenditures</u> | <u>Projected<br/>Pipeline<br/>9/30/85</u> |
|-------------------------|-----------------------------|---|-----------------------------------|---|
| Forestry Plann. & Deve. | \$ 10.0                     | -   | \$ 1.1                            | \$ 8.9                                    |
| Rural Elec.             | \$ 78.2                     | \$25.0 <u>a/</u>                                | \$51.7                            | \$51.5                                    |
| Energy Planning & Deve. | \$ 16.2                     | -   | \$13.3                            | \$ 2.9                                    |
| Tribal Areas            | \$ 12.1                     | -   | \$ 5.7                            | \$ 6.4                                    |
| Total:                  | <u>\$116.5</u>              | <u>\$25.0 a/</u>                                | <u>\$71.8</u>                     | <u>\$69.7</u>                             |

Details of all projects for FY 1985 and 1986 are on the attached schedule.

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a/ The Mission recently decided to postpone CFIC until FY 1986. The \$15 million in loan funds originally planned for CFIC in FY 1985 will therefore be added to Rural Electrification, yielding a total of \$25 million in loan funds obligated for that project in FY 1985.

USAID/PAKISTAN  
PIPELINE ANALYSIS  
(\$000)

| Proj. No. | Project Title                                | Pipeline as of 02/15/85 | PROJECTED |         | Pipeline as of 09/30/85 | PROJECTED |         | Pipeline as of 09/30/86 | PIPELINE BY OBLIGATION YEAR |       |       |        |
|-----------|--|-------------------------|-----------|---------|-------------------------|-----------|---------|-------------------------|-----------------------------|-------|-------|--------|
|           |  |                         | Obliga.   | Expend. |                         | Obligs.   | Expend. |                         | 1983                        | 1984  | 1985  | 1986   |
| 0296      | AGRICULTURAL RESEARCH                        | 1330                    | -         | 1330    | -                       | -         | -       | -                       | -                           | -     | -     | -      |
| 0413      | OH-FARM WATER MANAGEMENT                     | 7310                    | -         | 1460    | 5850                    | -         | 5850    | -                       | -                           | -     | -     | -      |
| 0467      | IRRIGATION SYSTEMS MANAGEMENT                | 44221                   | 18000     | 8510    | 53711                   | -         | 8330    | 45381                   | -                           | -     | -     | -      |
| 0468      | AGRICULTURAL COMMODITIES & EQUIP.            | 66246                   | 70000     | 56710   | 79536                   | 40000     | 62000   | 57536                   | 19400                       | 18090 | -     | -      |
| 0469      | POPULATION WELFARE PLANNING                  | 13787                   | 16100     | 8920    | 20967                   | 15000     | 15000   | 20967                   | -                           | 17536 | 40000 | -      |
| 0470      | PROJECT DESIGN FUND                          | 3678                    | 5000      | 1960    | 6718                    | -         | 4000    | 2718                    | -                           | 5967  | 15000 | -      |
| 0471      | TRIBAL AREAS DEVELOPMENT                     | 12137                   | -         | 5660    | 6477                    | 5000      | 5000    | 6477                    | 1477                        | 2718  | -     | 5000   |
| 0472      | MALARIA CONTROL II                           | 14108                   | 9600      | 8690    | 15018                   | 8700      | 6500    | 17218                   | -                           | 8518  | -     | 8700   |
| 0473      | KURAL ELECTRIFICATION                        | 78191                   | 25000     | 51750   | 51441                   | 27000     | 56500   | 21941                   | -                           | -     | 21941 | -      |
| 0474      | DEVELOPMENT SUPPORT TRAINING                 | 7497                    | -         | 1800    | 5697                    | 5000      | 3511    | 7186                    | 2186                        | -     | -     | 5000   |
| 0475      | PRIMARY HEALTH CARE                          | 11945                   | -         | 2780    | 9165                    | 6500      | 4320    | 11345                   | 4845                        | -     | -     | 6500   |
| 0478      | ENERGY PLANNING & DEVELOPMENT                | 16238                   | -         | 13340   | 2898                    | 5000      | 5485    | 2413                    | -                           | -     | -     | 2413   |
| 0479      | BALUCHISTAN AREA DEVELOPMENT                 | 11100                   | -         | 2200    | 8900                    | 8000      | 6500    | 10400                   | -                           | 2400  | -     | 8000   |
| 0480      | RURAL ROADS                                  | -0-                     | 16100     | -       | 16100                   | -         | 5000    | 11100                   | -                           | 11100 | -     | -      |
| 0481      | FORESTRY PLANNING & DEVELOPMENT              | 9994                    | -         | 1050    | 8944                    | 8000      | 2105    | 14839                   | 3000                        | -     | -     | 8000   |
| 0482      | COMMERCIAL FUNDING AND INVESTMENT            | -                       | -         | -       | -                       | 15000     | 100     | 14900                   | -                           | -     | -     | 14900  |
| 0484      | SOCIAL MARKETING OF CONTRACEPTIVES           | 4614                    | 8000      | 4070    | 8544                    | 4000      | 4729    | 7815                    | -                           | 3815  | -     | 4000   |
| 0485      | N.W. FRONTIER AREA DEVELOPMENT               | 10226                   | 7200      | 6140    | 11286                   | 5800      | 4649    | 12437                   | -                           | 6637  | -     | 5800   |
| 0486      | ENERGY COMMODITIES & EQUIPMENT               | 22000                   | 48000     | 20000   | 50000                   | 30000     | 45000   | 35000                   | -                           | 5000  | -     | 30000  |
| 0487      | LAKURA COAL POWER GENERATION                 | -                       | -         | -       | -0-                     | 62000     | 400     | 61600                   | -                           | -     | -     | 61600  |
| 0488      | TRNSF. & INTRG. OF PROV. AGR. NETWORK(TIPAN) | 3915                    | 11000     | 1940    | 12995                   | 10000     | 10000   | 12995                   | -                           | 2995  | -     | 10000  |
| 0489      | MGT. OF AGR. RESEARCH & TECHNOLOGY(MART)     | 9952                    | -         | 4450    | 5502                    | 10000     | 5000    | 10502                   | -                           | 502   | -     | 10000  |
| 0491      | FOOD SECURITY MANAGEMENT                     | 5000                    | 5000      | 2020    | 7980                    | 10000     | 4425    | 13555                   | -                           | 3555  | -     | 10000  |
| TOTAL:    |  | 353509                  | 239000    | 204780  | 387729                  | 275000    | 264404  | 398325                  | 11820                       | 30908 | 88743 | 266854 |

3X 8X 22X 67X

USAID/PAKISTAN PROGRAM WEEK (March 18-22, 1985)  
UPDATE OF EVALUATION PLAN

A. Overview

Since the inception of the renewed U.S. economic assistance program to Pakistan in FY 1982, the Mission has completed six interim evaluations (On-Farm Water Management, Agricultural Research, Agricultural Commodities and Equipment, 2 for Malaria Control II, and Population Welfare Planning) and three "special" (internal) evaluations (Malaria Control II, NWF Area Development, and Project Design Fund). An interim evaluation of the Irrigation Systems Management Project is in progress. Two additional interim evaluations (Tribal Areas Development and Primary Health Care) and one "special" evaluation (Malaria Control II) are scheduled for the fourth quarter of FY 1985. Six evaluations each in FYs 1986 and 1987 and seven each in FYs 1988 and 1989 have been provisionally planned.

Table 1 presents an overview of USAID/Pakistan's actual and provisional evaluation plan for the period FY 1982 - FY 1989, with the projects grouped according to initial FY of obligation. Tables 2 and 3 provide a summary of the project evaluations to be conducted in FY 1985 and FY 1986, respectively, by quarter, including the purpose and areas of investigation for each evaluation.

B. Actual Versus Planned Performance

While several modifications have been made to the Provisional Evaluation Plan submitted by the Mission with its FY 1986 CDSS in January 1984, the Mission has generally adhered to its original plans for FY 1984 and FY 1985. Of the four evaluations planned for FY 1984, three were completed as planned. In lieu of a formal interim evaluation of the first twelve months (Phase I) of implementation performance under the NWF Area Development Project, the Mission conducted an internal assessment, in collaboration with GOP counterparts. On the basis of this assessment, modifications were made in administrative procedures and in the nature of technical assistance inputs, and a decision was made to proceed with Phase II. A formal interim evaluation is tentatively scheduled for the first quarter of FY 1986.

Of the nine evaluations provisionally scheduled for FY 1985, five will have been undertaken by the end of the fiscal year, in addition to a "special" evaluation which had not been previously planned. Of the remaining four, three were postponed until FY 1986 (Rural Electrification, Social Marketing of Contraceptives, and On-Farm Water Management) to allow more implementation experience. The Mission has decided to cancel the final impact evaluation of the Agricultural Research Project, which has a PACD of June 30, 1985. A comprehensive

evaluation of that project was conducted in the fall of 1983. The evaluation served as the basis for the design of the FY 1984 follow-on Management of Agricultural Research and Technology Project and the FY 1984 Transformation and Integration of the Provincial Agricultural Network Project. In lieu of the final impact evaluation, the Mission will examine the impact of the Agricultural Research Project in the context of the Agricultural Technology Assessment (described in the January 1984 CDSS) and the interim evaluation of the MART Project, both of which will be conducted in FY 1988. Similarly, in lieu of conducting a separate final impact evaluation of the OFWM Project, which has a PACD of September 30, 1987, the Mission plans to conduct an interim evaluation of the project in FY 1986 and to assess its overall impact as part of the planned Water Sector Assessment in FY 1987. (See the CDSS.)

By the end of FY 1985, all nine projects approved in FY 1982 (including two major amendments of on-going projects), with the exception of one project (Rural Electrification) will have been evaluated at least once. The Rural Electrification Project formal interim evaluation has been postponed until the second quarter of FY 1986. However, the Guddu power generation component was intensively examined by an independent consultant during December 1984/January 1985, in the context of the Gibbs and Hill A&E services contract assessment exercise.

The Mission's evaluation plan for FY 1986 and beyond as reflected in the CDSS has been significantly revised. (See Tables 1 and 3.) The revised provisional schedule reflects two primary considerations: (1) the number of evaluations which the Mission has the capacity to undertake in any one fiscal year; and, (2) the recognition that, for projects with a significant technical assistance component, at least 18-24 months of in-country presence by the consultant team is desirable to be able to meaningfully evaluate implementation performance. Thus, interim evaluations of the FY 1983 Forestry Planning and Development and Energy Planning and Development Projects are currently scheduled for FY 1987. This is because it is anticipated that the long-term advisors will not arrive in-country before May 1985 (for the FP&D Project) and September/October 1985 and beyond (for the EP&D Project). The remaining three of the five projects approved in FY 1983 are expected to be evaluated at least once by the end of FY 1986.

### C. Application of Evaluation Findings

All of the evaluations conducted to date have served highly useful purposes. Some have significantly influenced the design of new projects. Others have flagged the need for the reprogramming of funds, a shift in the relative priorities assigned to project components, a reassessment of the level and nature of technical assistance inputs, and/or alterations in procurement planning or project management approaches. In some instances, the evaluation has served to confirm the validity of the original design and as a mechanism to justify additional funding (e.g. Project Design Fund). And, there are several evaluations which have been instrumental in the Mission's efforts to encourage the GOP to adopt a new approach or modify an existing practice.

Findings from the FY 1982 evaluation of the On-Farm Water Management Project shaped the major institutional focus of the FY 1982 amendment of that project and also were incorporated into the design of the FY 1985 Command Water Management Program under the Irrigation Systems Management Project. The FY 1984 evaluation of the Agricultural Research Project, in addition to highlighting the major and impressive accomplishments of that Project, influenced the design of the FY 1984 follow-on MART Project and the TIPAN Project. The evaluation emphasized, inter alia, the need to strengthen the provincial agricultural research network, which is the focus of both MART and TIPAN. Similarly, findings from the FY 1983 evaluation of the FY 1982 ACE Program, particularly in the areas of procurement planning and programming of rupee generations, were incorporated into the design of future tranches of the ACE Program and the design of the FY 1984 ECE Program.

The various Malaria Control II Project evaluations have resulted in: the standardization of drugs used for the treatment and prevention of malaria; the enforcement of safety measures used by spray teams; strengthening of the passive case detection system; the upgrading of the GOP's capability to collect and utilize epidemiological data; and, the GOP's decision to terminate AID funding of the International Center for Malaria Research and Training (ICMRT) as of May 1985. The evaluations also have contributed significantly to the on-going policy dialogue between USAID and the GOP on the types and uses of insecticides and have flagged the importance of adequate GOP program management and administration in containing malaria transmission.

The first quarter FY 1985 evaluation of the Population Welfare Planning Project has served several important functions: (1) It was the mechanism by which the Mission was able to persuade the GOP to adopt a more realistic and scientifically-based approach to projecting contraceptive requirements. It provided the analytical base for projecting contraceptive requirements and associated costs through the PACD. And, it was used as the justification for requesting AID/W to amend the project authorization to increase the level of funding for contraceptives. (2) The evaluation highlighted those project components which needed to be strengthened with additional training and technical assistance inputs and suggested solutions to problems which were responsible for the poor performance of other project components. On the basis of the findings and recommendations, the GOP and USAID are currently undertaking a reprogramming exercise and will document in a countersigned Project Implementation Letter the agreed upon changes in project activities, inputs, outputs, and funding. (3) The evaluation also identified priority areas for additional funding, which will serve as the basis for discussions to be held during the next several weeks among USAID, the GOP, and other donors. As a result of this exercise, the Mission may request AID/W assistance in identifying a team of consultants to explore possible additional areas for USAID funding.

While not an evaluation in the formal sense, the assessment by an independent consultant of the A&E contract under the Guddu Power Component of the Rural Electrification Project resulted in a number of critically important findings and recommendations regarding this major project activity. These will be incorporated into the contract

modification now being negotiated with the U.S. A&E firm. In addition, the Mission has already adopted several of the general procurement recommendations and is currently taking action to implement those recommendations relating to Mission project management and monitoring requirements.

D. Conduct of Evaluations

All of the interim and several of the special evaluations have been undertaken by teams composed of various combinations of local and/or expatriate consultants, AID/W staff, and/or GOP personnel, depending on the nature of the project and the purpose of the evaluation. In general, and especially for complex projects where policy, strategy, and/or future funding issues are involved, the Mission has found it highly desirable that at least one team member be an AID/W staff person and that he/she be the team leader. This approach not only increases the likelihood of an evaluation report being relevant and useful but also provides the basis for expeditious follow-up and agreement in AID/W on actions stemming from the evaluation.

We will continue to look to AID/W to assist the Mission in reviewing evaluation scopes of work and in identifying qualified individuals to serve as team members. Our requirements in this regard for the remaining scheduled FY 1985 evaluations will be communicated shortly.

TABLE 1

OVERVIEW OF USAID/PAKISTAN'S ACTUAL AND PROVISIONAL EVALUATION PLAN

| PROJECT NO. | PROJECT TITLE                                     | INITIAL OBLIGATION (FY) | * ACTUAL OR PLANNED EVALUATION (FY) |    |                     |        |    |    |        |    |
|-------------|---|-------------------------|-------------------------------------|----|---------------------|--------|----|----|--------|----|
|             |   |                         | 82                                  | 83 | 84                  | 85     | 86 | 87 | 88     | 89 |
| 391-0296    | Agricultural Research                             | 74                      |                                     |    | I                   | (PACD) |    |    |        |    |
| 391-0413    | On-Farm Water Mgt.                                | 76                      | I                                   |    |                     |        |    | I  | (PACD) |    |
| 391-0468    | Ag. Comm. & Equipment                             | 82                      |                                     | I  |                     |        |    |    | F*     |    |
| 391-0469    | Pop. Welfare Planning                             | 82                      |                                     |    |                     | I      |    |    |        | F* |
| 391-0470    | Project Design Fund                               | 82                      |                                     |    |                     | S      |    |    |        |    |
| 391-0471    | Tribal Areas Dev.                                 | 82                      |                                     |    |                     | I      |    |    |        | F  |
| 391-0472    | Malaria Control II                                | 82                      |                                     |    | I&S&I <sup>a/</sup> | S      |    | S  | F*     |    |
| 391-0473    | Rural Electrification                             | 82                      |                                     |    |                     |        |    | I  |        | I  |
| 391-0475    | Primary Health Care                               | 82                      |                                     |    |                     | I      |    |    |        | F  |
| 391-0467    | Irrigation Systems Mgt.                           | 83                      |                                     |    |                     | I      |    |    |        | I  |
| 391-0474    | Dev. Support Training                             | 83                      |                                     |    |                     |        |    | I  |        | F* |
| 391-0478    | Energy Planning & Dev.                            | 83                      |                                     |    |                     |        |    |    | I      |    |
| 391-0481    | Forestry Planning & Dev.                          | 83                      |                                     |    |                     |        |    |    | I      |    |
| 391-0485    | NWF Area Development                              | 83                      |                                     |    | S                   |        |    | I  |        | F  |
| 391-0484    | Social Marketing of Cont.                         | 84                      |                                     |    |                     |        |    | I  |        | F* |
| 391-0491    | Food Security Mgt.                                | 84                      |                                     |    |                     |        |    |    |        | I  |
| 391-0488    | Transformation and Int. of Provincial Ag. Network | 84                      |                                     |    |                     |        |    |    | I      |    |
| 391-0489    | Mgt. of Ag. Research and Technology               | 84                      |                                     |    |                     |        |    |    |        | I  |
| 391-0486    | Energy Comm. & Equipment                          | 84                      |                                     |    |                     |        |    |    | F*     |    |
| 391-0479    | Baluchistan Area Dev.                             | 84                      |                                     |    |                     |        |    |    |        | I  |
| 391-0480    | Rural roads                                       | 85                      |                                     |    |                     |        |    |    |        | I  |
| 391-0487    | Lakhra  | 86                      |                                     |    |                     |        |    |    |        | I  |
| 391-0482    | Commercial Funding and Investment Corp.           | 86                      |                                     |    |                     |        |    |    |        | I  |
| TOTAL       |   |                         | 1                                   | 1  | 5                   | 6      | 6  | 6  | 7      | 7  |

KEY: I = Interim Evaluation  
F = Final Evaluation  
S = Special (Internal) Evaluation  
PACD = Project Assistance Completion Date

\* In the likely event that these projects will be continued into the post-87 period, the evaluations will be interim evaluations.

<sup>a/</sup> One external formal interim evaluation in the fall of 1984, one external evaluation of ICMRT in July 1984, and one special internal field evaluation in August/September 1984.

TABLE 2

## USAID/PAKISTAN: EVALUATION PLAN FOR FY 1985

| QUARTER | PROJECT NO./TITLE                      | TYPE OF EVALUATION | PURPOSE AND AREAS OF INVESTIGATION   |
|---------|--|--------------------|--|
| 1       | 391-0469 Population Welfare Planning   | Interim            | Assess progress by the GOP in implementing its Population Welfare Plan in general and the A.I.D. project in particular, end use of commodities, donor coordination, performance of the contraceptive storage and logistics system, population research findings and dissemination of results, and IE and C activities, and make decision re increased funding. (DONE)  |
| 2       | 391-0470 Project Design Fund           | Special            | Examine validity of the original project design, assess need for additional funding, and make decision re increased funding. (DONE)  |
| 2       | 391-0467 Irrigation Systems Management | Interim            | Assess progress in implementing project, end use of commodities, civil works rehabilitation program, planning and policy formulation and translation into operational programs, progress in meeting O&M budgetary requirements, research program agenda, donor coordination and effectiveness of technical assistance team. (IN PROGRESS)  |
| 4       | 391-0471 Tribal Areas Development      | Interim            | Assess the impact of technical assistance inputs and the need for continued/modified inputs; institutional and financial mechanisms; performance in meeting civil works targets; influence of socio-cultural factors on implementation progress; project site accessibility and degree of local cooperation; administration of the Special Development Fund; and need for possible changes in inputs/outputs; and revise implementation schedule and financial plan accordingly. |

| QUARTER | PROJECT NO./TITLE            | TYPE OF EVALUATION | PURPOSE AND AREAS OF INVESTIGATION   |
|---------|------------------------------|--------------------|--|
| 4       | 391-0475 Primary Health Care | Interim            | <p>Assess progress in meeting performance benchmarks as laid down in PIL No. 11 dated 10/15/84 in the policy, management and training areas; Medical Technician training school construction schedule; and progress in the national ORT program; and make recommendations for possible redesign of project including a reassessment of priority areas for funding.</p> |
| 4       | 391-0472 Malaria Control II  | Special Field      | <p>Examine program field operations, progress in meeting policy and operational benchmarks, and implications of increased chloroquine resistance and make recommendations for FY 86 spraying season including type and amount of insecticides to be procured.</p>  |

TABLE 3

## USAID/PAKISTAN: PROVISIONAL EVALUATION PLAN FOR FY 1986

| QUARTER | PROJECT NO./TITLE                            | TYPE OF EVALUATION | PURPOSE AND AREAS OF INVESTIGATION   |
|---------|--|--------------------|--|
| 1       | 391-0485 Northwest Frontier Area Development | Interim            | Examine effectiveness of ban on poppy production, institutional and financial mechanisms for project implementation; and socio-cultural-political factors and their effect on project progress; undertake preliminary assessment of economic impact on the project area; and identify lessons learned for replication in other parts of Pakistan under the SDEP and for poppy eradication programs in general.   |
| 1       | 391-0474 Development Support Training        | Interim            | Assess progress in implementing overseas and in-country training programs including ESL program targets, private sector training, local institutional development activities, quality and relevance of training programs, quality of placement and support services provided to participants, extent of utilization of acquired skills and knowledge by participants and relevant sponsoring agencies, and training program planning and coordination by federal and provincial authorities; and on basis of evaluation, make decision re increased funding and extension of PACD. |
| 2       | 391-0413 On-Farm Water Management            | Interim            | Assess progress in implementing institutional improvement program including institutional relationships, policy implications, effectiveness of Water Users Associations, and effectiveness of technical assistance and training inputs and identify lessons learned for application to the Command Water Management Program under 391-0467, Irrigation Systems Management.   |

| QUARTER | PROJECT NO./TITLE                           | TYPE OF EVALUATION | PURPOSE AND AREAS OF INVESTIGATION   |
|---------|---|--------------------|--|
| 2       | 391-0473 Rural Electrification              | Interim            | Assess implementation progress of Guddu power plant, re-examine power gap, evaluate implementation of Master Plan and decide whether to implement the Rural System Expansion Program. NOTE: AID/W review of evaluation findings is required prior to disbursement of funds for the System Expansion Component. |
| 3       | 391-0484 Social Marketing of Contraceptives | Interim            | Examine institutional arrangements and socio-political factors re implementation of the pilot program including attitudes re the use of mass media and decide if, when and how to launch the program nationwide.   |
| 4       | 391-0472 Malaria Control II                 | Special Field      | Examine program field operations and progress in meeting policy and operational benchmarks and incidence of chloroquine resistance and make recommendations for FY 87 spraying season including type and amount of insecticides to be procured.  |

USAID/PAKISTAN'S PROGRAM WEEK (MARCH 18-22, 1985)

POLICY DIALOGUE UPDATE

A. Overview

The six-year \$1.625 billion economic assistance program to Pakistan spans the U.S. fiscal years 1982 through 1987. The program was explicitly political in origin, responding to the geopolitical situation in Southwest Asia and the joint foreign policy and security concerns of Pakistan and the United States. The program was planned as a package which would assist Pakistan to sustain its foreign policy and security commitments and offset the heavy financial burdens of its Refugee Program and a five year \$1.575 billion package of military purchases funded on commercial terms.

The basic bilateral understanding, negotiated by Under Secretary of State Buckley in 1981, incorporated no explicit quid pro quo development policy element. It has been the persistence and determination of the USAID Mission, combined with considerable responsiveness from the policy levels of the GOP, which have permitted the conduct and expansion of a substantial economic development policy dialogue in the context of the six-year program. The size of the program and its multi-year character have been powerful tools in the bilateral policy dialogue.

Moreover, many economic planners and policy-makers in the GOP recognize the importance of the judicious use of economic assistance and the need for structural and sectoral reforms in the sectors where external assistance is deployed. They welcome an "alliance for change" with external donors whose resources provide a focus for serious policy review. In this regard, USAID's commitment to the policy dialogue has permitted the development of a broad and sustained series of policy discussions and initiatives which have borne substantial fruit in the first three full years of program operations. This paper provides a capsule description of some of our major policy initiatives, their status and near-term prospects.

B. The Policy Setting

The environment for the policy dialogue is not fully conducive to rapid changes. Progressive forces have been balanced, some would say overbalanced, by conservative forces. The desire for change is countered by fear of the unknown and by the threat change brings against vested interests; sheer inertia also plays a role. Still, the rhetoric of the GOP is strongly on the side of change. The Sixth Plan calls for, inter alia, deregulation, a larger role for the private sector, an end to subsidies, expanded resource mobilization and vastly more attention to

the social sectors. The difficulty lies in formulating and implementing plans to make reality of rhetoric. In this process, the Ministry of Planning produces the five-year plans under the watchful eye of the Ministry of Finance, and in consultation with other elements of the Federal and Provincial bureaucracies, occasionally taking into account the planning and requirements of donor agencies. In a general way, the plan is the basis for the annual budgets which reflect both the rhetoric of the plan and the scarcity of resources.

Rhetoric and resource scarcity actually aid the progressive forces in the policy environment. Rhetoric establishes the principles by which the government wishes to operate. Resource scarcity makes those principles seem all the more important. If these two factors were free to operate, progressive forces would be irresistible. Subsidies would disappear. State-owned enterprises would be auctioned off. Credit would be allocated economically. Private enterprise would flourish. Unfortunately, however, they face inertia and entrenched interests. Fear of political reactions to reduced subsidies has inhibited progress in the edible oil sector. The threat to employees and management of the state-owned processing enterprises makes such fears all the more real. Fear of religious or political opposition has slowed family planning efforts. Large provincial bureaucracies dedicated to fertilizer distribution inhibit the privatization of this function. Fears of consumer reaction to higher natural gas and electricity costs has kept a lid on prices and helped bring about scarcity. In the last years of the Martial Law Regime, as Pakistan felt its way towards its own style of Islamic democracy, its policy-makers were even more constrained to heed political warnings and to be concerned about vested interests. They could not afford to break many rice bowls.

The colonial era left Pakistan with a conservative bureaucracy, dedicated, in large part, to traditions of state control of economic and social processes. This bureaucracy is a natural defender of the status quo because its functions, and hence the livelihood of many of its constituents, include many of the things the planners' rhetoric would eliminate. The bureaucracy runs state-owned enterprises, controls prices, distributes subsidized goods and services, and operates the cumbersome licensing process for private industries, all of which functions are explicitly or implicitly opposed by the policies put forward in the five-year plan.

On the positive side, the bureaucracy, as one of the two solid public institutions in Pakistan (the other is the military) has some exceptionally able people, well prepared by education and experience to understand and appreciate the intellectual process that must precede policy change. This means that it is not monolithic or closed to change. It contains progressive as well as conservative elements. This is where USAID/Pakistan has been most effective in mounting forceful arguments for policy reform, using sound analyses as the bases for discussions and structuring entire projects and programs around the need for reform, e.g., Rural Electrification, Energy Planning and Development, PL-480, ACE and ECE, Food Security Management, Rural Roads, Lakhra and CFIC.

The foregoing describes the conditions that USAID/Pakistan has faced in its recent policy forays. As will be seen, change has come slowly, but it has been in the right direction, and there are some indications that the pace will pick up on several fronts. There are, to be sure, new players on the horizon - the newly elected National and Provincial Assemblies. Whether these bodies become established as influential institutions, how quickly they do so, and what their posture on policy issues will be remains to be seen.

### C. Status and Future of the Dialogue

USAID/Pakistan's comprehensive paper entitled "Policy Dialogue Summary: Pakistan ESF Program" has had wide circulation and acceptance in AID/W. It remains the basic description of the total policy dialogue effort. The following paragraphs provide an update on the major areas of activity since that paper was produced.

#### 1. Energy

##### a. Pricing

USAID/Pakistan has linked its energy sector pricing policy dialogue carefully to that of the World Bank. Agreement between the GOP and the Bank on the Bank's energy sector loan, including agreement on pricing, is the basis upon which the second tranche of the Energy Commodities and Equipment Program will be made available. Recently, the Bank and the GOP have moved toward agreement that the natural gas producer price will increase to two-thirds of the border price by 1988. Negotiations on achieving 100 percent parity are continuing. While the World Bank is the major donor in these negotiations, USAID and the Bank are in close and continuous consultation on this and other key energy policies.

##### b. Conservation

At the urging of USAID/Pakistan, the GOP is about to embark on a major national energy conservation program, principally as a result of analytical work financed by USAID/Pakistan under the Energy Planning and Development Project and its carefully structured presentation to policy-makers in February 1985. The analysis and its presentation have effectively elevated energy conservation to a high priority and stimulated the GOP to create a new organization, ENERCON, to guide conservation activities. Preparations are already underway to reflect the budgetary requirements of the conservation program in the GOP's 1985/86 development plan.

##### c. Institutional Improvements in WAPDA

Under the Rural Electrification Project, general agreement was reached at a day-long seminar in January 1985 on reorganization of the Power Distribution Branch of WAPDA, supported by a comprehensive training program and an automated management system.

d. Use of Indigenous Energy Resources

With the USAID's continuing leadership, Pakistan is planning for the first major use of its extensive coal reserves through the FY 1986 Lakhra Project. This is only one of many potential uses of indigenous coal. As a direct result of the dialogue, the GOP is encouraging a wide range of industries to convert to coal, in place of imported fuel or scarce natural gas. Also stimulated by the USAID, the Minister of Planning and the Minister of Petroleum will co-chair a National Coal Conference in late 1985.

e. Private Sector (Energy)

We have succeeded in establishing the principle of private sector participation at least in the mining component of the Lakhra Project. Concurrently, in March, we plan to launch a private sector window for energy-related imports under the ECE (and ACE) Program. ECE private sector activity will be related closely to the energy conservation effort, which has a strong private sector thrust.

2. Agriculture

USAID/Pakistan has a long history of pushing for market-responsive pricing in Pakistan. Self-sufficiency in wheat is, in large part, a result of that effort. Currently, we are working on a number of specific themes in this area.

a. Edible Oil

Two major edible oilseed industry studies in as many years have been presented to high level policy-makers in the GOP, the most recent in January 1985. These mutually reinforcing studies point up the exceptionally high costs and disastrous economic consequences of subsidies and government controls on this vital commodity. The GOP is now poised to institute a broad range of reforms, e.g., reducing public sector investments in processing, encouraging private sector investments, permitting free markets in domestic raw materials, and dropping restrictions on inter-provincial movement of cottonseed oil. Progress in these areas is expected to be incremental. The PL 480 Title I Program has been and will continue to be the Mission's major vehicle for promoting change in this important sub-sector. The FY 1985 PL 480 Title I Agreement should be signed in late March.

b. Fertilizer

Following the pattern established in edible oils and using the ACE Program as a platform for discussions, we are pressing for liberalization and privatization in the fertilizer industry and trade. Fertilizer prices even now are approaching world market levels, and GOP subsidies have been reduced and are scheduled to disappear. On the negative side, the public sector is still heavily involved in fertilizer production, importation and trade, with resultant high costs, distortions and lapses in the system. The policy dialogue has assured an expanding

role for private firms in the distribution of imported fertilizers and encouraged the shrinkage of the role of public sector distribution agencies in the provinces. Presentation of the Fertilizer Industry Study on March 19, 1985 will fuel the discussions on further liberalization in this industry.

### c. Irrigation

In line with its long-standing push to improve the management and effectiveness of Pakistan's huge irrigation system, increase maintenance budgets and rationalize user charges, USAID/Pakistan is about to launch its Command Water Management Program, which carries the process to the next logical phase: integration of services in irrigation system command areas in order to increase productivity, and involvement of beneficiaries in planning, designing, managing and financing the system. The GOP has agreed that the Command Water Management approach is the key to real improvements in water management while making a major contribution to higher agricultural yields.

### 3. Population

Improving access to family planning services through expansion of private sector activity continues to be a major policy objective of USAID/Pakistan. The FY 1984 Social Marketing of Contraceptives Project lays the groundwork for achievement of this objective. Over many months, the inertia and conservatism of the bureaucracy has prevented any action on SMC. Change now seems to be in the offing. As the first concrete, positive result of the elections, the Minister of Planning has indicated that he will take immediate action to implement the Program beginning April 1, 1985, without further reference to the Cabinet and that the Program will be accompanied by a multi-media campaign using radio and TV to introduce awareness of the benefits of family planning. These would be major break-throughs which the Mission will be encouraging and supporting in the coming months. Following on the successful visual, micro-computer RAPID presentation in January 1983 to President Zia and Federal Government officials and Cabinet members, RAPID presentations are scheduled to be made to the Provincial Governments in May 1985.

### 4. Health

The Mission has been disappointed with the policy framework of the health sector and, during the coming months, will be examining the basis for further AID involvement in this sector. Implementation of the existing program has been slow. The Mission has recognized increasingly that, without significant policy changes, primarily to permit cost recovery and shifts of budgetary resources downward in the system, no significant increase in the quantity or quality of health services is possible in Pakistan.

Our initial offer to develop a pilot action program for cost recovery was initially very favorably received, then subsequently rejected. However, after the February elections, the Minister of Planning advised USAID that

he wanted us to go forward with our proffered initiative in the context of a health sector policy assessment within a year. We have responded affirmatively.

#### 5. Private Sector

Virtually all projects, programs and sectors in the current package have significant elements designed to improve and expand the role of the private sector and the increased application of market forces. In addition, the Mission is engaged in designing and promoting acceptance of a private sector financial company, that would be the only such institution to come into being in Pakistan since the banks were nationalized. In principle, the establishment of such a firm was blessed by the Sixth-Plan, probably to give the USAID running room for analysis and design of the private sector project which was accepted as part of the multi-year package. The company is expected to operate in secondary financial markets and to manage and participate in syndications for private sector firms in Pakistan. Acceptance of such a firm in fact, rather than just in principle, will be a major event in the evolution of the private sector in Pakistan. The Mission expects to precipitate a positive GOP decision late in FY 1985.

#### 6. Narcotics

AID is a major financier and influential participant in the USG/GOP effort to eradicate production and trafficking in opiates. The Mission first convinced the GOP that it would be wise to invest \$20 million of the total U.S. economic assistance package in poppy eradication. Later, it laid the groundwork for the multilaterally-funded Special Development and Enforcement Plan (SDEP) and participated significantly in the process of eliciting pledges of support from other donors. We continue to play a facilitative role, helping UNFDAC develop approaches to SDEP, suggesting solutions to differences of opinion between UNFDAC and the GONWFP, and helping to secure additional donor support for SDEP. The poppy eradication effort has been multilateralized, and the GOP's enforcement efforts have been significantly intensified.

USAID/PAKISTAN'S PROGRAM WEEK (MARCH 18-22, 1985)  
PERSONNEL AND RELATED ISSUES

A. Overview

Since approval of the FY 1986 CDSS dated January 1984, significant progress has been made toward meeting the Mission's staff requirements. All of the six critical positions mentioned in that document have been filled. However, the Mission is faced with the retirement and transfer of several key officers during CY 1985, including two Regional Affairs Officers (Karachi and Peshawar), the Deputy Executive Officer, the Program Officer and the Assistant Program Officer.

FY 1985 has witnessed considerable activity on the personnel front. At the end of FY 1984, there were 37 USDH on board, including a Regional Computer Specialist. At mid-year, 6 new officers had arrived, and another 8 new officers are expected by the end of the FY (including those assigned to the Commodity Specialist, Deputy Controller, and Health Chief positions, those identified but not yet assigned for the Forestry, Energy, and Deputy Program Officer positions, and those yet to be identified to fill the Chief Program Officer and the soon to become vacant Deputy Executive Officer positions) for a total of 14 new arrivals this FY. As of March 1985, 3 officers had departed post, and another 5 are expected to leave by the end of the FY, for a total of 8 departures. As a result, Mission USDH on-board strength as of September 30, 1985 is expected to be 43, or a net gain of 6 officers this FY.

We have an authorized MODE level of 44 USDH and continue to plan, design and implement the present and future program with that level in mind. To stay within that level, we have eliminated two project manager positions to allow the creation of new staff positions in the critical contracting and procurement functions. We plan to defer making a decision until the summer on the 44th position until the prospects for approval of our Rural Roads and CFIC Projects are more clearly known and AID project management requirements for these two major activities are more specifically defined, and until we have had some experience with the recently hired project-financed PSC engineer and project-financed PSC commodity specialist to determine the adequacy of these supplements to our USDH staff in these two critically important staff offices. The Mission continues to rely on FSN and PSC staff financed to the maximum by trust funds and projects. They are key to holding the USDH requirement down to 44.

Nevertheless, the overwhelming burden of work falls on the USDH staff who must perform a broad range of required activities in Islamabad and the four provincial capitals. Most of the USDH staff work long,

uncompensated overtime hours. The 40-hour week is an anomaly for almost every member of USAID/Pakistan's USDH staff and for many of its FSNs.

It is painfully obvious at this point that contracting is our major implementation bottleneck. AID/W, faced with its own staff shortages, has not been able to help the Mission sufficiently to meet its requirements. The Mission Contract Officer and the Assistant Contract Officer are faced with a portfolio of 23 projects and programs, all having several competitive contracts at any one time and myriad complex contract administration actions. On-going design activities continue to require contracted technical expertise on a very large scale. And all of this work must be done in an environment of changing and complex contract regulations (e.g., Federal Acquisition Regulations, Competition in Contracting Act, and promulgated regulations thereunder). It has become apparent that two USDH contract officers cannot keep pace with demand in this area and that neither regional contract officers nor SER/CM nor both combined can fill the breach.

## B. Issues

### 1. USDH Levels

The Mission has a record of responsible management within the established ceiling. This record is primarily the result of personal sacrifice by the staff, of reliance on TDY assistance from AID/W and contractors and solid backstopping from AID/W. However, in AID/W, the Asia Bureau, SER/COM and SER/CM — our key backstoppers — face reduction and reorganization. At the Mission, the peak of implementation activity has not been reached, the design load remains heavy, and the planning phase for 1987 and beyond is just beginning. With reduced capacity in AID and a still growing burden of implementation already straining Mission capacity, the Mission seeks agreement in principle on an additional 2-3 FTE's for Pakistan. Increases would be in the area of contracts, commodities, engineering and project management, with the energy sector having first priority in the latter category. The requirement for each new position would, of course, be thoroughly reviewed by the Ambassador and AA/Asia.

### 2. Priority for Pakistan

The Mission is aware of the special attention Asia Bureau management, the Desk and others have given to meeting its personnel needs. Nevertheless, these efforts have not produced the results required by the program consistent with the priority assigned to it by AID and the U.S. Government. How can the situation be improved? Can the Bureau take immediate steps to fill the Mission's upcoming vacancies? For the next two years, can the Mission be protected from "raids" on its staff to satisfy needs elsewhere, as in the case of the premature removal of our Controller and Program Officer. In our view, these and other assignments (e.g., a USDH Forester assigned to Nepal rather than Pakistan) have been made without appropriate consideration of the needs of Asia's largest country program. Mission personnel, the Desk and EMS have been the

principal talent scouts, with the personnel "system" seeming to act as a passive observer. As a result, Pakistan has four long-standing vacancies (Commodities, Forestry, Energy, and Health). We recognize the imperatives of the open assignment system and the desirability of assignments that are congruent with the wishes of employees. At the same time, we believe a higher priority should be placed on protecting and enhancing Pakistan's staff levels and quality.

### 3. Specific Personnel Actions

ZUMWALT, Fred:

This key officer will return from home leave at mid-year and will probably retire at the end of the calendar year. He must be replaced by a senior, experienced officer with strong, proven project management capability, program administration capacity and policy sense. A significant period of overlap is highly desirable. In any case, the individual should be identified by July-August, 1985.

MERKEL, Albert:

Both a waiver to the hiring freeze and a medical waiver must be processed ASAP to allow his appointment as USDH Forestry Officer.

MOSELEY, M. Charles:

A COAR requesting approval of a 3rd tour (current HLE is 8/85) was cabled 8/27/84. No response/approval from FSP has been received. Moseley is vital to the Mission's energy portfolio and it is essential that he remain here at least through 1986 to see the Lakhra design to its conclusion.

Energy Advisor:  
(Vacant)

There is an urgent need to move forward on processing John Morgan as USDH (STATE 056300) and in expediting his security and medical clearances to ensure his arrival at post NLT June/July, 1985.

Program Officer:

John Blackton will be departing post in late summer. His departure jeopardizes the private sector project and Lakhra. A replacement of exceptionally high quality is required well before that time.

Deputy Program Officer:

The candidate tentatively identified to fill this position should be assigned ASAP to ensure his arrival at post this summer since the incumbent, Gene Szepesy, is expected to depart in June/July.

Deputy Executive Officer:

Douglas Owen is expected to retire this summer. The search for a top notch replacement should begin now.

Regional Affairs  
Officer, Karachi:

William White is seriously considering retirement in the summer or fall. He is an important factor in representing AID's interests in Karachi with the Pakistani private sector and the U.S. Consulate General as well as in the design and implementation of the private sector project. The search for a replacement should begin now.

4. Delegations

The Mission and the reduced and/or merged ASIA Bureau will inevitably have to seek ways of reducing or streamlining the workload. Increasing authorities delegated to Missions is one obvious and feasible means that has not been exhausted, if the delegations given Egypt are any guide to the meaning of full delegations.

The following is a partial list of increased delegations that should be made to the USAID/Pakistan Mission Director:

- a. Full authority to waive source/origin requirements on vehicle procurement. The limit is now \$50,000 (for the AA/Asia as well as the USAID/Pakistan Mission Director).
- b. Authority to extend PACD's to a maximum LOP NTE 10 years. The limit is now up to a cumulative period of one year.
- c. Unlimited authority to extend terminal dates for meeting CP's. The limit is now one year.
- d. Authority to purchase shelf-items of non-US and non-Pakistani source/origin up to \$20,000 per unit. The limit is now \$5,000.
- e. Full authority to approve PID's and PP's, with case-by-case exceptions determined by the AA/Asia.
- f. Full authority (except for U.S. A&E procurements) to allow evaluation based on cost as well as technical criteria in host country procurements, rather than requiring AID/W approval on a case-by-case basis, a time-consuming task for the Mission and AID/W.
- g. Full authority to purchase all project-financed ADP equipment.

Related to increased delegations and authorities, the ASIA Bureau should consider elimination of requirements for interim reports. Such reports have been used too frequently to replace the old PRP (Project Review Paper), thus subverting the efficiencies intended when the PRP was dropped. AID/W should discipline itself to rely on its regular project design instruments, the PID and the PP.

**PROPOSED U.S. ECONOMIC ASSISTANCE FOR PAKISTAN**  
**FY 1982 TO FY 1987**  
(Million of U.S. \$)

**ATTACHMENT 5 TO**  
**ANNUAL WORK PLAN**

| NUMBER:   | TITLE  | IS/L: | FY82   | FY83   | FY84   | FY85    | FY86   | FY87   | TOTAL   |
|-----------|--|-------|--------|--------|--------|---------|--------|--------|---------|
| 391-0296: | Agricultural Research  | G     | 3.20   | NA     | NA     | NA      | NA     | NA     | 3.20    |
| 391-0413: | On-Farm Water Management   | G     | 7.00   | 3.00   | NA     | NA      | NA     | NA     | 10.00   |
| 391-0467: | Irrigation Systems Management  | G     | NA     | 30.50  | 19.40  | 18.00   | .00    | 22.10  | 70.00   |
|           | Agricultural   | TOT:  | 60.00  | 60.00  | 70.00  | 70.00   | 40.00  | .00    | 300.00  |
| 391-0468: | Commodities and Equipment  | L     | 34.00  | 40.00  | 30.00  | 43.00*  | 30.00  | .00    | 177.00* |
|           |  | G     | 26.00  | 20.00  | 40.00  | 27.00   | 10.00  | .00    | 123.00  |
| 391-0469: | Population Welfare Planning  | G     | 4.30   | 4.80   | 14.80  | 16.10** | 15.00  | 15.00  | 70.00** |
| 391-0470: | Project Design Fund  | G     | 7.50   | 2.50   | .00    | 5.00    | .00    | .00    | 15.00   |
| 391-0471: | Tribal Areas Development   | G     | 3.00   | 5.00   | 5.00   | .00     | 5.00   | 6.00   | 24.00   |
| 391-0472: | Malaria Control II   | G     | 1.50   | 17.70  | 6.70   | 9.60    | 8.70   | NA     | 44.20   |
|           | Rural  | TOT:  | 8.00   | 50.00  | 31.00  | 25.00   | 27.00  | 27.00  | 168.00  |
| 391-0473: | Electrification  | L     | NA     | 27.00  | 25.00  | 25.00   | .00    | 27.00  | 104.00  |
|           |  | G     | 8.00   | 23.00  | 6.00   | .00     | 27.00  | .00    | 64.00   |
| 391-0474: | Development Support Training   | G     | NA     | 4.00   | 6.00   | .00     | 5.00   | 10.00  | 25.00   |
| 391-0475: | Primary Health Care  | G     | 5.50   | .00    | 8.00   | .00     | 6.50   | NA     | 20.00   |
| 391-0478: | Energy Planning and Devel.   | G     | NA     | 13.00  | 5.00   | .00     | 5.00   | 7.00   | 30.00   |
| 391-0479: | Baluchistan Area Devel.  | G     | NA     | NA     | 5.10   | 6.00    | 8.00   | 20.70  | 40.00   |
| 391-0480: | Rural Roads  | G     | NA     | NA     | NA     | 16.10   | .00    | 23.90  | 40.10   |
| 391-0481: | Forestry Planning and Devel.   | G     | NA     | 7.00   | 3.00   | .00     | 8.00   | 7.00   | 25.00   |
| 391-0482: | Commercial Funding & Invest. Corp.   | L     | NA     | NA     | NA     | .00     | 15.00  | 10.00  | 25.00   |
| 391-0483: | Social Marketing of Contra.  | G     | NA     | NA     | 3.50   | 8.00    | 4.00   | 2.50   | 20.00   |
| 391-0485: | North-West Frontier Area Devel.  | G     | NA     | 2.50   | 9.50   | 7.20    | 5.80   | 5.00   | 30.00   |
|           |  | TOT:  | NA     | NA     | 22.00  | 48.00   | 30.00  | .00    | 100.00  |
| 391-0486: | Energy Commodities Equipment   | L     | NA     | NA     | 20.00  | 15.00   | 15.00  | NA     | 50.00   |
|           |  | G     | NA     | NA     | 2.00   | 33.00   | 15.00  | NA     | 50.00   |
|           |  | TOT:  | NA     | NA     | NA     | .00     | 52.00  | 63.00  | 125.00  |
| 391-0487: | Lahra Coal Power Generation  | L     | NA     | NA     | NA     | .00     | 32.00  | 55.00  | 87.00   |
|           |  | G     | NA     | NA     | NA     | .00     | 30.00  | 8.00   | 38.00   |
| 391-0488: | Transformation and Integration of the Provincial Agricultural Network in t | G     | NA     | NA     | 4.00   | 11.00   | 10.00  | 10.50  | 35.50   |
| 391-0489: | Management of Agricultural Research and Technology                         | G     | NA     | NA     | 5.00   | 5.00    | 10.00  | 10.00  | 30.00   |
| 391-0491: | Food Security Management   | G     | NA     | NA     | 5.00   | 5.00    | 10.00  | 15.00  | 35.00   |
|           |  | TOT:  | 100.00 | 200.00 | 225.00 | 250.00  | 275.00 | 254.90 | 1304.90 |
|           | TOTAL AMOUNT PROGRAMMED  | L     | 34.00  | 67.00  | 75.00  | 83.00   | 92.00  | 92.00  | 443.00  |
|           |  | G     | 66.00  | 133.00 | 150.00 | 167.00  | 183.00 | 162.90 | 861.90  |
|           | PROJECT RESERVE  | TOT:  | .00    | .00    | .00    | .00     | .00    | 20.10  | 20.10   |
|           |  | L     | .00    | .00    | .00    | .00     | .00    | .00    | .00     |
|           |  | G     | .00    | .00    | .00    | .00     | .00    | 20.10  | 20.10   |
|           | TOTAL  | TOT:  | 100.00 | 200.00 | 225.00 | 250.00  | 275.00 | 275.00 | 1325.00 |
|           |  | L     | 34.00  | 67.00  | 75.00  | 83.00   | 92.00  | 92.00  | 443.00  |
|           |  | G     | 66.00  | 133.00 | 150.00 | 167.00  | 183.00 | 183.00 | 882.00  |
|           | P. 180 TITLE I   | L     | 50.00  | 50.00  | 50.00  | 50.00   | 50.00  | 50.00  | 300.00  |
|           | GRAND TOTAL  |       | 150.00 | 250.00 | 275.00 | 300.00  | 325.00 | 325.00 | 1625.00 |

\* = Includes \$37.8 million in DA funds. \*\* = Includes \$12.2 million in DA funds.

1/5/85

ACTION AID INFO

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PP RUFFIL  
DE RUEFC #S104 0391630  
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BT  
UNCLAS STATE #33104

AIDAC

F.O. 12356: N/A

TAGS:

SUBJECT: FY 85 OBLIGATION TARGETS

REF: ISLAMABAD 2329

WE ARE PROCEEDING WITH REQUIRED AID/W ACTIONS AS FOLLOWS:

1. TWS/CNS

MALARIA (391-0472) AND NTF AREA DEVELOPMENT (391-2485):  
NO TN OR CN NECESSARY PRIOR TO OBLIGATION.

SMC (3484) -- TN WILL BE DONE ASAP.

WE (0473) -- TN WILL BE DONE AT DOLS 25 MILLION LOAN  
LEVEL TO COVER DOLS 10 MILLION MARCH OBLIGATION AND DOLS  
15 MILLION CONTINGENCY FOR FALL-OUT PROJECTS.

PDF (0470) -- CN WILL BE NEEDED AFTER AUTHORIZATION  
AMENDMENT. WE WILL PREPARE NOW AND SUBMIT AFTER MISSION  
ADVISES AMENDMENT IS APPROVED. (SEE BELOW)

UNCLASSIFIED

ISM (0467) -- CN SUBMITTED TO HILL MOMENTARILY.

PPP (0469) -- CN WILL BE SUBMITTED AFTER AUTHORIZATION  
AMENDMENT APPROVED. WILL PREPARE NOW.

ACE (0468) AND ECE (0486) -- CNS WILL BE SUBMITTED AFTER  
AUTHORIZATION AMENDMENTS APPROVED.

RURAL ROADS (0483) AND CFIC (0482) -- CNS WILL BE  
PREPARED AND SUBMITTED AFTER SPS APPROVED.

2. AUTHORIZATION AMENDMENTS

PDF (0470) -- SEPTEL WILL BE PREPARED FOR AA/ASIA  
SIGNATURE APPROVING AMENDMENT BY MISSION.

ISM (0467) -- IN PROCESS; ANTICIPATE NO PROBLEM WITH  
SECOND QUARTER OBLIGATION.

UNCLASSIFIED STATE 038104

PWP, RE, ACE AND ECE: WE WILL PROCESS AUTHORIZATION AMENDMENTS ASAP. RE ACCELERATION OF OBLIGATIONS FOR ACE AND ECE, WILL CONSULT BUREAU MANAGEMENT AND ADVISE.

3. BELIEVE WE HAVE INFO NEEDED FOR ABOVE ACTIONS. IF SPECIFIC QUESTIONS ARISE, WILL ADVISE. SRUTZ  
BT

UNCLASSIFIED STATE 038104

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UNCLAS SECTION 01 OF \* ISLAMABAD

AIDAC

FOR ASIA/PD - MATHESON AND ASIA/DP

E.O. 12356 W/A  
SUBJECT: FY 1985 OBLIGATION TARGETS

REF: (A) STATE 32119 (B) ISLAMABAD 25644  
- (C) STATE 017432

1. SUMMARY. THIS CABLE TRANSMITS A REVISED FY 85 OBLIGATION SCHEDULE, WHICH INCLUDES MODIFICATIONS IN FUNDING LEVELS AND L/G SPLITS FOR SEVERAL PROJECTS, BASED ON A REPROGRAMMING EXERCISE RECENTLY CARRIED OUT BY MISSION, AS WELL AS CHANGES IN TARGET DATES FOR OBLIGATION, IN RESPONSE TO AID/W REQUEST IN REF A. TO ACCELERATE OBLIGATION SCHEDULE. EXECUTION OF OUR REVISED FY 85 OBLIGATION PLAN REQUIRES SPECIFIC ACTIONS BY AID/W WHICH ARE DISCUSSED IN THE CABLE AND SUMMARIZED IN THE LAST PARA. END SUMMARY.

2. REVISED FY 85 OBLIGATION SCHEDULE BY PROJECT AND TARGET DATE IS AS FOLLOWS (IN ESP GRANT FUNDS UNLESS OTHERWISE NOTED):

| PROJECT NO. | PROJECT TITLE                           | AMOUNT (IN DOLS MILLION) | EXPECTED MONTH IN CY 85 |
|-------------|---|--------------------------|-------------------------|
| 391-3479    | BALUCHISTAN AREA DEVELOPMENT            | 6.0                      | JANUARY 23 (ACTUAL)     |
| 391-3483    | TRANSF. AND INTEG. OF PROV. AG. NETWORK | 11.0                     | FEBRUARY                |
| 391-3489    | MGMT. OF AG. RES. AND TECH.             | 5.0                      | FEBRUARY                |
| 391-3491    | FOOD SECURITY MGMT.                     | 5.3                      | FEBRUARY                |
| 391-3472    | MALARIA CONTROL II                      | 9.3                      | MARCH                   |
| 391-3485    | NWF AREA DEVELOPMENT                    | 7.2                      | MARCH                   |
| 391-3484    | SOCIAL MARKETING OF CONTRACEPTIVES      | 8.3                      | MARCH                   |
| 391-3473    | RURAL ELECTRIFICATION                   | 10.0 (EST LOAN)          | MARCH                   |

|            |          |  |                                      |               |
|------------|----------|--|--------------------------------------|---------------|
| ☐          | 391-2472 | PROJECT DESIGN FUND  | 5.0                                  | MARCH         |
| C          | 391-2427 | IRRIGATION SYSTEMS<br>MGMT.                                  | 15.0                                 | MARCH         |
| (111)<br>C | 391-2429 | POPULATION WELFARE<br>PLANNING                               | 16.1<br>(INCLUDING<br>12.2 DA GRANT) | MARCH         |
| C          | -        | SUB-TOTAL (SECOND QUARTER)                                   | 100.9                                | (46 PERCENT)  |
| C          | 391-2428 | AG. COMM. AND<br>EQUIPMT.                                    | 37.2<br>(DA LOAN)                    | JUNE          |
| C          | 391-2428 | AG. COMM. AND<br>EQUIPMT.                                    | 5.2<br>(ESF LOAN)                    | JUNE          |
| (111)<br>C | 391-2428 | AG. COMM. AND<br>EQUIPMT.                                    | 27.0                                 | JUNE          |
| C          | 391-2428 | ENERGY COMM. AND<br>EQUIPMT.                                 | 15.0<br>(ESF LOAN)                   | JUNE          |
| C          | 391-2428 | ENERGY COMM. AND<br>EQUIPMT.                                 | 33.0                                 | JUNE          |
| C          | -        | SUB-TOTAL (THIRD QUARTER)                                    | 112.0                                |               |
| (111)<br>C | -        | TOTAL (CONTINUING PROJECTS)                                  | 212.9                                | (100 PERCENT) |
| C          | 391-2422 | RURAL ROADS  | 16.1                                 | AUGUST        |
| C          | 391-2422 | COMMERCIAL FUNDING<br>AND INVESTMENT COR-<br>PORATION (CFIC) | 15.0<br>(ESF LOAN)                   | AUGUST        |
| C          | -        | (FORMERLY PRIVATE<br>SECTOR MOBILIZATION)                    |                                      |               |
| C          | -        | TOTAL (NEW PROJECTS)   | 31.1                                 |               |
| C          | -        | (FOURTH QUARTER)   |                                      |               |
| (111)<br>C | -        | GRAND TOTAL  | 250.0                                |               |

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UNCLAS SECTION 02 OF \* ISLAMABAD 2329

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3. CHANGES IN THE ABOVE LEVELS OF FUNDING AS COMPARED WITH DATA SUBMITTED BY MISSION FOR PREPARATION OF THE CP, AS MODIFIED BY INSTRUCTIONS FROM AID/W RE DA FUNDING ALLOCATIONS, ARE SUMMARIZED BELOW:

A. AS AID/W AWARE, DESIGN OF THE CFIC PROJECT HAS PROGRESSED SIGNIFICANTLY IN THE LAST SEVERAL MONTHS. WHEREAS ORIGINAL CONCEPTUAL FRAMEWORK FOR THIS PROJECT SUGGESTED GRANT FINANCING, THE CFIC PROJECT AS NOW ENVISAGED IS MORE APPROPRIATELY LOAN-FINANCED. IN ADDITION, AS NOTED IN THE MATERIAL ALREADY SHARED WITH AID/W, THE DESIGN TEAM HAS RECOMMENDED A LIFE OF PROJECT FUNDING LEVEL OF DOLS 25 MILLION VICE THE DOLS 50 MILLION PROVISIONALLY ALLOCATED FOR THIS PROJECT AT THE TIME OF NEGOTIATION OF THE SIX-YEAR PACKAGE IN AUGUST 1981. MISSION HAS THEREFORE REPROGRAMMED TOTAL OF DOLLARS 25 MILLION IN LOAN FUNDS FROM ACE AND ECE AND PROBABLY ALLOCATED DOLS 25 MILLION IN ESF LOAN FUNDS FOR CFIC, WITH A PLANNED OBLIGATION SCHEDULE OF DOLS 15 MILLION IN FY 85, DOLS 5 MILLION IN FY 86 AND DOLS 5 MILLION IN FY 87. PLEASE ALSO NOTE NAME CHANGE NOT FORMALLY ADOPTED BY MISSION WHICH SHOULD BE REFLECTED IN CW WHEN PROCESSED LATER THIS YEAR.

B. MISSION HAS ALSO REPROGRAMMED TOTAL OF DOLS 10 MILLION IN LOAN FUNDS FROM ACE AND ECE IN FY 85 TO PERMIT OBLIGATION OF DOLS 10 MILLION IN LOAN FUNDS FOR RURAL ELECTRIFICATION IN FY 86. BASED ON SIGNIFICANT PROGRESS WHICH HAS OCCURRED SINCE SUBMISSION OF PIRS IN OCTOBER 1984 RELATIVE TO THE PROCUREMENT OF COMMODITIES (GAS TURBINES AND OTHER MAJOR COMMODITIES FOR GUDDU AS WELL AS FOR THE ENERGY LOSS REDUCTION PROGRAM), AND THE DESIGN AND IMPLEMENTATION OF THE ENERGY LOSS REDUCTION PROGRAM, RURAL ELECTRIFICATION PROJECT REQUIRES ADDITIONAL LOAN FUNDING IN FY 85 TO COVER PROJECTED INCREASE IN NUMBER OF EARMARKING AND COMMITMENT ACTIONS THIS FY. (PLEASE NOTE THAT LOP L/G SPLIT AND TOTAL LOP FUNDING FOR THIS PROJECT REMAIN THE SAME AS IN CP. ONLY CHANGE RELATES TO ACCELERATION OF OBLIGATION SCHEDULE FOR REMAINING LOAN FUNDING FOR THIS PROJECT, ALL OF WHICH WAS SHOWN IN CP AS BEING OBLIGATED IN FY 87.)

C. MISSION HAS ALSO REPROGRAMMED TOTAL OF DOLS 15 MILLION IN LOAN FUNDS FROM ACE AND ECE TO INCREASE TOTAL LOAN FUNDING FOR PROPOSED LAHRA PROJECT. WHILE PROJECTED LOP FUNDING FOR LAHRA REMAINS THE SAME, VIZ, DOLS 125 MILLION, LOP L/G SPLIT IS AS FOLLOWS: DOLS 87 MILLION LOAN AND DOLS 38 MILLION GRANT.

D. TO ACCOMMODATE INCREASED LOAN FUNDING FOR CFIC

(INCREASE OF DOLS 25 MILLION) AND LAHRA. (INCREASE OF DOLS 25 MILLION) AND TO PERMIT OBLIGATION OF RE LOAN FUNDS IN FY 85, BOTH FY 85 AND LOP LOAN/GRAANT SPLIT FOR BOTH ACE AND ECE HAVE BEEN ADJUSTED AS FOLLOWS: FOR ACE, DECREASE LOP LOAN FUNDING BY DOLS 20 MILLION AND INCREASE LOP GRANT FUNDING BY DOLS 20 MILLION AND ALTER L/G SPLIT IN FY 85 IN ACCORDANCE WITH PARA. 2 ABOVE; AND FOR ECE, DECREASE LOP LOAN FUNDING BY DOLS 30 MILLION AND INCREASE LOP GRANT FUNDING BY DOLS 30 MILLION AND ALTER L/G SPLIT IN FY 85 IN ACCORDANCE WITH PARA. 2 ABOVE.

E. INCREASE OF DOLS 3.9 MILLION FOR POPULATION WELFARE PLANNING PROJECT OVER DOLS 12.2 MILLION ORIGINALLY PLANNED FOR OBLIGATION IN FY 85 REFLECTS REFINED ESTIMATES FOR CONTRACEPTIVES DERIVED FROM RECENT EVALUATION EXERCISE AS WELL AS RECENT INFO FROM S&T/POP AS TO THE TIMING FOR PLACEMENT OF ORDERS UNDER THE CENTRAL PROCUREMENT CYCLE.

F. DECREASE OF DOLS 3.9 MILLION FOR FY 85 HAS BEEN MADE FOR RURAL ROADS PROJECT (WITH CORRESPONDING INCREASE IN FUTURE-YEAR OBLIGATIONS) TO ACCOMMODATE FY 85 INCREASE IN POPULATION WELFARE PLANNING PROJECT.

G. MISSION HAS ALSO TENTATIVELY REPROGRAMMED THE DOLS 25 MILLION IN GRANT FUNDS BY WHICH CFC LOP FUNDING WAS REDUCED TO INCREASE POPULATION WELFARE PLANNING LOP FUNDING FROM DOLS 45.6 MILLION TO DOLS 70 MILLION. (SEE BELOW.) (PLEASE NOTE THAT 2.6 MILLION HAS BEEN ADDED TO PROJECT RESERVE IN FY 87 WHICH IS

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NOW SHOWN AS DOLS 23.1 MILLION.)

H. ALL OF THE ABOVE CHANGES HAVE BEEN MADE AMONG FISCAL YEARS AND AMONG PROJECTS. WITH THE EXCEPTION OF CFIC AND PWP AS NOTED ABOVE, LOP FUNDING LEVELS FOR ALL PROJECTS REMAIN UNCHANGED. ALSO, TOTAL OBLIGATION LEVELS AND L/2 SPLIT FOR EACH FISCAL YEAR REMAIN THE SAME AS IN THE CP. MISSION WILL PROMPTLY POUCH TO AID/W COPIES OF REVISED OBLIGATION TABLE FOR FYS 82 - 87, INCORPORATING ABOVE CHANGES.

4. RE PLANNED OBLIGATION TARGETS FOR NEW FY 85 PROJECTS (CFIC AND RURAL ROADS), AS AID/W AWARE, MISSION UNABLE TO MOVE FORWARD DATES SHOWN IN PARA. 2 ABOVE. ASSUMING FAVORABLE OUTCOME OF AID/W REVIEWS IN MARCH/APRIL OF INTERIM REPORTS FOR LOIN NEW FY 85 PROJECTS, MISSION PLANS TO SUBMIT PPS TO AID/W FOR APPROVAL NLT JULY 1985. AS WAS DONE LAST YEAR AT AID/W'S SUGGESTION, HOWEVER, MISSION AGREES THAT IT IS PRUDENT TO HAVE CONTINGENCY PLAN IN THE EVENT OBLIGATION TARGETS FOR NEW PROJECTS CANNOT BE MET LATE IN THE FY. IF SUCH A SITUATION SHOULD ARISE, FOR CFIC, THE DOLS 15 MILLION LOAN WOULD BE REPROGRAMMED FOR OBLIGATION IN FY 85 FOR RURAL ELECTRIFICATION. AID/W MAY WANT TO TAKE THIS INTO ACCOUNT IN PROCESSING TN FOR RURAL ELECTRIFICATION IN FY 85. RE CONTINGENCY PLAN FOR THE DOLS 16.1 MILLION GRANT FOR RURAL ROADS, MISSION WILL ADVISE AID/W OF LIKELY CANDIDATES IN JUNE ON THE BASIS OF IMPLEMENTATION AND DISBURSEMENT PROGRESS OVER THE NEXT 4-5 MONTHS.

5. RE PLANNED OBLIGATION TARGETS FOR CONTINUING PROJECTS:

A. OF THE ALLOTMENTS RECEIVED ON JANUARY 18 FOR FOUR PROJECTS TOTTALLING DOLS 27 MILLION, MISSION OBLIGATED DOLS 6 MILLION (BALAD) ON JANUARY 23. REMAINING DOLS 21 MILLION (MARI, TIPAN, FSC) WILL BE OBLIGATED AFTER RETURN TO COUNTRY OF HAD SECRETARY GENERAL MAIL ON FEBRUARY 7.

B. RE MARCH OBLIGATION TARGETS:

(I) AS SOON AS TNS ARE PROCESSED BY AID/W AND ALLOTMENTS ARE RECEIVED BY MISSION, WE ARE PREPARED TO OBLIGATE DOLS 3.6 MILLION FOR MALARIA, DOLS 7.2 MILLION FOR NWP AREA DEV., DOLS 3.4 MILLION FOR SOCIAL MARKETING, AND DOLS 10.9 MILLION (LOAN) FOR RURAL ELECTRIFICATION.

(II) OBLIGATION OF DOLS 3 MILLION FOR PROJECT DESIGN FUND IN SECOND QUARTER REQUIRES AUTHORIZATION

AMENDMENT TO INCREASE LOP FUNDING BY DOLS 5 MILLION TO NEW TOTAL OF DOLS 15 MILLION. ACCORDINGLY, MISSION HEREBY REQUESTS AID/W APPROVAL TO EXERCISE ITS AUTHORITY TO AMEND POF AUTHORIZATION, AFTER WHICH MISSION WOULD OBLIGATE FULL AMOUNT OF DOLS 5 MILLION IN SECOND QUARTER. AS DISCUSSED AT CDSS REVIEWS IN MARCH 1984, THIS ACTION CONSTITUTES QUOTE MORE OF SAME UNQUOTE. PIRS SUBMITTED BY MISSION PROVIDE JUSTIFICATION FOR THE VALIDITY OF THE ORIGINAL PROJECT DESIGN AND SUPPORT THE NEED FOR ADDITIONAL FUNDING.

(III) OBLIGATION OF TOTAL OF DOLS 18 MILLION FOR ISM IS CONTINGENT ON AID/W APPROVAL OF ISM/CWM AUTHORIZATION AMENDMENT, WHICH INVOLVES INCREASE IN LOP FUNDING BY DOLS 25 MILLION TO NEW TOTAL OF DOLS 93 MILLION. EXISTING ISM AUTHORIZATION IS FOR DOLS 68 MILLION. MISSION HAS ALREADY OBLIGATED DOLS 49.0 MILLION, LEAVING DOLS 19.0 MILLION WHICH MISSION COULD OBLIGATE NOW UNDER EXISTING AUTHORIZATION. WE WOULD PREFER, HOWEVER, TO OBLIGATE FULL AMOUNT OF DOLS 18 MILLION AT ONE TIME ONCE ISM/CWM AUTHORIZATION AMENDMENT IS APPROVED. THEREFORE, OBLIGATION OF DOLS 18 MILLION FOR ISM IN MARCH 1986 DEPENDS ON AID/W EXPEDITIOUS APPROVAL OF ISM/CWM AUTHORIZATION AMENDMENT.

(IV) OBLIGATION OF TOTAL OF DOLS 15.1 MILLION FOR POPULATION WELFARE PLANNING REQUIRES AUTHORIZATION AMENDMENT TO INCREASE LOP FUNDING BY DOLS 12.4 MILLION TO NEW TOTAL OF DOLS 40 MILLION (AND RS 21

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MILLION). EXISTING PROJECT AUTHORIZATION IS FOR DOLS 25.6 MILLION (AND RS 21 MILLION). MISSION HAS ALREADY OBLIGATED DOLS 23.9 MILLION (AND RS 21 MILLION), LEAVING DOLS 1.7 MILLION WHICH MISSION COULD OBLIGATE NOW UNDER EXISTING AUTHORIZATION. WE WOULD PREFER, HOWEVER, TO OBLIGATE FULL AMOUNT OF DOLS 16.1 MILLION (DOLS 1.7 MILLION PLUS DOLS 14.4 MILLION) AT ONE TIME. BASED ON ANALYSES BY EVALUATION TEAM AND TONI BONI OF S&P/POP, MISSION HAS DETERMINED THAT DOLS 14.4 MILLION IS REQUIRED TO COVER ANTICIPATED CONTRACEPTIVE REQUIREMENTS (BOTH CONDOMS AND ORALS) THROUGH THE EXISTING PACD, I.E. SEPTEMBER 30, 1987. IN REF. C, AID/W PROVIDED MISSION WITH AUTHORITY TO AMEND AUTHORIZATION TO DOLS 30 MILLION. MISSION, HOWEVER, BELIEVES IT IS MORE EFFICIENT AND DESIRABLE FOR AID/W TO AMEND THE AUTHORIZATION NOW TO INCREASE THE LEVEL OF FUNDING TO COVER THE TOTAL COSTS OF CONTRACEPTIVE REQUIREMENTS TO THE PACD, AND HEREBY REQUESTS AID/W TO PROCESS SAME ASAP AS AGREED BY AID/W IN PARA. 2 OF REF. C. MISSION WAS INFORMED VIA TELECON WITH TONI BONI, THAT SUFFICIENT FUNDS SHOULD BE IN PLACE TO ENABLE MISSION TO BE INCLUDED IN BOTH MAY 1985 AND OCTOBER 1985 CENTRAL PROCUREMENT CONTRACTS. MISSION MUST THEREFORE OBLIGATE FULL AMOUNT OF DOLS 16.1 MILLION IN FY 85. PLEASE REFER TO RECEIPT PWP EVALUATION REPORT AND CONTACT TONI BONI FOR DETAILS TO PREPARE AUTHORIZATION AMENDMENT REQUEST AND ADVISE MISSION IF ADDITIONAL INFO IS REQUIRED. (FYI. IN RESPONSE TO REF C, DISCUSSIONS ARE CURRENTLY UNDERWAY WITH GOP RE POSSIBLE A.I.D. FUNDING OF ADDITIONAL ACTIVITIES AS WELL AS FUNDING FOR CONTRACEPTIVES BEYOND THE CURRENT PACD OF SEPTEMBER 30, 1987. AS MENTIONED ABOVE, WHEREAS WE HAVE TENTATIVELY PROGRAMMED FOR PWP AN ADDITIONAL DOLS 30 MILLION (OVER THE DOLS 40 MILLION LOP FUNDING LEVEL TO WHICH AUTHORIZATION SHOULD BE AMENDED NOW), WE DO NOT ANTICIPATE SUBMITTING ANY DOCUMENTATION UNTIL FY 85 RELATED TO ADDITIONAL FUNDING FOR PWP BEYOND THE DOLS 14.4 MILLION HEREIN REQUESTED. END FYI.)

(V) OBLIGATION OF DOLS 10 MILLION IN LOAN FUNDS IN MARCH 1985 FOR RURAL ELECTRIFICATION CAN BE EFFECTED AS SOON AS TR IS PROCESSED AND ALLOTMENT IS RECEIVED. HOWEVER, RE PROJECT REQUIRES AUTHORIZATION AMENDMENT TO CHANGE LOAN/GRAANT SPLIT AND TO REPLACE PLANNED FOR BUT NEVER ALLOTTED MONDALE RUPEES WITH GRANT FUNDS. EXISTING AUTHORIZATION IS FOR DOLS 112 MILLION IN LOAN FUNDS, DOLS 40 MILLION IN GRANT FUNDS, AND RS 170 MILLION. MISSION HAS ALREADY OBLIGATED DOLS 52 MILLION IN LOAN FUNDS, DOLS 37 MILLION IN GRANT FUNDS, AND RS 22 MILLION IN MONDALE RUPEES. THEREFORE, MISSION HEREBY REQUESTS THAT AID/W AMEND AUTHORIZATION TO DECREASE LOAN FUNDING

FROM DOLS 112 MILLION TO DOLS 124 MILLION, TO INCREASE GRANT FUNDING FROM DOLS 43 MILLION TO 64 MILLION AND TO DECREASE MONDALE RUPEE FUNDING FROM RS 176 MILLION TO RS 24 MILLION. AS AGREED AT CESS REVIEWS IN MARCH 1984, CHANGES IN L/G SPLIT AND THE SUBSTITUTION OF GRANT FUNDS FOR MONDALE RUPEES COULD BE EFFECTED BY A CABLE REQUEST FROM THE MISSION.

C. RE ACE (DOLS 79 MILLION) AND ECE (DOLS 48 MILLION) CURRENTLY PROJECTED FOR OBLIGATION IN JUNE 1985, IF AID/W IS WILLING FOR MISSION TO OBLIGATE ACE AND ECE PRIOR TO OUR SUBMISSION OF QUOTE PROGRESS REPORTS UNQUOTE, THEN WE CAN PROBABLY OBLIGATE ACE IN MARCH 1985, DEPENDING ON STATUS OF OUR NEGOTIATIONS WITH THE GOP ON FERTILIZER PRIVATIZATION. FOR ECE, WE COULD POSSIBLY ALSO OBLIGATE FUNDS IN MARCH 1985, DEPENDING ON IBRD AND GOP PROGRESS IN NEGOTIATIONS OF PROPOSED ENERGY SECTOR LOAN. AS MENTIONED IN SEPTELS, WE PLAN TO SUBMIT DETAILED PROGRESS REPORTS ON BOTH ACE AND ECE IN APRIL/MAY. WE WOULD BE IN A POSITION IN LATE FEBRUARY/EARLY MARCH TO DETERMINE IF WE ARE PREPARED TO OBLIGATE FY 85 FUNDS FOR ACE AND ECE IN SECOND QUARTER. IN ANY EVENT, AS DISCUSSED IN PARA. 3D ABOVE (I.E. TO ACCOMMODATE INCREASED LOAN FUNDING FOR CPIC AND LAHRA), BOTH ACE AND ECE REQUIRE AUTHORIZATION AMENDMENTS TO CHANGE THE L/G SPLIT PRIOR TO OBLIGATION OF FY 85 GRANT FUNDS SHOWN IN PARA. 2 ABOVE. ACCORDINGLY, MISSION HEREBY REQUESTS AID/W TO AMEND THE FY 84 ACE PROGRAM AUTHORIZATION TO DECREASE LOAN FUNDING FROM DOLS 123 MILLION TO DOLS 133 MILLION AND TO INCREASE GRANT

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FUNDING FROM DOLS 57 MILLION TO DOLS 77 MILLION; AND THE ECE PROGRAM AUTHORIZATION TO DECREASE LOAN FUNDING FROM DOLS 80 MILLION TO DOLS 50 MILLION AND TO INCREASE GRANT FUNDING FROM DOLS 20 MILLION TO DOLS 50 MILLION. IN BOTH CASES, LOP FUNDING REMAINS THE SAME.

## 6. ACTION REQUESTED:

A. NOTE REVISIONS TO FY 85 OBLIGATION LEVELS AS PROVIDED IN PARA. 2 ABOVE, INCLUDING NAME CHANGE FOR PRIVATE SECTOR MOBILIZATION PROJECT TO CPIC, AND PROCESS REMAINING TNS/CNS AS REQUIRED.

B. EXECUTE AUTHORIZATION AMENDMENTS AS DESCRIBED ABOVE FOR THE FOLLOWING PROJECTS:

- (I) ISM
- (II) PWP
- (III) ECE
- (IV) ACE
- (V) RE

C. AUTHORIZE MISSION TO EXERCISE ITS AUTHORITY TO AMEND PDY AUTHORIZATION TO INCREASE LOP FUNDING FROM DOLS 13 MILLION TO DOLS 15 MILLION.

D. ADVISE AID/W WILLINGNESS TO ALLOW MISSION TO OBLIGATE FY 85 TRANCHES FOR ACE AND ECE TOTALLING DOLS 110 MILLION IN SECOND QUARTER PRIOR TO OUR SUBMISSION OF PROGRESS REPORTS TO AID/W.

E. PROVIDE ESF ALLOTMENTS FOR PROJECTS IDENTIFIED IN PARA. 2 ABOVE FOR OBLIGATION IN MARCH 1985. MISSION ACKNOWLEDGES RECEIPT OF DA GRANT AND LOAN ALLOTMENTS FOR PWP AND ACE, RESPECTIVELY.

7. PLEASE ADVISE. HINTON

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ATTACHMENT 7 TO  
ANNUAL WORK PLAN

USAID/PAKISTAN'S PROGRAM WEEK (MARCH 18-22, 1985)

1. Delays in Project Preparation and Implementation - Causes and Remedies, January 6, 1985, Pakistan, World Bank Resident Mission. (Draft Report)
2. Foreign Assistance Implementation in Pakistan - Preliminary Report from USAID to the Working Group of the Joint Task Force on Implementation, October 24, 1984, Pakistan, USAID/Islamabad. (Draft Report)
3. A Country Profile Paper Highlighting Project Implementation Problems and Experiences in Pakistan, Central Projects Services Office, December 1983, Asian Development Bank.

These documents are on file in AID/W and at USAID/Pakistan.