

Self FY 82

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**AID ASSISTANCE TO PAKISTAN**

**FY 1982**

*Summary Report*

**USAID/Pakistan**  
**September 1981**

BEST AVAILABLE



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

**Cable: USAIDPAK**

**HEADQUARTERS OFFICE  
ISLAMABAD**

**September 28, 1981**

**Mr. Jon D. Holstine  
Assistant Administrator  
Agency for International Development  
Department of State  
Washington, D.C. 20523**

**Dear Jon:**

Enclosed is USAID/Pakistan's submission on the FY 1982 ESF economic assistance program for Pakistan. The program described in the enclosed documentation provides details of the program negotiated in August by the U.S. Economic Assistance Negotiating Team headed by the AID Administrator. In accordance with the Team's instructions, this submission outlines the objectives of the program and provides modified PIDs for each of our FY 1982 projects, a PAAD for the Project Design Fund and a description of our PL 480 Title I/III plans.

The Mission is confident that this is a well designed program that will fulfill the policy needs of both the U.S. and Pakistani governments. At the same time, we feel this program will help to meet the basic needs of Pakistan's lower income classes and help establish a stronger economic base for long term development. The Mission looks forward to implementing this program.

**With best regards.**

**Sincerely yours,**

**Bryant George  
Acting Director**

**Enclosures: as stated**

# AID ASSISTANCE TO PAKISTAN

FY 1982

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## AID ASSISTANCE TO PAKISTAN

FY 1982

### Summary

A U.S. Economic Assistance Negotiating Team, headed by the AID Administrator, visited Pakistan in August 1981 to discuss the details of the economic portion of a military/economic assistance package with the Government of Pakistan (GOP). These negotiations were successfully completed and agreement was reached on the areas of assistance for the period FY 1982 through FY 1987 and those activities to be initiated in FY 1982 and FY 1983. Implementation of this program will begin as soon as concurrence of the U.S. Congress is received.

This submission outlines the objectives of the economic assistance program and provides a description of each FY 1982 activity. In accordance with the guidance provided by the Negotiating Team, AID/W is hereby requested to advise the Mission of particular items it believes should be covered in preparing project authorization documents for the FY 1982 activities.

The Mission recognizes it must await Congressional concurrence before beginning program implementation. In the meantime, however, development of the program is proceeding in the Mission and will continue, in order to move all the more promptly once concurrence is obtained. AID/W support, for example TDY assistance, is essential in this pre-concurrence effort.

### Overview

The United States was a principal source of development assistance for Pakistan before Section 669 of the Foreign Assistance Act was invoked in early 1979. Since that time, new obligations under the Foreign Assistance Act have been suspended. The PL 480 Title I programs have served as the primary development activity in Pakistan.

Regional U.S. political and security considerations prompted a review of our policy regarding assisting Pakistan's economic development efforts and efforts to update its outmoded defense capability. Discussions were held between the Governments of the United States and Pakistan at very high levels to develop the details of military and economic assistance packages. A U.S. Economic Assistance Negotiating Team concluded discussions with the GOP on economic assistance in August 1981. (The Negotiating Team consisted of the Administrator,

Charge', DAA for ASIA, Mission Director Designate, Acting Mission Director, Chief of ASIA/DP, ASIA/DP's Program Economist and State's Pakistan Desk Officer. Also participating in the negotiations were the Acting DCM, AID's Pakistan Desk Officer and the relevant Office Chiefs from within the Mission.) It is anticipated that the U. S. Congress will shortly modify the language of FAA Section 669 to enable economic assistance to Pakistan to begin in FY 1982.

The economic assistance program outlined in this submission is designed to help Pakistan fulfill the basic human needs of its people. At the same time, it is designed to address the country's foreign exchange needs through quick disbursing activities while laying the foundations for more rapid economic growth. The program is shaped to assure the widest possible distribution of benefits. The program agreed to by the GOP and U.S. negotiating teams will:

- provide balance of payments support to help address short and medium term foreign exchange shortfalls, thereby reducing development constraints and strengthening the economy;
- reactivate a long-term development assistance relationship, which the U.S. views as important because of Pakistan's size, poverty, strategic location and other multi-faceted U.S. interests;
- address key economic problems which will help enable Pakistan to achieve self-sustaining growth and manage its debt burden;
- complement and support IMF and IBRD assisted programs, improving their overall impact; and
- expand resource availability for local cost financing.

The assistance package is seen as an indispensable contribution to the shaping and implementation of a new U.S.-Pakistan relationship and to the critical role in the region which the U.S. Government seeks to assist Pakistan to play. The military-security-political position of Pakistan, including the burden of a massive refugee influx, accentuates the development problem to which the proposed U.S. economic assistance package responds.

#### Overall Program Composition

The program proposed for Pakistan is a blend of development and commodity assistance financed with Economic Support Funds, Development Assistance and PL 480 resources. These have been integrated in a manner which optimizes the economic and development impact of our bilateral assistance.

ESF funding is projected at a level of \$100 million in FY 1982 and \$125 million each year from FY 1983 through FY 1987 (which the Mission has been advised will be provided in the ratio of one-third loan and two-thirds grant). A portion of ESF funding is proposed for developmental project assistance and the remainder for commodity assistance (though in a project framework). The Mission, the Negotiating Team and the GOP anticipate the gradual reintroduction of a regular economic development program with increasing amounts of DA funding starting in FY 1983 to help Pakistan meet its longer term development needs. PL 480 resources are a major component of our total bilateral economic assistance, both as balance of payments assistance and as a source of local currency to support AID and other donor supported development activities. PL 480 assistance will be increasingly focused on helping Pakistan to implement agricultural policy reforms which encourage reliance on market forces for pricing, production and distribution decisions.

We expect PL 480 Title II, through multilateral institutions, will continue to provide significant levels of assistance to help the GOP to deal with the humanitarian and relief problems associated with the rapidly escalating numbers of Afghan refugees.

U.S.-owned excess rupees will also be an important funding source in implementing the Mission's program. These rupees, along with rupee generations from PL 480 and other commodity imports, will be built into projects and appropriately reflected in the Mission's project papers.

The U.S. Economic Assistance Negotiating Team negotiated the FY 1982 ESF program and areas of concentration from FY 1982 through FY 1987, as shown on the following page.

PROPOSED PLANNING LEVELS  
 U.S. - PAKISTAN ECONOMIC ASSISTANCE  
 FY 1982 - FY 1987  
 (Millions of U.S. Dollars)

<u>Activity</u>	<u>FY 82</u>	<u>FY 82-FY 87</u>
1. AGRICULTURAL INPUTS	60	300
Fertilizer	(50)	(250)
Agricultural Equipment	(10)	(50)
2. AGRICULTURAL PRODUCTION, DISTRIBUTION AND STORAGE	-0-	100
3. FARM TO MARKET ROADS	-0-	50
4. ENERGY DEVELOPMENT	5	200
5. WATER MANAGEMENT	15	100
On Farm Water/Planning	(7)	(10)
Canal Rehabilitation, Anti Water- logging and Salinity Programs	(8)	(90)
6. AGRICULTURAL EDUCATION, RESEARCH AND EXTENSION	-0-	50
7. POPULATION AND HEALTH	10	75
Population/Health	(6)	(-)
Malaria	(4)	(-)
8. PRIVATE SECTOR MOBILIZATION FUND	-0-	50
9. BALUCHISTAN PROJECT FUND	-0-	30
10. TRIBAL AREAS PROJECT FUND	5	15
11. GENERAL TRAINING	1	5
12. PROJECT DESIGN FUND	4	10
13. PROJECT RESERVE	-0-	340
14. PL 480	50	300
TOTAL	<u>150</u>	<u>1,625</u>

The Mission, the Negotiating Team and the GOP believe this package is responsive to the objectives listed in the overview section of this document and meets the policy interests of both the U.S. and Pakistan.

The Agricultural Commodities and Equipment Project and PL 480 will help alleviate balance of payments problems and enhance Pakistan's economic base by supporting imports critical to eliminating constraints to agricultural and rural development. They will also enable the Mission to help the GOP address policy issues and support oilseed production programs. The local currency generated under these programs will be devoted to supporting development activities assisted by AID and other donors.

Other projects will maintain the development momentum that was generated by previous AID-assisted projects, e.g., agricultural research, basic health, malaria and water management; will assist the GOP in extremely critical problem areas, e.g., population; and will begin addressing other priority development constraints, e.g., energy, agricultural production, education and policy issues. Project assistance will also strengthen Pakistan's productive base, and provide the GOP with an improved capacity to meet Pakistan's developmental and economic needs -- including the need to generate the foreign exchange necessary to meet a growing debt service burden (including the burden that will be incurred through the substantial credits for military assistance that the U.S. is considering).

#### FY 1982 Program Composition

The Mission already has initiated development of the FY 1982 program activities in the context of the overall agreed upon program presented above. The FY 1982 program, which is funded from ESF and PL 480 sources, is as follows (in millions of dollars):

<u>NUMBER</u>	<u>PROJECT ACTIVITY</u>	<u>FY 82 FUNDING</u>
391-0468	Agricultural Commodities and Equipment	60
391-0413	On-Farm Water Management	7
391-0467	Irrigation System Rehabilitation	8
391-0473	Rural Electrification	5
391-0471	Tribal Area Development	5
391-0469	Population Welfare Planning	2
391-0475	Primary Health Care	4

<u>NUMBER</u>	<u>PROJECT ACTIVITY</u>	<u>FY 82 FUNDING</u>
391-0472	Malaria Control (Maintenance Phase)	4
391-0474	Development Support Training	1
391-0470	Project Design Fund	4
	SUB TOTAL (ESF)	100
PL 480 Title I		50
	TOTAL FY 82 FUNDING	150

As a result of discussions between the Mission and the Negotiating Team, agreement was reached to submit FY 1982 project proposals in a modified PID format, shorter and more simplified than the normal five to ten page PID. These are provided as Attachment 1. After approval by AID/W of the enclosed modified PIDs, the Mission will proceed with the development of simplified Project Papers. The On-Farm Water Management Project, 391-0413, is an ongoing project that is being amended, and not a new project. A description of this proposed amendment is provided in Attachment 1.

It is essential that the Project Design Fund be rapidly obligated so the Mission can proceed rapidly with development of projects. A Program Assistance Approval Document (PAAD), therefore, has been submitted for the Project Design Fund, for which AID/W approval is requested (Attachment 2).

The use of shortened modified PIDs and eventually, shortened modified Project Papers, and a PAAD for the Project Design Fund is based upon the special nature of the program being re-initiated in Pakistan, the use of ESF and the urgency of rapid obligation of funds. (Exceptions to the general project system are specifically provided for in Chapter 6 of Handbook 3.)

Project Identification Document Facesheets (Form AID 1330-2) have also been completed on each project and have been included as Attachment 3.

The role of the Mission's PL 480 program, including imports, self-help measures, policy initiatives and linkages with other Mission activities, is discussed in Attachment 4.

### Staffing Implications

The program negotiated with the GOP is a very substantial program. The Mission therefore is coming out of a "wind down mode" and has started rapid expansion of development assistance activities. Consequently, an increase in Mission staffing is inevitable.

The Mission is committed to do everything it can to minimize the requirement for increased staffing and has built a number of factors into its strategy:

- where appropriate, it will increasingly utilize outside non-Mission resources (e.g., Title XII resources, PVOs, indefinite quantity contracts, professional Pakistani firms, etc.) in the development, implementation and evaluation of projects;
- where appropriate and consistent with its development strategy, it will build on existing USAID and other donor programs where impact and project design have been tested and found effective; and
- it is limiting its target group (i.e., primarily a rural thrust) in order to better concentrate its efforts.

Despite these efforts, it is the Mission staff's view that increases in Mission staffing will be necessary in order to properly design, develop, implement, manage and evaluate the program. U.S. direct hire staffing requirements (excluding RIG/IIS and RLA personnel) are projected to increase from a level of 13 persons in 1981 to a minimum of 25 persons in FY 1982. Foreign national direct hire staff is projected to increase from 40 in FY 1981 to a minimum of 50 in FY 1982. Even with this larger staff, this Mission will still have a critically low staff to project ratio.

### Narcotics

In addition to the economic assistance program agreed to by the USG and GOP as part of a multi-year package, the International Narcotics Matters Bureau of the State Department has requested AID to play a lead role in designing and implementing a rural development program in poppy growing areas.

- Attachments:
- (1) Nine modified PIDS and one proposal for a project amendment (On-Farm Water Management)
  - (2) PAAD for Project Design Fund
  - (3) Nine PID Facesheets
  - (4) Pakistan PL 480 Program

ATTACHMENT 1  
MODIFIED PIDS

ON-FARM WATER MANAGEMENT PROJECT, 391-0413

Proposed Obligation: FY 1982: \$7 million (ESF grant)

FY 1983: \$3 million (ESF grant)

Life of Project Funding: FY 1975 - FY 1983: \$18.5 million  
(\$10.0 million ESF grant,  
\$ 1.0 million DA/FN grant,  
\$ 7.5 million DA/FN loan)

Rs. 20 million  
(U.S.-owned rupees)

PURPOSE

To establish public and private sector capabilities to plan and deliver on-farm water management services including improvement of irrigation watercourses, precise leveling of farm land, and improvement of crop and water management practices targeted to small and medium farmers.

PROJECT DESCRIPTION

This project amendment to the ongoing On-Farm Water Management Project will provide: (1) ESF funds needed to match the capability of the On-Farm Water Management program staff to rehabilitate watercourses; (2) the needed institutional support for follow-on projects that will be funded by other donors; and (3) support for improved planning and management of irrigation water by GOP agencies.

It has become impossible to meet project targets with budgeted funds due to (1) the high rate of inflation that was not anticipated before the project started in 1975, and (2) the unforeseen need to reimburse for watercourse components such as siphons, silt traps, and culverts.

The institutional capacity of the provincial agencies to improve watercourses has developed well, and, because of the above mentioned reasons, fixed amount reimbursement (FAR) requests to date exceed available AID project funds. The present implementing ability of the program staff is illustrated by the most recent quarterly report. It indicates that the number of watercourses targeted for completion by June 30 was 410. The number actually completed was 665, or 62% more than expected.

Notwithstanding this accomplishment, current evaluation shows that the program will require a great deal of institutional strengthening

in order to meet the demands of the upcoming projects. Both the World Bank and Asian Development Bank have approved large credits for continued civil works.

A USAID/GOP evaluation team is currently conducting an evaluation that will lead to an upgrading of implementation procedures. This process will also result in a modification of the FAR procedures that were developed at the beginning of the project. The necessity for follow-up training and quality control has already become evident. AID's future involvement will permit development of the revised procedures and training in the follow-on projects.

There are two identified weaknesses in the current project that have been identified in past evaluations. First, extension efforts to improve the use of water on the farm and secondly, the timing of water delivery in quantities matched to on-farm needs.

To address these problems, assistance will be given to research institutes to help them play a stronger role in increasing crop production through improved water management. Extension linkages will be strengthened through programmed interactions between research institutes, extension personnel, and farmers. Research with non-traditional extension programs will be conducted, and management and planning assistance will be given to improve management of irrigation water resources in Pakistan at all levels.

The problems experienced in the pilot project have highlighted the need to modify the project's technical and administrative procedures to account for unique circumstances in the different provinces. The technology adopted in the Punjab appears to be suitable, with modification, for the Sind, but differences in topography, land tenure systems, density of farms, and other factors have severely limited the appropriateness of the watercourse improvement technology in the western provinces. This has led to higher than desired rejection of completed watercourses in the NWFP and, to a lesser degree, in the other provinces.

The direct beneficiaries of the project are small to medium farmers (under 25 acres) who receive additional water. Within this group the "tail-enders", those located at the end of the watercourse, benefit proportionately more. These farms tend to be smaller and have in the past benefitted less from public distribution of water.

#### RELATIONSHIP OF PROJECT TO AID COUNTRY STRATEGY

Water management is an integral component of the program for agricultural and rural development that is being developed for the period FY 1982-1987. The program will provide support to GOP agencies for:

agricultural support services (education, research, and extension); a program focused on food production and distribution with an emphasis on edible oils; water management; and area development programs for targeted disadvantaged areas. This project is a key initiative for improved delivery of water to farmers' fields and enhanced utilization of that water. Additionally, the quick reimbursement of funds in FY 82 will alleviate balance of payment difficulties.

AID POLICY ISSUES

No major policy issues are involved in the ongoing project on this project amendment.

PROJECT PREPARATION

This amendment will be prepared in-house with assistance from ASIA/TR/ARD and the ST/AGR Water Synthesis Project. Any necessary follow-up assistance will come from ASIA/TR/ARD.



About 40% of the earthwork relating to canal rehabilitation will be done by heavy equipment. The project will also provide some specialized equipment such as small drag lines, canal cleaners, small dredgers, and weed cutters to aid in the silt removal program. Generally, labor intensive methods will be employed in waterlogged and congested areas, schemes with short leads, and minors and small distributaries.

The provincial Irrigation Department equipment fleets are poorly balanced, practically devoid of light and miscellaneous equipment for medium size jobs and labor intensive work, and urgently need replacement of equipment which is at or nearing the end of its economic life. Each province has a maintenance program for their fleet. To their credit, these units have managed to extend the operating life of much of their existing machinery. However, the maintenance program will receive attention in order to upgrade skills, review maintenance schedules, and manage spare parts inventories.

The sub-surface drainage project would consist of investigating areas having serious waterlogging and salinity problems. A future project would implement proposed solutions to these problems on a pilot area basis and evaluate their effectiveness. From this would come a cost-effective, farmer acceptable package of technologies that would make possible a national program for alleviating waterlogging and salinity.

#### RELATIONSHIP OF PROJECT TO AID COUNTRY STRATEGY

The implementation of a program for rural and agricultural development is heavily dependent on the efficient operation of the irrigation system. The irrigation system of Pakistan is truly the lifeblood of the nation, serving some 35 million acres out of a total cropped area of 44.5 million acres. Timely delivery of water in sufficient quantities is the single most important factor in increasing the productivity of the rich agricultural lands.

This project would help AID develop a working relationship with the provincial Irrigation Departments. It is especially significant in view of AID's efforts to involve the Irrigation Departments with Water User Associations and to improve efforts toward a concerted strategy for management of Pakistan's water resources by all agencies concerned.

#### AID POLICY ISSUES

There are two critical policy issues related to this project. First, public sector ownership of tubewells and secondly, water rates.

The GOP owns and operates some 12,000 tubewells which serve the dual purpose of (a) providing vertical drainage to lower the water table and reduce the risk of salinization and (b) providing supplemental water to farmers. Over the years the rising cost of operating public tubewells has not been passed on. Higher and higher subsidies for water delivery have eroded the ability of the provincial governments to maintain other irrigation components. Additionally, public management has not been able to (1) deliver water on a timely basis and (2) keep the tubewells mechanically fit.

Most public tubewell water is used for irrigation but some tubewells are located in areas where groundwater is too saline for crop application. In these areas, where the sole purpose of the tubewells is waterlogging and salinity control, public ownership appears to be advantageous.

The second policy issue relates to the level and structure of water rates. The rates are clearly below their economic contribution to production and have not kept pace with rising costs associated with maintenance of the irrigation system. Shortages of revenue are a primary cause of the state of disrepair of the canals, with operation and maintenance expenditures running at about one-third their required level.

#### PROJECT PREPARATION

The GOP has requested that this project be co-financed with the World Bank. A preliminary World Bank appraisal Mission has completed an outline of the intended project. A joint Project Paper/Appraisal Team will be formed consisting of Bank and AID personnel to complete the final design of the project. A separate Project Paper for AID will be prepared which will have its basis in the joint design paper.



FERTILIZER OFFTAKE (1980)

(000 Nutrient MT)

<u>Product</u>	<u>Offtake</u>	<u>Requirements</u>	<u>Offtake as Percent of Requirement</u>
Nitrogen (N)	805	1,358	59
Phosphorus (P)	225	891	25
Potassium (K)	10	166	6
Total	<u>1,040</u>	<u>2,415</u>	<u>43</u>

It is important to note that the domestic production of nitrogenous fertilizer is expanding rapidly and self-sufficiency is expected by 1983. However, unless local deposits of new minerals are discovered, Pakistan will continue to import increasing amounts of phosphatic fertilizers.

The reduction of the fertilizer subsidy in February 1980 jolted the fertilizer market. The farmers' responses to higher prices are mixed. For planning purposes, it is expected that growth in fertilizer consumption will decrease to 10% per year in contrast to the 19% growth exhibited over the past few years. More time is required to accurately gauge the impact of higher prices.

In providing between 500 and 700-thousand metric tons of diammonium phosphate (DAP), the project will increase the adoption and timely use of balanced fertilizer in the production process, thus relieving one of the critical production constraints leading to low yields of basic food staples.

A distinctive feature of the growth in fertilizer consumption in Pakistan is that the small farmers are participating equitably in the market and reportedly are using as much or more fertilizer per unit of land as large farmers. Additionally, these smaller farmers are known to utilize more intensively their scarce resources, such as water and land. Therefore, increased supply of fertilizer is expected to benefit smaller producers.

There is identified demand for heavy equipment for major canal maintenance. Additionally, tractor, tillage and harvesting equipment is being imported in increasing amounts. The appropriateness of additional machinery imports will be reviewed and further defined as the project is developed.

Local currencies generated through proceeds from sales of commodities brought in under this project will be jointly programmed in the same way as those generated under the FY 1980 Title I Agreement. Specifically, the rupees generated will be apportioned according to the following priorities:

1. as counterpart for AID supported projects;
2. as counterpart for GOP selected projects which may be supported by other donors; and
3. for other general uses which fall within broadly defined categories such as rural and agricultural development, health, population, water management and primary education.

#### RELATIONSHIP OF PROJECT TO AID COUNTRY STRATEGY

The project encourages a more efficient and productive agriculture by supporting a policy framework that rewards adoption of more appropriate and productive production technologies and provides for maximum participation of rural inhabitants, thereby increasing food production and small farm incomes. The provision of quick disbursing commodity support for required imported production inputs will also diminish immediate demand for scarce foreign exchange.

#### AID POLICY ISSUES

There are two public policy issues which will be addressed in negotiating the loan agreements for this project. These issues are (1) reduction of the fertilizer subsidy and (2) increased private sector participation in the distribution of fertilizer and other agricultural inputs. A recent reduction in the fertilizer subsidy has resulted in an increase in its price to the farmers of approximately 45%. This welcome but radical shift in policy has left the fertilizer market in a minor state of flux. Offtake estimates have fluctuated widely since the new prices were put into effect with the result that the level of desired stock-piles is difficult to estimate. On private versus public marketing, the GOP has encouraged private companies to widen their distribution of fertilizers. At the same time, the National Fertilizer Corporation (NFC), a semi-public corporation which produces urea, is replacing provincial agricultural bodies that distributed fertilizer. NFC dealers are licensed from the private sector. USAID expects that distribution of DAP brought in under this project would be through the NFC and by other private fertilizer corporations.

PROJECT PREPARATION

There are two major elements in the preparation of the fertilizer portion of the Project Paper: estimates of import requirements and distribution mode. The reduction of the subsidy has shifted the consumption trend line with the result that precise estimates of future needs are difficult. However, the National Fertilizer Development Center (NFDC) and the NFC are analyzing available data. Mission staff will review this analysis during the preparation state of the Project Paper.

Distribution questions will require outside assistance. The Mission will call upon the International Fertilizer Center/TVA for assistance in making recommendations for schemes to maximize the participation of private channels in the marketing of imported fertilizers.

The specifications of other imports will require assistance to evaluate agricultural and other complimentary machinery needs. TDY assistance would be expected to assist in preparing machinery specifications. The Mission is encouraging the GOP to focus initially on the importation of large items of equipment already identified for specific projects or a large number of similar items such as tractors. In addition, procurement advice will be solicited from SER/COM. The Mission expects SER/COM to play a lead role in fertilizer procurement.

The Mission therefore expects to submit a Project Paper to Washington for approval not later than mid-January 1982. TDY assistance will have to be scheduled from November to mid-December of this year to achieve that target.



C. Support activities such as program evaluation, research, training and logistics.

The GOP has successfully solicited assistance for its new Population Plan from several organizations within the donor community, most notably the United Nations Fund for Population Activities, the World Bank, the Asian Development Bank, Japan and the Netherlands. Current commitments provide support primarily for the core components of family welfare centers and training of family planning workers.

AID's assistance, in coordination with other donors, will be utilized to partially fund some of the components of the GOP Plan over a five year period commencing in FY 1982. The following areas have been specifically identified for USAID funding.

- Contraceptive Supplies and Logistics. In the past, USAID and UNFPA have been the only donors to supply contraceptives. Currently, the GOP has an adequate quantity of UNFPA-financed condoms, and an excess supply of AID-financed oral pills. The problem of excessive pills is being resolved. While the GOP does not need funding for condoms or orals over the first two years of the project, it has requested USAID's assistance for supply of other conventional and clinical contraceptive supplies such as foams, IUDs and falope rings. USAID support has also been requested for the logistics system necessary for contraceptive handling, storage, and distribution and specifically for warehouse facilities.
- Reproductive Health Care (Training). The GOP Population Plan will involve additional training of health care personnel to perform laparoscopy and mini-lap procedures for voluntary sterilizations. Reproductive health care training will be extended to medical schools throughout the country and other selected sites. Previously, USAID supported a similar program on a smaller scale, when cessation of aid to Pakistan was enforced. At that time, UNFPA picked up this activity. Now, UNFPA is no longer able to support this activity.
- Data Collection, Analysis and Research. USAID will provide funding and technical assistance to the proposed GOP Population Development Center which, in the addition to data collection and analysis, will also serve as a coordinating body for all population-related research endeavors in the country. The Center will initiate conduct and consolidate research efforts within the Population Division and will also coordinate and contract out research studies to other private and government institutions who have developed the capability of undertaking population-related research. The Center will also disseminate research findings and will provide a direct link between population planning and the country's overall development planning.

The direct project beneficiaries will be the people utilizing population services and ultimately the population at large who will benefit from a decreased population growth rate that now seriously limits the country's economic and social development.

#### RELATIONSHIP OF PROJECT TO AID COUNTRY STRATEGY

At the current population growth rate, Pakistan faces a bleak demographic future, with the population projected to double every 23 years. Pakistan's 3% population growth rate is the highest in Asia and is significantly above the world average of 1.8%. The impact has been to nullify much of the country's efforts to achieve its social and economic goals in agriculture, health and energy sector programs. Continued unchecked population growth will adversely affect Pakistan's ability to achieve food self-sufficiency, and provide adequate transportation, water, health care, educational facilities and energy for its people.

Population control is essential. We cannot hope to help ensure a life of dignity for the approximately 84 million people of Pakistan unless we recognize and respond to the serious population problem within the country. Certainly, the new GOP Population Plan is a bold and ambitious venture, yet, we must accept that there are no demographic miracles in the offing in Pakistan. We must lend support to the current undertaking by phasing-in components that are feasible, for other development efforts will not achieve their full impact unless we assist Pakistan in tackling one of its most pressing problems, population.

#### AID POLICY ISSUES

In undertaking any new venture to support population activities in Pakistan, a number of policy issues emerge. The most dominant issues of concern to USAID are:

- The role of institution building for population activities within Pakistan. The current posture of the GOP implies that there is very little role for donors to play in providing technical assistance and expertise to strengthen current and future population institutions. However, USAID feels there is a need to provide such assistance to the GOP, especially at this time of transition and re-establishment of population activities within Pakistan.
- Coordination between the health and population divisions within the GOP. Currently, little coordination exists between the health and population sectors. USAID wishes to promote stronger collaboration and coordination between the two to maximize their effectiveness and ease old hostilities that arose from the potential

competition between the two divisions. Since USAID will be undertaking projects in both health and population, attempts will be made to ensure that a continuing dialogue develops, leading to a better and more coordinated work effort among the two divisions.

#### PROJECT PREPARATION

Although some of the activities mentioned above will continue throughout the life of the project, others will not need support for the entire five year duration of the project. During the preparation of the Project Paper the design team will identify additional population activities that USAID will fund for FY 1983-FY 1986.

It is anticipated that there will be a need for several TDY personnel to assist in the preparation of the Project Paper. The project team will include specialists in applied contraceptive technology, data analysis/collection and research, logistics and management. Current estimates indicate the need for one team for a short stay for approximately four weeks duration in Pakistan to provide the analyses and design recommendations, as well as assist USAID in writing the Project Paper. Additionally, there may be a need for other specialists for short term TDYs that most likely will be centrally funded. Estimated costs for Project Paper preparation are \$40,000.



funding, \$4 million will be used to finance the foreign exchange and local costs of developing the \$425 million FY 1982 and FY 1983 program. Funding will be provided for contracts to study Pakistan's edible oil program, to develop technical specifications for various imports proposed for AID financing, to recommend ways in which private sector participation in distributing fertilizer can be maximized, to recommend ways in which primary health care can be provided more effectively, etc. Support will also be provided for: advisory services to complete construction of the National Agricultural Research Center; experimental station development and research management needs; initial logistic and data management support for advisors under AID-supported activities; procurement services for the overall package of AID assistance to Pakistan; continued contacts with international research centers such as CIMMYT and IRRI; and invitational travel and high priority training related to pre-project implementation needs.

#### AID POLICY ISSUES

No major issues are foreseen in developing or implementing the Project Design Fund.

#### DOCUMENT PREPARATION

This is a program development and support activity and, as such, neither of the standard definitions for project assistance or non-project assistance are quite appropriate. In view of the source of funds (ESF), the underlying political rationale for an immediate reinitiation of an AID program in Pakistan, and the extreme urgency to commence designing and preparing for the six year program package, the Mission proposes to use Handbook 4 procedures for non-project assistance and a Program Assistance Approval Document (PAAD) to describe and authorize this \$10 million activity and approve the first \$4 million tranche of funding in FY 1982.

The PAAD is attached as Attachment 3 to this submission.

TRIBAL AREA DEVELOPMENT PROJECT, 391-0471

Proposed Obligation: FY 1982: \$5 million (ESF grant)

FY 1983: \$5 million (ESF grant)

Life of Project Funding: FY 1982 - FY 1987: \$15 million (ESF grant)

Rs. 200 million

PURPOSE

To assist the Government of Pakistan to carry out a special program to accelerate the integration of the tribal regions into the socio-economic mainstream of Pakistan through focused area development programs.

PROJECT DESCRIPTION

The tribal areas of Pakistan have a special status emanating from the colonial period. These special reserves are contiguous to Afghanistan and have been largely excluded from development activity in Pakistan. Established as a compromise by the British after the Afghan wars, their special status was inherited by the GOP in 1947. The tribal belt is inhabited by several tribes of Pathan origin who guard jealously their tribal identifications and inter-tribal feuds are not uncommon. Tribal areas are still largely outside the jurisdiction of the federal or provincial government and GOP government structure and laws are replaced by local tribal government and laws. The federal presence in the tribal areas is represented by the Political Agent, a government functionaire. Additionally, development activities are administered under the Federally Administered Tribal Areas (FATA), a development corporation which is financed from federal funds. This corporation was established in 1971 to administer development projects in the tribal areas only.

There is very little information available on conditions in the tribal areas. They are considered relatively underdeveloped. The economic base is dryland agriculture with some irrigation provided by scattered tubewells. Trade across the Afghan broder has always been important to the economy; how much this has diminished is not known. Primary roads exist but lateral access to agricultural lands is limited. Electrification has been extended to some sub-regions but coverage is spotty.

One of the constraints to extending public services is a settlement pattern that differs from adjoining districts. Extended families tend

to live on the farm as opposed to more concentrated village development found in other parts of Pakistan. Additionally, local government institutions are primarily traditional elder councils which are not versed in making decisions for public investments.

Given the relative sparseness of information in these regions, project activities in the first year will be directed to socio-economic investigations and assessment of the resource base to better understand the barriers and opportunities for development. Special attention will be given to evaluating local government bodies to ascertain competence for local decision making and management of development initiatives.

The relationship of the federal and provincial authorities to these local traditional bodies is an important project design factor that will be addressed. Limited outside authority may offer opportunities for more intensive participation by tribal leaders in project design and implementation. At the same time, the degree of power sharing within tribal groups will shape the distribution of project benefits. These issues will require close examination during the project design stage and delineation of the target population will follow. While institutional mechanisms for implementation are being developed and strengthened, funds will be allocated to continue ongoing basic infrastructure development with emphasis on roads, schools and electrification.

#### RELATIONSHIP OF PROJECT TO AID COUNTRY STRATEGY

A major component of the AID country strategy is to direct development resources to relatively underdeveloped regions that offer potential. The sparse information available on the tribal areas underscores the economic isolation and relatively underdeveloped conditions. The potential appears to be there for increased economic contribution to the Pakistani economy while offering substantial benefits to the residents.

#### AID POLICY ISSUES

Poppies are grown in many parts of the tribal areas. Agreement will have to be reached between the USG and GOP on how to phase out the cultivation of this banned crop.

#### PROJECT PREPARATION

The first stage of project preparation will be a reconnaissance of the project area and extended discussions with tribal authorities and

organizations working in these areas. Following this, a contractor will be identified to carry out preliminary analysis of critical socio-economic variables and identify basic development needs that can be initiated in FY 1983. It is expected that activities in later years will be shaped by continuing investigation and analysis. A Project Paper will not be completed and funds obligated until the fourth quarter of FY 1982.



This project will provide the resources necessary to assist the GOP:

- to develop a spraying program for rural and urban areas with residual insecticide in order to control areas of endemic malaria, while protecting those that are malaria free;
- to develop selective spraying techniques that will assist in prolonging the effective life span (delaying development of resistance) of malathion use;
- to develop techniques to streamline the urban surveillance system, resulting in the collection and analysis of reliable technical data to guide the operational plans and strategies; and
- to develop alternative control methodologies (e.g., larvivorous fish) and alternative plans of action should malathion resistance develop.

Over the last two years, due to lack of funds from USAID, the GOP accepted the insecticide Sumithion from the Japanese. Use of this more toxic and more potent organo-phosphate has introduced yet another chemical that should be reserved for future use. USAID assistance will help the GOP buy the more appropriate malathion.

#### RELATIONSHIP OF PROJECT TO AID COUNTRY STRATEGY

The proposed project is entirely consistent with AID's strategy in Pakistan. The project's thrust is in line with the Mission's overall emphasis upon the rural areas (where 72% of the population lives) and recognizes and addresses the problem of trying to improve the status of people's health. Over 75% of Pakistan's rural and urban population is at risk for malaria. The principal benefits will flow largely to poorer groups without protective devices such as screens and insecticides, who reside in the countryside or the slum areas of urban centers.

The program will strengthen institutions by helping the Directorate of Malaria Control in evaluation, training and research which will extend not only to the provincial level but even to the local council bodies. A feasibility study conducted on the use of larvivorous fish and continued research in malathion resistance will improve the country's technical expertise.

The project will also help to alleviate Pakistan's balance of payments difficulties by supplying insecticides that are not available in Pakistan.

AID POLICY ISSUES

There are no major policy issues. The host country has already shown by the previous project that it has sufficient capability to manage this project. Trained manpower is already in place.

The major technical issue which must be addressed during project implementation concerns the development of malathion resistance and the ability to develop effective and environmentally sound alternatives.

The widespread use of organo-phosphates and the potential environmental hazards they pose were addressed in the previous Malaria Control Project. The U.S. Centers for Disease Control helped Pakistan conduct research on the proper storage, handling and disposal of the toxic chemicals. As a result, Pakistan has adequate safety codes.

PROJECT PREPARATION

Given USAID's recent experience with a similar project, only two TDY personnel, including the Regional Malaria Advisor, will be needed to develop the Project Paper. We estimate the project design team needs to stay in Pakistan for approximately three weeks to assist with analysis and design recommendations, as well as assist USAID in writing the Project Paper. Up to \$10,000 may be required in PD&S funds.



cost of generation and transmission facilities. The proposal also would increase customer coverage in electrified villages to 50% from its present level of 14%.

This project will provide \$129 million to assist WAPDA develop its proposal into a comprehensive national rural electrification plan and to implement key components of the plan. The \$129 million will be used to cover the cost of commodity imports, technical assistance, training, construction and construction supervision. A first tranche of \$5 million is required in 1982 to finance selected commodity imports and initial technical assistance.

This project will also provide \$26 million to partially fund the \$66 million foreign exchange cost of gas turbine generators that are urgently needed to overcome a projected electric power generation short-fall. The generation short-fall is expected in February of 1984 as a result of the postponement of the construction of more expensive nuclear and coal-fired generation plants for lack of funds.

While gas turbine generators have high operating costs, their relatively low capital cost and ability to be started and placed on line on very short notice make them ideal to cover short duration demand peaks and to provide emergency standby generation capacity. The gas turbine generators provided under this project will be used in such a fashion and to avoid the already mentioned generation short-fall. It is to be expected that the financial, developmental and political costs of brown-outs and black-outs for lack of power generation capacity would be much greater than the initial capital and short term operating costs of the gas turbine generation.

The majority of the direct beneficiaries of this project will be small farmers and other rural poor. Other direct beneficiaries will be tubewell owners and users, merchants, agro-industrialists, small construction contractors and persons hired by them, and the persons selected to fill the permanent positions created by the project. The entire Pakistani population will be indirect beneficiaries to the extent that the project increases agricultural productivity, reduces dependence on imported petroleum, reduces population growth and contributes to the socio-economic stability of the country.

#### RELATIONSHIP OF PROJECT TO AID COUNTRY STRATEGY

This project is a key component of the Mission's overall rural and agricultural development strategy. It will contribute significantly to the effectiveness of parallel investments in health, population, rural roads and the private sector.

The availability of reliable and relatively inexpensive electricity reduces the cost of operating irrigation tubewells; makes possible the improvement of existing and the development of new agro-industry; makes possible the improvement of the quality of service provided by health centers, schools and other public service entities; stimulates commerce; and improves the quality of rural life in general.

#### AID POLICY ISSUES

##### A. Coordination With Other Donors

Activities of this project will have to be coordinated with related activities of other donors. For example, the Asian Development Bank is presently scheduled to provide \$30 million this calendar year for rural electrification along the lines of this project, and \$40 million in early 1982 to cover part of the cost of urgently required gas turbine generators. WAPDA is too far along in its negotiations with ADB to be able to consider co-financing of either activity.

WAPDA states that if a serious power shortage is to be avoided, all foreign exchange funds for the gas turbines must be available no later than February 1982 so that the gas turbines can be purchased, installed and placed in service before February 1984. Because the GOP-USG negotiated funding provides for only \$5 million for the energy sector in FY 1982, it will not be possible to meet WAPDA's deadline. This has prompted the Mission to agree to consider a WAPDA request that it be authorized to procure the gas turbines with its own resources following AID procurement procedures but subject to AID reimbursement as soon as AID funds become available. If that is not acceptable to AID, WAPDA states it will have to accept brown-outs and black-outs during the four-month low water period in 1984 but will still need the gas turbines to avoid the brown-outs and black-outs in 1985 and later.

##### B. Private Sector Development

It is expected that many small farmers, village shops and small industries will receive electric service under the project but will not be able to take full and immediate advantage of the service for lack of know-how and/or financial resources. This issue will be carefully studied during the design of the project.

#### PROJECT PAPER PREPARATION

In accordance with the agreements reached by the GOP and the Economic Assistance Negotiating Team and the Economic Assistance Team's instructions to the Mission, all the activities referred to herein will be developed as a single project. A Project Paper justifying the

FY 1982 funding request and outlining the entire project will be presented in mid-FY 1982. Following authorization of the entire project and the FY 1982 funds, the Project Paper will be amended to fully support future years' funding.

To assist in the preparation of the Project Paper, the Mission will require approximately three person-months of assistance from AID/W and eight person-months of outside consultant assistance.

DEVELOPMENT SUPPORT TRAINING PROJECT, 391-0474

Proposed Obligation: FY 1982: \$1 million (ESF grant)

FY 1983: \$2 million (ESF grant)

Life of Project Funding: FY 1982 - FY 1987: \$5 million (ESF grant)

PURPOSE

To upgrade the managerial and technical expertise of Pakistanis in the private sector and federal and provincial governments who are involved in the planning and implementation of Pakistan's priority social and economic development programs through long and short term training programs.

PROJECT DESCRIPTION

Pakistan had only a few well trained and experienced senior officers at the time of partition in 1947. Recruitment of new personnel into the civil services since that time has followed the British tradition which favored young persons with a liberal arts and humanities academic background. Only a small percentage of the new recruits had a background in public administration, business administration, economics or the hard sciences. Similar shortages of trained personnel existed in the private sector in manufacturing, financial institutions, trade, and other areas.

Since the 1950's, the Government has been aware of the need for the development of managerial and technically trained personnel. Some advancements were made through training abroad and institutionalized training in Pakistan. A system of advanced educational and training institutions was developed in Pakistan, but their output has been unrelated to specific manpower needs. The result of this situation has been continuing critical shortages of personnel with adequate managerial and technical training in both the government and the private sectors.

This project will assist Pakistan to meet these serious manpower needs, by providing relevant training for Pakistanis from both the public and private sectors. The priorities for training under this project and the fields in which training would be provided will reflect specific development plans and manpower needs, the Mission's development strategy and program composition and U.S. Congressional

mandates. Training will focus on the priority areas of public and private business administration, public administration, economics, development planning and administration, food production, nutrition, rural development, health, population and education. Training which does not fall within these priority areas will be carefully considered on a case-by-case basis. Care will be taken in implementing the project to assure that an appropriate "mix" of qualified candidates are selected from the federal government, provincial governments and the private sector.

Training programs will depend upon the specific needs of an organization. Training will be short or long term, degree or non-degree, academic or non-academic depending on the type of program best suited to a particular situation. Training will be provided in Pakistan, the U.S., or eligible third countries. Highest priority will be given to designing training programs which have a direct link to occupational needs, such as on-the-job and observational training, and which can involve the maximum number of people, such as in-country training.

Within Pakistan, for instance, efforts will be made to arrange in-country workshops and training programs, if necessary using professional staff brought in from the U.S. or third countries. In-country English language training programs will also be supported to assure that trainees have an acceptable degree of English language proficiency. Regional training centers, such as the Asian Institute of Management (The Philippines) and the Asian Institute of Technology (Thailand), will also be used. Support also will be provided for training programs which assist Pakistan's own development priorities. For example, Pakistan recently completed a national population census which suffered from a variety of difficulties. This project would have provided specialized training by the U.S. Bureau of Census which could have aided significantly in achieving a higher quality and more credible census. This project will also support training opportunities which will benefit the overall program supported by the Mission. For example, Pakistani organizations often experience difficulty in quickly procuring equipment, machinery and other commodities overseas. Specialized procurement training, such as that offered by the World Trade Institute, could help immeasurably various Mission supported projects.

Training will also be funded, of course, through the various projects the Mission will be initiating. However, the Mission believes a discrete training project is nevertheless necessary. Many types of desirable and worthwhile training cannot be funded under the limited scope and number of other projects which the Mission will initiate, and limited GOP funds or other donor resources frequently are not

available to fund GOP training needs. This project will also enable the Mission and the GOP to take advantage of the special, short term training opportunities frequently announced by AID/W. Training provided through the Development Support Training Project will be carefully coordinated and integrated with training provided under other projects to ensure a rationale and comprehensive Mission training program.

The primary direct beneficiaries of the Development Support Training Project will be the federal and provincial government organizations charged with the management, administration and planning of development activities in Pakistan, and private sector organizations involved in production, finance and trade or managing the country's economy.

Indirect beneficiaries of this project will be the individuals themselves. From their training they should be in a position to perform better in their work and to bring to their jobs knowledge of innovations which result in more effective achievement of results, which, in turn, should result in increased satisfaction with work as well as enhanced career opportunities.

Training costs will be shared with the sponsoring public or private entities. Training costs such as tuition will be paid with project funds. Given Pakistan's continuing balance of payments difficulties, project funds also will be utilized, if necessary, to pay for international travel costs for short term training. As a general rule, the sponsoring GOP or private sector organization would pay for international costs for long term training. The Government or private sector organization would, of course, pay participants' salaries and other pre-departure expenses.

In order to assure the maximum value of the training to Pakistan's development efforts, participants will be required to return to the same, comparable or higher posts in their organizations and serve for a minimum of three times the length of the training.

#### RELATIONSHIP OF PROJECT TO AID COUNTRY STRATEGY

Pakistan's development strategy and development efforts are seriously constrained by inadequate numbers of properly trained personnel. Both the quality and quantity of economic and social growth are less than they should be in a wide range of government and private sector development efforts. This project will contribute to increasing the problem solving capabilities of Pakistanis to better participate in and manage the development process.

AID POLICY ISSUES

Any training project of this nature needs to be carefully designed and critically examined to ensure that the training is appropriately and effectively used after the participants return to Pakistan. This issue is even more vital in this project, since training will be provided for personnel in the private sector. Despite the difficulties involved, however, the need to help increase the effectiveness, vitality and capability of Pakistan's private sector warrants this training. The Mission believes that proper design of the project, with careful attention to selection, screening and design of the training programs for private sector candidates, will provide a reasonable degree of certainty that private sector trainees will make significant contributions to Pakistan's overall development.

PROJECT PREPARATION

The Mission will need TDY assistance from AID/W to assist in preparation of a Project Paper. Approximately three weeks of TDY assistance from ASIA/TR should be sufficient.

PRIMARY HEALTH CARE PROJECT, 391-0475

Proposed Obligation: FY 1982: \$4 million (ESF grant)

FY 1983: \$4 million (ESF grant)

Life of Project Funding: FY 1982 - FY 1986: \$20 million (ESF grant)

PURPOSE

To assist the Government of Pakistan to provide primary health care to the rural population through continued support for the development of a three-tiered primary health care delivery system.

PROJECT DESCRIPTION

USAID has worked with the GOP from 1977 to 1981 through the Basic Health Services Project to help develop a three-tiered health care delivery system designed specifically to reach the rural population. This system revolves around Rural Health Complexes (RHCs), Basic Health Units (BHUs) and villages. Physicians and Mid-Level Health Workers serve at the RHCs and BHUs, with Community Health Workers (CHWs) functioning at the village level. This model is designed to provide interlinkages from one tier to the next, with the major emphasis on providing simple curative and preventive health services where the people are -- in the 45,000 villages of Pakistan.

The Basic Health Services Project (1977-1981) fell short of its somewhat ambitious goals. Beset by external political upheavals beyond its control and the inevitable inertia of bureaucracy, the project failed to progress in the way it was envisioned. It did, however, accomplish two things: it laid the groundwork for a core of mid-level workers and developed a competency-based (skills) curriculum for these workers.

The Primary Health Care Project will not be just a continuation of the activities from the preceding Basic Health Services Project but will involve re-examining and re-focusing attention on the skills and functions of the Community Health Workers (CHWs). The first skills the CHWs learn should be those that can have an immediate impact on diseases with high prevalence and significant morbidity and mortality (i.e., diarrheal diseases), or on attitudes or practices that will promote population control. Gradually, other skills will be phased in, as illiterate workers show they have mastered the previous ones.

Considerable attention will be placed upon the CHW's role in referring those ill to the next higher level of the three-tiered system.

The CHWs must realize not only their abilities, but also their limitations, and they must have clear-cut instructions on when to refer people to the Basic Health Units.

This project will provide the resources necessary to assist the GOP:

- to institutionalize, evaluate and improve training programs for male and female Mid-Level Health Workers and Community Health Workers;
- to develop a viable mechanism for CHW supervision and compensation;
- to improve the overall management system for the current rural health care delivery system;
- to develop and enhance the patient referral system, and in addition, in the least developed provinces of Baluchistan and Northwest Frontier Province to strengthen the highest tier -- the hospital -- by purchasing needed medical equipment in Quetta and Abbottabad; and
- to establish at least one Integrated Rural Health Complex in a majority of districts in each of Pakistan's four provinces.

Seventy-two percent of Pakistan's population, those living in the rural areas, will benefit from this project. The principal beneficiaries will be the rural poor who often have very limited access or no access to adequate health care. Women will have greater access to improved health services since this project incorporates the use of female health care workers.

#### RELATIONSHIP OF PROJECT TO AID COUNTRY STRATEGY

The Primary Health Care Project is fully consistent with the Mission's strategy to concentrate on and improve the social and economic conditions in Pakistan's rural areas. Pakistan, like many developing countries, continues to have staggeringly high morbidity and mortality rates. Most of the infectious diseases contributing to these rates are largely preventable.

In the long run, human resource strengthening is indispensable to Pakistan's development. Delivery of primary health care to the rural population is a clear priority. As overall health improves, there will also be a complementary effect on population control, as people realize it is no longer necessary to have five children to insure that two survive.

### AID POLICY ISSUES

Two policy issues will be addressed during the development and implementation of this project. First is the need for the GOP to provide adequate incentives for the provinces to support the project by increasing the provincial annual budgets above and beyond their normal expenditures specifically for these projects. To date, this issue has not been resolved. USAID can play a role by continuing to place greater emphasis on the most backward provinces.

The second issue concerns the capacity of the GOP to recruit, assign and maintain female workers at the Integrated Rural Health Complexes and Basic Health Units, as well as utilize women in the villages as Community Health Workers. Although it has been difficult, the GOP has initiated over eleven training schools where females are participating as mid-level health workers. And although resistance is strong, significant inroads are being made in the use of females as health providers. USAID can play a prominent role in helping to maintain and support the GOP's resolve in this matter.

### PROJECT PREPARATION

This Mission anticipates the need for a significant amount of assistance from TDY personnel to assist in the project paper preparation. A team of specialists with skills in management, training of illiterate workers, and logistics will be utilized to help develop the analyses and design recommendations, as well as assist USAID in writing the project paper. We anticipate the need for a team of three for a one month TDY in Pakistan. Several other specialized personnel may also be necessary to assist for shorter periods of time on various aspects of the project paper. The estimated cost of this assistance is \$40,000.

Given prior experience in Pakistan, the Mission intends to directly procure the medical equipment and any necessary technical assistance.

ATTACHMENT 2  
PROGRAM ASSISTANCE APPROVAL DOCUMENT  
PROJECT DESIGN FUND, 391-0470

AID 1120-1 18-881  PAAD	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT  PROGRAM ASSISTANCE APPROVAL DOCUMENT	1. PAAD NO  2. COUNTRY Pakistan  3. CATEGORY  4. DATE September 24, 1981
5. TO: Jon D. Holstine AA/Asia	6. OYB CHANGE NO.	
7. FROM: Bryant George Acting Director, USAID/Pakistan	8. OYB INCREASE  9. TO BE TAKEN FROM:	
8. APPROVAL REQUESTED FOR COMMITMENT OF: \$10 million, \$4 million of which obligated in FY 82.	10. APPROPRIATION - ALLOTMENT ESF	
11. TYPE FUNDING: <input type="checkbox"/> LOAN <input checked="" type="checkbox"/> GRANT <input type="checkbox"/> INFORMAL <input type="checkbox"/> FORMAL <input checked="" type="checkbox"/> INCOME 12. LOCAL CURRENCY ARRANGEMENT 13. ESTIMATED DELIVERY PERIOD FY 82 to FY 85 14. TRANSACTION ELIGIBILITY DATE October 1, 1981 15. COMMODITIES FINANCED		

16. PERMITTED SOURCE

U.S. only \_\_\_\_\_  
 Limited F W \_\_\_\_\_  
 Free World \_\_\_\_\_  
 Cash \_\_\_\_\_

17. ESTIMATED SOURCE

U.S. \_\_\_\_\_  
 Industrialized Countries: \_\_\_\_\_  
 Local \_\_\_\_\_  
 Other \_\_\_\_\_

18. SUMMARY DESCRIPTION Title: Project Design Fund, Number: 391-0470

This program development and support activity provides resources for USAID/Pakistan to immediately acquire the technical assistance needed to develop, design and provide initial support for a multi-year package of U.S. economic assistance to Pakistan. Negotiations concerning the package were carried out in June 1981 by a team headed by Under Secretary of State Buckley. The package was defined within the U.S. Executive Branch after consultations with the IMF and World Bank (see State 215369 dated August 13, 1981). The areas of concentration for the economic assistance and composition of the FY 1982 ESF Program, including this activity, were negotiated with the GOP in August 1981 by a team headed by AID Administrator McPherson (see Islamabad 11288 dated August 30, 1981).

All geographic Code 941 countries and Pakistan are eligible sources for the services, technical assistance, training, supplies and equipment to be financed under this activity.

Due to the nature of this activity, i.e., primarily project design in fulfillment of AID requirements, no host country contribution will be sought and procurement will be done directly by AID.

Attachments: 1. Activity Description; 2. Joint U.S./GOP Statement; 3. Draft Project Agreement.

19. CLEANANCE REC DP _____ REC GC _____ AA PC _____ A (CINI) _____ AA MH _____ AA D/PE _____	20. ACTION <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED  AUTHORIZED SIGNATURE _____ DATE _____  Assistant Administrator for Asia TITLE
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Attachment No. 1: Activity Description

PROJECT DESIGN FUND, 391-0470

A. Purpose

This activity will assist the Government of Pakistan to develop, design and implement high priority development projects which will help to establish the basis for self-sustaining economic growth.

B. Background

In recognition of a profound change in the political balance in South-west Asia caused by the invasion of Afghanistan by the USSR and the rapidly deteriorating and unstable condition of the Persian Gulf area, the U.S. reassessed its relationships with Pakistan and its decision to terminate economic and military assistance to Pakistan. This reassessment resulted in a number of high level U.S.-GOP consultations which culminated in the negotiation, and September 1981 GOP acceptance, of a \$3.2 billion package of military and economic assistance which the U.S. will seek to provide to Pakistan between FY 1982 and FY 1987.

The military and economic assistance portions of the package are related, especially due to the economic burden which defense purchases will generate, and fast disbursing assistance is required. However, the economic assistance portion of the package was designed specifically to address development concerns. A U.S. Economic Assistance Negotiating Team, headed by the AID Administrator, visited Pakistan in August 1981 to discuss the details of the economic portion of the military/economic assistance package with the Government of Pakistan (GOP). These negotiations were successfully completed and agreement was reached on the FY 1982 ESF program and areas of concentration for the FY 1982 through FY 1987 period. These are shown on the following page.

PROPOSED PLANNING LEVELS  
 U.S. - PAKISTAN ECONOMIC ASSISTANCE  
 FY 1982 - FY 1987  
 (Millions of U.S. Dollars)

<u>Activity</u>	<u>FY 82</u>	<u>FY 82-FY 87</u>
1. AGRICULTURAL INPUTS	60	300
Fertilizer	(50)	(250)
Agricultural Equipment	(10)	(50)
2. AGRICULTURAL PRODUCTION, DISTRIBUTION AND STORAGE	-0-	100
3. FARM TO MARKET ROADS	-0-	50
4. ENERGY DEVELOPMENT	5	200
5. WATER MANAGEMENT	15	100
On Farm Water/Planning	(7)	(10)
Canal Rehabilitation, Anti Water- logging and Salinity Programs	(8)	(90)
6. AGRICULTURAL EDUCATION, RESEARCH AND EXTENSION	-0-	50
7. POPULATION AND HEALTH	10	75
Population/Health	(6)	(-)
Malaria	(4)	(-)
8. PRIVATE SECTOR MOBILIZATION FUND	-0-	50
9. BALUCHISTAN PROJECT FUND	-0-	30
10. TRIBAL AREAS PROJECT FUND	5	15
11. GENERAL TRAINING	1	5
12. PROJECT DESIGN FUND	4	10
13. PROJECT RESERVE	-0-	340
14. PL 480	<u>50</u>	<u>300</u>
TOTAL	<u>150</u>	<u>1,625</u>

C. Strategy

The U.S. strategy for the economic package is to provide assistance which will demonstrate our commitment to helping Pakistan face its developmental and defense needs through fast disbursing assistance. This strategy calls for enabling Pakistan to achieve more rapid growth through the productive investment of economic assistance funds in activities which foster self-sustaining economic growth. The strategy also calls for the agreed upon FY 1982 program to get underway as rapidly as possible while a longer-term development strategy and more traditionally managed development activities are prepared for FY 1983 and FY 1984.

The economic assistance program is designed to help Pakistan, one of the world's largest and poorest nations, fulfill the basic human needs of its people. At the same time, it is designed to address the country's foreign exchange needs through quick disbursing activities while laying the foundations for more rapid economic growth. The program is shaped to assure the widest possible distribution of benefits. The program agreed to by the GOP and U.S. negotiating teams will:

- provide balance of payments support so as to help address short and medium term foreign exchange shortfalls, thereby reducing development constraints and strengthening the economy;
- reactivate a long-term development assistance relationship, which the U.S. views as important because of Pakistan's size, poverty, strategic location and other multi-faceted U.S. interests;
- address key economic problems, which will help enable Pakistan to achieve self-sustaining growth and manage its debt burden;
- complement and support IMF and IBRD assisted programs and improve their overall impact; and
- expand resource availability for local cost financing.

The assistance package is seen as an indispensable contribution to the shaping and implementation of a new U.S.-Pakistan relationship and to the critical role in the region which the U.S. Government seeks to assist Pakistan to play. The military-security-political position of Pakistan, including the burden of a massive refugee influx, accentuates the development problem to which the proposed U.S. economic assistance package responds.

It has been four years since there has been a normal AID-GOP developmental relationship, however, and the Mission's personnel levels and project planning activities have deliberately been kept to a minimum. Consequently, an extraordinary effort will be required to rapidly develop and design projects. Outside expertise will have to be relied upon heavily in this work. In addition, policy considerations and funding realities dictate that the economic assistance portion of the package be as self-financing as possible. These extraordinary project development and design efforts therefore will have to be financed from economic assistance package resources.

This activity is the direct response to the strategy summarized above and addresses the practical constraints to carrying out that strategy. For example, the Project Design Fund will provide resources needed: to design FY 1982 and future activities; to define long-term development constraints; to conclude current activities so as to establish the bases for future projects; and to get a head start in preparing for future projects.

#### D. + Implementation Plan

The agreed upon economic assistance program calls for the commencement of nine new projects in FY 1982 as well as the continuation of the PL 480 program and extension of the On-Farm Water Management Project. In addition, the agreed upon program will necessitate as many as nine additional projects to be started in FY 1983 and FY 1984.

Initially the Project Design Fund will finance the following types of activities needed to make the agreed upon program a reality:

1. Technical assistance needed to design up to 15 projects which will obligate \$300 million during FY 1982 and FY 1983.
2. Technical assistance, training, architectural and engineering and other services and support needed to complete the National Agricultural Research Centre.
3. Technical assistance to complete a definitive study on the means of increasing Pakistan's production of oilseeds to meet its edible oil needs.
4. Technical assistance to develop technical specifications for commodities to be imported with AID financing.
5. The services of one or more procurement agents to handle procurement under various activities.

6. Technical assistance and studies needed to develop the Mission's CDSS.
7. Other necessary pre-project activities such as training, ordering office and residential furniture and equipment and vehicles for advisors, etc.

Specific needs will be worked out jointly by USAID/Pakistan's technical offices and GOP implementing agencies. In order to limit bureaucratic delays in carrying out these activities, USAID will seek to act as the GOP's agent in committing and utilizing these funds and will directly contract for technical assistance and directly arrange for commodity procurement and training.

#### E. Financial Plan

At this point only tentative estimates can be made of some of the anticipated needs to be financed under this project. Firm plans, such as detailed scopes of work, will be developed before PIO/T or commitment documents are drafted. (The following is presented in the same order as the above section's illustrative list of activities to be initially financed under this activity.)

##### 1. Project Design Technical Assistance (\$1.1 Million)

The agreed upon FY 1982 ESF program calls for the following activities to be financed in FY 1982. The Mission's preliminary plans for initiating these and the other components of the agreed upon economic assistance program are presented below.

#### Project Number

#### Title

#### New FY 1982 Activities

391-0413	On-Farm Water Management
391-0467	Irrigation System Rehabilitation
391-0468	Agricultural Commodities and Equipment
391-0469	Population Welfare Planning
391-0470	Project Design Fund
391-0471	Tribal Area Development
391-0472	Malaria Control (Maintenance Phase)
391-0473	Rural Electrification
391-0474	Development Support Training
391-0475	Primary Health Care
	PL 480 Title I

<u>Project Number</u>	<u>Title</u>
<u>New FY 1983 Activities</u>	
391-0476	Agricultural Production, Distribution and Storage
391-0477	Agricultural Research, Education and Extension
391-0478	Alternative Energy
391-0482	Private Sector Mobilization Fund PL 480 Title III

New FY 1984 Activities

391-0479	Baluchistan Area Development
391-0480	Farm to Market Roads
391-0481	Reforestation
391-0483	Nutrition

We estimate that an average of at least three months of advisory assistance will be necessary to develop each of these 18 projects, i.e., 18 activities x 3 months = 54 months. In addition, four months of outside services will be required to carry out specialized project identification work where there has been little or no recent USAID/Pakistan involvement, e.g., Tribal Areas, Baluchistan, reforestation, private sector mobilization, rural electrification, alternative energy, nutrition and rural roads, i.e., 8 projects x 4 = 32 months for a total of 86 months.

2. Completion of the National Agricultural Research Centre (\$2.3 Million)

Completion of the National Agricultural Research Centre (NARC), currently supported under the terminating Agricultural Research Project, 391-0296, will require 24 months of architectural and engineering services and 24 months of experimental station development services. In addition, 36 months of long term services and 24 months of short term services will be required to get NARC to a level where it can effectively use World Bank assistance and provide the coordination, focus, guidance and backstopping so that provincial research programs (which USAID intends to support in the future) can be effectively carried out. Approximately 54 months of services from CIMMYT and IRRI will also be needed to complete research initiated under Project 391-0296 and approximately \$150,000 will be needed to purchase commodities and acquire a computer to analyze research findings.

3. Oilseeds Study (\$1.0 Million)

USDA and Title XII institutions will cooperate in carrying out an edible oil sector input/output study and food production strategy analysis which will require approximately 12 to 15 months to complete. In addition

to reviewing previous work on oilseeds, the study will cover: agronomic analysis of oilseed crop/variety production options; major crop substitution options; domestic market studies to determine price and income elasticity of demand for edible oil; inter-dependence of poultry and dairy industries to domestic edible oil production; and foreign supply demand linkages to the domestic market for edible oil and its by-products.

We estimate the following types of services will be needed for the indicated number of months.

USDA - Three Person Reconnaissance Team	1
Pakistan Coordinator	15
Domestic Market Analysis for Edible Oil 4 persons x 3 months	12
Oilseed Processing Industry Capacity and Efficiency 3 persons x 2 months	6
Agronomic Comparative Analysis 6 persons x 3 months	18
Poultry and Dairy Industry Linkage 4 persons x 2 months	8
Feed Industry Analysis 3 persons x 2 months	6
Foreign Market Analysis 3 persons x 2 months	6
Domestic Crop Storage and Distribution 2 persons x 2 months	4
	<hr/>
	76

4. Technical Specifications (\$150,000)

An estimated three months of services will be required to identify and set out the technical specifications for each of the following types of commodities: agricultural equipment; rural electrification (possibly including a gas turbine); hospital equipment; and irrigation equipment (4 x 3 months = 12 months).

5. Procurement Agent Services (\$2 Million)

A considerable amount of services will be required to assist the GOP to procure the over \$300 million in various commodity imports included in the economic assistance package. This figure does not include commodities which would be procured directly by the GOP or USAID, i.e., fertilizer and malathion. Rather than the standard contract based on a percentage of the value of commodities, we intend to negotiate a reasonable flat fee contract.

6. CDSS Preparation (\$350,000)

Various special studies will be needed to complete an FY 1984-1989 CDSS for Pakistan. This will include at least the following:

- \$100,000 to consolidate and evaluate the findings of various individual agricultural studies and identify underlying policy issues which may not be apparent from any individual study;
- \$150,000 for 12 months of services to review how Pakistan's primary education system might be more responsive to meeting the educational needs of women (over 90 percent of whom do not attend school) and the country's illiterate population (almost 80 percent); and
- \$100,000 for a shelter sector study of the low cost housing needs and urban service needs of the slum areas of Karachi.

7. Pre-Project Activities (\$700,000)

The Project Design Fund will finance the following types of pre-project activities.

- Approximately six months of service to study the policy and procedural constraints to greater private sector investments in projects with a developmental impact (\$75,000).
- The procurement of an initial supply (five sets) of vehicles (\$70,000) and office and residential furniture and equipment (\$130,000) for advisors who will be brought in under individual projects. Similar items ordered under those projects will maintain this inventory.
- Training necessary to have qualified counterparts in place in time for the start of individual FY 1982 and FY 1983 projects. For example, the World Trade Institute's February 1981 course on International Procurement: Purchasing and Stores Management (\$35,000) and USDA/University of Illinois Intsoy's May course on Soybean Processing for Food Uses (\$24,000) and similar training (\$16,000).

- Studies needed to assure that project designs adequately address the special needs of women and other members of our target group (\$50,000).
- Technical assistance to determine the feasibility of strengthening Pakistan's National Institute of Health's capacity to determine the potency of oral contraceptives (\$50,000).
- Technical assistance to determine the operational capacity of voluntary agencies to conduct programs in Pakistan (\$50,000). For example, nutrition projects for children under five and income generating projects for women.
- Technical assistance to carry out a chemical analysis of lignite coal deposits in Baluchistan and study the feasibility of coal-fired electric generation (\$200,000).

F. Estimated Budget (Thousands of dollars)

1. Items identified in the Financial Plan

Technical Assistance	\$ 7,100
Training	200
Commodities and Supplies	<u>300</u>
Sub-Total	\$ 7,600

2. Future project development, contingencies and inflation

2,400

Total \$10,000

## SOUTH ASIA

# U.S. Assistance to Pakistan

**August 1981**  
**JOINT STATEMENT,  
JUNE 15, 1981<sup>1</sup>**

James L. Buckley, Under Secretary of State for Security Assistance (Science, and Technology), and a team of U.S. officials from Washington, concluded their 5-day visit to Pakistan today and will fly back to the United States from Karachi early on the morning of June 16. During his visit, Mr. Buckley met for 2 days of talks with senior Pakistan leaders and officials including President (Moham- mad) Zia-ul-Haq; Foreign Minister Agha Shahi; Finance Minister Ghulam Ishaq Khan; the Secretaries General of the Foreign and Defense Ministries, S. Shah Nawaz and Maj. Gen. (retired) M. Rahim Khan; Foreign Secretary Riaz Piracha; Lt. Gen. Ejaz Azim; Ambassador-designate to Washington, Lt. Gen. K. M. Arif; Chief of Staff to the President; and others. Mr. Buckley also visited Murree and refugee camps in the northwest frontier province and Baluchistan.

Mr. Buckley's visit, at the invitation of the Government of Pakistan, was part of the continuing dialogue established between the Pakistan Government and the U.S. Government during the last 4 months and aimed at finding ways for the United States to assist Pakistan in meeting the unprecedented threats it faces to its independence and sovereignty as a consequence of the developments in the region. The previous round in these talks had taken place in April when Foreign Minister Agha Shahi headed a team of senior Pakistani officials for talks with Secretaries Haug and Weinberger (Secretary of Defense Casper W. Weinberger) in Washington, D.C.

Mr. Buckley's official talks in Islamabad, which took place on June 13 and 14, centered on U.S. proposals to provide economic assistance and to facilitate sales of military equipment to Pakistan. Detailed discussion took place on various levels of assistance and the composition of assistance required by Pakistan. The talks also provided an opportunity for discussions of urgent Pakistani military requirements which the United States has agreed to look into with a view toward determining which ones the United States might be able to satisfy through its foreign military sales program.

During the talks, the two sides discussed the serious threat to the

region posed by the presence of foreign troops in neighboring Afghanistan. Both sides agreed that a strong and independent Pakistan is in the mutual interest of the United States and Pakistan, as well as of the entire world. Mr. Buckley affirmed American determination to assist Pakistan and to support Pakistan's sovereignty and territorial integrity.

The Pakistani side explained Pakistani policies, especially Pakistan's commitment to the principles and purposes of the nonaligned movement and the Organization of the Islamic Conference. Both sides agreed that U.S. assistance as proposed is consistent with these principles and with Pakistan's nonaligned status. Mr. Buckley specifically disclaimed any American interest in military bases or in establishing any new alliances.

The United States and Pakistan discussed the dimensions of an overall framework for American efforts to assist Pakistan over the next 6 years. This includes a program of cash military sales during this year. It also includes a 5-year program of economic support funds, development assistance, and loans for foreign military sales—the total value of which is expected to be approximately \$3 billion, subject to annual approval by the U.S. Congress.

The multiyear approach is in response to the seriousness and immediacy of the threat to Pakistan's security. The United States has agreed to the sale of F-16 aircraft to Pakistan to assist Pakistan to improve its air defense capabilities; terms, timing, and numbers will be determined in a later meeting, likely to take place in Washington, between Pakistani and American military representatives. The United States agreed, also, to the early delivery of selected defense equipment urgently needed by Pakistan defense forces to meet the threats Pakistan faces.

Mr. Buckley invited the Government of Pakistan to send a team of military and defense officials to Washington to discuss military equipment needs and availabilities in detail. This visit is expected to take place before the end of June.

<sup>1</sup> Made available to news correspondents by acting Department spokesman David Passage ■

Department  
of State  
**BULLETIN**

The Official Monthly Record of United States Foreign Policy / Volume 81 / Number 2053

LIMITED SCOPE GRANT PROJECT AGREEMENT

Between the United States of America, acting through  
the Agency for International Development (AID)

AND

The President of the Islamic Republic of Pakistan,  
acting through the Economic Affairs Division of  
the Ministry of Finance and Planning

(Grantee)

1. Project Title <b>Project Design Fund</b>	2. AID Project Number <b>391-0470</b>
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The above-named parties hereby mutually agree to carry out the Project described in this Agreement in accordance with (1) the terms of this Agreement, including any annexes attached hereto, and (2) any general agreement between the two governments regarding economic or technical cooperation.

3. Amount of AID Grant <b>\$ 4,000,000</b>	4. Grantee Contribution to the Project <b>See block 4 of Annex A.</b>	5. Project Assistance Completion Date <b>September 30, 1985</b>
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6. This Agreement consists of this title page and three Annexes. Annex A is the Project Description. Annex B is the Implementation Plan and Illustrative Financial Plan. The "ProAg Standard Provisions Annex" completes this Agreement.

7. For the Grantee Typed Name <b>Ejaz A. Naik</b> Signature  Title <b>Secretary, Economic Affairs Division</b> Date	8. For the Agency for International Development Typed Name <b>Donor M. Lion</b> Signature  Title <b>Director, USAID/Pakistan</b> Date
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PROJECT AGREEMENT

Annex A

PROJECT DESCRIPTION

1. Project Title Project Design Fund	2. AID Project Number 391-0470
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3. This Project consists of: assisting the Government of Pakistan to develop, design and implement high priority development projects which will help to establish the basis for self-sustaining economic growth.

This Agreement provides Four Million United States Dollars (\$4,000,000) (the Grant) to finance the foreign exchange and local costs of: technical services; commodities; equipment and supplies; training and other costs needed to prepare for the activities for which the United States will seek funding as part of the package of economic assistance discussed with the Government of Pakistan in August 1981. In addition, funding provided under this Agreement will be used to identify additional activities to be carried out under this assistance package and to provide additional assistance to the National Agricultural Research Centre so that it can provide necessary support for agricultural projects.

4. Special Provisions

The United States of America, the Islamic Republic of Pakistan and other countries included within AID's geographic code 941 are eligible sources for services, commodities and supplies, and training under this Project.

In view of Pakistan's substantial contribution to the overall program being assisted by the economic assistance package and the special nature of this Project, i.e., support for activities needed to prepare for projects which in large part are to be assisted by AID, no Grantee Contribution is required for this Project.

In order to expedite arrangements for activities under this Project mentioned in Block 3 above, AID will act as the authorized agent for the Islamic Republic of Pakistan in executing this Project.

Project Agreement  
Annex B  
Implementation Plan and Illustrative Financial Plan

Subject to the availability of funds to AID for this activity and the mutual agreement of the two governments to proceed when such funds become available, current plans call for AID to provide up to ten million dollars for the Project Design Fund. AID's contribution will be provided in increments with this Agreement providing the initial increment of four million dollars.

Among the activities to be supported by the Project Design Fund are: the design of FY 1982 and future activities under the economic assistance package; the definition of long term development constraints; the conclusion of current AID supported development activities so that a sound basis is established for future activities; and, the preparatory work and support needed to permit future activities to get underway as soon as they are authorized and funded. Initially the Project Design Fund will finance the following types of activities:

- Services needed to design an estimated 15 projects which it is anticipated will get underway during FY 1982 and FY 1983.
- Technical assistance, training, architectural and engineering and other services and support needed to complete the National Agricultural Research Centre and make it more supportive of agricultural research.
- Services to study the means of increasing Pakistan's production of oilseeds to meet its edible oil needs.
- Services to develop technical specifications for commodities to be imported with AID financing.
- The services of one or more procurement agents to handle procurement under various activities.
- Services and studies needed to develop AID's development strategy for Pakistan.
- Other necessary pre-project activities such as training, ordering office and residential furniture and equipment and vehicles for advisors, etc.

Specific needs will be worked out jointly by USAID/Pakistan's technical offices and Pakistani implementing agencies. In order to limit delays in carrying out these activities, AID will act as the authorized agent in committing and utilizing these funds and will directly contract for services and directly arrange for commodity procurement, training and other items under this activity.

PROJECT DESIGN FUND  
ILLUSTRATIVE PROJECT FINANCIAL PLAN  
(Source and Application of Funding - \$ thousands)

Project No. 391-0470

As of October 1, 1981

Project Inputs	AMOUNT FOR AN INCREMENTALLY FUNDED PROJECT					
	Cumulative Obligations/ Commitments		Anticipated Future Years*		Total	
	AID	GOP	AID	GOP	AID	GOP
Technical services	3,400	-	3,700	-	7,100	-
Commodities, equipment and supplies	300	-	-	-	300	-
Training	200	-	-	-	200	-
Other costs and contingencies	100	-	2,300	-	2,400	-
Total	4,000	-	6,000	-	10,000	-

\* Subject to the availability of funds to AID for this purpose and to the mutual agreement of the Parties to proceed when such funds become available.

PROJECT AGREEMENT

PROAG STANDARD PROVISIONS ANNEX

A. Reference to 'this Agreement' means the original Project Agreement as modified by any revisions which have entered into effect. Reference to 'cooperating country' means the country or territory of the Grantee.

B. (1) AID will make available the amount specified in Block 3 of this Agreement, as necessary for the Project, as may be further described in Annex A.

(2) The Grantee will make available the amount specified in Block 4 of this Agreement, as necessary for the Project, as may further be described in Annex A. The Grantee will also make, or arrange to have made, additional contributions of property, services, facilities and funds required for carrying out the Project as specified in Annex A.

C. AID and the Grantee may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Agreement. The two parties may agree to accept contributions of property, services, facilities and funds for purposes of this Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Agreement.

D. Except as otherwise specified herein or subsequently agreed by the parties, all contributions of the parties pursuant to this Agreement shall be made on or before the Project Assistance Completion Date, or amended date. A contribution of goods or services shall be considered to have been made when the services have been performed and the goods furnished as contemplated in this Agreement. Disbursement of funds may take place after final contributions have been made, but AID shall not be required to disburse funds hereunder after the expiration of nine months following the estimated Project Assistance Completion Date (Block 5 of this Agreement) or any amended Project Assistance Completion Date specified.

E. The procurement of commodities and services to be financed in whole or in part by AID may (where so required by AID procedures) be undertaken only pursuant to Project Implementation Orders (PIOs) issued by AID.

F. Unless otherwise specified in the applicable PIO or Project Implementation Letter (PIL), the procurement of commodities imported specifically for the Project and financed with the AID contribution referred to in Block 3 of this Agreement shall be subject to the provisions of AID Regulation 1.

G. Unless otherwise agreed by the parties or otherwise specified in the applicable PIO, title to all property procured through financing by AID pursuant to Block 3 of this Agreement shall be in the Grantee, or such public or private agency as it may authorize.

H. (1) Any property furnished to either party through financing by the other party pursuant to this Agreement shall, unless otherwise agreed by the party which financed the procurement, be used effectively for the purposes of the Project in accordance with this Agreement, and upon completion of the Project, will be used so as to further the objectives sought in carrying out the Project. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through

financing by the other party pursuant to this Agreement which is not used in accordance with the preceding sentence.

(2) Any funds provided to either party pursuant to this Agreement which are not used in accordance with this Agreement, shall be refunded to the party providing the funds.

(3) Any interest or other earnings on funds provided by AID to the Grantee under this Agreement will be returned to AID by the Grantee.

I. (1) If AID and any public or private organization furnishing commodities through AID financing for operations hereunder in the cooperating country, is, under the laws, regulations or administrative procedures of the cooperating country, liable for customs, duties and import taxes on commodities imported into the cooperating country for purposes of carrying out this Agreement, the Grantee will pay such duties and taxes, unless exemption is otherwise provided by any applicable international agreement.

(2) If any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with AID, the Grantee or any agency authorized by the Grantee, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Agreement, are under the laws, regulations or administrative procedures of the cooperating country, liable for income and social security taxes with respect to income which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal or household goods brought into the cooperating country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by any such personnel in the cooperating country) or if any firm, not normally resident in the cooperating country, is liable for income, receipts, or other taxes on work financed by AID hereunder, the grantee will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

J. If funds provided by AID are introduced into the cooperating country by AID or any public or private agency for purposes of carrying out obligations of AID hereunder, the Grantee will make such arrangements as may be necessary so that such funds shall be convertible into currency of the cooperating country at the highest rate which, at the time the conversion is made, is not unlawful in the cooperating country.

K. AID shall expend funds and carry on operations pursuant to this Agreement only in accordance with the applicable laws and regulations of the United States Government.

L. The two parties shall have the right at any time to observe operations carried out under this Agreement. Either party during the term of the Project and for three years after the completion of the Project shall further have the right (1) to examine any property procured through financing by that party under this Agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this Agreement, shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which did the financing.

M. AID and the Grantee shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.

N. The present Agreement shall enter into force when signed. Either party may terminate this Agreement by giving the other party thirty (30) days written notice of intention to terminate it. Termination of this Agreement shall terminate any obligations of the two parties to make contributions pursuant to Blocks 3 and 4 of this Agreement, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of the Agreement. It is expressly understood that the obligations under paragraph H relating to the use of property or funds shall remain in force after such termination. In addition, upon such termination, AID may, at AID's expense, direct that title to goods financed under the Grant be transferred to AID if the goods are from a source outside the Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of the Grantee's country.

O. To assist in the implementation of the Project, AID from time to time, may issue PII's that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon PII's to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

P. The Grantee agrees, upon request, to execute an assignment to AID of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with AID financed in whole or in part out of funds granted by AID under this Agreement.

ATTACHMENT 3  
PID FACESHEETS

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IDENTIFICATION DOCUMENT FACESHEET (PID)				1. TRANSACTION CODE Revision No.		DOCUMENT CODE		
2. COUNTRY/ENTITY <b>PAKISTAN</b>				3. PROJECT NUMBER <b>391-0467</b>				
4. BUREAU/OFFICE A. Symbol <b>ASIA</b> B. Code <b>04</b>				5. PROJECT TITLE (maximum 30 characters) <b>Irrigation System Rehabilitation</b>				
6. ESTIMATED FY OF AUTHORIZATION/OBLIGATION/COMPLETION A. Initial FY <b>82</b> B. Final FY <b>84</b> C. PACD <b>86</b>				7. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = Rs. 9.90) FUNDING SOURCE LIFE OF PROJECT				
				A. AID		90,000		
				B. Other U.S.		2,000		
				C. Host Country		25,000		
				D. Other Donor(s) <b>IBRD</b>		90,000		
				<b>TOTAL</b>		<b>207,000</b>		
8. PROPOSED BUDGET AID FUNDS (\$000)								
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. 1ST FY 82		E. LIFE OF PROJECT		
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	
(1) ESF	130	064		8,000		38,000		
(2) FR	130		064				52,000	
(3)								
(4)								
<b>TOTALS</b>				<b>8,000</b>		<b>38,000</b>		<b>52,000</b>
9. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)						10. SECONDARY PURPOSE CODES		
11. SPECIAL CONCERNS CODES (maximum 7 codes of 3 positions each)								
A. Code	BR	BS	ENV					
B. Amount	40,000	40,000	10,000					
12. PROJECT PURPOSE (maximum 480 characters)								
To re-establish the technical and financial integrity of the irrigation system to enable efficient water delivery in designed quantities through a properly maintained system.								
13. RESOURCES REQUIRED FOR PROJECT DEVELOPMENT								
Staff: Project will be designed by a team comprised of IBRD and AID personnel. Assistance (at least 5 person months) of irrigation experts will be required.								
Funds \$60,000 will be required from PD and S source.								
14. ORIGINATING OFFICE CLEARANCE		Signature <b>Bryant George</b> <i>Bryant George</i>				15. DATE DOCUMENT RECEIVED AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION		
		Title <b>Director (Acting) USAID/Pakistan</b>				Date Signed MM DD YY <b>10/9/24/81</b>		
						MM DD YY 		
16. PROJECT DOCUMENT ACTION TAKEN				17. COMMENTS				
<input type="checkbox"/> S = Suspended <input type="checkbox"/> A = Approved <input type="checkbox"/> D = Disapproved				<input type="checkbox"/> CA = Conditionally Approved <input type="checkbox"/> DD = Decision Deferred				
18. ACTION APPROVED BY		Signature		19. ACTION REFERENCE		20. ACTION DATE		
		Title				MM DD YY 		

AGENCY FOR INTERNATIONAL DEVELOPMENT  
PROJECT IDENTIFICATION DOCUMENT  
FACESHEET (PID)

1. TRANSACTION CODE  
A = Add  
C = Change  
D = Delete  
Revision No.

DOCUMENT CODE  
1

2. COUNTRY/ENTITY  
PAKISTAN

3. PROJECT NUMBER  
391-0468

4. BUREAU/OFFICE  
A. Symbol ASIA  
B. Code 04

5. PROJECT TITLE (maximum 40 characters)  
Agricultural Commodities and Equipment

6. ESTIMATED FY OF AUTHORIZATION/OBLIGATION/COMPLETION  
A. Initial FY 8|2  
B. Final FY 8|6  
C. PACD 8|7

7. ESTIMATED COSTS (\$000 OR EQUIVALENT. \$1 = RS.9.90)  
FUNDING SOURCE LIFE OF PROJECT  
A. AID 300,000  
B. Other U.S. 1. 75,000  
2.  
C. Host Country  
D. Other Donor(s)  
TOTAL 375,000

8. PROPOSED BUDGET AID FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. 1ST FY 82		E. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	100	011	011	26,000	34,000	78,000	187,000
(2) FH	100		011				35,000
(3)							
(4)							
TOTALS				26,000	34,000	78,000	222,000

9. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

10. SECONDARY PURPOSE CODE

11. SPECIAL CONCERNS CODES (maximum 7 codes of 3 positions each)

A. Code	BR	BS	TECH
B. Amount	200	75	25

12. PROJECT PURPOSE (maximum 480 characters)  
To increase the availability of yield increasing fertilizer and agricultural equipment with emphasis on strengthening private sector service activities for increased agricultural production.

13. RESOURCES REQUIRED FOR PROJECT DEVELOPMENT  
Staff: TDY assistance of fertilizer distribution specialist (2 person months) and agricultural machinery and equipment specialist (3 person months) will be required.  
Funds \$60,000 will be required from PD and S source.

14. ORIGINATING OFFICE CLEARANCE  
Signature: Bryant George  
Title: Director (Acting) USAID/Pakistan  
Date Signed: MM DD YY 10/9 2/4 8/1

15. DATE DOCUMENT RECEIVED OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION  
MM DD YY

16. PROJECT DOCUMENT ACTION TAKEN  
S = Suspended  
A = Approved  
D = Disapproved  
CA = Conditionally Approved  
DD = Decision Deferred

17. COMMENTS

18. ACTION APPROVED BY  
Signature  
Title

19. ACTION REFERENCE

20. ACTION DATE  
MM DD YY

AGENCY FOR INTERNATIONAL DEVELOPMENT  
PROJECT IDENTIFICATION DOCUMENT  
FACESHEET (PID)

1. TRANSACTION CODE

A = Add  
 C = Change  
 D = Delete

Revision No.

DOCUMENT CODE

2. COUNTRY/ENTITY

PAKISTAN

3. PROJECT NUMBER

391-0469

4. BUREAU/OFFICE

A. Symbol

ASIA

B. Code

04

5. PROJECT TITLE (maximum 10 characters)

Population Welfare Planning

6. ESTIMATED FY OF AUTHORIZATION/OBLIGATION/COMPLETION

A. Initial FY  8  2

B. Final FY  8  6

C. PACD  8  6

7. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = Rs. 9.90)

FUNDING SOURCE		LIFE OF PROJECT
A. AID		20,000
B. Other U.S.	1. US-Owned Rupees	2,000
	2.	
C. Host Country		29,000
D. Other Donor(s)		43,000
TOTAL		94,000

8. PROPOSED BUDGET AID FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. 1ST FY 82		E. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	401	400		2,000		20,000	
(2)							
(3)							
(4)							
TOTALS				2,000		20,000	

9. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

10. SECONDARY PURPOSE CODE

11. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code	BRW	BU	RPOP	PVOU	TNG	INTR
B. Amount	6,000	3,000	6,000	1,000	2,000	2,000

12. PROJECT PURPOSE (maximum 480 characters)

To assist the Government of Pakistan's efforts to reduce the country's prevailing high population growth rate by supporting the establishment of an institutional framework designed to provide family planning education, motivation and services.

13. RESOURCES REQUIRED FOR PROJECT DEVELOPMENT

Staff: Four person months of outside non-AID assistance, in addition to AID personnel, will be required to develop the project paper.

Funds \$40,000 will be required from PD and S source.

14. ORIGINATING OFFICE CLEARANCE

Signature

Bryant George

Title

Director (Acting)  
USAID/Pakistan

Date Signed

MM DD YY  
09 24 81

15. DATE DOCUMENT RECEIVED AID/W. OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

16. PROJECT DOCUMENT ACTION TAKEN

S = Suspended

A = Approved

D = Disapproved

CA = Conditionally Approved

DD = Decision Deferred

17. COMMENTS

18. ACTION APPROVED BY

Signature

Title

19. ACTION REFERENCE

20. ACTION DATE

MM DD YY

AGENCY FOR INTERNATIONAL DEVELOPMENT  
PROJECT IDENTIFICATION DOCUMENT  
FACESHEET (PID)

1. TRANSACTION CODE  
A - Add  
C - Change  
D - Delete  
Revision No. \_\_\_\_\_  
DOCUMENT COPY 1

2. COUNTRY/ENTITY  
PAKISTAN

3. PROJECT NUMBER  
391-0471

4. BUREAU/OFFICE  
A. Symbol ASIA  
B. Code 04

5. PROJECT TITLE (maximum 40 characters)  
Tribal Area Development

6. ESTIMATED FY OF AUTHORIZATION/OBLIGATION/COMPLETION  
A. Initial FY 82  
B. Final FY 84  
C. PACD 87

7. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = Rs. 9.90)  
FUNDING SOURCE LIFE OF PROJECT  
A. AID 15,000  
B. Other U.S. 1. US-Owned Rupees 2,000  
2. \_\_\_\_\_  
C. Host Country 5,000  
D. Other Donor(s) \_\_\_\_\_  
TOTAL 22,000

8. PROPOSED BUDGET AID FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. 1ST FY 82		E. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESE	700	210		5,000		15,000	
(2)							
(3)							
(4)							
TOTALS					5,000	15,000	

9. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

10. SECONDARY PURPOSE CODE

11. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code	BR	PART	INTR
B. Amount	10,000	3,000	2,000

12. PROJECT PURPOSE (maximum 400 characters)

To assist the Government of Pakistan to carry out a special program to accelerate the integration of the tribal regions with the socio-economic mainstream of Pakistan through focused area development programs.

13. RESOURCES REQUIRED FOR PROJECT DEVELOPMENT

Staff: Contract services (four person months) required to carry out a preliminary analysis of a critical socio-economic variable and identify basic development needs.

Funds \$50,000 will be required from PD and S source.

14. ORIGINATING OFFICE CLEARANCE

Signature: Bryant George  
Title: Director (Acting) USAID/Pakistan  
Date Signed: MM DD YY 09 24 81

15. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION  
MM DD YY

16. PROJECT DOCUMENT ACTION TAKEN  
S = Suspended CA = Conditionally Approved  
A = Approved DD = Decision Deferred  
D = Disapproved

17. COMMENTS

18. ACTION APPROVED BY  
Signature  
Title

19. ACTION REFERENCE

20. ACTION DATE  
MM DD YY

AGENCY FOR INTERNATIONAL DEVELOPMENT  
PROJECT IDENTIFICATION DOCUMENT  
FACESHEET (PID)

1. TRANSACTION CODE  
A = Add  
C = Change  
D = Delete  
Revision No.

DOCUMENT CODE  
1

2. COUNTRY/ENTITY  
PAKISTAN

3. PROJECT NUMBER  
391-0472

4. BUREAU/OFFICE  
A. Symbol ASIA  
B. Code 04

5. PROJECT TITLE (maximum 40 characters)  
Malaria Control (Maintenance Phase)

6. ESTIMATED FY OF AUTHORIZATION/OBLIGATION/COMPLETION  
A. Initial FY 8|2|  
B. Final FY 8|5|  
C. PACD 8|6|

7. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = Rs. 9, 90)  
FUNDING SOURCE LIFE OF PROJECT  
A. AID 22,000  
B. Other 1. IIS-Owned Rupees 5,000  
U.S. 2.  
C. Host Country 15,000  
D. Other Donor(s) WHO 2,000  
TOTAL 44,000

8. PROPOSED BUDGET AID FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. IS1 FY 82		E. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	510	542		4,000		22,000	
(2)							
(3)							
(4)							
TOTALS					4,000	22,000	

9. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

10. SECONDARY PURPOSE CODE

11. SPECIAL CONCERNS CODES (maximum 7 codes of 3 positions each)

A. Code	BRW	BU	RH	ENV
B. Amount	14,000	2,000	2,000	4,000

12. PROJECT PURPOSE (maximum 480 characters)

To assist the Government of Pakistan to maintain, or reduce further, the incidence of malaria to a level where the disease assumes a minor role in Pakistan's overall health situation and where effective maintenance will prevent resurgence.

13. RESOURCES REQUIRED FOR PROJECT DEVELOPMENT

Staff: Two TDY personnel. One of the personnel should be the Regional Malaria Advisor for three weeks (one and half person months of assistance).

Funds Short term consultant services will be required costing \$10,000 from PD and S source.

14. ORIGINATING OFFICE CLEARANCE  
Signature: Bryant George  
Title: Director (Acting) USAID/Pakistan  
Date Signed: MM DD YY 0|9|2|4|8|1

15. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION  
MM DD YY

16. PROJECT DOCUMENT ACTION TAKEN  
S = Suspended  
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D = Disapproved  
CA = Conditionally Approved  
DD = Decision Deferred

17. COMMENTS

18. ACTION APPROVED BY  
Signature  
Title

19. ACTION REFERENCE

20. ACTION DATE  
MM DD YY

AGENCY FOR INTERNATIONAL DEVELOPMENT <b>PROJECT IDENTIFICATION DOCUMENT</b> FACESHEET (PID)				1. TRANSACTION CODE A = Add C = Change D = Delete Revision No.		DOCUMENT CODE 1	
COUNTRY/ENTITY PAKISTAN			3. PROJECT NUMBER 391-0473				
A. Symbol ASIA			B. Code 04		5. PROJECT TITLE (maximum 40 characters) Rural Electrification		
4. DATED FY OF AUTHORIZATION/OBLIGATION/COMPLETION A. Initial FY 8 2 B. Final FY 8 6 C. PACD 8 7			7. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = ) FUNDING SOURCE      LIFE OF PROJECT				
			A. AID		155,000		
			B. Other U.S.		1. US-Owned Rupees 20,000 2.		
			C. Host Country		30,000		
			D. Other Donor(s)				
			TOTAL		205,000		
8. PROPOSED BUDGET AID FUNDS (\$000)							
PRO- PORTION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. 1ST FY 82		E. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
	250	062	062	5,000		15,000	17,000
	250		062				123,000
TOTALS				5,000		15,000	140,000
9. PRIMARY TECHNICAL CODES (maximum 6 codes of 3 positions each)						10. SECONDARY PURPOSE CODE	
11. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)							
Code	BRW	BS					
Amount	62,000	62,000					
12. PROJECT PURPOSE (maximum 480 characters)							
To assist the Government of Pakistan (GOP) to expand reliable electric service to greater numbers of Pakistan's rural population for productive and social uses, to improve the rural poor's access to that service and to assist the GOP overcome a shortfall in electric power generation capacity.							
13. SOURCES REQUIRED FOR PROJECT DEVELOPMENT							
Staff: Three person months of TDY assistance from AID/W and eight person months of consultancy will be required to update previous collected data, prepare various analyses, and to develop a new project paper.							
Funds \$65,000 will be required from PD and S source. Cost of agency personnel and consultants for international travel, in-country transportation, and local per diem will be met from Pakistan rupees.							
14. INITIATING OFFICE AGENCY		Signature Bryant George <i>Bryant George</i> Title Director (Acting) USAID/Pakistan				Date Signed MM DD YY 10 9 24 8 1	
						15. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY	
16. PROJECT DOCUMENT ACTION TAKEN S = Suspended      CA = Conditionally Approved A = Approved      DD = Decision Deferred D = Disapproved				17. COMMENTS			
18. ACTION APPROVED BY		Signature Title		19. ACTION REFERENCE		20. ACTION DATE MM DD YY	

AGENCY FOR INTERNATIONAL DEVELOPMENT  
PROJECT IDENTIFICATION DOCUMENT  
FACESHEET (PID)

1. TRANSACTION CODE  
Revision No.           
 A = Add  
 C = Change  
 D = Delete

DOCUMENT CODE  
1

2. COUNTRY/ENTITY  
**PAKISTAN**

3. PROJECT NUMBER  
**391-0474**

4. BUREAU/OFFICE  
A. Symbol **ASIA** B. Code **04**

5. PROJECT TITLE (maximum 40 characters)  
**Development Support Training**

6. ESTIMATED FY OF AUTHORIZATION/OBLIGATION/COMPLETION  
A. Initial FY **8|2**  
B. Final FY **8|4**  
C. PACD **8|7**

7. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = )  
FUNDING SOURCE LIFE OF PROJECT  
A. AID **5,000**  
B. Other U.S. 1.           
2.           
C. Host Country **885**  
D. Other Donor(s)           
TOTAL **5,885**

8. PROPOSED BUDGET AID FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. 1ST FY 82		E. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	600	790		1,000		5,000	
(2)							
(3)							
(4)							
TOTALS				1,000		5,000	

9. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

10. SECONDARY PURPOSE CODE  
**660**

11. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)  
A. Code **TNG**  
B. Amount **500**

12. PROJECT PURPOSE (maximum 480 characters)

To upgrade the managerial and technical expertise of Pakistanis in the private sector and federal and provincial governments who are involved in the planning and development of Pakistan's priority social and economic development programs through long and short term training programs.

13. RESOURCES REQUIRED FOR PROJECT DEVELOPMENT

Staff: TDY assistance from AID/W (ASIA/TR) for a duration of 3 weeks will be required. International per diem will be paid out of operating expense funds.

Funds

14. ORIGINATING OFFICE CLEARANCE  
Signature **Bryant George**  
Title **Director (Acting) USAID/Pakistan**



Date Signed  
MM DD YY  
**09 24 81**

15. DATE DOCUMENT RECEIVED BY AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION  
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ATTACHMENT 4  
PAKISTAN PL 480 PROGRAM  
DESCRIPTION

PAKISTAN PL 480 PROGRAM - TITLE I AND TITLE III

During the last three years Pakistan's large food import bill has declined significantly, principally due to decreases in wheat imports following three successive good harvests. Increased wheat production has been made possible, good weather apart, through PL 480 Title I support to a GOP policy of higher farm prices and increased availability of production inputs, notably fertilizer. This successful experience suggests a similar approach to encourage domestic oilseed production which, as indicated below, presently constitutes 43% of total food imports:

Food Imports, 1978 - 1981  
(\$ Millions)

<u>Commodity</u>	<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>
Unmilled wheat	354	105	64
Edible Oil	298	232	264
Other	185	249	293
Total	837	586	621
	=====	=====	=====

Edible oil consumption requirements are rising rapidly due both to a 3% annual population increase and a nearly 10% per annum rise in per capita consumption. Unless the domestic production can be increased significantly Pakistan will have to spend an increasingly large amount of scarce foreign exchange resources for edible oil imports. Increased domestic production, apart from relieving a foreign exchange constraint, will also offer producers a valuable alternative to complement existing cropping systems.

Several technical hurdles must be overcome to produce oilseeds successfully in Pakistan. Traditionally, cottonseed oil has accounted for 54% of the domestic supply of oilseed production. Although the outlook for expanded cottonseed production is not optimistic, an alternative oilseed supply can be found through expanding the production of the non-traditional sunflower, safflower, and soybean crops. To do this, these crops have to be adapted to local conditions; developing higher yield domestic varieties of seeds; managing local pests; and fitting into indigenous cropping and marketing systems.

In addition to the technical requirements to expand oilseed production, there are broader policy issues which Pakistan must address. These policy adjustments are similar to the changes made for wheat production. The edible oil industry is much more complex however, and refined specification of revised policies involves more study and analysis. A start has been made.