AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D. C. 20523

PROJECT PAPER

PAKISTAN: Northwest Frontier Area Development (391-0485)

September 19, 1988

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE: A (A = Add, C = Change, D = Delete) — Amendment Number 2

DOCUMENT CODE: 3

2. COUNTRY/ENTITY: Pakistan

3. PROJECT NUMBER: 391-0485

4. BUREAU/OFFICE: ASIA — 04

5. PROJECT TITLE (maximum 40 characters): Northwest Frontier Area Development

6. PROJECT ASSISTANCE COMPLETION DATE (PACD): MM 08 DD 09 YY 93

7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4)
A. Initial FY 83 B. Quarter 4 C. Final FY 93

8. COSTS ($000 OR EQUIVALENT $1 =)

A. FUNDING SOURCE	FIRST FY 83 B. FX	C. L/C	D. Total	LIFE OF PROJECT E. FX	F. L/C	G. Total
AID Appropriated Total	400	2,100	2,500	6,290	56,710	63,000
(Grant)	(400)	(2,100)	(2,500)	(6,290)	(56,710)	(63,000)
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S. 1.						
Other U.S. 2.						
Host Country						
Other Donor(s)						
TOTALS						

9. SCHEDULE OF AID FUNDING ($000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE 1. Grant	2. Loan	D. OBLIGATIONS TO DATE 1. Grant	2. Loan	E. AMOUNT APPROVED THIS ACTION 1. Grant	2. Loan	F. LIFE OF PROJECT 1. Grant	2. Loan
(1) ESF	253	211		31,000		32,000		63,000	
(2)									
(3)									
(4)									
TOTALS									

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each): 011 | 012 | 033 | 060 | 070 | 290

11. SECONDARY PURPOSE CODE: 263

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

A. Code	BR	BL	BS	LAB	PART	TECH	TNG
B. Amount							

13. PROJECT PURPOSE (maximum 480 characters)

To change area economies in the Northwest Frontier Province from ones based primarily on poppy cultivation to diversified agricultural and non-agricultural systems, which will facilitates and complement the GOP's enforcement effort with respect to poppy cultivation and narcotics production. Prevent future increases of poppy production in Kala Dhaka area and to establish a Drug Abuse Prevention Resource Center to complement the GOP's efforts at drug demand reduction.

14. SCHEDULED EVALUATIONS
Interim MM 09 YY 90 | MM YY | Final MM 03 YY 93

15. SOURCE/ORIGIN OF GOODS AND SERVICES
[X] 000 [ ] 941 [ ] Local [ ] Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a ____ page PP Amendment.)

This amendment proposes to continue activities in the Gadoon Amazai area for another five years, a 12 - 24 month design phase for Kala Dhaka including the setting up of an Administrative framework and the establishment of Drug Abuse Prevention Resource Center.

Clearance:FM:ADPratt:

17. APPROVED BY
Signature: James A. Norris
Title: Director, USAID, Pakistan
Date Signed: MM 09 DD 19 YY 88

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

AID 1330-4 (8-79)

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AGENCY FOR INTERNATIONAL DEVELOPMENT

DEPARTMENT OF STATE

WASHINGTON, DC 20523

PROJECT PAPER AMENDMENT
PAKISTAN - NORTH WEST FRONTIER AREA DEVELOPMENT
391-0485

JULY 1988

UNCLASSIFIED

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- N. Environmental Analysis
- O. Back up Tables for Financial Analysis
- P. Drug Center Implementation Schedule
- Q. Economic Analysis of Kala Dhaka Component: Consultant's Report
- R. List of Major Contributors

Other Resources, (Available in AID/W and USAID/Islamabad)

- A. Original Drug Abuse Prevention Center Project Design and Annexes
- B. Report on the Kala Dhaka Area, October 1987, prepared by the Government of the North West Frontier Province and the UN Fund for Drug Abuse Control
- C. Environmental Assessment of Pesticide Usage
- D. Kala Dhaka Watershed Management Draft PC-1

LIST OF ABBREVIATIONS AND CRONYMS

AID	-	(U.S.) Agency for International Development
ATI	-	Agriculture Training Institute
AU	-	Agriculture University
BALAD	-	Baluchistan Area Development (Project)
BHU	-	Basic Health Unit
CDSS	-	Country Development Strategy Statement
CTR	-	Contractor
CY	-	Calendar Year
DC	-	Deputy Commissioner
DEA	-	(U.S.) Drug Enforcement Agency
EEC	-	European Economic Community
ESF	-	Economic Support Fund
FAA	-	Foreign Assistance Act
FA	-	Field Assistant
FATA	-	Federally Administered Tribal Areas
FSN	-	Foreign Service National
GONWFP	-	Government of Northwest Frontier Province
HYV	-	High Yielding Varieties
IEE	-	Initial Environmental Examination
IERR	-	Internal Economic Rate of Return
INM	-	International Narcotics Matters (Bureau)
IQC	-	Indefinite Quantity Contract
Kg	-	Kilogram
Km	-	Kilometer
mm	-	Millimeter
MPA	-	Member of Provincial Assembly
NAU	-	Narcotics Affairs Unit
NGO	-	Non-Governmental Organization
NPV	-	Net Present Value
NWF	-	Northwest Frontier
NWFADP	-	Northwest Frontier Area Development Project
OPF	-	Overseas Pakistanis Foundation
PACD	-	Project Assistance Completion Date
PATA	-	Provincially Administered Tribal Areas
PCC	-	Project Coordinating Committee
PCU	-	Project Coordination Unit
PDM	-	Project Development and Monitoring
PIL	-	Project Implementation Letter
PLA	-	Personal Ledger Account
PM	-	Person Month
PNCB	-	Pakistan Narcotics Control Board
POL	-	Petrol, Oil and Lubrication
PRB	-	Project Review Board
ProAg	-	Project Agreement
PSC	-	Personal Services Contract
PW	-	Present Worth
RAO	-	Regional Affairs Office

RFP	-	Request for Proposal
SDEP	-	Special Development and Enforcement Plan
SDU	-	Special Development Unit
ST	-	Short Term
TA	-	Technical Assistance
TIPAN	-	Transformation and Integration of Provincial Agricultural Network
UN	-	United Nations
UNFDAC	-	United Nations Fund for Drug Abuse Control
UNICEF	-	United Nations Children's Emergency Fund
USG	-	United States Government
USIS	-	United States Information Service
VD	-	Veterinary Dispensary
WAPDA	-	Water and Power Development Authority
WFP	-	World Food Program
ZPP	-	Zero Production Plan

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PROJECT AUTHORIZATION AMENDMENT

Name of Country/Entity: Pakistan Name of Project: North West Frontier Area Development Project No. 391-0485

1. Pursuant to Sections 531 and 104 of the Foreign Assistance Act, as amended, the Gadoon-Amazai Area Development Project for Pakistan was authorized on August 10, 1983 with a funding level of Twenty Million United States Dollars ($20,000,000) in grant funds. The Project Authorization was amended on July 5, 1984 to provide additional funding of Ten Million United States Dollars ($10,000,000) and the name of the project was changed to North West Frontier Area Development Project. The Authorization was further amended on September 29, 1987 to provide additional funding of One Million United States Dollars ($1,000,000).

2. That Project Authorization is hereby amended as follows:

(A) I hereby authorize additional planned obligations not to exceed Thirty-Two Million United States Dollars ($32,000,000) in grant funds over a ten-year period from the date of original authorization of this Project, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to assist in financing foreign exchange costs and local currency costs for this Project. The total planned obligations for this Project shall not exceed Sixty-Three Million United States Dollars ($63,000,000) in grant funds. This additional Thirty-two Million Dollars ($32,000,000) is authorized to assist the Cooperating Country to carry out its Special Development and Enforcement Plan for the eradication of opium poppy cultivation by financing a second phase of development activities (including agriculture, infrastructure and training) in Gadoon-Amazai, and a first phase of development activities in adjacent Kala Dhaka. A portion of the funds will also be used to assist the Cooperating Country to try to control domestic drug abuse by helping to finance the establishment of a drug abuse prevention facility.

(B) I further authorize extension of the Project Assistance Completion Date (PACD) to August 9, 1993.

(C) The following three new Conditions Precedent and two new Special Conditions are hereby added:

(1) Conditions Precedent to First Disbursement Under the Kala Dhaka Grant Component

Except as A.I.D. may otherwise agree in writing, prior to any disbursement under the Kala Dhaka component of the Grant, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee shall furnish or have furnished to A.I.D. in form and substance satisfactory to A.I.D.: (a) a written statement

setting forth the names and titles of persons holding or acting in the office of the Grantee and representing that the named person or persons have the authority to act as a representative or representatives of the Grantee for purposes of the Kala Dhaka component of the Grant together with a specimen signature of each such person certified as to its authenticity; and (b) documentation confirming that the Parties have reached agreement in writing as to the actions to be taken by the Government of the NWFP in the Kala Dhaka project area to enforce the Grantee's ban on opium poppy cultivation and the processing and distribution of opium poppy, heroin, and/or illicit morphine-based substances.

(2) Conditions Precedent to Disbursement for Road Construction Activities to be Implemented in the East Bank portion of the Kala Dhaka Project Area

Except as A.I.D. may otherwise agree in writing, prior to disbursement under this Project component for activities related to the construction of new or rehabilitation of existing roads in that portion of the Kala Dhaka project area which lies to the east of the Indus River, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee will provide to A.I.D. in form and substance satisfactory to A.I.D.: (a) documentation confirming that the Grantee has established, or has caused to be established, a Project Coordination Unit within the Government of the NWFP for the purpose of overseeing project implementation within the Kala Dhaka area; and (b) documentation confirming that the Grantee has appointed, or has caused to be appointed, a Project Director for the Kala Dhaka Project Coordination Unit, together with the name of said person and his specimen signature.

(3) Condition Precedent to First Disbursement Under the National Drug Abuse Prevention Resource Center Component

Except as A.I.D. may otherwise agree in writing, prior to any disbursement under the National Drug Abuse Prevention Resource Center component or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee shall furnish or have furnished to A.I.D., in form and substance satisfactory to A.I.D., a written statement setting forth the names and titles of persons holding or acting in the office of the Grantee and representing that the named person or persons have the authority to act as a representative or representatives of the Grantee for purposes of the Drug Center component of the Grant together with a specimen signature of each such person certified as to its authenticity.

(4) Special Condition - Control of Opium Poppy Related Activities In the Kala Dhaka Project Area

As a Condition Precedent to Disbursement for activities under the Kala Dhaka component, the parties are required to have reached

agreement in writing as to actions to be taken by the Government of the NWFP in the Kala Dhaka project area to enforce the Grantee's ban on opium poppy cultivation and the processing and distribution of opium poppy, heroin and/or illicit morphine base substances.

The Grantee agrees to carry out or cause to be carried out said enforcement agreement, as it may be from time to time amended by the Parties, in a prompt and effective manner. If at any time prior to the Project Assistance Completion Date (PACD) for this Project, as it may be from time to time amended, the United States Government should determine, in its discretion, that the Grantee or the Government of the NWFP has not substantially complied with said enforcement agreement or has failed to act in good faith in its efforts to fulfill the terms of said enforcement agreement, A.I.D. reserves the right to: (i) suspend all further assistance under the Project or such part thereof as A.I.D. may deem appropriate; and/or, (ii) terminate all further assistance under this Project as provided for in the Project Grant Standard Provisions Annex (Annex 2).

The provisions of this clause are in addition to such other remedies as may be available to A.I.D. under the terms of this Project Grant Agreement.

(5) Special Condition - Prevention of the Spread of Opium Poppy Cultivation in the Kala Dhaka Project Area

During the interim after signature of the Eighth Project Agreement Amendment which incorporates the Kala Dhaka component into the Project and before enforcement of the opium poppy cultivation ban in the Kala Dhaka Project Area in accordance with the agreement referred to in the First Condition Precedent, the Government of Pakistan agrees to take all actions within the capacity of its resources to prevent the spread of poppy cultivation to those locations in the Kala Dhaka project area where the crop is not currently grown.

3. The original Authorization cited above, as from time to time previously amended, remains in full force and effect except as hereby amended.

Signature: James A. Norris
James A. Norris
Director
USAID/Pakistan

Date: Sept 19, 1988

Clearances: PDM:RPMathia: (Draft)
RAO/P:TDurrani: (Draft)
PDM:RWNachtrieb: (Draft)
PRO:FWTate: (Draft)
FM:ADPratt: (Draft)
(A)DD:PDavis: (Draft)

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I. Summary and Recommendations

A. Funding Recommendations

USAID/Pakistan recommends that an ESF grant of $32 million be authorized to amend the previously authorized amount of $31 million for a total life-of-project cost of $63 million, and that the Project Assistance Completion Date (PACD) be extended from December 31, 1988 to August 9, 1993 for a total LOP of 10 years.

B. Summary Project Description

This project amendment, with a budget of $32 million, covers three separate but related project components: a second and final five year phase of rural development activities in Gadoon-Amazai (about $20.9 million), a first 12-24 month phase of activities in the adjacent area of Kala Dhaka (about $8.0 million) and a five year involvement in the establishment of a national Drug Abuse Prevention Center (about $3.1 million).

Each component is tied to the GOP's desire to eradicate the production of opium poppy and halt its local use. In Gadoon the project amendment has the objective of consolidating the gains achieved during the first phase, when a complete ban on cultivation in the area was achieved, albeit at considerable social cost. A 1987 project evaluation recommended that activities continue, both to ensure that farmers do not replant in subsequent years, and also to continue the overall development of the area. Many Gadoon I activities have proved both popular and successful, and are helping to change the economy of the area from one based on poppy cultivation to one equally viable, but based on non-prohibited crops and increased off-farm employment.

The success of the eradication effort in Gadoon-Amazai has had an unfortunate spin-off in that some drug dealers and poppy cultivators have moved north to the nearby Kala Dhaka area and begun some commercial production there. The purpose of the proposed activities in Kala Dhaka, therefore, is to prevent the area from becoming a major poppy producer, while bringing this extremely backward part of NWFP into the mainstream of provincial development. As discussed in more detail in the Issues and Background sections, elimination of poppy production in Kala Dhaka will not make a dramatic dent in the overall Pakistan production. Experience with the Gadoon I activities suggests that as production drops in one area, it increases in another; currently the areas where production is increasing are in Dir and the tribal areas of Bajaur and Mohmand. However, by preventing the spread of poppy to Kala Dhaka, the project will extend the poppy-free area from Buner, Malakand and Gadoon to cover the entire interior part of the province in which opium cultivation is feasible, leaving only the areas that border Afghanistan as major cultivation centers. The US Government is currently considering options for how to curtail poppy production in these areas, and in Afghanistan itself. These plans are briefly discussed in V.C., the Economic Analysis (P 94) and Issue No. 1 (P 7).

In March 1986 while trying to enforce the poppy cultivation ban in the Gadoon-Amazai project area, an armed confrontation occurred between the GOP and poppy supporters. Several individuals were killed or injured. The resulting very large and negative response to enforcement by the Pakistani public revealed a great misunderstanding of the drug problem in Pakistan, namely that drug abuse was not a local problem. In fact, since 1980 there has been an alarming increase in the abuse of heroin in Pakistan. For while the eradication of poppy in Pakistan is proceeding well, many small "laboratories" have sprung up on either side of the Afghanistan border, which process opium into heroin. With heroin cheaply and readily available, it is estimated that the number of addicts in Pakistan (about 650,000) roughly equals the number in the United States although its total population is less than half that of the U.S. Increasing numbers of Pakistanis are aware that the country is suffering the social and economic costs of a large addict population that cuts across socio-economic boundaries, and includes rich and poor, urban and rural, men and women, young and old. To mount a serious attack on this phenomenon, to prevent an increase in new users and to educate the general Pakistani public about the dangers of drug abuse and build grassroots support for enforcement of the opium poppy cultivation ban, the project will assist the GOP to establish a national Drug Abuse Prevention Resource Center, to be based in Islamabad with provincial sub-offices.

The amendment adds to a project that already has three distinct components: the original $20 million first five year phase of activities in Gadoon-Amazai, $10 million for support for United Nations Fund for Drug Abuse Control (UNFDAC) activities in other poppy production areas of Pakistan and a $1 million contribution to the SAPHAD Development Authority for the development of physical infrastructure for an industrial estate in Gadoon. Each of these activities is currently underway and will continue into the amendment period.

Under this amendment activities in Gadoon will follow the pattern established during the first phase, and include infrastructure, agriculture and training sub-projects. Following the recommendations of the evaluation, the second phase will include an increased emphasis on animal husbandry/pasture and forage development as well as training and off-farm employment. The successful non-formal education program for rural women will be continued, strengthened and expanded. Additional roads will be upgraded or constructed, new water supply systems will be constructed, and agricultural infrastructure improvements will be continued on a reduced scale.

An important change in Gadoon will be a requirement for beneficiaries to contribute to the cost of project inputs. During the first phase inputs were free, to induce farm families to switch out of poppy cultivation. Now that the enforcement plan has successfully covered the entire area, it is felt that farmers should be weaned from dependence on total subsidies, especially in view of the planned total withdrawal of AID support in 1993. The GOP has argued that this contribution by

participants should be gradual, and recommended that some inputs continue to be given free during the all important poppy growing seasons of the first two or three years of the amendment period. This amendment's design allows the Gadoon Project Director (and also the Kala Dhaka Project Manager) the flexibility to continue to allocate funds for free inputs in the early years, but at the expense of other project activities. (See also the Issues Section below.)

Kala Dhaka is very different from Gadoon-Amazai, even though the areas are contiguous. Most significantly, Kala Dhaka is a tribal area, administered by the provincial government through a Deputy Commissioner (DC) stationed several miles away in Mansehra, and his agent, a political tehsildar, located in a town outside the tribal area. As a result of its geography (high, eroded mountains, divided by the lake formed by the construction of the Tarbela Dam some 30 miles downstream) and political history, the Kala Dhaka is a very under-developed area. For purposes of description this amendment often refers to the East Bank and West Bank as divided by the lake. The West Bank because of geography is affected to a greater extent by the Gadoon project area. On both sides of the lake there are no all-weather roads, no post offices, no doctors, no electricity, no telephones, no secondary schools in an area of about 500 sq miles and with a population estimated at between 150,000 and 200,000.

The Pakistani system of law and order does not extend to Kala Dhaka. Tribal leaders govern through jirgas (meetings of tribal elders) at which key decisions are made. The jirgas may turn to the DC whenever issues go beyond the limits of tribal boundaries, interests or authority. Although there are no elected local body officials, the area has been assigned two seats in the Provincial Assembly.

Except for two papers, one prepared by the Mansehra administration and the other by the Special Development Unit, there is almost no printed material on Kala Dhaka. This lack of information, added to the physical and political difficulties associated with fact-finding in the area during project design, has dictated the requirement for an initial 12-24 month first phase for activities in the area. Although (with the exception of one road and an afforestation project) it is planned to undertake only a few high visibility, quick impact pilot sub-projects during Phase I, a major purpose of the first phase will be to discover more about the area to allow for a second, detailed design based on a realistic social and economic analysis of Kala Dhaka. Once this information is obtained, a further amendment to implement a complete range of development activities in the area is envisaged. However, because of the West Bank's proximity to Gadoon and the fact that most increases in poppy cultivation have occurred there, a major road will be upgraded/constructed in that location during Phase I. Afforestation activities, highly successful in immediately surrounding areas, will also be started at that time.

This amendment therefore does not include a full social soundness

analysis for the Kala Dhaka component. All available information gathered by consultants, the GOP and AID is attached as annexes or available in the Mission, but serious gaps in knowledge remain. The need to start work in the area in advance of more detailed information is discussed in the Issues Section below.

Since Kala Dhaka is not now a major poppy producing area (estimates for 1987 vary up to a maximum of 600 acres mostly located in the West Bank) the project will not follow the very manpower-intensive approach adopted in Gadoon, nor will the activities be so all-inclusive. In Kala Dhaka a more modest Project Coordination Unit (PCU) is planned, along with a heavier reliance on contracting for services rather than hiring full time project staff for implementation.

A major requirement for Kala Dhaka development is an all weather road network. The amendment's design calls for the design and initiation of construction of a major access road into the West Bank area of Madda Khel and design of three access roads on the East Bank during Phase I. If possible, construction of one of the East Bank roads will begin in the first 12 - 24 months. A follow on project will cover Phase II activities in agriculture, training and off-farm employment as well as projected road construction and other infrastructure costs.

USAID intends to fund a World Food Program/Forestry Department initiative during Phase I in Kala Dhaka. The program will add urgently needed forest cover while employing significant numbers of Kala Dhakans.

The Kala Dhaka Project Manager, to be provided by the provincial government, and of equivalent rank and experience to the Gadoon Project Director, will be assisted in the early years of the project by a technical assistance team (TAT) to be headed by a long term expatriate rural development specialist. A number of short term local and international specialists will help in the initiation of pilot activities and the design of Phase II. The TAT will also include a long term Pakistani livestock/forage expert who will be working primarily in Gadoon. The Kala Dhaka component will benefit from linkages with several Mission projects, including TIPAN and Forestry, which will probably introduce new activities in the area.

The Drug Center will be administered by the Pakistan Narcotics Control Board (PNCB) which will contribute over $1.1 million to its cost. Start-up costs and some technical assistance will be provided by a regional AID project, the Regional Narcotics Education Project (398-0355). In addition to AID, the Center will receive support from several donors, including the US Embassy's Narcotics Affairs Unit (NAU), UNFDAC and the United States Information Service (USIS).

Once the Center is fully operational it will have a staff of 40 professional and support people. Its purpose will be to support and coordinate local, provincial and national efforts to achieve a drug-free society through demand reduction and serve to promote grassroots support

for enforcement of the poppy ban. It will be an information clearinghouse, and will produce its own materials. It will commission and conduct a range of training courses for people of all kinds interested in working against drug abuse. The Center will be the source of funding for national media campaigns and local information efforts. It will have close links with the press and other media, will publish its own newsletter, and will serve as a home for scholars, overseas visitors and local researchers involved in drug abuse prevention. It will have a well-stocked library, facilities for audio-visual materials production, a training and outreach unit and a separate information office.

C. Summary Findings

This project amendment is ready for implementation and is considered socially, financially and economically sound and administratively and technically feasible.

D. Statutory Checklists and Mission Director's Certifications

1. The project amendment meets all the applicable statutory criteria. Appropriate checklists are included in Annex B.

2. The Mission Director has certified that Gray Amendment Organizations have been considered to the extent practicable for the provision of goods and services. Copies of the Gray Amendment Certification and the FAA Section 611 (e) and 612 (b) Certifications are attached in Annex D.

E. Project Issues

1. Are the proposed project activities likely to achieve the purpose of long-term poppy elimination?

In the design guidance cable (shown in Annex A), AID/W requested a justification for the amendment based on an estimate of the impact of project activities on poppy reduction as compared to the outcome without the project. Although official figures for the 1987/88 growing season are not yet available, it seems certain that poppy production in Gadoon-Amazai this year will be limited to a few pockets, representing less than 5% of potential production and the level grown before the project began. USAID attributes this success to the well-coordinated actions of the NWFADP and the GOP's enforcement plan. Without the ban, no amount of development incentives would have induced the farmers to switch from what is still their most lucrative potential crop. But without the project, the social costs of enforcement would have been too high for the GOP to bear, and eradication would have proceeded much more gradually, if at all. As the evaluators of Gadoon I and the designers of Gadoon II discovered, in 1987/88 the overwhelming majority of area residents have embraced the project wholeheartedly and are enjoying the benefits of overall development improvements. New roads have brought new ideas, new inputs and new markets for new crops. Gadoon-Amazai is on the

move; it will soon have a large industrial estate at its doorstep and more and more of its people trained to work in non-agricultural occupations.

However, this change has only just begun. The true impact of project interventions on long-term poppy production cannot yet be estimated. The benefits of many have yet to be realized; orchard sub-projects, for example, have yet to bear fruit. The early season production of vegetables has been popular, but only on a pilot scale. Marketing studies must precede expansion. The full benefits of roads, schools, veterinary clinics and other infrastructure cannot be measured in the four years that the project has been operating. Such impact can and will be measured at the end of this amendment period. Appropriate topics are included as guidelines for the end-of-project evaluation described in this paper.

The smooth transition from poppy to wheat and other crops has been threatened by late and less than full enforcement efforts during the 1987-1988 growing season. As a result, farmers in Buner (an area immediately west of Gadoon-Amazai which was the site of the first poppy-elimination UNFDAC-supported development project) have successfully grown poppy in fields that were poppy-free since early 1980s. Gadoon farmers, seeing the Buner area farmers getting away with it in 1988, will be harder to convince to plant wheat again in late 1988.

All interested USG agencies in Pakistan (including the Drug Enforcement Agency (DEA), NAU and USAID) have taken note of the 1987-1988 enforcement effort. Assuming the Government of Pakistan will take timely enforcement actions during Autumn 1988, the Mission is sufficiently encouraged by the success of Gadoon I to commit funds for an additional phase, and to replicate some activities, in a different context and using modified modalities, in the adjacent Kala Dhaka area. In areas where there have been no interventions by any donor, poppy flourishes as before. USAID therefore believes that by consolidating the gains of the first phase, poppy sowing will be permanently eliminated in Gadoon-Amazai, (provided the GOP maintains strong enforcement) and that by initiating similar activities in Kala Dhaka, the development of commercial poppy cultivation in the area can be completely prevented. By preventing the development of commercial cultivation in Kala Dhaka, the project will "clean up" this remaining pocket of poppy production in the interior of NWFP. The proposed schedule for Kala Dhaka enforcement is the topic of Issue 6.

The complete or almost complete eradication of poppies from Malakand, Buner and Gadoon Amazai areas is encouraging. But this reduction in acreage has been more than replaced by the quantum increases in poppy acreage in Dir district, despite the UNFDAC funded enforcement linked area development interventions. Opium acreage has also expanded in the tribal agencies of Bajaur and Mohmand. (The Dir district and the two tribal agencies border Afghanistan). Total opium production in Pakistan has, therefore, increased. The problem is further accentuated by the fact that even if Pakistan's total acreage is reduced through enforcement

and development interventions, the unmet opium demand could still be easily met through increased opium production levels in Afghanistan.

Opium poppy cultivation in the tribal agencies is mostly confined to Bajaur and Mohmand Agencies with smaller reported acreages in Khyber, Orakzai and Kurram Agencies. The Mission anticipates a GOP request for undertaking area development projects, linked with phased opium poppy ban enforcement, in Bajaur and Mohmand. The expensive Gadoon experience suggests that a successful effort takes some 3-4 years to introduce and another 3-4 years to consolidate at an average cost of about $3-4 million per year for each project area. More importantly, replicating the Gadoon approach in the tribal agencies, which are largely outside the control of the Government, with full access to and from Afghanistan, will require far greater negotiations with the tribesmen and a careful "carrot and stick" planning and implementation effort on the part of the Government. It is by no means certain that the Gadoon approach can be readily replicated in an area which is largely outside the control of the central government. The hostility that initially greeted Gadoon I implementors was overcome by persuasion, persistence and sub-project success. But the Gadoon farmers could see the handwriting on the wall for poppy cultivation. Unless Bajaur and Mohmand farmers are convinced that sooner or later their poppy acres will be destroyed, no amount of development (including free wheat and fertilizer) will lead them to switch rather than fight.

AID is only one of the agencies of the US Government working in Pakistan that is involved in poppy eradication. The Narcotics Affairs Unit (NAU) of the State Department's International Narcotics Matters (INM) Bureau is taking the lead in developing a Zero Production Plan (ZPP) for Pakistan. An NAU consultant will be conducting a study designed to yield a Plan approved by the USG and the Federal and NWFP governments by the end of the year. USAID will make significant inputs to the design of the ZPP, which will contain a plan for nation-wide eradication, coupled with appropriate development efforts.

The Office of the AID Representative (AID/Rep) i a key member of a newly formed Afghan Narcotics Committee. Again, NAU is taking a lead policy role. In the short term, the AID/Rep activities will try to minimize poppy production in Afghanistan in three related ways: (1) From US sources, data on pre-war poppy production is being collected as the basis for future planning. (2) AID/Rep contractors and the private and voluntary organizations that implement AID-financed activities in Afghanistan have been instructed to monitor projects to ensure that they are in no way encouraging poppy production, nor are benefiting poppy farmers. (3) Implementors in the field are conducting policy dialogue with local leaders and educating potential farmers and opium users as to the dangers of heroin and the implications of growing opium poppy. In the long run, AID/Rep looks forward to working with an acceptable counterpart government, with which an agreement on narcotics will be negotiated, similar to that between USAID and the GOP.

The only way in which poppy cultivation can be completely eliminated is

through a coordinated, regional approach. The initiatives being taken by the NAU suggest that such an approach can soon be developed, for implementation in the 1990s. The proposed project activities will play a key role in this approach, not only by paving the way for poppy elimination in the specified areas, but also by serving as a source of experience and a potential model for future area development efforts.

2. What additional opportunities for off-farm employment can be promoted during Gadoon II?

The Mission agrees with AID/W in the suggestion that off farm employment may ultimately prove to be the best means of increasing incomes in project areas (see Guidance Cable, Para 4 in Annex A). To address this issue, the amendment includes funding for the establishment of a Training Office within the PCU. The main task of this Office will be to ensure that all opportunities for off-farm employment are exploited to the fullest. Specifically this will mean that the Office will closely monitor the contractor (Overseas Pakistani Foundation) during the first year of the amendment activities, to ensure that off-farm employment targets are met. In addition, the Office will follow the development of the industrial estate, tracking the industries that are successful in their applications for land, and setting up training to ensure that local residents are ready to fill the maximum number of new jobs. Further, the Training Office will undertake a survey of all available vocational training in the province and beyond, and make recommendation to the Project Director, on additional training courses that would be appropriate for the project beneficiaries. Included will be food processing, small restaurants including bakeries, repair shops and other services. Off-farm employment will also be a feature of future activities at the Women's Centers. More details are presented in Section III.C.1.a.

3. Should Gadoon-Amazai beneficiaries continue to receive free inputs and other subsidies?

In preparing Gadoon II the Mission felt that the provision of free inputs and several hundred jobs related to employment generation (such as caretaker on a farmer's own orchards) would no longer be required since poppy production had been virtually eliminated. USAID was also concerned that farmers should be weaned from dependence on subsidies to cushion the shock of total withdrawal of AID funds in 1993. The budget in this amendment therefore contains no line item for such inputs and incentives. Instead, during Gadoon II, participants will be required to contribute gradually to the cost of inputs such as seedlings, land levelling, fertilizer, etc.

GOP officials at all levels, including the Gadoon Project Director, however, have argued that subsidies should be very gradually removed, and at some periods, notably at the time at which farmers normally plant poppy, wheat and fertilizer should continue to be provided without charge for another two to three growing seasons. They argue that the provision

of these inputs is the strongest immediate incentive to stop cultivation and should not be discontinued until the habit of planting poppy has been truly given up.

The Mission is sympathetic to this point of view, and there is therefore provision for the Project Director to use Gadoon II funds for free wheat and fertilizer distribution. This money will however come from allocations made to other sectors, such as infrastructure. The employment generation program will not be continued in Gadoon II and farmers will be expected to contribute to inputs that are not a part of the annual wheat/fertilizer program.

It should be noted that no other crop can successfully compete with opium poppies, since the dealers are willing to increase the price of raw opium at will, given the high profit margins from the production of the end product, heroin. Farmgate raw opium prices have reportedly ranged between Rs.300 per Kg in 1983 to Rs.3,000 in 1986. Prices then plunged to Rs.1,500 in 1987. Only the threat of poppy destruction can force the farmer to plant alternative crops. Subsidised inputs make it easier for farmers to accept the threat and still grow modest wheat/maize crops for a livelihood.

4. Why does the amendment call for activities to start in Kala Dhaka in advance of the preparation of full social soundness and other analyses?

The Mission proposes to work in Kala Dhaka because there is an immediate danger of commercial poppy production being introduced to the area as a result of the successful eradication efforts in the adjacent Gadoon-Amazai. Unlike Gadoon which is a settled area, integrated into the political and legal system of Pakistan, Kala Dhaka is a tribal area in which government control is tenuous and indirect. Unlike the tribal areas that border Afghanistan and are the beneficiaries of the Mission's Tribal Area Development Project (391-0471), Kala Dhaka is not administered by the federal but by the provincial government.

Working in the area is difficult. For one thing there are virtually no accurate statistics on Kala Dhaka. What is available is on file in AID/W and USAID/Islamabad or annexed to this report. Access is hampered by the lack of roads and the need to walk, sometimes for several hours, to reach any population centers. There are also political limitations on entering the area; during the design, the Mansehra Deputy Commissioner held up for several weeks the visit of USAID engineers to check the alignments of some proposed roads for fear of arousing expectations in the tribespeople that would not be fulfilled. The design consultants were also prohibited from accepting overnight accommodations from individuals, since this might imply that one group or tribe was being favored over another. This restricted the areas which could be covered during the design.

In these conditions it was impossible to collect sufficient data to prepare the necessary analyses within the time limits imposed by a) the

lowering of Tarbela Lake, prohibiting access to lakeside villages by boat, and b) the time of potential poppy sowing during which it was felt that consultants should not be in evidence. The Deputy Commissioner pointed out that he would withdraw all limits on access once an approved project was in place, and residents could expect to enjoy benefits from the presence of strangers. It therefore appeared that the only way to get the information needed to prepare a careful design was to start some activities on a pilot basis. The Mission decided on a phased approach, allowing up to 24 months for the detailed design of a Phase II, based on realistic social, economic and financial analyses, while a number of high visibility, quick impact pilot projects would be started to reassure the population that study would indeed lead to action. It was decided to start one major construction subproject, the road on the West Bank, because that portion of Kala Dhaka is the location most the heavily influenced by Gadoon and the one in which most of the poppy cultivation increases are occurring. In addition, an afforestation activity will be fully funded because initial field examination revealed a great need for this. Also, such activity will serve as an early positive contact between the project and the tribals.

Based on available data and following the opinions of the most knowledgeable informants, the activities proposed for Phase I are socially, financially and economically feasible. Their introduction is justified on the need for more information on the one hand, and the more important need to move quickly to forestall the beginning of commercial poppy production on the other.

5. How will the Kala Dhaka component be managed, given its special status as a provincially administered tribal area?

In Section IV.B.2 the Mission has outlined an administrative structure designed to accommodate the needs of the NWFP administration to retain their unique relationship to the tribal area, while also allowing the project to be managed in an efficient, effective and impartial manner. The Deputy Commissioner, Mansehra, as the focus of all interaction between ar a residents and the Government, will have the role of Ex-Officio Project Director, and all work in Kala Dhaka will be done in his name. He will take precedence at all Jirgas, i.e. the official meetings of tribal elders at which all important decisions are made. However the day-to-day management of the project will be the responsibility of a Project Manager whose rank and experience will be equivalent to that of the Gadoon Project Director. The Kala Dhaka Project Manager will have similar authority to his Gadoon colleague, except that for sub-projects whose cost exceeds Rs 2 million he must obtain the approval of the Ex-Officio Director. The Ex-Officio Director will have membership on all the policy and implementation oversight committees that govern the direction of the project, and will have ample opportunity to guide the selection of sub-projects and other project modalities through these institutions. The Project Manager, to be located in Oghi, will have authority over a non-lapsable Personal Ledger Account/Assignment Account that contains the project funds, and will make all financial and project-specific development decisions without further

approval, subject to the Rs 2 million limitation.

6. What is the proposed poppy eradication plan for Kala Dhaka?

At the current time the migration of poppy cultivation caused by the successful Gadoon enforcement has been concentrated on the West Bank portion of the Kala Dhaka area. That area is extremely remote and difficult to enter. The East Bank while almost as remote has not had any noticeable spill-over from Gadoon. It is understood by USAID that little if any poppy cultivation is occurring there and if it is, it is basically for home consumption. For this reason USAID is proposing that the Government covenant that it will use its best efforts to prevent the spread of opium poppy on the East Bank until implementation of a formal ban on this activity. It is anticipated that the ban would be enforced on the East Bank in the third year and on the West Bank in the fourth year of the project. Many years will be required before benefits start flowing in the project area. The access roads will take a minimum of two years to complete; the second phase of activities in Kala Dhaka will only then be starting. The introduction of project activities will be slower than in Gadoon, a settled area, since all innovations will have to be negotiated with wary tribal elders. To date virtually no GOP line agencies operate in the area, and the Kala Dhakans will want to review their plans carefully before approving them. Experience under Gadoon I, and from other poppy eradication projects suggests that the suspicions of the Kala Dhakans would harden to resistance if the poppy ban were enforced in advance of tangible benefits accruing to the population. For these reasons, the Mission feels that this conservative enforcement plan is the most likely to be successful.

Enforcement on both banks is contingent upon the Government of Pakistan establishing a levy (police) force for the area. This levy would be charged with implementing the poppy ban. The final plan for enforcement will be negotiated between the GOP and the Narcotics Affairs Unit of the U.S. Embassy.

7. How can the safety of project personnel be guaranteed in a tribal area?

Amendment designers found the local people to be highly interested in receiving help for development, and during the introduction of Phase I activities, no serious security issues are anticipated. As noted above, the poppy ban will likely not be enforced until project activities are well underway, i.e. about 1991.

At that point tempers might well be raised, and security become a significant problem. However, the Mission has been informed that the Mansehra District administration has approached the GOP with a proposal to establish a levy in the area. The levy would be made up entirely of local people, but would be responsible to the Mansehra Deputy Commissioner, and would be his law and order arm within the tribal area. With such a levy in place when the eradication ban is imposed, the

Mission believes that the security needs of the project personnel would amply be met.

8. How can the proposed withdrawal of AID funds from Gadoon-Amazai at the end of the Project Amendment period in 1993 be managed to ensure that both poppy cultivation and development objectives are not lost?

The seeds for successful disengagement from the Gadoon Amazai area of the project were sown during Gadoon I. During that period the Mission made every effort to fully involve the line agencies of the Northwest Frontier Province in the development and implementation of the project. Coordination mechanisms at both the provincial level, through the Project Review Board (PRB), and the project level, through the Project Coordination Committee (PCC), have been established to ensure detailed involvement of the line departments in the implementation decisions of the project.

As an example, the Communications and Works Department (C&W) plays a major role in the selection and design of road improvement subprojects. All road designs have met their minimum specifications so there will be no hesitation on their part to take over the roads at the end of the project. C&W has carried out all contracting actions to date under the FAR method of contracting and are including funds in their annual budgets for recurrent costs. In the case of schools, before constructing an addition or an entirely new structure, the project manager clears the additional requirement for teacher(s) with the Department of Education.

Emphasis on line department involvement will continue throughout Gadoon II and additional linkages with other GOP institutions will also be explored and developed during the amendment. For example, Gadoon will be linked with such organizations as the Agriculture University at Peshawar for general agronomic research, agriculture extension, market study etc.

To insure that qualified people stay in the project area, on-the-job training for people living near or in that area will have priority. Since local trainees are more likely to stay in the area beyond the life of the amendment, the benefits of their training in the form of improved performance will continue to benefit the project area.

Also, the project is designed so that there is a gradual scaling back of AID inputs during the final years of the amendment. The GOP can pick up those inputs on a gradual basis.

This issue is of major concern to USAID's management and particular emphasis will be focused on it. The project's mid-term evaluation will again examine the issue in detail to measure progress and to identify problems as well as additional ways of assuring that the last two and one half years of the project produce an orderly transfer of responsibility to the Government.

Finally, development of two major interventions by the project (the installation of a wide ranging road network in the area that was not there before and establishment of an industrial estate which is well regarded by leading businessmen) will facilitate continued investment in the area by the private sector.

II. Background

A. USG-GOP Negotiations

Following a $3.2 billion package of military and economic assistance provided by the US to the Government of Pakistan, a second six year package of $4.2 billion in military and economic assistance has been negotiated by the two governments.

The proposed economic assistance package of $2 plus billion over six years is designed to address the country's foreign exchange needs through quick disbursing activities while laying the foundation for more rapid economic growth. It is also designed to help one of the world's largest and poorest countries fulfill the basic human needs of its people. Shaped to assure the widest possible distribution of benefits, the six year package will:

1. continue a long term development assistance relationship which the US views as important because of Pakistan's size, poverty and strategic location;

2. provide balance of payments support to address short and medium-term foreign exchange shortfalls, thereby reducing development constraints and strengthening the economy;

3. address key economic problems which will help Pakistan to achieve self-sustaining growth and manage its debt burden; and

4. expand resources available for local cost financing.

The package is also seen as a source of funds for addressing the interest of both governments in eliminating poppy production in Pakistan and thus controlling the local and international abuse of opium and heroin.

B. Opium Production in Pakistan

1. Potential Poppy Growing Areas

The entire irrigated area of the NWFP (40% of the cultivable area in the Province) and the rain dependent areas north of Kohat, below 5000 feet and above sea level elevation are the potential opium poppy growing areas. This includes the 12 districts of NWFP and the special area of Malakand Agency. Similarly the seven Tribal Agencies and four Frontier Regions, which together form the Federally Administered Tribal Areas (FATAs) are also potential areas for poppy cultivation. The

irrigated areas where poppies cannot be grown are those affected by waterlogging and those where the irrigation water does not drain out. Extreme heat and frost conditions also affect opium yields. Agronomically, the ideal opium growing conditions are a clay soil with mild early summers, cold winters and good rainfall at sowing time. The Peshawar area is the most suitable zone having ideal soil and climatic conditions. In general any soil and climate suitable for wheat cultivation is also suitable for opium poppy.

Although opium poppies can agronomically be grown all over the NWFP and indeed in many other parts of Pakistan, actual cultivation is confined to a few districts in NWFP and some of the Federally Administered Tribal Agencies. The limiting factors are an area's remoteness, the attitudes towards opium of potential farmers and the extent to which the Government can or is willing to extend its opium cultivation ban enforcement writ over that area. For example, the Government was most effective in eliminating the irrigated tracts of Swabi (in district Mardan) and Charsadda (in district Peshawar) from opium cultivation after the imposition of the "Had" Ordinance in 1979, without paying any compensations. In both instances, the areas were physically easily accessible and the Government was willing to enforce the opium ban. The Government tried to enforce the opium cultivation ban in the Gadoon area, which is coextensive with the irrigated plains of Swabi, in 1979 but was not successful due to the remoteness of the area and the expected resistance from the Gadoon residents. The actual enforcement in Gadoon, linked with development interventions, was finally accomplished in a phased manner over a period of 3-4 years, ending in 1987. The remote areas of Buner Sub Division in Swat district were also cleared by the early 1980s through UNFDAC assisted development interventions. But poppies again resurfaced and were harvested in 1988 due to a lackluster enforcement effort by the GOP. Enforcement in Dir was even more hesitant since the GOP was reluctant, at a politically sensitive moment, to risk a major confrontation with the Dir tribes. Again the slack 1988 enforcement in Dir and Buner can also be partially attributed to the remoteness of the two areas.

2. Current Poppy Growing Areas

Surveys and estimates from various official sources indicate that poppy acreage in Pakistan was about 15,000 acres in FY 1986 and FY 1987. Accurate acreage statistics and maps are almost impossible to obtain; interested parties are usually reluctant to give more than generalized estimates. Opium poppy cultivation is confined to twelve administrative or geographic regions. About 85% now originates from the tribal agencies, especially Bajaur and Mohmand and the remote valleys of Dir District.

Until recently, however, Malakand, Buner, and Gadoon Amazai were the major opium poppy growing areas. Due to development efforts of the US Department of State's Narcotics Affairs Unit in Malakand Agency and Dir/Adenzai, USAID in Gadoon Amazai and UNFDAC/PNCB in Buner in

conjunction with eradication enforcement by GOP/GONWFP, commercial cultivation of opium poppy essentially has been eliminated from these areas. The UNFDAC-funded Dir Area Development Project, focusing on opium growing areas of Dir, is in its initial implementation phase. Due to the successful opium poppy elimination from the other merged or Provincially Administered Tribal Areas (PATA) and the settled areas of NWFP, the opium poppy acreage in Dir, Bajaur and Mohmand Tribal Area has significantly increased. The 1986/87 opium crop estimate for District Dir was about 5000 acres and an estimated 7000 acres was grown in the 1987/88 season.

Similarly, the remote Kala Dhaka area (a PATA) had insignificant acreage under opium poppy until two years ago. But due to the successful enforcement pressures in the adjacent Gadoon Amazai area, it is reported that the Gadoon Amazai area farmers are moving into the Kala Dhaka area and leasing lands for opium poppy cultivation. The PNCB estimates of about one hundred acres of opium poppy in Kala Dhaka for 1985-86 more than doubled in 1986-87. An aerial photograph survey made in April, 1987 shows about 600 acres under cultivation.

The undeniable facts are: a) the successful enforcement squeeze in the adjoining areas of Buner and Gadoon Amazai has led some area farmers and opium traders to move into the next door Kala Dhaka area and lease lands for opium poppy cultivation, and b) since Kala Dhaka area has an estimated cultivated area of about 75,000 acres there exists considerable potential for expanded opium poppy cultivation during the next few years, if timely development and enforcement efforts are not made.

A successful development plus enforcement effort in Kala Dhaka would lead to complete elimination of opium poppy production from the settled and PATA areas of NWFP, except in Dir (a PATA area) where more development and enforcement years will be required to achieve opium poppy elimination. The Dir project plus Amendment activities will complete the work started by the UNFDAC/PNCB focus in Buner area in 1976, and should lead to the elimination of opium poppy production in all settled and PATA areas by early 1990s.

Elimination of opium poppy production from the settled and PATA areas has and will lead to continued increased cultivation in the tribal agencies adjacent to the Afghan border, if development and enforcement efforts are not simultaneously focused there. As noted in Issue 1, Section I.E., the USG, under the coordination of the Narcotics Affairs Unit, is developing plans designed to eliminate poppy production in both Pakistan and Afghanistan.

C. Drug Abuse In Pakistan

Traditionally the drugs abused in Pakistan were opium, cannabis (charas), bhang and alcohol with the gradual introduction of morphine, codeine, mendrax (a prescription drug) and tranquillizers. Heroin, an opiate virtually unknown and unavailable until 1980, assumed seventh place in the first comprehensive drug abuse survey in 1982. Since then Pakistan has been suffering from a virtual heroin epidemic. A subsequent

identification and assessment study established virulent heroin abuse in 77 of the 86 urban communities studied and promoted heroin to fifth place. The extrapolated figures of heroin abuse established 100,000 heroin addicts by the end of 1983 out of a total of 1.3 million drug abusers. The 1982 survey established that 63 percent of drug abusers resided in rural areas. A further follow-up survey of 34 urban centers and 200 rural communities in 1986 established 1.9 million drug abusers and promoted heroin to the top of the list with 650,000 addicts, 32 percent of the total. Opium, cannabis and alcohol are the other main contributors together accounting for 55 percent. An alarming fact emerging from the 1986 survey was that heroin addiction was not an urban problem, as assumed previously, with almost half the 650,000 heroin addicts reported in the rural areas.

The drug abuse problem has grown at such a pace that the realization of the problem and corrective action have had no time to catch up. The heroin addict population in the U.S. was around 500,000 in 1982 after many years of grappling with the problem. In Pakistan the figure is already past the 650,000 mark after only seven years.

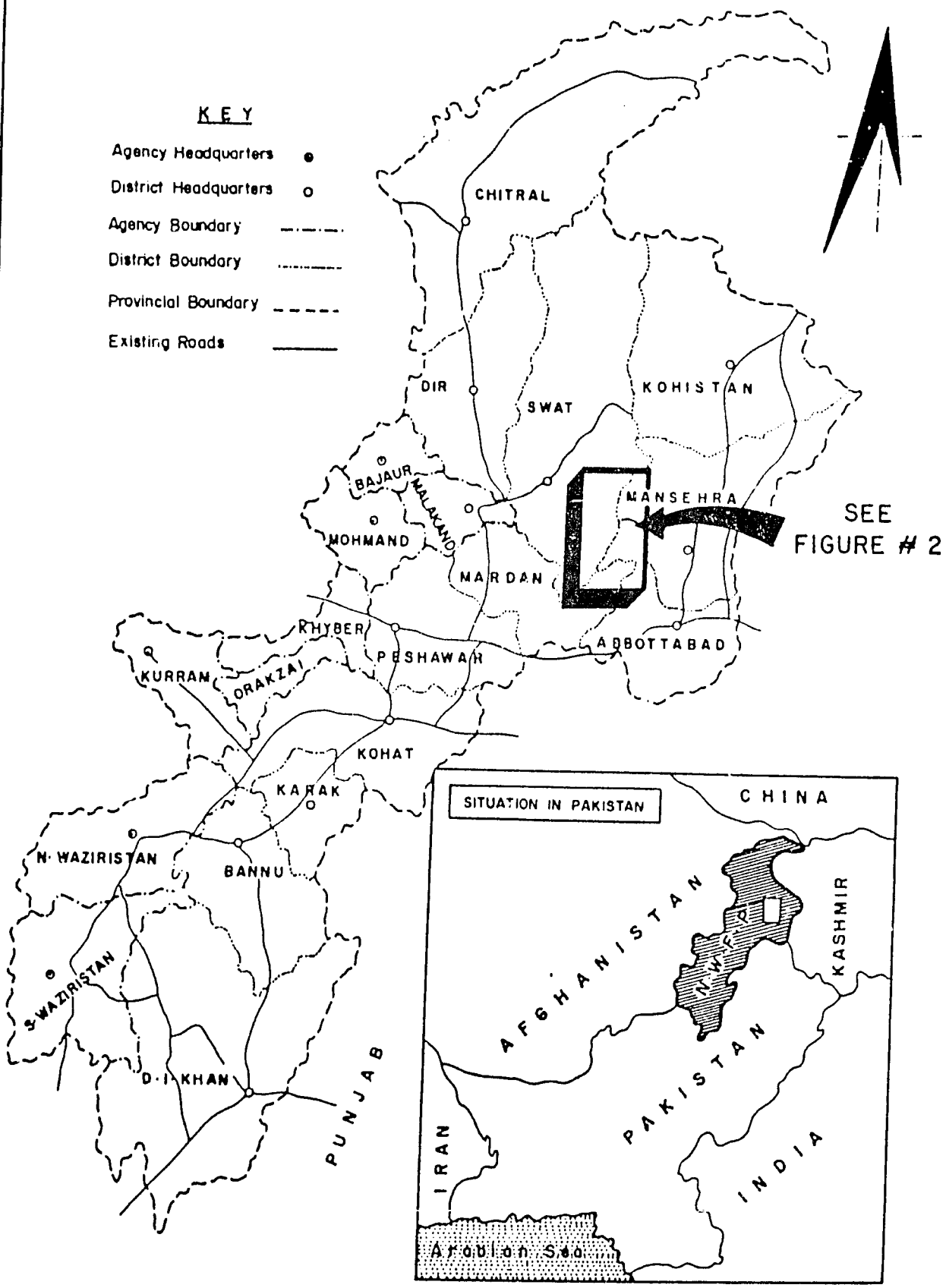
D. The Project Area

The following areas are the sites of the NWFADP's area development activities. Their location is shown on the map on page 17-18.

1. Gadoon-Amazai

This area has a population of about 120 thousand and covers an area of about 215 square miles. The topography is primarily mountainous with about 30,000 acres of rain-dependent cultivated area. Located between Islamabad and Peshawar immediately to the west of Tarbela Lake, the area consists of 3 distinct regions, each of which forms part of one of three districts: Gadoon (in Mardan District), Hazara Amazai (in Abbottabad District), and Swat Amazai (in Swat District). The three administrative regions are subdivided into 7 local government (Union Councils) units: 4 are in Gadoon, 2 in Hazara Amazai and 1 in Swat Amazai. There are 80 major villages in the Gadoon Amazai area.

FIGURE # 1 - LOCATION MAP



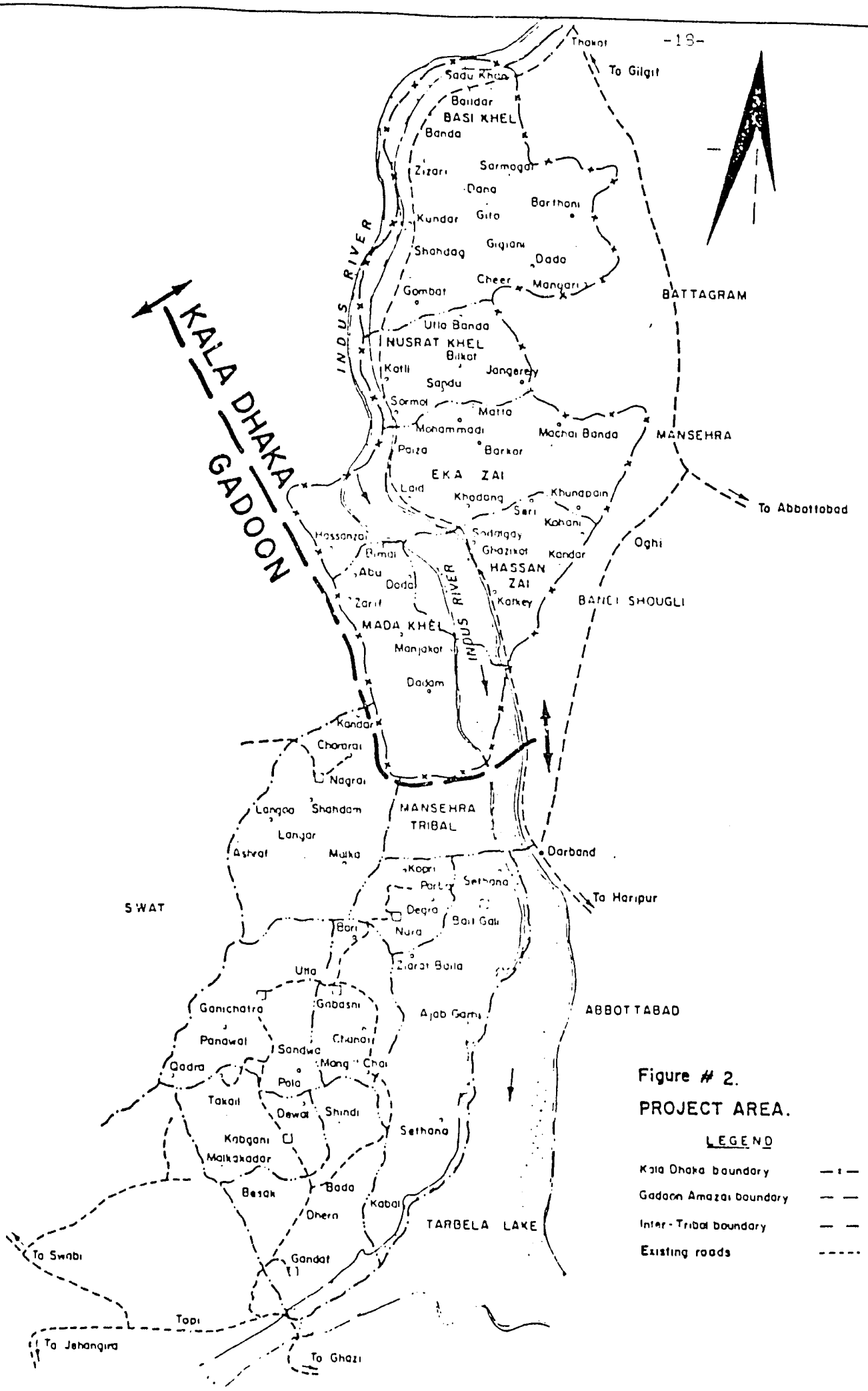


Figure # 2.

PROJECT AREA.

LEGEND

Kala Dhaka boundary — · —

Gadoon Amazai boundary — — —

Inter-Tribal boundary — — —

Existing roads - - - - -

SKETCH OF KALA DHAKA & GADOON AMAZAI AREA

GADOON AMAZAI ROADS

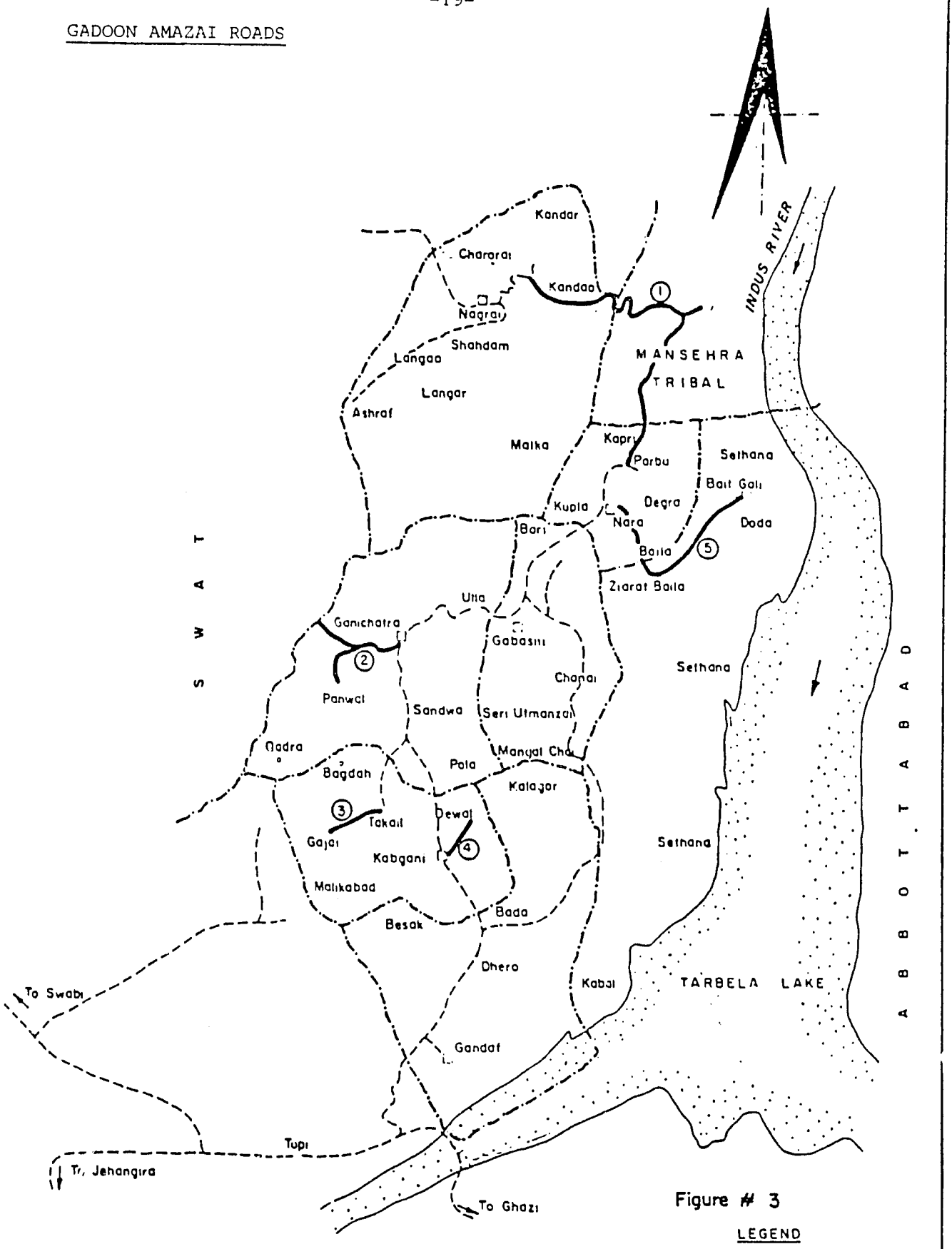


Figure # 3

LEGEND

Gadoon Amazai boundary

Existing roads

Proposed Right Bank Access road.

(1) Parba - Maira - Chararai road.

(2) Ganichatra - Punawal - Leran road.

(3) Takail - Gajai road.

(4) Kabgani - Dewal road.

(5) Nara - Ziarat Baila - Bait Gali road.

SKETCH OF GADOON AMAZAI AREA

Not to scale

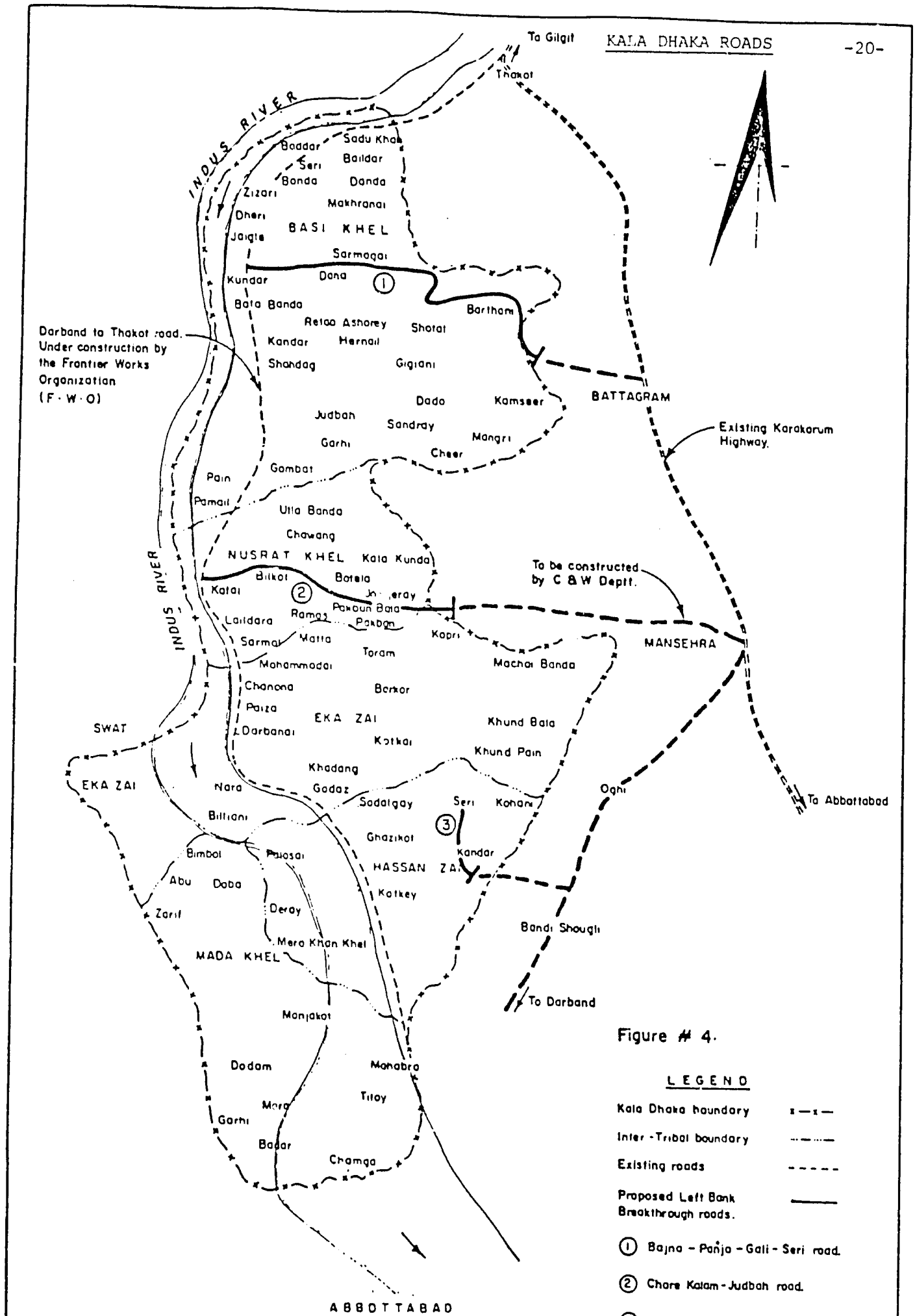


Figure # 4.

LEGEND

Kala Dhaka boundary

Inter-Tribal boundary

Existing roads

Proposed Left Bank Breakthrough roads.

(1) Bajna - Panja - Gali - Seri road.

(2) Chore Kalam - Judbah road.

(3) Bar - Shinglai - Jigal road.

SKETCH OF KALA DHAKA.

Not to scale

2. Kala Dhaka

Kala Dhaka is also known by its English translation, Black Mountain, and as the Mansehra Tribal Area. The area is immediately adjacent to the north of Gadoon Amazai on both the East and the West banks of river Indus and straddles the river on both sides. Kala Dhaka has an area of about 500 square miles. It is a Provincially Administered Tribal Area falling in Mansehra District. The area is loosely divided into five distinct subtribes: Madda Khel (West Bank of the Indus), Hassanzai and Akazai (both tribes predominantly on the East Bank of the Indus but some on the West Bank as well), Nusrat Khel and Basi Khel (exclusively on the East Bank of the Indus). The population is estimated at 160,000 - 200,000. Population percentages for the five subtribes are: Hassanzai 37%, Akazai 20%, Nusrat Khel 19%, Basi Khel 14%, and Madda Khel 10%. Unlike the Gadoon Amazai area, Kala Dhaka does not have any local elected councils. The area however is represented by two members of the Provincial Assembly (MPAs).

E. Lessons Learned

The last 10 years of development projects linked with opium/poppy elimination have brought out the following lessons:

- Development interventions by themselves will not lead to voluntary elimination of opium/poppy cultivation. Enforcement of an opium/poppy ban must accompany development interventions.

- The local administration is more confident about enforcing an opium/poppy ban in an area where there are visible development interventions, benefiting the local population, undertaken prior to the opium/poppy ban enforcement. (This was the procedure adopted in Gadoon.)

- Project activities are generally undertaken in a highly charged political atmosphere emanating from enforcement related issues impacting on area residents.

- Involvement of area residents in the form of project committees helps in "softening" enforcement efforts of local administration. Conversely, infrastructure construction or other development interventions implemented without the involvement of local residents (the client beneficiaries) has only marginal influence on enforcement issues.

The Mission has learned some additional lessons from other (non-poppy) area development projects in the portfolio. A recent evaluation of the

Baluchistan Area Development project yielded the following lessons of relevance to this project amendment:

- "In an [area development] project such as BALAD the Project Paper can rarely offer more than broad outlines and general directions about where the proposed project should go and what will be its major outputs. A "rolling" planning process is the only one likely to make sense in the long run."

- "Socio-economic data of any variety is difficult to collect and the process takes much longer than anticipated, especially in remote regions...where project activities are regarded with some suspicion."

- "In a highly visible project like BALAD there is a clear need to show at least some results quickly."

The Mission has attempted to bear all these lessons in mind in the design of this project amendment, particularly with respect to the Kala Dhaka component. USAID supports the notion of allowing benefits to flow before the poppy ban is enforced. The project will focus on intensive local participation in the implementation of all Kala Dhaka activities. A "rolling" design approach characterizes both the Gadoon II and Kala Dhaka components, and will also be used in the design of Kala Dhaka II. To collect the field data required for the Social Soundness Analysis for Kala Dhaka, the Mission has programmed for 15 person months of technical assistance, in addition to the time of a team leader and the field assistants that will be employed by an anthropologist. The need to show results quickly has resulted in a variety of high-visibility activities in Kala Dhaka during Phase I. Specifics are given in III.C.2. Most will serve as pilots to test sub-project activities that would be adopted by Kala Dhaka II.

F. The Special Development and Enforcement Plan and Other Donor Assistance

Pakistan ratified the Single Convention on Narcotics Drugs in 1961 and a second 1971 Accord. The Pakistan Narcotics Control Board was created under the Ministry of Interior in 1973 to coordinate, supervise and execute Federal Government policy in narcotics matters. In 1979 the Government of Pakistan promulgated the Prohibition Ordinance (Had). This Ordinance was strengthened by a ban on poppy cultivation. Immediately thereafter the poppy ban was imposed in the settled districts which includes most parts of the country not contained in designated tribal areas.

In 1984, the Government of Pakistan presented the Special Development and Enforcement Plan for the opium poppy producing areas of Pakistan at the Consortium meeting for aid to Pakistan. This Plan focuses on specific areas where poppy is or might be grown, envisaging development activities based on the area development approach including agriculture extension,

watershed management, access and feeder roads, small irrigation systems, health and education. The Plan emphasized support for local development initiatives chosen by selected district or union councils or appointed agency or tribal councils. This Plan presented a summary of projects for first phase funding by donors and more detailed development prospects for some other specific locations of actual or potential poppy cultivation. Ecologically similar existing poppy production centers were identified as Gadoon, Amazai, Buner, Malakand and Dir. Other potential areas identified included Mansehra tribal area, Chitral, Kohistan and within the Federally Administered Tribal Areas. A Special Development Unit (SDU) was established within the Planning and Development Department of the NWF Provincial Government (GONWFP) to design and implement development activities in the identified areas.

At the time that the Plan was presented to donors three poppy substitution projects were already underway. The Buner Agriculture Project inaugurated in 1976 was renewed in 1981. This project, supported by UNFDAC, is located in south Swat and includes water development, land leveling, crop substitution, agricultural credit, support for livestock and poultry implements and a vocational training workshop, road improvement and a treatment center for opium addicts. The Malakand Agriculture Development Project in Malakand Agency was initiated in 1982 with the support of the International Narcotics Matters Bureau of the U.S. Department of State (INM). Activities include improved and new road access, small bridges, school construction, village electrification, land levelling, support for open well and tubewell irrigation, improvement of existing canals, credit, potable water, cash employment opportunities, and improved agriculture. The Gadoon-Amazai Area Development Project initiated in 1983 was sponsored by USAID. This project includes crop substitution efforts, watershed development, forest, animal and range improvement, vocational training, school construction, road access, electrification, potable water systems and education. The Gadoon-Amazai project was subsequently renamed the Northwest Frontier Area Development Project and other geographical areas where poppy is grown were included. These areas included Dir and Chitral districts and the tribal areas of Bajaur and Mohmand.

Donor interest in demand reduction has also been active. USAID has supported narcotics awareness campaigns in 1986, 1987 and 1988 designed to elicit public support for the ban on poppy cultivation and more effective drug education for youth. These campaigns were undertaken by the National Federation of NGOs with the support of the PNCB. UNFDAC is implementing two projects in this field. The "UN-Pakistan Drug Dependence Treatment and Rehabilitation Project" is providing support for training social workers, for a second national epidemiological survey and for community outreach activities of NGOs engaged in treatment. The second project is the "UN-Pakistan Preventive Education for Drug Abuse Project," which is directly tied to efforts at developing prevention capabilities. Objectives include training of educators in drug abuse prevention education, design of appropriate drug abuse prevention

materials, the introduction of these materials into the education curricula and an evaluation of their effectiveness. The INM and USIS are supporting both projects with personnel and equipment. USIS has also helped by developing television spots, media conferences, press tours and placing materials in the Pakistani press. INM has provided short term technical assistance, educational trips and commodities.

In Kala Dhaka, the US Government has already shown its concern to prevent the spread of poppy production by introducing a small agriculture project financed and implemented by the International Narcotics Matters Bureau of the Department of State (INM), whose principal poppy-substitution effort is currently in Malakand, NWFP.

G. Relationship to AID Strategy and Other AID Projects

The 1988-1993 CDSS, prepared in April 1987, gives as an objective: "Narcotics production and trafficking must be controlled if the real development agenda of the country is to be implemented. The single most important USAID objective is the eradication of poppy cultivation. CDSS targets are: (1) elimination of all poppy production in the settled areas and to the extent possible in tribal areas by 1993, (2) implementation of a Special Development and Enforcement Plan..., (3) institutionalization of the national narcotics awareness program." The CDSS sees support for the SDEP as the key to its strategy; this support is articulated in this project amendment. The CDSS also pledges continued support for other agencies involved in narcotics control, namely UNFDAC and INM.

As noted in the section on Lessons Learned, the Mission has gained considerable experience in area development projects in both poppy and non-poppy producing areas that has affected the manner in which the NWFADP is managed and implemented. During the amendment period this cross-fertilization of ideas is expected to continue, coordinated by the Unit created for that purpose in the Office of Project Development and Monitoring. In addition, the extensive experience of the Mission's Regional Affairs Office in Peshawar with the Tribal Areas Development Project and NWFADP will facilitate implementation of amendment activities.

During the implementation of the amendment, there will be a linkage with the TIPAN project. Researchers from the North West Frontier Agricultural University (AU) will be using Gadoon as a living laboratory for wheat, maize and other crop testing while AU professors will help develop outreach packages and train field assistants that work in the project area. The Mission believes that this linkage will be mutually beneficial for both projects, especially since outreach into all parts of the province is an important objective for this phase of the TIPAN project.

It is anticipated that a few commodities for Gadoon II and Kala Dhaka I may be obtained through the Mission's Agriculture Commodities and Equipment and Energy Commodities and Equipment projects. Some training

may be implemented through the Development Support Training Project.

In the implementation of infrastructure sub-projects, the project will benefit from the experience of the Office of Engineering which has responsibility for construction activities through out the Mission portfolio.

H. Relationship to GOP Policy

The Project Amendment as designed is fully consistent with GOP policies and priorities regarding eradication of opium poppy throughout the country. It also supports the development of remote lagging areas which has a high priority within GOP's development plans including the Special Development Plan for the Tribal Areas.

The specific activities to be included in the project are in line with the priorities of the Government of NWFP, which emphasize agriculture diversification and expansion of infrastructure in the social sectors. The implementation approach will continue to heavily rely on existing government line agencies. This project amendment, therefore, supports the development of the GOP's nation-building agencies and the participation of beneficiaries through project committees, both consistent with GOP development policies.

I. Project Rationale

In Kala Dhaka the project will be basically preemptive, seeking to prevent the area from becoming a major source of poppy cultivation. In Gadoon the project will consolidate gains made in the first phase during which eradication was complete, although there remains a danger of farmers reverting to poppy cultivation. By continuing a wide-ranging development program for the area, the project will seek to ensure that the sowing of poppy is permanently given up by the Gadoon-Amazai residents. In supporting the establishment of a Drug Abuse Prevention Resource Center the project will be helping to overcome a serious problem that is increasingly hampering Pakistan's overall development effort--the presence of as many as 650,000 heroin addicts in a country where heroin use was virtually unknown in 1980. Without skilled awareness campaigns at all levels of society, this crippling epidemic is likely to continue unabated, with the addict population growing at a rate of tens of thousands a year. In addition the Center will continue to maintain widespread public support for enforcement of the opium poppy cultivation ban.

It is also highly appropriate that AID play a major role in narcotics eradication in order to support the activities of other US agencies operating in the same field, notably the Drug Enforcement Agency, the Bureau of International Narcotics Matters in the State Department and the United States Information Service.

Finally, although the first three years of the Gadoon Amazai component were stormy and beset with problems, according to the 1987 evaluation, the project is now beginning to make a significant impact on development of the area. If this new success can be sustained, it may become a model for replication by other donors and implementors in other parts of NWFP where poppy is grown.

III. DETAILED PROJECT DESCRIPTION

A. Project Goals and Purposes

1. Goals

The goal to which the project contributes is the eradication of opium poppy production within a process of rapid socio-economic development in the remote areas of Pakistan. This formulation of the project goal recognizes the interrelationship between permanent eradication of opium poppy cultivation and integration of the remote, poppy-producing areas into the national economy and the mainstream of development in Pakistan. Achievement of the project goal is also clearly related to the more rapid development of the area's economy, improvements in the standard of living of the people, more complete integration into the political system of the country, and stronger ties with the national economy.

By adding the construction of a drug abuse reduction center, the project is also designed to contribute to the goal of eliminating drug abuse in Pakistan.

2. Purposes

In Gadoon-Amazai, and other project areas except Kala Dhaka, the purpose of the NWFADP is to change the area economy of the remaining major poppy-producing areas of the Northwest Frontier Province from one based primarily on poppy cultivation to a diversified agricultural and non-agricultural system with strong ties to the national economy, which will facilitate and complement the GOP's enforcement effort with respect to poppy cultivation and narcotics production.

In the Kala Dhaka area the purpose will be to halt existing poppy production and prevent future increases as producers attempt to move in from Gadoon Amazai. This purpose will be achieved by bringing this remote, economically neglected area into the mainstream of the provincial and national economies through the development of diversified agricultural and non-agricultural systems and will complement the GOP's poppy enforcement effort.

The main purpose of the Drug Abuse Prevention Resource Center will be to support and encourage local, provincial and national efforts to achieve a drug-free society through reduction of both drug demand and drug

production. A secondary purpose is to serve as a clearinghouse for distribution of accurate information on drug abuse prevention acceptable in the Pakistani context.

3. End-of-Project Status

The expectation is that by the end of the five year amendment period, poppy production will have been eliminated in Gadoon; in Kala Dhaka the ban will be in effect and elimination within a few years will be a realistic target. In both areas residents will enjoy a standard of living at least comparable to or better than when poppy was grown. The intent is to evaluate this expectation in the final evaluation scheduled for 1993. A drug abuse reduction center will be fully operational in Islamabad, and at least two provincial branch centers will have been established.

B. Project Outputs

1. Gadoon II

a. Training and Off-Farm Employment

The following outputs are expected to cost about $2.0 million and reflect the increased emphasis on training in Phase II:

- Off-farm training--2,500 residents will be trained to be qualified for skilled and semi-skilled occupations. The project will assist in the placement of graduate trainees.

- Teacher training--up to 15% of all primary teachers in the area will receive in-service training to upgrade their knowledge and skills each year. In addition, each year ten teachers will be selected to attend in-country continuing education courses.

- Housing for teachers--up to 14 houses for teachers will be constructed.

- Women's centers--44 centers will be completed and fully operational. 1,500 women will have received training in basic household skills and literacy. 1,500 women will have received basic health care training including information on child spacing. 1,500 women will have received training in vegetable and fruit production and dairy/egg production.

- Schools for girls--five schools will be established at the Women's Centers; each school will have about 20 girls attending.

- Agricultural training--100 farmers will be trained in nursery production for fruit and firewood trees. 400 farmers will be trained in fruit tree cultivation and orchard techniques.

100 farmers will be the beneficiaries of farmer demonstration plots, cooperative field days and agricultural instructional field days.

- Training Office--a training office will be established at Topi.

These outputs will be achieved under the supervision of the Training office.

b. Infrastructure.

Gadoon I built or upgraded roads, schools, irrigation, health and water supply systems. Several villages were electrified. This amendment will continue these activities.

Specifically, the project amendment is designed to add at least 19.5 miles of paved and 75 miles of unpaved roads. The project will also finance channel linings for 750 irrigated acres, the construction of one basic health unit and 40 water supply systems. About $7.5 million have been budgeted for construction activities. The Gadoon II outputs are illustrative. As under Gadoon I, the Project Director in collaboration with AID may decide to implement other selected activities as required by the exigencies of the poppy eradication plan and the needs of the beneficiaries.

c. Agricultural Development

Gadoon I activities focused on improvement of agricultural production by introducing improved seed and new crop varities, improved agricultural practices for annual crops and new cropping systems, planting fruit trees, strengthening afforestation and watershed management, expanding animal health care and improving irrigation infrastructure. The second phase will focus on continuation of present project agricultural programs with greater emphasis on improved horticultural practices, development of a livestock nutrition program, strengthening of agricultural extension through provision of in-service training and development of information materials.

Specifically, the project will produce the following agricultural outputs: introduction of improved seed varieties, 700 acres of fruit trees, 3800 acres of new forests and watershed management, 750 acres brought under new or improved irrigation, 360 acres of forage/pasture land providing animals with improved nutrition, training for more than 5000 farmers given by field assistants who have received on-the-job training and a study designed to yield an effective marketing program for the Gadoon Amazai area.

2. Kala Dhaka

a. Phase I

During the first 12 - 24 months of this project component and at a cost of about $8.0 million, the following will be achieved:

- Engineering surveys will be completed for 168 KM of access roads.

- Construction of the West Bank access road will be initiated. (Total construction is fully funded in this amendment. If appropriate, construction of one East Bank road will also be started "borrowing" full funding from the Gadoon II budget for year 3 - 5, and "repaying" with Kala Dhaka II funds.)

- A transportation master plan will identify priorities for a system of access and link roads and water transport.

- A Project Coordination Unit will be established at Oghi, the traditional center for interaction between the tribal people and the Hazara district administration. Small sub-offices may be established at Darband, Thakot, Mehra and Judba.

- A detailed design for Phase II activities will be prepared by PCU personnel and the TAT and result in a detailed Project Paper amendment and PC-1. The PP amendment will include a Social Soundness Analysis for Kala Dhaka.

- Mobile medical teams will give health care to interior villages under the supervision of the District Health Authorities.

- High-yield maize, wheat and potato crops will be planted on 750 acres of demonstration plots.

- Up to 25 tribal field workers will be trained and employed in agricultural work.

- About 60 acres of nursery seedlings for reforestation will be established, and 20 trained tribal attendants will be employed.

- Some 30 village water systems will be surveyed and designed.

- Some 30 miles of irrigation channel improvements will be surveyed and designed.

- USAID is negotiating with the World Food Program to carry out an afforestation activity which will likely cover 7500 acres of

new forest and employing local labor.

- Forest-tree nurseries will produce a total of 7.5 million seedlings over the life of the project, enough for 7500 planted acres.

- A survey of demand for mini-hydel plants and the ability of local people to maintain them will be undertaken along with a physical survey of potential sites.

- A site will be selected for an Ogni training center and other preparations made.

- Up to 6 communities will receive project-assistance to build lodgings for primary or middle school teachers.

- Up to 20 matriculated teachers will receive in-service training at Pakistani institutions to improve teaching methods.

- Most area villages will have received some benefit from the project, be it receipt of medication or innoculations, rehabilitation of irrigation channels technical training for a village youth, incentive payment for a teacher, or other short-term benefits.

- There will be a sizeable and accurate library of material on the socio-economic life of Kala Dhaka.

b. Phase II (not included in this amendment)

Since lack of accurate data precludes detailed design of Phase II activities, specific outputs cannot be presented. However, it is anticipated by the end of a second, three to five year phase, the following accomplishments could be achieved.

- About 170 Kms of access roads will be constructed.

- Some 50 Kms of link roads will be constructed.

- Over 30 village water systems will be completed.

- Over 25 miles of irrigation channels will be reconstructed and 15 miles of channel will be newly built.

- Up to 10 schools will be physically upgraded.

- Potential mini-hydro sites and the feasibility of turbine construction will have been explored.

- Up to 8 basic health units will be constructed.

- Some 2000 acres of demonstration food crops will introduce improved high yield varieties.

- A training center will be established, staffed and equipped at Oghi.

- Up to 1500 - 2000 individuals will receive literacy and basic skills training to prepare for further off-farm training or for direct job placement, many in an Oghi Training Center.

- At least 10 matriculated teachers per year will receive in-service training.

- At least 15 communities will be assisted in the construction of teachers' lodgings.

These estimated outputs will be revised on the basis of the design to be developed in Phase I. Electrification activities which are extremely popular, although difficult to achieve, will be considered in Phase II.

3. Drug Abuse Prevention Center

A national Drug Abuse Prevention Center will be established to provide public outreach services and education along with continuing research into drug problems nationally.

The following achievements are expected over the five year life of the Project:

- 28 training-of-trainer courses (3 or 4 days each)
- 18 health professional courses (3 or 4 days each)
- 23 curriculum workshops for teachers (3 or 4 days each)

- Assistance to NGO's in conducting 30 seminars related to the establishment of Drug Free Zones
- 25 seminars for medical and social worker students
- 5 mass media campaigns
- 20 press conferences
- 30 feature articles in the national press
- 20 radio programs highlighting abuse problems
- 30 journalist/broadcaster workshops on drug abuse prevention
- Publish a newsletter on achieving a drug free society
- Production of training manuals for the training courses, workshops and seminars
- Creation of some 10-15 video tapes to support training courses
- A 35 mm slide and black and white picture library
- 3 dramatic scripts for television
- Six radio commercials and three television commercials
- Up to 30 research studies and a major update of the 1982-84 longitudinal survey published in 1986

These estimated outputs over a five year period are flexible. Given the rapidly changing number of drug abusers, particularly heroin addicts, it is difficult to determine outputs especially in the last two years of the project. Both the number and type of outputs may change either as a result of political pressure to skew the program activities towards mass media campaigns or a success in the "Drug Free Zone" or other concepts may trigger requests from unplanned areas of assistance.

C. Project Components

1. Gadoon II

To continue to inhibit poppy cultivation the work begun under Gadoon I must be consolidated. Many agricultural activities, especially those including fruit and forest trees, are not yet producing income. Marketing channels remain to be developed. Some parts of Gadoon Amazai are still remote and relatively untouched by the project. More infrastructure is required to provide access and encourage development. The amendment provides for a final five years of AID funding at the level of about $20.9 million for a wide range of development activities.

The second phase introduces a special emphasis on training and animal husbandry. Also Union Council areas which received few benefits during Phase I (whether by initially rejecting the project or because of the phased design) will receive more attention and benefit from more subprojects.

In order to begin weaning farmers from dependence on free inputs and services in preparation for AID's disengagement from the area in 1993, Phase II will increasingly require individual beneficiaries to bear a percentage of direct input cost. It is proposed that initially beneficiaries contribute 10-15% of costs. This percentage would gradually rise in Years 3,4 and 5. The soft program was necessary in Phase I to persuade farmers away from poppy production and obtain their cooperation with the project and, during the early years of Phase II, the Project Director will retain the authority to modify the budget to counter any tendency for poppy production to resurface. This may include the supply of free wheat seed and fertilizer to farmers to prevent poppy growing in the first two post amendment planting seasons.

a. Training & Off-Farm Employment

Following the recommendations of the July 1987 evaluation of Phase I, Gadoon II will put an increased emphasis on off-farm training and employment. Funding of about $2.0 million over the five years is reserved for these activities.

i. Non Formal Education

The Project is designed to yield an ambitious list of

training and off-farm employment targets over the next five years to be achieved under the supervision of the Training Office.

(a) Training Office

A small Training Office will be established at the Gadoon Topi headquarters to supervise the work of the Overseas Pakistani Foundation (see below) and other contractors. Specifically, the Training Office will:

- coordinate training components, maintain training and placement records, monitor training agreements and supervise short term consultants;

- prepare scopes of work for short-term consultants, for whom up to 30 person months of time are provided;

- conduct periodic surveys of the project area to determine the relative effectiveness of training programs, placement progress, and identify the need for additional training and/or placement services;

- provide administrative support for the Women's Centers;

- work with Agricultural University of NWFP personnel in farmer and farm family training efforts;

- coordinate in-service training of teachers both on-site and at Pakistani educational institutions.

The Training Office will be staffed by a locally hired Training Specialist supported by a Secretary/Computer Operator and a clerk. The scope of work for the Training Specialist is presented in Annex G. The Office will have two vehicles with drivers for field work assigned to it out of PCU's central motor pool.

(b) Overseas Pakistani Foundation Program

The Project Coordination Unit (PCU) is preparing an agreement with OPF for a full program of training and placement of eligible persons from the project area. The proposed agreement includes training for positions generated by the new Industrial Estate. As the Industrial Estate is currently in the development stage the total employment potential is unknown, but it is certain to be the most significant employer of local labor. The estate, inaugurated in 1987, should take about three years to build and immediate training and employment needs will therefore be for the construction trades. Prior project training efforts have been primarily in the semi-skilled areas. Skilled construction training will therefore be a short-term OPF priority.

An evaluation of OPF towards the end of the first year of operation will determine the cost effectiveness of the agreement as determined by a) number of persons trained; b) number of persons placed; c) per cent of job retention after six months or up to time of evaluation and d) cost per person placed as a portion of total cost of Agreement. Depending on the results of this evaluation, the training outputs for the remaining years will be provided either by OPF or other contractors.

(c) Women's Centers

The project plans to add to the 30 centers that should be operational by the end of 1988. These centers have proved very popular with women beneficiaries, and are favorably regarded by project personnel and GONWFP officials. USAID is also highly satisfied with the development of an innovative way of providing women with increased educational and income-generating opportunities. Existing centers have been established in villages that accept the education of women. The centers are rented houses made available for the purpose by village leaders. To the extent possible these are centrally located, and within easy walking distance for the maximum number of potential beneficiaries.

Since some of the houses are in poor condition, with leaking roofs, poor lighting, inadequate ventilation and no toilets, the project amendment will finance some upgrading, as appropriate. Fourteen new centers are also planned during the amendment period.

Because the centers have been so successful, the GONWFP is looking into the possibility of institutionalizing them as a provincial activity. Should this transpire, the project budget contains sufficient funds for the construction or rental of up to 10 expanded facilities for women's centers that would permit a widening of the curricula and an increase in potential participants. The criteria for constructing an expanded facility, and a plan for its proposed layout are shown in Annex H.

Under the project amendment, the women's centers will continue the existing curriculum with minor adjustments. The following are offered:

- basic literacy including numbers and weights;
- basic hygiene, nutrition, child spacing and child care;
- vocational skills.

Currently vocational skills include sewing, knitting and embroidery. These subjects will continue to be taught, but additional subject matter will include home vegetable and fruit gardening and small animal health care. Additional personal health care information will also be provided. For this purpose, the project will provide one agriculturalist and four Lady Health Visitors. The agriculturalist will train the women's center instructresses in the skills they will need to pass on to farmer's wives and daughters, such as vegetable plot preparation, fruit tree planting and care, poultry raising for egg production, etc. Each

center will develop a garden plot for this purpose; yields will feed the instructress and other staff.

The introduction of the Lady Health Visitors will allow the women's centers to function as informal women's Basic Health Centers. Information on good nutrition, child spacing and other aspects of maternal and child health will be disseminated. In cooperation with the existing BHUs, the project will develop a program of basic health care and, if at all possible, a program of infant immunization and diarrhea control.

(d) Girls Schools

In numerous locations in which Women's Centers have been established, there is an absence of primary schools for girls. In these villages women who attend the Women's Centers bring their young girls with them. The girls who are too young to learn the skill crafts along with their mothers have no activities in which to participate. The project will therefore set aside sufficient room in which to hold a primary class for up to 20 young girls.

A successful class may entice other girls to request admission. At such time the Topi Project Director may elect to provide funds for the initial construction to establish an official primary school. Further increase in enrollment should be sufficient inducement to the Department of Education to complete the school and provide staff. During the life of the Project, annual internal evaluations will be made to determine the advisability of continuing each pilot school, or otherwise changing the program.

ii. Formal Education

The NWFP Department of Education is providing 120 school facilities in the project area of which 21 are female schools. Given its remoteness, the Gadoon-Amazai area suffers more than usual from teacher absenteeism and poor performance. The Unattractive Areas Allowance has proved an inadequate incentive to attract and keep well-trained teachers. The Department has thus given preference to teachers from Gadoon, and all but six of the 141 male teachers currently working in local schools are from the area. However, less than half are trained teachers. The situation is the opposite on the female side where only five of the 42 women teachers come from Gadoon. The remainder come from Swabi plains villages and have been enticed to the area through relaxation of age or qualification rules; women teachers are therefore often over age or hold inadequate qualifications. Gadoon teachers have one great advantage: given the low student rolls, the teacher-student ratios are more favorable than in surrounding areas. Male teachers have on average 27 students, and female teachers 11 students.

The contributing factor to the unacceptability of the area for qualified

teachers is the lack of nearby living quarters. Teachers are paid a lodging allowance, but this is either inadequate or useless, since there are no available quarters for rent. Therefore, it is proposed that teachers lodgings be constructed by community self-help to standard plans established under the project. The project will provide funds for construction materials, supply plans and allow project personnel to provide engineering supervision and assistance.

It is Department policy that with the provision of housing the teacher foregoes the housing allowance plus 5% of salary. It is the general consensus that this reduction will not affect the incentive of the provision of housing, while the existence of the house will greatly reduce teacher absenteeism.

b. Infrastructure

With a budget of about $7.4 million, Gadoon II will continue expansion of infrastructure to raise the residents' standard of living, increase the flow of goods and services to and from the area, and to improve transportation allowing increased employment opportunities at the SARHAD industrial site near Gandaf. Due at least partly to project activities, private bus service has already expanded into more locations and will contribute to development of the area.

In addition to new road upgrading/construction and paving, Gadoon II will also construct water supply systems, improved irrigation channels, a health center and additional village electrification. As under Gadoon I, the Project Director, with the concurrence of the USAID Project Officer and the Project Review Board, shall have flexibility to deviate from the infrastructure activities outlined in this amendment. The criteria for amended subproject selection include providing benefits in relatively underserved areas; providing benefits in areas where poppy growing remains a problem; providing infrastructure that will benefit the most people for the least cost.

i. Roads

Approximately 38 miles of unpaved roads will be upgraded/constructed and an additional 19 miles surfaced. The total of about 57 miles include both major and feeder roads (major roads are 24 feet wide and feeder roads are 16 feet wide). Major roads link population centers and open more remote areas of the project for development and communication. The feeder roads link villages and other areas to the major roads. Many of the feeder roads are to be provided for access to the Bait Gali Union Council. Current access to that Council is primarily by boat from Tarbela Lake.

Selection of roads was based on a listing and cost estimates of desired roads submitted by the PCU and GONWFP, shown in Annex I. The list required financing beyond the NWFADP budget limits, and a selection was

made using criteria of size of population served, need for access to markets, and whether the area was relatively remote or already well served. (See the map on page 27 which shows existing and planned roads). The selected list is illustrative; actual mileage constructed will depend on difficulties encountered during construction and other budgetary and technical considerations.

The proposed roads will link up to 40 villages in all seven Union Councils. Relatively underserved areas in Phase I will receive significantly more roads under this amendment.

Some of the roads considered for improvement or development are: Kangani-Utla, Utla-Parba, Ganichatra-Leran Punawal, Gala-Kangaroocha-Keneeri, Sandwa-Takil-Gajai, Beesak-Malikabad, Beesak-Kandao-Ziarat Bela, Dagai-Sukalas, and Mangalchai-Laqab-Brog.

ii. Electrification

The electrification program will continue subject to revised funding arrangements with WAPDA. In Gadoon I, WAPDA required full up-front payment for work to be undertaken. In some instances WAPDA is three years behind schedule in completion of project-financed work. Therefore during this amendment AID funds will provide only a 25% advance to WAPDA (as is common practice with all other agencies) to cover start up costs; the availability of meters to electrified villages must also be guaranteed. Failure to reach agreement with WAPDA on this issue will result in reallocation of electrification funds to other project activities.

iii. Water Supply Projects

Forty water supply systems identified and designed in Gadoon I will be constructed in Gadoon II. It is estimated that more than 7,500 people will benefit from improved availability of water for household use. If a greater demand for water supply develops in the later amendment years, money may be reallocated within the Project budget for this purpose.

iv. Basic Health Unit

One basic health unit will be constructed at Nara, thus giving all Union Councils necessary health facilities.

v. Agricultural Infrastructure

Channel lining for irrigation of approximately 750 acres in the higher altitude project areas will be completed. Water will be provided to high value enterprises such as orchards and vegetables by 10 existing tubewells, located in the lower lying project areas. Approximately 1,500 acres of land may be leveled in the tubewell zone to

develop more efficient and effective irrigation systems. Deep tillage services will be available to farmers. Under Gadoon II farmers must also pay a minimum of 20 percent of the cost of channel lining, 25% for tillage services, and 50% of land leveling costs. Terracing may be included subject to economic analysis and justification. Agriculture infrastructure activities will be coordinated with the Mission's on-going Command Water Management and Irrigation Systems Management projects.

c. Agriculture

Agriculture activities will include watershed management and forestry/fuelwood planting, sales and distribution of improved seeds of wheat and maize including demonstration plots, vegetable production and marketing, orchard planting and management, livestock improvement, and livestock nutrition. These activities will be supported by on-the-job training to improve the quality of extension services. A marketing study will be completed to help farmers profit from the introduction of new crops.

There will be two special agricultural activities in Gadoon II. The first is a new linkage with the Agricultural University in Peshawar (NWFP-AU) through AID's TIPAN project. Gadoon-Amazai will become a laboratory for TIPAN research, and the TIPAN outreach program will provide training for Gadoon agricultural development workers. The second new activity will involve the placing of a long term animal husbandry/forage and pasture expert to introduce improved livestock-keeping in the area.

i. Watershed Management/Afforestation

During Gadoon I the afforestation and fuelwood program focused on individual and community lands unsuitable for farming that were denuded by grazing and fuelwood harvesting. More than 2,000 acres have been planted. Under Gadoon II, after farmers agree to protection of tree planti gs, approximately 3.8 million trees will be planted on an additional 3800 acres. The principal tree species will be Chirpine, Eucalytus, Ailanthus, Robinia, Parkinsonia, Acacia Modesta, mulberry and fruit and nut trees. Trials of fuelwood seed planting will be undertaken, in which seedlings are planted closely together, then over time the growing trees are thinned to the proper spacing while providing early production of fuel from the trees cut during the thinning process. Grass seed will be scattered on the hillsides already reforested. During planting, check dams will be constructed where necessary to control gully erosion. Watershed management activities will short term employment in planting of trees, grass seeding and check dam development. One Forest Officer will be in charge of the program and supported by up to seven foresters.

ii. Annual Crops

Wheat is a traditional crop throughout the area and

the principal crop competing with poppies. Therefore during Gadoon I the main emphasis was on demonstrating the productivity of high yielding varieties (HYV) of wheat through demonstration plots. Improved varieties appropriate for irrigated and non-irrigated areas have been provided to farmers. Under Gadoon II new varieties will be tested and released to farmers as current varieties succumb to diseases and pests. Wheat trials, undertaken in collaboration with researchers, will be established on farmers' fields where costs of inputs and yields can be accurately measured. A limited number of demonstration plots will be established annually for trials of new varieties and improved practices including levels of fertilizer application. New maize varieties will similarly be evaluated through trials and demonstrations.

The extension service will develop training programs for carrying the resulting information to farmers, through the use of field days, publishing of informational materials, and direct contact with farmers. Training will be supported in part by the TIPAN outreach program.

iii. Horticultural Crops

Citrus, stone fruit and nut trees have been rapidly accepted by farmers who perceive the orchard produce as additions to their diets and/or having future profit potential. Trees can also be intercropped with traditional crops during the establishment period. Distribution of fruit and nut trees to farmers with acceptable land for orchard development will continue although farmers will now be asked to pay 50 percent of the cost of each tree. An average of 180 orchards mostly of 1-2 acres will be established each of the first four years of this amendment.

Rapid increases in orchard development will result in a need for training of farmers in new management techniques, in pruning and spreading of trees, cultivation, fertilization, disease and pest identification and control, and harvesting of fruit and nuts for proper marketing. Local merchants will be encouraged to stock sprayers and supplies for sale to farmers. A local IQC will be used to obtain expertise as discussed in Section IV.D.1.a., technical assistance.

The use of pesticides will be carefully controlled, following the recommendations of AID's environmental expert presented in Annex L. The provisions for appropriate monitoring and mitigation of other likely environmental impacts are discussed in Section V.F.

iv. Vegetables

Tomato, potato and onion production off-season in the higher elevations of Gadoon Amazai have shown significant profitability, especially since development of roads by the project has facilitated marketing.

Under Gadoon II, the project target will be 200 acres of tomatoes, 100 acres of potatoes, (for seed multiplication and table usage), and 100 acres of onion or garlic per year. This level of production will depend on properly trained field assistants to help farmers and development of markets which can absorb the produce. TIPAN, in cooperation with the Department of Agriculture and the PCU, will develop appropriate training programs.

v. Minor Crops

A maximum of 400 acres may be devoted to minor crop demonstration plots under Gadoon II in cooperation with the outreach program of the NWFP Agricultural University using TIPAN funds. The minor crops are rapeseed, gram and peas as winter crops and mung beans as a summer crop.

vi. Seed Production

In cooperation with private companies, the TIPAN project will assist in the establishment of seed potato production, up to 50 acres. Interested farmers will be selected and trained in seed production. Initially seed potatoes will be provided to farmers. After one crop year they will be expected to buy seed potato, for resale to lowland farmers for spring planting.

For farmers switching to new crops on land with appropriate soil structures, deep tillage may be required. Locally owned equipment usually cannot plow deeper than a cultivator. The project allows farmers access to appropriate tractor driven equipment at a highly subsidized rate.

vii. Animal Husbandry

Animal health care, the main thrust of animal husbandry activities under Gadoon I, was provided through veterinary dispensaries, some of which also provided artificial insemination for cattle and buffaloes. Expansion of activities in animal health and cattle and buffalo improvement will be deferred until an integrated program of feed/forage improvement is developed during Gadoon II. Deficiencies in the structure of line agencies, the training of their staffs, and the delegation of responsibilities has resulted in an absence of systematic forage and grazing programs in Pakistan. Continued expenditure on animal health services while ignoring the nutritional requirements of livestock would at best be non-productive.

Approximately five demonstration pastures/feed production units will be established in each of the seven Union Councils of Gadoon Amazai. Communal land and community participation will be used to the extent possible. Staff from the Forestry, Agriculture and Veterinary Departments will work together under the guidance of a pasture/forage

expert to be hired by the project to develop a nutritional system which can work within the local cultures. Personnel from the Arid Zone Research Institute will also be involved in pasture/forage development. Successful development of this activity could contribute to the overall need to improve animal nutrition in Pakistan.

Detailed development of activities will be determined by the pasture/forage expert whose qualifications and scope of work are presented in Annex G. This activity will increase farmers' understanding of the importance of livestock nutrition and in both Gadoon-Amazai and Kala Dhaka.

The provision of a Pakistani advisor will initially be for a two year period. An evaluation in the 18th month of the assignment will determine the validity of continuing the assignment for an additional two years.

viii. Extension and Field Services

Success of agricultural activities will depend upon the quality of extension services and the level of agricultural information which can be made available to the project area. Both on-the-job and more formal training will be provided to field staff to become more successful. The project will finance training seminars for Gadoon field staff, who in turn will train farmers in the pruning and spreading of fruit trees, the proper use of pesticides, the planting and production of vegetables for commercial production and the production of quality maize and potato seed materials. The TIPAN project will design training components in coordination with project staff and conduct the training program in cooperation with the Department of Agriculture. Some courses will be given at the Agriculture Training Institute (ATI), Peshawar. Over 70 field staff will receive in-service training.

ix. Marketing Study

The expansion of non-traditional crops such as tomatoes, seed potatoes, onions etc., will require the project to provide both inputs and assistance to the farmers in linking up with a marketing network in the region. Marketing of small amounts of non-traditional produce has so far not caused problems, but larger amounts will be difficult to sell in traditional small village markets. The marketing study will analyze the impact of production increases on the marketing system and identify solutions. The study will be developed and implemented by consultants under the supervision of the USAID ARD Office.

2. Kala Dhaka

The lack of consistent information about Kala Dhaka, and the difficulty of getting design personnel into the area, has resulted in a proposed two-phased design for this project component.

The first phase, covering a period of 12-24 months, has a budget of just under $8.0 million and will involve the following activities:

- Development of a Project Coordination Unit in Oghi.
- Design of major and minor roads.
- Construction of the major West Bank access road
- Design of irrigation, village water supply and hydel schemes.
- Start-up of food crop, and other pilot sub-projects.
- Start-up of a forestry activity.
- Placement of a Technical Assistance Team (TAT) which will assist the PCU in starting the project, initiate a number of small, high impact and obviously desirable subprojects in conjunction with the PCU, and with the PCU and other GONWFP officials prepare a detailed design including cost estimates, for a second phase, to cover the balance of the five year life-of-project.

The second phase (not part of this amendment), covering a period of 36-48 months and estimated to cost $18.5 million will probably involve at least all of the following, plus other subprojects that may be identified by the PCU and TAT during Phase I. (These estimates will be revised in the detailed design of Phase II.)

- Construction of 170 Km of access roads and 50 Km of link roads.
- Construction of improvements to some 25 miles of irrigation channels.
- Construction of 15 miles of new irrigation systems.
- Construction of over 30 village water supply systems.
- Electrification of villages by mini-hydro stations.
- Construction and equipping of 8 Basic Health Units.
- Teacher training of tribal youth and income incentives.
- Full scale tree crops introduction, orchard training, and provision of orchard equipment.
- Crop improvement, demonstration and horticulture development.
- Pasture and watershed management.
- Off-farm employment.
- Electrification will also be considered.
- Construction of a Training Center at Oghi.

In the eyes of both AID and the GOP, the two areas of Gadoon Amazai and Kala Dhaka are seen as different project components. In Gadoon, an initially heavy poppy producing area, AID is involved in a manpower-intensive development effort that covers most aspects of rural development. In Kala Dhaka, where the objective is to prevent the area from becoming a major producer, AID proposes a more modest intervention involving a smaller PCU and a heavier reliance on contractors.

a. Phase I Activities

i. Design of Roads

A number of road alignments have been identified by

village committees and provincial government officials as suitable for access and link roads. These are described below, and in more detail in Annex J. No year around access presently exists from the eastern settled area, which contains the major market towns of Oghi, Mansehra, and Batagram. Interior tribal villages are connected only by foot-trails, limiting commerce and communication to seasonal traffic on the Indus River, or by laborious trail routes, at high economic cost.

A road now under construction by the Frontier Works Organization parallels the Indus River on the East Bank, running north-south, and generally duplicates the access now possible by river boat. The north-south terminal points, at Thakot and Darband, are a considerable distance from the main eastern market towns. The map on page 28 shows the location of existing and planned roads in Kala Dhaka.

Road access will greatly accelerate development, provide local employment, and assist the political and economic integration of the 512 sq. mile area. It is anticipated that on the East Bank the roads will be designed by consultants obtained by direct AID contract. The selected A/E firms will also supervise construction, to be undertaken during Phase II by contractors (procured either by direct AID competitive contracting or by host country contracting by the C&W.) The Mansehra C&W will later be responsible for road maintenance. As described in IV.B.2.a., the work of these firms will be overseen by USAID engineers working out of Oghi. On the West Bank of the Indus, in the Madda Khel part of Kala Dhaka, the access roads will be designed and constructed as continuations of roads from outside the area and existing contractual arrangements will be followed.

Recognizing the importance of roads to all other development, the Mission intends to proceed with road construction as soon as the designs are completed. The Amendment budget covers full funding for the Madda Khel road, and construction should start well within Phase I. If the road on the East Bank designs are completed before the full Phase II design, two separate amendments (one for all the road construction and the other for all other development activities) will be considered. More likely if one or more road designs are completed, the Kala Dhaka component may borrow from the Gadoon component to begin road construction, repaying the Gadoon budget once the Phase II amendment is approved.

(a) East Bank Roads

A/E contracts will be signed for the design and eventual supervision of three major access roads to be constructed westward from the paved Darband-Oghi-Thakot road (N-35). Construction will require 2-3 years. The three roads are:

- Bajna-Panja Gali-Seri Road (24 Kms)

- Chore Kalam-Judbah Road (52 Kms)

- Bar Shingali-Jigal Road (60 Kms)
- West Bank Road
- Dhand-Maira-Chrorai Road (32 Kms)

Details and maps are shown in Annex J.

ii. Development of a Project Coordination Unit

A PCU will be established at Oghi. The GONWFP will appoint a Project Manager. AID responsibilities with respect to project management are detailed in Section IV.B.2. If private sector premises are leased, the project may contribute to the rent. Small suboffices may be rented at Thakot Darband and in the interior (most likely near Judbah) and on the West Bank to afford easy access to the tribal area for PCU and other teams active in the interior. As access roads are completed, these minor stations may become unnecessary.

The Kala Dhaka PCU will house the following professionals during Phase I:

1 Project Manager (appointed by GONWFP)
1 expatriate rural development specialist, advisor to the Project Manager
1 water/civil engineer 1/
1 general agronomist 1/
1 health specialist 1/
1 social scientist/translator 2/
1 road engineer 3/
1 project administrator 3/

A Project Engineer assigned to oversee construction of the West Bank road will receive logistical support from Topi.

Notes: 1/ Locally hired under the Technical Assistance Contract, but reporting to the PCU Project Manager as soon as he is in place.

2/ Locally hired by the expatriate advisor to act as his translator and personal assistant.

3/ Locally hired by USAID/Islamabad, reporting to the USAID Project Officer in the Office of Engineering, but housed in the Oghi PCU.

At full strength and including all support staff the Oghi PCU will house some 20 - 25 people; details of support staff are presented in the financial analysis.

iii. TAT Placement and Phase I Activities

A Technical Assistance Team will be recruited early in Phase I for assignment to the Oghi PCU. A major role for the TAT will be to assist the PCU with the development of a detailed work plan for the subsequent phase of activities including a Social Soundness Analysis. The work will not be based on formally structured sample frameworks and surveys involving door to door interviews. Given the tribal and political sensitivities in the Kala Dhaka area, data collection will be done informally and undertaken during the Phase I activities. Previous USAID experience in design/implementation of three varied rural development projects in Pakistan strongly supports a rapid and visible developmental program during the survey/design stage. Therefore, the TAT under the direction of the PCU Project Manager will immediately begin a number of small pilot sub-projects designed to equitably benefit large sections of the population to meet people's expectations and win the confidence of potential beneficiaries. At the same time a major forestry activity will be started. Response of the local people to the pilot subprojects will provide guidance for the more detailed Phase II design. The TAT will be headed by an Expatriate Chief of Party whose primary role will be to assist the Project Manager with the initiation of activities in the area. The roles and responsibilities of the various parties are presented in Section IV.B.2. Some of the local expertise may be acquired using the Mission's local IQC mechanism. (See Annex K). The Chief of Party will be a Rural Development Specialist who will be in place for 24 months. He will be supported by three expatriate specialists, to be in the field for up to 4 months each. There will be one agronomist (with a background in both food crops and animal forage if possible), one transportation economist and one anthropologist. There will be three long term local specialists; one civil engineer, one health/nutritionist and one agronomist. The engineer and agronomist are budgeted for 24 months, the health/nutritionist for 12 months only, which may be divided as 6 months each in Years 1 and 2.

The following are the proposed Phase I pilot sub-projects:

(a) Hydrologic Surveys

The survey/design work described for roads previously will be accompanied by hydrologic surveys and high-visibility sub-projects shown below:

(i) Irrigation

Engineering surveys will be conducted of some 30 miles of existing irrigation channels, now aged and in disrepair.

Rehabilitation to increase available discharge will add to productivity of farms and extend the irrigable land area. Survey work is expected to disclose other opportunities for additional irrigation developments.

(ii) Mini-Hydro Sites

Before any hydel subprojects are attempted, the area will be surveyed to determine the interest of the inhabitants and their ability to maintain potential installations. Surveys will also include examination of water volumes at several falls reported to be sufficient for the sustained operation of mini-hydroelectric stations. No villages in the area are now electrified. The prospect for small indigenous independently operated power grids in the area reaching multiple villages will be evaluated, to determine cost and operating feasibility. WAPDA or a private constructing group will be contracted for the design of such stations if preliminary surveys by PCU prove their potential.

(iii) Village Water Supply

Significant demand exists for potable water supplies. Site surveys of some 30 villages not known to have water supply systems will furnish cost estimates and design parameters.

(b) Teacher Training and Lodging

The Gadoon Training Office will be a resource to the Kala Dhaka PCU and TAT in arranging for in-service training for up to 20 matriculated teachers. Training will be provided for in-service training for up to 20 matriculated teachers. Training will be provided at an educational institution in Pakistan offering appropriate courses in the appropriate language. Selection of teachers will also involve the Department of Education and ensure that trained teachers return to work in the project area.

As in Gadoon, Kala Dhaka communities will be assisted in the construction of teacher lodgings, thereby increasing the chances of attracting and keeping qualified teachers in remote locations. The project will finance commodities, and provide communities with engineering technical assistance. During Phase I up to six houses will be constructed.

(c) Mobile Medical Teams

To overcome handicaps to regional delivery of health care services, a contract will be offered to medical colleges to supply volunteer medical teams who will receive a limited stipend plus expenses. Short-term mobile units of three 4-doctor teams will be recruited from interns or under-employed doctors who will travel to the five tribal areas by boat, mule and foot. Teams will be in the field for three months each. Treatment of endemic but preventable or curable

diseases of childhood, i.e. T.B., polio, dysentery, goiter and malaria, currently untreated among both sexes, will be undertaken. Teams will also advise on child spacing. The project will procure health commodities locally to the extent possible. If off-shore procurement is required the project might procure through subcontract with UNICEF for which there is a Mission precedent. The provincial health service will be involved in planning and implementing this activity, and are expected to provide supervision for the medical personnel.

It is hoped to be able to contract with a total of 24 doctors to visit interior villages over a six month period. If a doctor could see 30 patients per day, almost all Kala Dhakans could receive some medical attention inspite of the long travel time.

(d) Agricultural Starts

To complement the on-going activities of the International Narcotic Matters (INM) agricultural program, demonstration plots of improved varieties of maize and wheat will be provided on 500 acres of land offered as 100-acre tracts by each tribal area. A further 250 acres of potato will be introduced in 50 acre tracts to the five tribes. Seed multiplication and further distribution of surplus by the farmers will be encouraged.

Up to 25 field workers (up to five from each tribal area) will be hired by the TAT/PCU. They will be trained by the TAT and staff at the newly established Oghi PCU office to assist in field work, and to help identify village problems. Field workers will further be able to act as liaison between agriculturists and farmers, to distribute vegetable seeds, inform remote areas of teacher training, etc., and to aid in developing and advising on potential crop additions/improvements program. Their early employment and active participation in field work will signify to villagers that helpful activity is underway.

(e) Watershed Activities

The project intends to have a significant watershed element, with administration by the Forestry Department in collaboration with the World Food Program (WFP). This activity will be closely monitored by the Mission's Forestry Project Project Officer. Initial watershed activities will include establishing forest and fuelwood nurseries sufficient to plant 7,500 acres during Phase I. Planting will occur in phased levels, starting one year after the establishment and operation of seedling nurseries. The Phase I budget includes some $930,000 which should fully fund this watershed management program, which is described in a draft PC-1 on file in USAID/Islamabad. The line item includes provision for the additional management and program costs that will be incurred if arrangements for administration of this sub-project with WFP cannot be made. Under WFP, a food-for-work system of compensation is employed, and AID funding is reduced to specified

contractual elements within the total program. If the forestry activities are very successful during Phase I, it is possible that additional funds may be required in later years. In that case the Phase II project amendment will make appropriate budgetary provisions.

b. Phase II Activities

The specific activities that will constitute Phase II will be defined by the Technical Assistance Team and PCU during Phase I based on the results of the Social Soundness Analysis, also to be prepared by the TAT during Phase I. Funding for Phase II will be obtained by a follow-on project amendment. For details of the planned Phase II budget see IV.C, the Financial Plan.

The following activities are anticipated in Phase II:

i. Roads

(a) Completion of construction of the three East Bank access roads.

(b) Construction of up to 50 kilometers of additional roads, linking interior villages to the breakthrough roads, and to the completed Darband-Thakot road now under construction by the Frontier Works Organization. Selection of these roads, and other possible water transportation improvements will be the result of the field surveys to be conducted during Phase I.

ii. Agriculture

A continuing emphasis on agriculture, and on those initiatives that proved most successful during start up. Continued employment of local tribal trainees as field workers will be featured.

iii. Training

A training center will be established at Oghi. Its main curriculum will be in basic skills and literacy, to prepare trainees for future training opportunities, or to allow them to take on jobs directly. Oghi is the preferred site since it is a traditional center for area residents, and favors no single tribal group.

The center will probably consist of 2 classrooms (one being a workshop), hostel facilities for 20 trainees, dining and cooking facility, office and storage and one 2 bed type D house for a full time instructor and one two room lodging for a short course instructor.

The full time instructor will provide literacy training including basic math/numbers. The short term instructor will provide skill training in

those occupations most needed in village areas, such as blacksmithing, masonry, carpentry, shoe making/repair and agriculture. The agriculture skills taught will be in those areas generally known as "custom" agriculture; such as fruit tree planting and pruning and insect control. On a general basis the center will provide instructions in vegetable production, fruit production and poultry. For the agriculture courses cooperation will be sought with the outreach program of the NWFP Agriculture University and its research stations in the Abbottabad and Mardan areas will be sought. Marketing and quality control will be requested from the Fruit and Vegetable Development Board.

iv. Teacher Lodging and In-Service Training

(a) Lodging

The Provincial Department of Education has been very cooperative in assigning teachers to the Kala Dhaka area, but recruitment of trained teachers from the area and/or for the area has not been successful. The Department of Education has therefore recruited "matriculated" (untrained) teachers for the area. A matriculated teacher has an academic background but has had no training as a teacher. The Department of Education believes that the major cause of recruitment difficulty is the lack of adequate lodging for the teachers. Teachers receive a housing allowance in addition to salary, but often housing is unavailable and teachers must either live in the classroom or, at best, find housing some distance from the school.

To improve this situation, the project will assist communities to construct teacher lodgings wherever the following conditions obtain:

(1) The community establishes a project committee that agrees to undertake the construction, utilizing standardized plans for the housing. A contract between the project and community will be executed that determines all aspects of the endeavor.

(2) No rentable housing is available within the allowance limit of the teacher plus five percent of salary.

(3) There is sufficient land on the school property, available without cost to the project or sufficient community property is made available within reasonable distance from school at no cost to project.

(4) Water is available to the extent it is available to the average resident in the village.

(b) In-Service Training

The activities initiated during Phase I will continue, with up to 10 matriculated teachers per year being sent at

project expense for training in one of a number of Pakistani institutions. In addition, it is hoped that specialists hired initially to work in Gadoon Amazai may be made available to work with teachers in Kala Dhaka on on-site training to improve teaching skills. If this proves popular, some short term technical assistance might be obtained specifically for these activities in Kala Dhaka in the later years of Phase II.

3. Drug Abuse Prevention Center

The National Drug Abuse Prevention Center will be established in Islamabad with some of the startup costs provided by the Regional Narcotics Education Project (398-0355) and the remainder provided under this amendment. The Regional Narcotics Education Project is proposed as a three-year effort with an estimated cost of $3 million and designed to provide short term technical assistance to eight Asian countries with significant drug abuse problems including Pakistan, Nepal, Thailand, Philippines, Bangladesh, Burma, Indonesia and Sri La ka. Among the first countries ready to receive assistance are Pakistan and Thailand. A Project Agreement has already been signed with the GOP obligating $265,000, of which $65,000 will be made available to the PNCB as start-up costs for such things as property rental and utilities for the Center. The remaining $200,000 will be used by AID/W to contract for the provision of short term technical assistance proposed under the regional project. This Project Amendment allocates just over $2.2 million to the Drug Center.

At first the Center will form contacts with cooperating agencies in Quetta and Karachi and subsequently in other towns as the need arises. Branch offices are proposed to be established at Quetta and Karachi at a later date. The Center will have a staff of approximately 40 professional and support staff and report directly to the Chairman, PNCB.

Up to $500,000 over five years will be made available to the Drug Center by the US Embassy's Narcotics Affairs Unit in addition to the AID contribution described in this Amendment.

a. Structure of the Center

The Center will be administratively comprised of the following Units:

i. Administrative Unit (AU)

The Director's Office located in the AU will provide overall direction for all the Centers' activities. This Unit will also include an Accounts Officer, a Contracts Officer, an English/Urdu translater, two stenographers and support staff consisting of messengers, drivers and cleaners. The Implementation Advisor will be attached to the Director's office.

ii. Information Services Unit

This Unit, headed by an Information Coordinator, will draw on the services of the Administrative Unit Support staff for the performance of its functions. The Information Coordinator will collaborate closely with other Center Units particularly during mass media campaigns and in offering training seminars for journalists.

iii. Collaborating Unit Agencies/Branch Offices

To be fully effective the Center needs to be represented in the provincial capitals and other main cities. Until the establishment of the branch offices in the second year of the project, for financial and organizational reasons, it is intended to seek to affiliate "collaborating agencies" with the Islamabad Drug Abuse Prevention Center. These agencies might be NGOs, GOP or provincial government offices, clinics or other medical facilities, university departments or other educational institutions. To qualify the collaborating agency should have a strong connection with drug abuse prevention and be able to offer office space and facilities. In return the agency will receive a packet of equipment and materials and honoraria to cover phone bills and utility costs. Collaborative agencies will be in Karachi and Quetta and subsequently Lahore, Peshawar, Multan, Sukkur, Hyderabad and other areas. In years two and three buildings will be rented for branch offices in Karachi and Quetta respectively. Each office will be headed by a Program Officer supported by a stenographer and an UNFDAC provided sedan car.

iv. Documentation Unit

This Unit headed by an experienced reference service librarian will be supported by a stenographer/assistant. The librarian will build up a comprehensive collection of documents and all audio visual formats for use in responding to information users with special needs and for dissemination to key individuals and organizations as well as units of the Center.

v. Training and Outreach Unit

This Unit will be headed by a senior training and outreach officer supported by a stenographer. The outreach officer will also be designated as the Deputy Director of the Center. Two junior training officers will be appointed in year two.

This Unit will serve as the operating arm of the Center providing technical assistance to those who have decided to tackle the drug abuse problem. A major activity initially will be organizing training of trainer, workshops/courses around the country so that local expertise is available to work directly with the people. Various special projects will also be undertaken including mass media campaigns in order to reach

a wide variety of audiences and maintain awareness about the drug abuse problem.

vi. Materials and Audio Visual Services Unit

This Unit will be headed by a senior education media specialist assisted by a text/script editor, graphic design photographer, audio visual/photocopy technician and an Urdu calligrapher. This Unit will be staffed in year two of the project.

vii. Research and Evaluation Unit

This Unit headed by a senior research officer will include an evaluation specialist and a stenographer/data tabulator. This Unit will also be staffed starting in year two.

The Center will be equipped to commission and/or produce material and audiovisual items for training programs, press briefings and research and evaluation of drug abuse prevention programs. It will also serve as a national clearing house for information and materials on drug related matters to ensure that such items are correct and acceptable in the Pakistan context. The material provided will be tailored to specific audiences and target groups reflecting a number of demographic factors such as level of education, age, occupation, rural/urban setting, income and gender. Other considerations include literacy, past experience with drug abuse issues, religious orientation, geographic location, cultural/language grouping and level of acceptance or rejection of the drug abuse problem.

b. Center Activities

The Center will develop in a phased manner and gradually undertake activities including training, outreach materials production, research and evaluation, information studies and mass media and public awareness campaigns. Details of the phased implementation including the pilot phase of the first year will be covered in more detail in Section IV - Implementation Plan. The Center will be fully functional in the years 4 and 5 of the project and undertake the full range of activities that follows:

i. Training

Training will be audience-specific including courses for teachers, NGOs volunteers youth leaders, medical social workers, industrial personnel officers, newspapers journalists, policy makers and government officials, women's group leaders from rural areas, and graphic artists and writers interested in contracting work with the Center. The training (TOT) courses for local leaders will be the main thrust of the program who will in turn train community volunteers in drug abuse prevention. Three steps will be taken to ensure quality of training.

(a) Maintain high standards of TOT courses. This requires using course leaders and resource people with outstanding teaching ability and providing them with well designed course syllabi, preferably with their involvement, and appropriate materials.

(b) Provide participants with support material to reinforce what they learned during the course: manuals, handbooks, brochures, miniflip charts.

(c) Followup with course participants to correct any loss in learning, maintain motivation and supply additional materials such as access to videotapes, and new flip charts.

Most of the training will be contracted out to local groups or individuals. The Center will be involved in preparation of syllabi for the courses, assistance to contractors in preparation of course units and provision of materials for the contracting courses.

Cost components of the proposed training activities are in Annex 2 of the detailed Drug Center proposal on file in AID/W and USAID/Islamabad.

ii. Outreach

Much of the Center's activities will be devoted to supporting government sponsored agencies, NGOs and professionals engaged in drug abuse prevention. These activities will include: (1) assistance in the establishment of drug free zones through NGOs in an advisory and supportive capacity with materials and training; (2) expansion of a policy makers forum including Members of the National Assembly, Cabinet Ministers, senior civil servants and prominent community leaders to discuss and formulate policies which could curb drug abuse; (3) production of a newsletter which will highlight issues in drug abuse and serve as a unifying device for views and opinions as well as research findings; (4) conducting special conferences and seminars to be addressed by knowledgeable and articulate people. An informal list will be prepared by the Center staff of people who are willing to speak to service organizations, professional groups, and youth clubs on drug abuse; (5) production of documentary films and video tapes for nontraining purposes. The Center will use one or more technical advisory committees made up of senior and distinguished local experts to assist in developing outreach materials.

Cost components of the proposed outreach activities are in Annex 3 of the detailed Drug Center proposal.

c. Printed and Audiovisual Materials

A successful drug abuse prevention program requires the preparation of large amounts of varied informational materials. The list that follows shows what will be needed to support the proposed Center's activities.

AUDIO-VISUAL MATERIALS

Center Activities	Required Materials	
Training	Flip charts 16mm films Overhead transparencies Handouts: Manuals, fact sheets, reference, handbooks, charts, posters	35mm slides videotapes audiotapes
Outreach	Videotapes Posters Brochures Reference information responses Flip charts	16mm films Newsletter Research summaries Syllabus and curric. materials 35mm slides
Mass Media Campaign:	35mm slides	Commercial cinema
programs	Broadcast video-	Audiotaped radio
posters	Newspaper adver-	Rally banners,
	tising graphics	Bumper stickers, etc.
Press Information:	Still photos Fact sheets	Information kits Local language
translation	Research summaries	of center materials
Research Studies & Information Service:	Research summaries Graphics	Fact sheets Overhead
transparencies	35mm slides	Videotapes of field
study	Archival visuals	procedures
Special Outreach Activities:	Visuals for semi-literates and Workplace info kit	Drug Free Zone info kit Women-oriented materials, including audio-cassettes.

The Center will have only a limited capability to produce some of the less sophisticated material. The rest will be contracted out to private sector firms in Karachi, Lahore, Rawalpindi, etc.

More information on the type of materials to be prepared, and the most appropriate method of preparation, along with cost considerations for material preparation is presented in Annex 4 of the detailed Drug Center proposal.

iv. Research and Evaluation Studies

(a) Research Functions

A national survey of drug abuse in Pakistan completed in 1986 will be regularly updated so that policy makers, drug abuse prevention and treatment professionals and law enforcement agencies can estimate fairly the present drug abuse conditions. Other topics for research will also be taken up. For example, a series of case studies on various addicts, baseline studies in newly established drug free zones along with followup activities at later stages, economic impact studies of the narcotics trade, socio-psychological studies of 'at risk' subgroups, drug abuse in the workplace, history of drug abuse policy and laws in Pakistan, survey of past communication research in Pakistan, credibility of various communication channels in Pakistan and replication of important foreign studies.

(b) Evaluation

Evaluation activities will focus on program evaluation, pretesting of product materials and evaluation of impact.

In program evaluation the purpose is to discover if objectives for a given program, training course or mass media campaign, etc. are being achieved during the life of the program and at the end determine strength and weakness of the overall program.

More information on research and evaluation activities and their costs are in Annex 5 of the detailed Drug Center proposal.

v. Information Services

The Center will be a primary source of reliable and appropriate information and provide information services in two ways: (1) directly through the press and other media and (2) researchers and trainers with specialized needs for drug abuse information. Information services activities will include:

(a) Press Information

The program of press information will reinforce community level activity in press and media. The Center's press information section will publicize ongoing programs. Another purpose will be to educate journalists about the nature of drug abuse problem in a manner which avoids exaggeration while providing solid useful

information to the public. The press information activities will include:

holding regular press conferences;

providing press kits as is already being done under the UNFDAC prevention education project;

commissioning of newspaper feature articles and photographs;

assisting foreign journalists with research data;

providing broadcast media with scripts of possible radio and television programs;

conducting press tours to significant areas which reflect drug abuse prevention issues;

simplifying research studies for distribution to the press;

holding press seminars and workshops on drug abuse.

(b) Special Information Service

There will be a separate service for information users with specialized needs. This Section will have a computer with which to establish a mailing list of information users and their indicated interests. The Center will have a knowledge base of books, journals, documents, support monographs, newsletters, magazines, articles of audio-visual materials and assorted small items such as press clippings and brochures pertaining to drug abuse prevention issues. In addition, there will be a photo library, data from research and copies of documents and materials produced from the Center's operation. This Section will also compile a series of facts on most requested drug abuse topics.

vi. Mass Media and Public Awareness Campaigns

The Center will undertake annual campaigns both national and local following the pattern of 1986 and 1987 activities. The yearly campaigns will follow a single theme with an attractive slogan. The purpose will be to draw public attention to the nation drug abuse problem, create a climate of opposition to addictive drugs, reinforce the beliefs of grass root workers in the importance of what they are doing and reach policy makers who may not have yet taken a stand against drug abuse. Regional campaigns will also be conducted based on local languages, values and customs.

IV. IMPLEMENTATION PLAN

A. Implementation Schedule

1. Gadoon II

The following implementation tables cover a five year period commencing June 1988 and ending May 1993.

The first table summarizes significant implementation benchmarks for the component as a whole; the following table allocates dates and responsibility for major categories of sub-projects. These details are illustrative. Actual implementation dates will vary, but the timetable provided does permit accomplishment of all proposed activities within the amendment period and should therefore be taken as a serious guide. The numbers in each table refer to the month of the year. If year 1 starts in March 89, the figure 3 will represent June 89.

TABLE 1

GADOON II: IMPLEMENTATION BENCHMARKS (IN MONTHS)

Event	Date Year 1	Date Year 2	Date Year 3	Date Year 4	Date Year 5	Responsibility
Amended ProAg signed	0					AID/GOP
Workplan revised for Gadoon (PC-1)	0					PCU
RFP for technical assistance issued	1					AID/NWFP
Local Advertising for Pasture/ Forage Specialist	1					AID
Local Advertising for Training Specialist and Support Personnel	1					PCU/AID
Pasture/Forage Specialist begins work	6					AID/PCU
Training Office Fully Started	6					PCU
Mid-term Evaluation		12				AID/NWFP
Final Evaluation					6	AID/NWFP

TABLE 2

GADOON II: TIMETABLE OF SUB-PROJECT IMPLEMENTATION

Sub-Project Category	Date Year 1	Date Year 2	Date Year 3	Date Year 4	Date Year 5	Responsibility
Infrastructure						
1. Roads						
Contracts awarded approx 57.5 miles of road construction	2	2	2			PCU/C&W/AID-RAO/P
19.5 miles of surfacing						
Work Commences	4	4	4			
Work Completed		4	4	4		
2. Electrification						
Phase IIC	2	2				WAPDA/PCU/AID
D	2	2				RAO/P
F		2				
Completed		11				
6 phases started		2				
6 phase completed					6	WAPDA/AID
4 phases started			2			
4 phases completed					6	
3. Water Supply Schemes started		2	2	2	2	C&W/PCU/RAO/P

Sub-Project Category	Date Year 1	Date Year 2	Date Year 3	Date Year 4	Date Year 5	Responsibility
4. Channel Linings started		2	2	2	2	NWFP PCU/RAO/P
5. Land leveling						
Award of contract	4	4	4	4	4	NWFP/PCU/RAO/P
6. Construction of BHU, Nara	6	12				
Horticulture						
Orchard Development						
1. Training of FAs in pruning and spreading of fruit trees by Dept of Agriculture & RAO/P Agriculturist	6	6				PCU/NWFP/RAO/P
2. Training of farmers by FAs 1 above	7	7	7	7	7	PCU/NWFP/RAO/P
3. Environmental assessment on use of horticultural chemicals	2					
Training in use of horticultural chemicals		7				IQC Contr/ RAO/P/NWFP
Inspection on use and application of chemicals		8	8	8		
4. Harvesting for markets						
a. Selection of orchards			2	2	2	NWFP Dept of Agr
b. Ordering of trees		1	1	1		NWFP Dept of Agr
c. Planting trees	6	6	6			NWFP Dept of Agr
d. Replacement of dead trees		4	1	4		NWFP Dept of Agr

Sub-Project Category	Date Year 1	Date Year 2	Date Year 3	Date Year 4	Date Year 5	Responsibility
Agriculture						
1. Tomato						
a. Selection of 200 acres for off-season tomato production	1	1	1			NWFP Dept of Agr
b. Starting of plants in nursery	1	1	1			NWFP/PCU
c. Training of farmers and distribution of fertilizer/plants	2	2	2			NWFP/PCU
d. Harvesting and marketing						
2. Potato						
a. Selection of 50 acres for Planting	2	2	2			NWFP/TIPAN
b. Selection of 50 acres for spring planting	8	8	8			NWFP/TIPAN
c. Training FAs on insect and disease identification, roguing of seed potatoes	4	4	4			NWFP Dept of Agr/PCU
d. Harvesting and storage of potatoes	10	10	10			
3. Onions/Garlic						
a. Selection of 100 acres for production	1	10				NWFP/PCU
b. Establishment of a nursery using improved varieties	1	11	11			NWFP/PCU
c. Provision of plants and fertilizer	1	1	1			NWFP/PCU

Sub-Project Category	Date Year 1	Date Year 2	Date Year 3	Date Year 4	Date Year 5	Responsibility
4. Afforestation/Watershed Management						
3,800 acres to be planted over 5 years						
Year 1 - 700 acres						
Year 2 - 900 acres						
Year 3 - 1000 acres						
Year 4 - 1200 acres						
a) Selection of sites	3	3	3	3		NWFP/Local people
b) Digging of holes	5	5	5	5		Dept Forestry/PCU
c) Planting of trees	12	12	12	12		Dept Forestry/PCU
d) Replacement of dead trees	1	1	1	1		
5. Pasture and Forage Program						
a) Specialist arrives	6					
b) Review of literature and research	6					CTR/NWFP
c) Field visits	7					CTR
d) Design of project	8					CTR/NWFP/AID
e) Enclosures established	8					CTR/NWFP
f) Sites selected in each Union Council and training of assistants in project development	8 11					CTR/NWFP/AID
g) Identification of staff for ST training	12					CTR/NWFP/AID
h) Annual demonstration evaluation		5	5	5	5	CTR
i) Specific mid-term evaluation in months 19-20 of first		10				PCU/RAO/P/AID
j) Nutrition program accepted as part of GOP activities, based on realignment of responsibilities in line agencies					7	NWFP

Sub-Project Category	Date Year 1	Date Year 2	Date Year 3	Date Year 4	Date Year 5	Responsibility
6. Veterinary Dispensaries						
Provision of medicines and supplies to existing VDs	1	1	1	1	1	Dept of Live-stock/PCU
10. Marketing						
a) Contractor develops study format	4					CTR/PCU/AID
b) Study completed	10					CTR/PCU/AID
c) Marketing Project designed as a project component	12					AID/NWFP/PCU
d) Project established		2				
e) Follow-up visits		10				

2. Kala Dhaka

The implementation schedule for Kala Dhaka takes into account the lead-times necessary to a start up activity involving hiring of new staff and new contractual arrangements. These time limitations have restricted the proposed Phase I activities, however the PCU and TAT have the flexibility to start any other small, high-impact activities under Phase I if these are approved by the PRB and the USAID Project Officer. The timetable allows for a variety of agro-forestry, training, and infrastructure activities to begin relatively quickly, and for field work to lead to a completed project design.

The major future expenditure in the Kala Dhaka component will be the construction of access and link roads. Surveys and design will be started in Phase I, by contracting for A/E services. To speed the work, three separate firms may be contracted for each of the three access roads from the east. Design is estimated to take between 8 - 11 months and should therefore be completed within Phase I. As detailed in the Project Description, West Bank road construction will start in Phase I, as might construction of one East Bank road. Construction of all roads will be completed during Phase II.

A detailed implementation schedule for Phase II will be one of the outputs of the work of the TAT during Phase I.

TABLE 3

KALA DHAKA: ILLUSTRATIVE PHASE I IMPLEMENTATION SCHEDULE

Event	Date/Month	Responsibility
Project Agreement signed	Sept 1988	AID/GOP
RFP for Tech. Asst Team issued	3	AID
Vehicles, equipment ordered	3	AID
Advertisement for local AID FSN Engineer, Administrator and Program Assistant issued	4	AID/NWFP
RFP for A/E road design and supervision issued	4	AID
Oghi office established	6	AID/NWFP
PCU Director in place	6	NWFP
Orders for trees, seed, rootstock	6	PCU/RAO/P/Agric
Medical team solicitations issued	6	PCU/AID
Oghi housing arranged	7	AID
Vehicles, equipment arrives	8	-
A/E services contract awarded work begins	8	AID
AID-financed FSN engineers in place	9	AID/PCU
TA Team arrives/start-up	10	PCU/TAT
Medical Teams contracted	11	PCU/TAT

Nursery land/agric plots rented	11	TAT/PCU
25 Field Assts hired: Agric Plots	11	TAT/PCU
TAT/PCU plans for design of Phase II approved	11	NWFP/AID
Seed for demonstration arrives	12	TAT/PCU
Area allocations of seed, trees	12	TAT/PCU
Transport Economist arrives	12	TAT
First medical teams start	12	PCU/TAT
20 teacher-trainees start training	13	TAT/PCU
TAT surveys completed	13	TAT/PCU
4 short-term TAs depart	13	TAT/PCU
Sub-project contracting begins (water, irrigation, hydel)	13	TAT/PCU/FSNs
First draft of design of Phase II circulated	14	TAT
Second Medical team contracted	15	PCU/TAT
Transport Economist departs	15	TAT/PCU
A/E designs completed	16	PCU/TAT
20 nursery caretakers hired	16	PCU/TAT
Nursery forest stock arrives	16	PCU/TAT
Second Medical Team starts	17	PCU/TAT
5 nurseries started	17	PCU/TAT
WAPDA-hydel design completed	18	PCU/TAT/WAPDA
Second medical team departs	19	PCU/TAT
Mid-term project evaluation	19	AID/PCU/NWFP
Design of Phase II Amendment complete, includes social analysis reviewed and approved in Mission PC-1 also approved	19	TAT/AID/NWFP
Future forest acres contracted	19	PCU/TAT
Phase II begins	20-24	AID/NWFP
Construction contracts let, firms mobilize	20-24	AID/FSNs

Note: (1) The above schedule shows consecutive actions which may require modification to adjust some field work according to severity of winter weather.
(2) The schedule for AID actions reflects usual lead times; the Mission will, however, endeavor to speed up its activities to ensure a prompt start of this Component.

3. Drug Abuse Prevention Center

The implementation schedule for the Drug Center assumes a June 1988 Project Agreement signing. It covers the first three years of the Center's development. Later implementation will follow Year 3 activities; details will be developed in an annual implementation plan that will be approved by AID. Because this schedule is very detailed it is presented separately as Annex P.

B. Administrative Arrangements

As shown on the chart on the following page, this project amendment adds three new components to a project that already has the following three distinct elements: the area development activities in Gadoon-Amazai, the support for the UNFDAC rural development activities in Dir, and the construction of infrastructure for the Industrial Estate at Gadoon. The amendment covers 1) a second five year phase of activities for Gadoon-Amazai that will complete USAID's involvement in the area, 2) a first phase of activities in a new area adjacent to Gadoon, and 3) a five year involvement in the development of a national drug abuse prevention capability. The Drug Abuse Prevention Center will be operated by the PNCB; the administrative arrangements are described in Section B.4 below. Center administration will be quite separate from the area development activities. For these, the differences in the two areas and the complex administrative mechanisms found in the two project sites, has given rise to the need for a flexible and bifurcated management system.

The new system, however, is firmly based on the experience gained in the first five years of the NWFADP implementation, and for the major new addition of Kala Dhaka, the project will adopt a parallel administration to that in Gadoon-Amazai, modified to accommodate the new area's tribal status.

1. Gadoon II

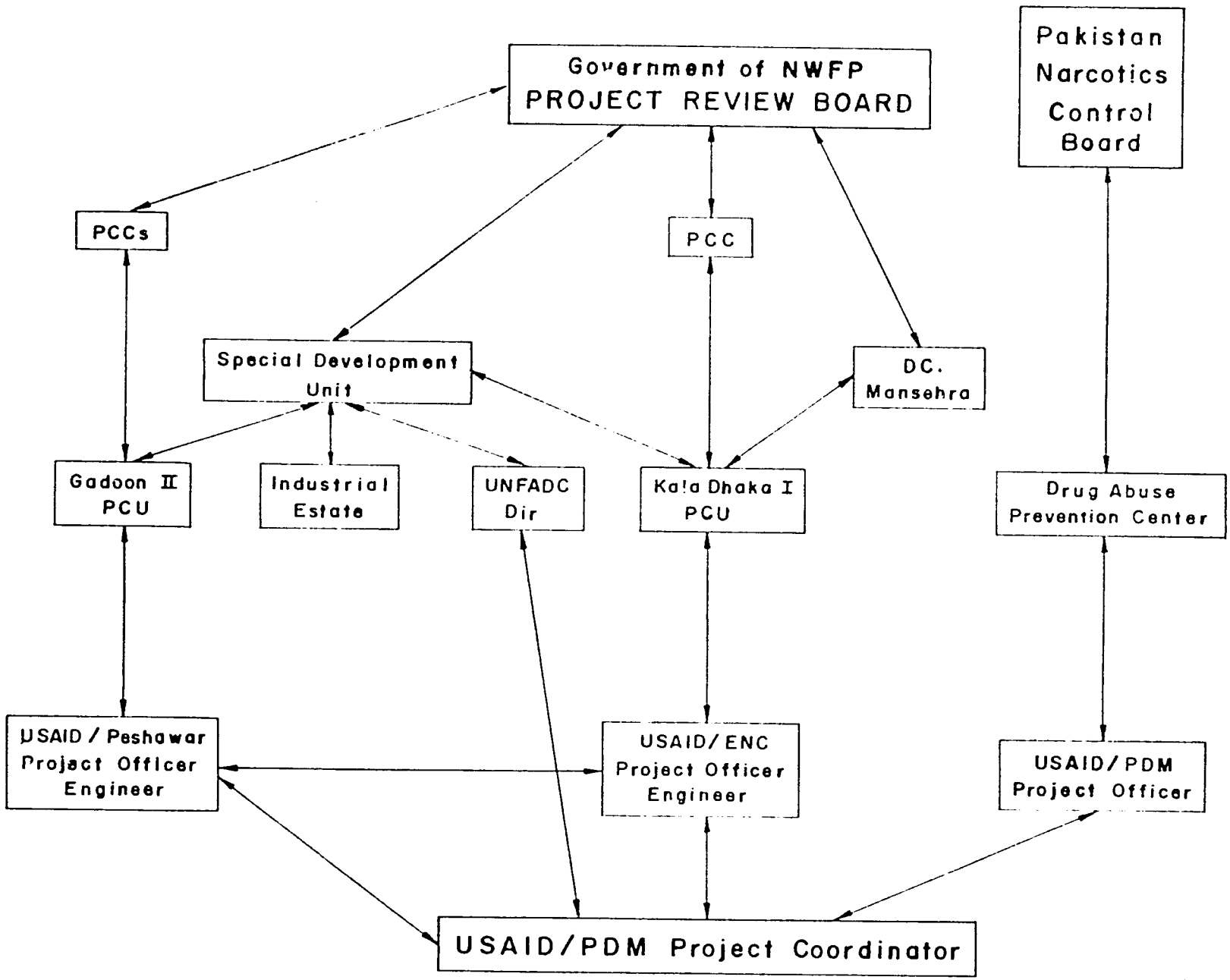
a. AID Responsibilities

i. Direct AID Involvement

Activities in Gadoon-Amazai will continue to be managed by a Project Officer based in Peshawar and strongly supported by the RAO/Peshawar Engineering Office. This Office will continue to supervise a 13 person engineering staff that spends a five day work week in Topi and the Gadoon-Amazai area. RAO/Peshawar will also supervise an agricultural expert who lives and works in the area five days a week.

Over the five year life of the Gadoon II component, the need for such heavy direct AID involvement will diminish. By Year 3 of Gadoon II, for example, possibly only four engineers will be required, while the agricultural expert may not be required full time, but may be able to divide his efforts among the various NWFADP components. The financial plan reflects all supervision being performed by RAO/P/ENG. However, a timetable for the gradual transfer of this work to the line agencies such as C&W and the Topi PCU will be approv.d by the PCU and USAID by December 31, 1988. The timetable will allow for 100% transfer of responsibility by the PACD. The savings that will accrue from this transfer will be available for use for additional infrastructure subprojects. Since AID provides financial support to the PCU staff budget, which will be

ORGANIZATION STRUCTURE FOR NWFADP, AMENDED



withdrawn at the end of the amendment period, it is likely that the GONWFP will also gradually reduce the size of the PCU staff transferring full responsibility to the line agencies. Again, savings of AID resources will be applied to additional infrastructure sub-projects.

A major AID responsibility will be to carefully manage its withdrawal from Gadoon in 1993. An overriding concern of the USAID Project Officer will be to ensure steady progress is made in devolving responsibility for activities that must continue beyond that date fully onto the GONWFP line agencies. A review of progress to date and recommendations of how to proceed further will be a focus of the Mid-Amendment Evaluation Schedule for 1990.

A.I.D. shall provide up to 4.5 person months of short term technical assistance to advise on the safe and appropriate use of pesticides in the agriculture activities.

Up to six person months of time shall be financed and provided by A.I.D. for a mid-term and final evaluation.

ii. Technical Assistance Contractor

The Gadoon I long term expatriate technical assistance contractor (with the exception of the forester) completed work in 1986 and for the past year the project has operated successfully without any expatriate TA supervision. However, the 1987 evaluation noted deficiencies in Gadoon I training and off-farm employment activities. To rectify these omissions and build a strong basis for non-formal education, technical training and related topics, the project has budgeted for training and employment services; long-term local expertise will be hired for each of the five years. Limited short-term expatriate assistance in training is budgeted for Years 2,3 and 4. The need for these or additional services will be determined after the performance of the Overseas Pakistanis Foundation is evaluated at the end of Year 1. The Training office will conduct this evaluation because under Gadoon I the OPF performance was not fully satisfactory. A long-term Pakistani forage/animal husbandry expert is also to be provided, following the recommendations of the Gadoon I evaluation. The proposed job descriptions and qualifications for these long term positions are presented in Annex G. To support the long term forage advisor three project staff members will each receive three months training in the US starting in 1989.

b. GOP Responsibilities

i. Overview

During Gadoon II the Project Coordination Unit (PCU) will continue with no change in its organizational makeup. The Government will continue to pay the Director's salary, while the project provides housing and per diem at government rates. Other staff arrangements

initiated in Gadoon I will be continued until the end of the amendment period.

The provincial line agencies of C&W and Agriculture will continue to be prime implementors of Gadoon activities. The mechanisms for interacting with these agencies are firmly in place, and will be followed during Gadoon II.

Experience under Gadoon I has suggested that the administrative arrangements for working with WAPDA to electrify Gadoon villages were not ideal. For Phase II, a new mechanism is proposed whereby AID will provide only 25% cash advances, as is done for other agencies.

ii. Administrative Structure

The first phase has yielded an administrative structure that has worked well, and will be continued during the second phase. The main entities are:

(1) Project Review Board (PRB)

This constitutes the highest GONWFP oversight of the project. The PRB is chaired by the Additional Chief Secretary. Members include USAID and the Secretary, Planning and Development. All other concerned provincial secretaries are either members or can be coopted for membership as needed. Members of the Provincial Assembly (MPAs) can be similarly coopted. The function of the Board is to provide overall policy guidance and approve Annual Work Plans proposed by the Project Coordinating Unit (PCU) after consolidating work plans approved by the three Project Coordinating Committees (PCC). The PRB can also use its high-level membership to speed up line agency sub-project implementation, whenever necessary.

(2) Special Development Unit (SDU)

The Project Director located in the PCU (see Section 4 below) reports to the Director General of the SDU. The SDU is charged with implementing the Special Development and Enforcement Plan, which is intended to focus GOP and donor assistance to eradicate centers of poppy cultivation and to prevent the resurgence or introduction of poppy cultivation in non-producing areas. This Unit of the GONWFP's Planning and Development Department has special responsibility for developing, overseeing and coordinating development work in all areas of the province where poppies are grown.

(3) Project Coordinating Committee (PCC)

This lower level oversight/coordination body tackles more of the day-to-day issues that cannot be resolved by the PCU Director alone. The PCC also reviews past performance and formulates future work

plans for the PRB and USAID review. These work plans are based on work plans prepared by each of the line agencies. These line agency work plans consist of small subprojects, each under $100,000 addressing felt needs voiced by the Union Councils or recommended by the line agency concerned. Each Union Council prepares a list of proposed projects which can be added to by the line agencies. These lists are then reviewed by the staff in the line agencies for technical feasibility and the PCU for conformance to criteria established (i.e. mix of different projects, geographic spread, political imperative). These lists are finalized and approved by each Union Council before submission to the PCC. The Project Director chairs each PCC. Membership includes the heads of all line agencies working in the project area. Members of the Provincial Assembly (MPAs) are permanent members of the PCCs. Union Council Chairmen are active members of the PCCs. There are three Gadoon-Amazai PCCs--one in each political district touched by this project component.

(4) Project Coordination Unit (PCU)

Based in Topi, this is the heart of the Gadoon component management. Headed by the Director, the PCU oversees day-to-day operations and proposes Annual Work Plans and long range plans and policies for consideration by the PRB and PCC.

2. Kala Dhaka

a. AID Responsibilities

Although the Kala Dhaka area is seen by the GOP, and its residents, as a single unit, the map on page 27 shows that geographically it is two distinct areas: the Madda Khel portion on the West Bank of the Indus which is largely occupied by one tribal group, and the larger area comprising four other tribal groups on the East Bank. The Indus and Tarbela Lake effectively separate these two areas.

Since a major activity will be road design and construction, AID's administrative and monitoring requirements will be largely in the engineering field, and it is proposed at least initially to manage East Bank activities in the Kala Dhaka component out of the Islamabad Office of Engineering. However, practical access for road works in Madda Khel dictate that West Bank roads be considered as continuations of Gadoon activities, and be managed out of Topi and backstopped in Peshawar. East Bank road design and construction will be managed out of Oghi and backstopped in Islamabad.

The Office of Engineering will collaborate with RAO/Peshawar on all policy level issues and problems which require the attention of the PRB or provincial level government offices.

Upon signing of the ProAg, during Phase I, a Pakistani Administrator will be contracted by AID to be based in Oghi. This person will oversee and

administer all project selected activities, including the management of AID rented facilities and equipment, contacts with appropriate host country officials, and will represent the Project Officer. An FSN civil engineer also based in Oghi will be hired during Phase I to assist the Project Officer in administering the direct AID A/E services for the design of the three roads on the East Bank of Kala Dhaka. A Program Assistant will be engaged to help the Project Officer in supervising the Kala Dhaka component; he will be based in the USAID/Islamabad Engineering Office.

When construction begins in Phase II an additional FSN engineer will be hired to assist the Project Officer in monitoring all construction activities under the project.

AID funds will also be used to pay the salaries of other specialists initially through the Technical Assistance contract who will either be considered as PCU employees and report directly to the Project Manager, or will work for the TAT until the PCU Manager is in place. One water/civil engineer to review and select systems for approval by the Islamabad Engineering Office and to assist communities in the construction of water supply systems will be contracted. A general agricultural expert will be needed to assist the PCU Manager and the TAT in the implementation of Phase I agricultural activities. This person should be a generalist, with a background in agronomy, forestry and livestock. He will be able to turn to the Islamabad ARD office for technical support. The project will finance the services of a health specialist to oversee the mobile health team work envisaged for Phase I. USAID's office of Health, Population and Nutrition will provide technical backstopping. The experts may be obtained from NWFP line agencies on secondment, if so desired by the provincial government. The project will provide adequate hardship allowances for such personnel.

The project will also finance an adequate support staff for the PCU, as described in more detail in the Financial Plan, IV.C.

As activities wind down in Gadoon II, AID-financed technicians may be transferred to the Kala Dhaka component. Technical assistance, primarily contracted for Gadoon II, including the forage/pasture specialist and the training specialist, will also be made available in Kala Dhaka, if needed.

During Phase I of Kala Dhaka, activities will be initiated by the Project Manager, with the assistance of a Technical Assistance Team (TAT). The Team will be led by a full time expatriate, experienced in the design and implementation of area development projects, who will stay in country for 12 - 24 months, and will be based in Oghi. He will be supported by a variety of short-term technical specialists, to be recruited both in the US and Pakistan. The Chief of Party (COP) will contract for a local social scientist to act as his assistant in designing Phase II and implementing Phase I activities. This person should speak the local language, and act as the COP's interpreter. All TAT personnel will

operate out of the Oghi PCU.

Details of the roles and responsibilities of the TAT, and the qualifications and experience of its members are given in Annex G.

b. GOP Responsibilities

i. Overview

In recognition of the unique political situation of Kala Dhaka as a provincially administered tribal area, the Kala Dhaka component of NWFADP will have a two-tiered, but politically appropriate management system.

As discussed in the Issues Section I.E. above, the Deputy Commissioner, Mansehra occupies a special role in the area. His office represents the single link between the area and the provincial and federal governments, and as such, must be involved in all activities in the area. It is therefore proposed to make the DC the Ex-Officio Project Director. Recognizing his myriad other responsibilities, it is acknowledged that he cannot be the de facto Project Director, nor be involved in day to day implementation decisions in a remote area, far from his official location. This responsibility will be undertaken by a Project Manager, who will be of equivalent rank and experience to the Director of the Gadoon-Amazai component of the project.

Following the same approval mechanisms as in Gadoon, the Project Manager shall have authority to make day to day implementation decisions on his own and shall have authority over the project's personal ledger account or assignment account. The Ex-Officio Director will be responsible for all decisions relating to security in the area. All project staff will be subject to his authority in this regard. It is recognized by the GOP, however, that without regular, free access to Kala Dhaka, the project objectives cannot be met, and the component would likely become inoperative. The Project Manager, the Ex-Officio Director and the AID Project Officer will collaborate on the development of a long term implementation strategy which will be presented to the PRB for review.

The Hazara Division line agencies, whose involvement in the area is currently extremely limited, will increasingly become active in the area. However, during Phase I there should be no undue burden on provincial entities. The first agency to be approached will be the Forestry Department to work in the World Food Program assisted activities. The Health Department will be invited to supervise the activities of the proposed mobile health teams.

ii) Administrative Structure

For Kala Dhaka, many of the entities and modalities established in Gadoon I will be employed.

(1) Project Review Board

The PRB for the Gadoon-Amazai will also operate for Kala Dhaka having final approval of all subprojects over 1 million rupees the Board will include the following individuals: Deputy Commissioner, Mansehra and Commissioner, Hazara. Relevant MPAs may be coopted to the PRB.

(2) Special Development Unit

The SDU will relate to Kala Dhaka in exactly the same way as to Gadoon II, and the Project Manager for Kala Dhaka will report to the Director General of the SDU. The SDU, which reports to the Additional Chief Secretary of Planning and Development, GONWFP, will provide policy guidance to the project through the Project Manager.

(3) Project Coordinating Committee

A separate PCC will be established for Kala Dhaka patterned on the Gadoon I PCCs. Membership will include the DC, Mansehra and the MPAs from Kala Dhaka. Also represented will be heads of relevant line agencies.

(4) Project Coordination Unit

As in Gadoon, the PCU will be the core of day-to-day management and technical decisions for the Kala Dhaka component. The DC will be the nominal head of the PCU, the Project Manager will be its day-to-day leader. Six technicians will support the Project Manager in implementation. Appropriate support and administration personnel, as well as vehicles and equipment, will be supplied by the project.

3. Financial Management Plan

a. Obligation Schedule

Table 1 shows the proposed obligation and expenditure schedule for the project.

Table: 1

Amendment Obligation and Expenditure Schedule ($000s)

	1988	1989	1990	1991	1992	1993	Total
Obligation	5,500.0	6,000.0	6,000.0	6,000.0	6,000.0	2,500.0	32,000
Expenses							
Gadoon II		3,304.4	4,774.4	4,666.2	4,767.2	3383.0	20,895.2
Kala Dhaka		4,092.1	3,938.9				8,031.0
Drug Center		435.3	779.0	720.8	637.6	501.1	3,073.8
Total		7,831.8	9,492.3	5,387.0	5,404.8	3,884.1	32,000.0

b. Disbursement Methods Gadoon II and Kala Dhaka

Project funds will be disbursed through three channels: direct disbursement by AID, Fixed Amount Reimbursement and Host Country Contracting.

i. Direct AID Expenditures

Dollar costs under the project will be disbursed directly by USAID/Islamabad. The technical assistance contractor for both Gadoon and Kala Dhaka will be responsible for certain off-shore and local procurement and in-country training expenditures provided for under the contract. In the case of Kala Dhaka the TA contractor will also be authorized to initiate certain small pilot project activities prior to the establishment of the Project Manager's Personal Ledger Account/Assignment Account and the receipt of an advance against the first approved work plan. Activities by the contractor must receive the advance concurrence of the GOP Project Manager and the AID Project Officer. The contractor will complete all procurements/training/construction in accordance with AID regulations, and receive reimbursement from USAID/Islamabad. All rupee costs will be handled by direct reimbursement to the TA contractor. Under the Northwest Frontier Area Development Project a Pakistani personnel contractor is providing some RAO/P/Engineering and PCU staff. USAID makes direct payment to this contractor. This contract may be extended for elements of the current amendment.

ii. FAR Disbursements

Engineered roads and electricity systems implemented by Communication and Works and WAPDA, respectively, will be managed under a FAR system or Host Country Contracting, as appropriate, with periodic advances to cover implementation of the projects. Payment will be made upon inspection and approval of work completed according to an agreed upon schedule.

iii. Operating Grants to Line Agencies

The flow of funds mechanism that has evolved during implementation of Phase 1 will be continued in Gadoon II and be replicated for the Kala Dhaka component.

- A separate non-interest bearing, non-lapsable Personal Ledger Account (PLA) and a GOP Revolving Fund will be established to be operated by the Project Manager for the Kala Dhaka Component. The line agencies involved will also open separate non-interest bearing non-lapsable PLAs for project funded activities. A new, similar account known as an Assignment Account may replace the PLA.

- Every year the Project Manager will submit to the Project Review Board (PRB) a Work Plan describing the program to be undertaken by

line agencies including the local council/project committee expenditures. The Plan will be updated every year or even sooner if considered necessary. After approval by the PRB, the Plan will be submitted to USAID for approval and funding under Project Implementation Letters. This Plan will cover all subprojects costing less than $100,000. Subprojects costing over $100,000 will be considered on a case by case basis and funded either under FAR arrangements or Host Country Contracting procedures. AID has developed standard lists of clauses covering mandatory and essential contract provisions that will be made a part of each agreement between the PCU and line agencies or Project Committees. The first Work Plan will be prepared and submitted to AID as soon as possible after the Project Agreement is signed, so that project disbursements can begin immediately after the Conditions Precedent have been met.

- The line agencies will submit monthly reports to the PCU, showing expenditures and supporting documentation. The PCU will consolidate these reports in summary form, on a monthly basis and send them to the Project Officer through the SDU. USAID will reimburse the expenditure incurred within six weeks of receipt.

c. Disbursement Procedures for the Drug Resource Center

It is anticipated that a single contract will be signed for the procurement of all short term expatriate technical assistance. Alternatively the IQC mechanism or a "buy-in" to the Regional Narcotics Education project may be used. Direct AID payment will be made for services in either case. Procurement of local services will be by host country contract with payments made through the PNCB. Procurement of other locally procured goods and services will also be by host country contract. Off shore procurement will be handled directly by AID. All staff for the Center will be contracted through host country contracts.

To control project funding, an annual budget will be prepared by the PNCB and the Drug Center personnel for by AID. Funding for recurring costs such as facility rental, utilities and salary expenditures will be included in the budget and upon approval earmarked by a PIL. Large procurements such as contracts for advertising or production of printed materials will be reviewed and approved on a case by case basis by AID. It is anticipated that most procurement will be carried out through host country contracting.

d. Reprogramming of Funds During Implementation

The successful execution of the project depends on the capability to adjust the activities and programs when new information is gained. This reprogramming will require parallel adjustments in the allocation of project funds. The primary mechanism for this purpose will

be the annual Work Plans and consequent changes in the ProAg line items. No limits are set on the maximum amount that may be reprogrammed through this Work Plan mechanism.

As additional changes are identified during each Plan period, the Project Manager may use his authority to transfer funds from one line item to another in the Work Plan up to a maximum of 15% per line item. Larger changes if needed will have to be approved in advance by USAID.

4. Drug Center

The major share of implementation responsibilities will rest with the Director of the Center in the PNCB. Both AID and the regionally funded technical assistance contractors will play an important role as supporters of the Center. A long-term expatriate advisor will be funded by another donor.

The Director's office situated in the administrative unit will provide overall direction for the Center's activities. The Chairman PNCB will serve as a project coordinator. The senior outreach officer heading the training and outreach unit will also be designated as the Deputy Director of the Center.

a. AID Responsibilities

AID will be responsible for: (a) negotiating and awarding a contract or contracts to provide technical advisory services for the drug information center; (b) negotiating and awarding contracts for commodities; (c) providing sufficient staff to participate in project evaluations, and to coordinate with host country staff and in the implementation of the project; (d) negotiating with the GOP on all matters relating to the development and implementation of the Center; (e) initiation of periodic disbursement of funds for project implementation and followup; (f) monitoring of project progress; and (g) coordinating technical assistance input from the regionally funded Narcotics Education Project (398-0355).

b. GOP Responsibilities

The GOP entity responsible for the overall implementation of this project is the Pakistan Narcotics Control Board (PNCB) located within the Ministry of Interior of the Government of Pakistan. The GOP will be responsible for: (a) negotiating and awarding technical consultant contracts not procured by AID; (b) hiring required staff for the Center; (c) negotiating and awarding contracts, production of mass media public awareness activities and commodities such as television and radio commercials, posters, leaflets and brochures, procure local

commodities; (d) providing sufficient staff to participate in the scheduled project evaluation and to serve as counterparts to the expatriate and Pakistani consultants, hired to assist with implementing the project.

4. AID Coordination of Project Elements

The Gadoon and Kala Dhaka components will continue to be backstopped by the Area Development Projects Coordination Unit located in the Office of Project Development and Monitoring. The Coordination Unit will provide close support to both project officers. It will also facilitate the flow of information between the two officers to ensure that they are informed of activities occurring in the respective area not under their charge in order that overall project implementation will be carried out in a coordinated manner.

The Unit will also convene meetings as needed, but no fewer than two per year, to which all interested parties shall be invited to review overall progress and to ensure continuity and standardization of project modalities. Finally the unit will serve as the point to which USAID Management may turn for overall project information. The Deputy Chief of Project Development and Monitoring with the part time assistance of a foreign service national will serve as the Project Officer for the Drug Center.

C. Financial Plans

AID inputs to the NWFADP Amendment budget total $32 million, rounded as follows among the three project components:

Gadoon II	$20.9 million
Kala Dhaka I	$ 8.0 million
Drug Center	$ 3.1 million
Total	$32.0 million

The following tables present summary project costs for each component. More detailed budgets and backup is presented in Section V under Financial Analysis and in Annex O.

1. Gadoon II

Of the total amount allocated to the second and last phase of AID financed activities in Gadoon-Amazai, the largest share is to be expended for infrastructure subprojects, i.e. about $7.5 million. Agriculture (excluding agricultural training and construction) activities will cost just over $1.4 million, and more than $2.0 million has been set aside for training and off-farm employment activities.

Over $600,000 will be spent over the five years for technical assistance in support of the PCU, including limited short term expatriate assistance

and two long term local contractors, while just over $1 million will finance infrastructure monitoring and related technical support from AID's Peshawar office. Some $540,000 will be allocated to the purchase of vehicles and office and field equipment. Other costs include over $2 million in support of PCU local staff costs, and a similar amount covering facility rental, utilities and vehicle operation and maintenance.

Gadoon Phase II Summary Project Costs (5 Years)

	US Dollars (000)
Technical Assistance/ Infrastructure Monitoring	1,815.0
Training	2,049.0
Commodities (including Agriculture)	2,177.1
Construction	7,474.8
Other Costs	5,319.1
Subtotal	18,834.9
Contingency	2,060.2
Total	20,895.2

2. Kala Dhaka

a. Phase I

Total project component costs are about $8.0 million for a 12-24 month period of Phase 1. Technical assistance to be housed in the Oghi PCU will cost over $1.9 million, while about $670,000 is set aside for contracting for infrastructure design technical assistance. The commodities budget of over $1.7 million includes over $1.2 million in agricultural goods and activities. Of this some $930,000 are to fund activities for the proposed Kala Dhaka Watershed Project to be implemented by the Forest Department and managed by the World Food Program. The construction budget of $2.7 million is mostly explained by the full costs of building the West Bank access road ($2.39 million). Other costs of about $909,000 include some $470,000 for staff support (accountants, secretaries, technicians, etc), about $100,000 for facility rental and utilities and over $170,000 for vehicle operation and maintenance. A 10 percent contingency has been added to the inflated component costs.

Kala Dhaka Phase I Summary Project Costs (12-24 Mos)

	US Dollars (000s)
Technical Assistance	1,870.1
Training	64.0
Commodities	1,721.4
Construction	2,671.4
Other	909.7
Sub-Total	7,236.6
Contingency	723.7
Total	7,960.3

3. Other Activities

a. Drug Center

The overall Project Summary budget in Section V.E.4 covers $5,232,540 funding for the Drug Abuse Center. Of this, the GOP will contribute about $1.2 million, and other donors over $900,000. AID's contribution will be over $3.0 million.

Summary of USAID's Drug Center Costs (5 Yrs)

	US Dollars (000)
Technical Assistance	782.1
Training	549.0
Commodities	51.3
Other	1,215.[illegible]
Sub-Total	2,598.1
Contingency	475.7
Total	3,073.8

D. Procurement Plan

1. Gadoon II and Kala Dhaka

Project implementation will involve procurement of commodities from two sources: NWFADP funds and GOP funds. Procurement from GOP funds will be carried out by the departments and agencies concerned and will follow the existing GOP procedures for such procurement. In general, the project will not require these departments to expand their procurement operations, since most GOP funds will not be additional to their current expenditures, and few difficulties are anticipated in this area. Plans for procurement using project funds are discussed below.

a. Technical Assistance

Technical assistance requirements are summarized in the tables that follow this section. A total of up to 25.6 person years of long term assistance, both local (21.6 years) and expatriate (4 years) will be needed. This excludes the significant levels of long term technical assistance that will be provided for construction activities. Up to 172.5 person months of short term T.A. is budgeted of which 57.5 months are expatriate. Excluding the Drug Center, technical assistance will be provided primarily through a single technical assistance contract for both expatriate and Pakistani staff. The contract will cover services to Kala Dhaka as well as Gadoon, reducing both administrative expenses and the time required for contract management.

In Gadoon the contract will provide the services of one long term (50 months) Pakistani expert in pasture/forage development. The contractor will also provide up to 8 person months of expatriate short term training expertise. Separate contracts between local IQC contractors and AID will provide: (a) 16 person months of experts to design agricultural extension information materials for a largely illiterate clientele and provide current agricultural information to field assistants through seminars and on-the-job training, and (b) 9 person months of experts to prepare an agricultural marketing study. The PCU under a host country contract will engage a vocational training specialist for 54 person months. No long-term expatriate technical assistance will be required for Gadoon II.

The project will continue payment of honoraria and travel payments to staff from the departments of Agriculture, Animal Husbandry and other line agencies for working in remote areas.

USAID will continue to provide staff for infrastructure monitoring, surveys, computer support and administration to expeditiously implement infrastructure activities. One Pakistani Agriculturist from the USAID/RAO office will continue to provide direct leadership, training and support to agricultural activities and the field assistants.

In Kala Dhaka, the contract will provide a long-term expatriate Rural Development Specialist who will lead the team and act for up to two years as Advisor to the Project Manager of the Oghi PCU. Three short-term expatriate specialists (4-months each) will help in the detailed design of Phase II activities and assist the PCU and Team Leader in initiating Phase I activities. A Social Soundness Analysis will also be prepared. These specialists will be:

1 Agronomist (food crops, animal forage)
1 Transport Economist (road, river)
1 Anthropologist

In addition the contract will finance three long term Pakistani specialists, i.e.:

1 Agronomist (food crops, animal forage) for 24 months
1 Engineer (hydrology, civil works) for 24 months
1 Health/Nutritionist for 12 months

Details on the qualifications and roles of the Technical Assistance Team (TAT) are presented in Annex G.

The contract will include sufficient funds to allow the Chief of Party to hire his own assistant/translator once he is in Pakistan. This position will last as long as the Team Leader is in country. Contract funds will also allow the employment of local people to begin sub-project activities as required.

The Mission believes that the Chief of Party will be critical to the success of the Kala Dhaka initiative. For this reason, it was decided to allow the widest possible competition among firms to propose a suitable candidate. A set-aside for women or minority-owned firms was not deemed appropriate, although such firms would be strongly encouraged to apply, and would certainly be able to compete without hindrance with larger bidders. A certification reflecting this approach is provided in Annex D.

As was done in Gadoon the project will provide for staffing of the Oghi Project Coordination Unit by (a) paying certain salaries and allowances (for details see the Financial Analysis) to seconded GONWFP personnel, and (b) by directly hiring and supporting technical personnnel (Foreign Service Nationals, under contract with AID) to be based in Oghi, to assist the PCU. These will include a locally hired roads engineer to work with USAID/Islamabad's Engineering Office to administer the Kala Dhaka road design contracts.

b. Commodities

Off-shore commodities needed for project implementation will be procured directly by AID. For Gadoon these include the purchase of 10 pickups, two landcruisers, and 14 trail bikes plus computer hardware and software.

In-country procurement will be undertaken by the GOP line agencies responsible for the specific activity involved, assisted as necessary by the technical assistance contractor and AID. Procurement will follow the existing GOP procurement regulations, with the largest share of such purchases being managed through the Personal Ledger Account mechanism. Project procurement will be supported as necessary by the administration section of the PCU. For Kala Dhaka the technical assistance team will also undertake a limited amount of local procurement, primarily to initiate activities in the early months of Phase I.

The project will be procuring pesticides in support of agriculture activities. This procurement will follow guidelines developed by an expatriate environmental expert a summary of whose report is attached as Annex L. The budget includes ample provision to finance the required mitigations.

For Kala Dhaka the project will finance transportation equipment to allow the PCU, TAT and FSNs stationed at Oghi to function in the field by boat or vehicle. Other supplies include survey and office equipment, with a computerized system for technical and data accounts. The following off-shore items will be procured directly by AID:

Computers and related hardware and software
Office equipment (typewriters, photocopier, etc)
Survey and drafting equipment
21 vehicles (three landcruisers, six double cab pickups, two single cab pickups, and 10 motor bikes)
Related supplies (sleeping bags, etc.)

Other commodities will be procured locally, either by the Project Manager or by the TAT. An illustrative list of such commodities follows:

River craft (two) for project activities
POL and maintenance/repair items
Office furniture and supplies
Housing and Office construction materials
Tents and field gear
Mules/donkeys and gear/fodder
Seeds, fertilizer

c. Construction

In Gadoon procurement related to project construction will be completed by the agency responsible for the construction itself, as follows:

- The local councils (both union and district councils) implementing small infrastructure schemes will complete all procurement themselves with funds provided by the project. As a rule, nearly all of the materials will be purchased near to the construction site.

- The line agencies completing larger infrastructure projects and other construction (most of which will be on an MFAR basis) will procure construction supplies in accordance with their existing procedures.

In Kala Dhaka during Phase I, the project may undertake a very few self-help construction activities (i.e. possibly a few water supply systems or minor irrigation improvements). These sub-projects would be undertaken by the beneficiaries, with supervision by the TAT or PCU personnel. All commodities would be locally procured by the TAT or PCU using funds available for the purpose in the TAT contract.

During Phase I, however, there will be a significant amount of construction design work. With respect to access roads, one to three firms will be contracted to provide A/E design and supervision services for the three major east bank roads. Other design work may be locally contracted through IQCs and RFPs, where the services of the TAT, or PCU cannot be used, and as the backstop Office of Engineering deem appropriate.

Major road construction on the East Bank will start in Phase II. (It is possible that work on the shortest East Bank road will start in Phase I using funds borrowed from Gadoon II.). This work will be contracted, either directly by AID, or following host country contracting methods, by the Mansehra C&W Department. Other major construction (i.e. over $100,000 per item) will also be contracted. However, most other construction will be small in scale and cost and will be undertaken by the people themselves, with supervision by personnel from either the PCU or the TAT. AID's backstop office will also assist in this local construction. The conditions under which WAPDA will be contracced to undertake hydel activities are presented in the section on Conditions and Covenants, VI, below.

2. Drug Center

a. Technical Assistance

i. International

There will be no USAID-funded long-term expatriate technical assistance for this component. Only one long term advisor is envisaged for the Center. The Implementation Advisor is required to provide technical and managerial assistance during the first two years of the Center's development and may return for short periods in the remaining three years. This position will be funded by the European Economic Community (EEC). Local short term assistance will be provided by this amendment. The Regional Narcotics Education Project (398-0355) will provide expatriate short term assistance; the exact types and amounts will be determined based on annual work plans developed under that project. However, the following expatriate short term TA will likely be needed:

Printing Materials Advisor. Required to assess printing/reprographics needs, write specs, and provide technical advice in initial stages of printing shop with subsequent follow-up and training.

Media Research and Evaluation Advisor. Required to give guidance in use of mass media, training materials, and creation of evaluation procedures for various Center activities, including materials production.

Information Services Advisor. Required to develop pro-active approach to information services, assist with computer procedures in D&I Unit, and advise on acquisitions from international sources.

Training and Outreach Advisor. Required to assist with drug abuse prevention approaches, creative training methods, and training technology transfer to staff.

Two other technical advisors, for Research and Curriculum, are already part of the UNFDAC Preventive Education for Drug Abuse Project. Annex 13 of the detailed Drug Center proposal (on file in USAID and AID/W) contains detailed Scopes of Work for the advisors listed above.

PLANNED LEVEL OF EFFORT FOR EXPATRIATE
TECHNICAL ASSISTANCE
(Person/Months)

Advisor	Year 1	2	3	4	5	Total
Implementation Advisor	12	12	2	2	2	30
Print Materials Advisor	-	4	2	1	1	8
Media Research/Eval. Advisor	3	2	2	2	-	9
Information Services Advisor	2	2	2	2	-	8
Training and Outreach Advisor	2	3	2	1	-	8
Total	19	23	10	8	3	63

ii. Local

It is anticipated that considerable consultant time will be required to achieve center targets. The amendment budget allows for up to a maximum of 10 person months the first year and 20 person months of local consultant time for each of the remaining four years.

b. Commodities

Project implementation will involve procurement of commodities from AID dollar and GOP rupee funds. Dollar funds may be used for vehicles, office equipment and materials for the Audio-Visual Services Unit. Other procurement will be through GOP funds.

USAID will provide assistance in the purchase of imported equipment. PNCB's existing procurement procedures will be vetted by USAID before procurement of rupee funded commodities.

Details of the requirement for equipment, materials and supplies for the office, Audio-Visual Unit and Library are at Annex 11 of the detailed Drug Center proposal, available in AID/W and USAID/Islamabad/PDM.

The Center will require office space in Islamabad for approximately 2,500 sq. ft. The detail breakdown of space requirements and costs is at Annex 12 of the Proposal.

3. Summary Technical Assistance Requirements

The following two tables summarize the technical assistance required to implement the proposed activities for the NWFADP Amendment:

Long Term Technical Consultants

Project Component	Person Months	Origin	Position	Source
Gadoon II	50	Local	Pasture/ Forage	Host Country Contract/AID PSC
Gadoon II	54	Local	Vocational Training	Host Country Contract/AID PSC
Kala Dhaka	12-24	Expat	Rural Devel/ COP	AID TA Contract
Kala Dhaka	12-24	Local	Translator/ Deputy COP	Hired by Contractor
Kala Dhaka	60	Local	Design/ 1/ Implement	AID TA Contract
Kala Dhaka	24	Local	Road Engineer	AID PSC Contract
Kala Dhaka	24	Local	Administrator	AID PSC Contract
Kala Dhaka	24	Local	Program Assistant	AID PSC Contract
Drug Center	24	Expat	Implement Advisor	Other Donor

1/ This covers 24 months of a civil/hydro engineer, 24 months of an agronomist and 12 months of a health specialist to assist in design of a Phase II project and implementation of Phase I activities.

Note: This table does not include the 480 person months of assistance required to construct Gadoon II infrastructure subprojects and the 120 person months required to construct the West Bank access road in Kala Dhaka. T.A. will also be required to design the East Bank roads. Details are supplied in Annex O.

Short Term Technical Assistance

Project Component	Person Months	Origin	Position	Source
Gadoon II	4.5	Expat	Environ. Surveys	AID IQC
Gadoon II	8	Expat	Training	AID Contract
Gadoon II	16	Local	Ag. Extent. Info.	PCU or Local IQC
Gadoon II	9	Local	Ag. Mktg	Local IQC
Kala Dhaka	12	Expat	Design/ Implement.	AID Contract*
Drug Center	33	Expat	Diverse	Regional AID Project
Drug Center	90	Local	Diverse	Host Country Contract

*Note: The Technical Assistance Contract will includ funds to allow the Team to hire local residents (Kala Dhakans) on an ad-hoc, daily or weekly basis to begin project implementation in advance of the setting up and staffing of the Project Coordination Unit.

E. Training Plan

Training forms an essential part of the sub-project activities for all three components covered by the amendment. In-country training is planned to be either within the project area or at Pakistani training institutions, and will be the responsibility of either project staff, members of the TATs or local contractors. The details are explained in Section III, Detailed Project Description.

Overseas training for Gadoon and Kala Dhaka, which may be through the Mission's Development Support Training Project, or more likely, through the Gadoon/Kala Dhaka technical assistance contract, will involve three project staff members in three months each of training in pasture and forage development, starting in 1989. No overseas training is planned for the Drug Center.

F. Evaluation Plan

A mid-term evaluation will be conducted towards the end of the project amendment's second year. The evaluation will examine, among other issues, the effectiveness of the project as measured against stated goals and the effectiveness of line agencies participating in the project. The evaluation should suggest project modifications which will improve performance and impact. The evaluation will cover all three components, with special emphasis in each. In Gadoon the evaluation will make recommendations on how farmers may be prepared for the withdrawal of AID funds in 1993. If the timing is right, in Kala Dhaka the evaluation will be able to review Phase I and make inputs to early implementation of Phase II. For the Drug Center the evaluation will examine progress in establishing the organization and how it has developed linkages to NGOs and the Mass Media. In addition the Drug Center will undergo an evaluation at the end of its Phase I to review progress and determine whether the mix of inputs should be revised. Phase I will be 12 - 14 months long.

The final external evaluation will be scheduled six months before project termination. This evaluation will reexamine the issues addressed during the earlier project and the mid-term evaluation within this amendment period and in addition will consider the following major questions:

- Does the experience in Gadoon-Amazai support the hypothesis that an area development program can provide effective support for the GOP's policy of poppy eradication?

- If so, does it appear that the project and enforcement together produce a total eradication program that is more successful in the short and long term than enforcement alone?

- To what extent was the project successful in helping to shift the economic base of the area out of poppy and into another viable set of

economic activities or was this too ambitious a goal for the short period of the project?

- What are the implications of the project's experience for future poppy eradication efforts? Which inputs were most successful, alone or in combination?

- With assistance to Gadoon-Amazai coming to an end, should AID consider a new poppy production area to support the GOP's eradication plan? If so, which?

- Should AID continue to support activities in Kala Dhaka? If so, which sub-projects are recommended?

- To what extent did the Drug Center component support the overall project objective of poppy eradication?

- Should AID continue to support the Drug Abuse Prevention Center?

The foregoing evaluation plan, covering the project's enforcement and development purposes, will be supplemented by systematic, continual monitoring by AID. Evaluation and monitoring activities will be shared with and reviewed by the Narcotics Coordinating Committee in the U.S. Mission.

V. PROJECT ANALYSIS

A. Technical Analysis

This analysis refers primarily to activities to be undertaken in Gadoon II. Lack of data prohibits specific application to Kala Dhaka I pilot activities, although in general, the analysis is applicable to the Kala Dhaka area. Technical details on the Drug Center are in the detailed Drug Center Proposal on file in AID/W and USAID/Islamabad.

1. Summary

The project as designed is technically feasible and can be implemented as described in this project paper amendment. This determination is based on the evolution of the original Gadoon project and builds upon experience gained in the prior project as well as the Mission's Tribal Area Development Project. Poppy production has been halted. This allows the project an opportunity to shift the program from one of providing all services and supplies free to a basis where subsidized charges are levied against some agricultural inputs and services. Crop varieties have been identified which yield at levels above traditional crop varieties. Off-farm employment will receive increased emphasis in this amendment.

Technical feasibility consideration were reviewed in the design of each

component, as follows.

2. Training and Off-Farm Employment

Agriculture provides the major source of employment and income in the area; however population pressure is severe and increasing given the topography and amount of useable land in the area. Gadoon-Amazai has a population of approximately 120,000 in a total area of 215 square miles, and a cultivated area of approximately 29,000 acres. Little if any additional land can be brought under cultivation in the area without major (and uneconomic) investments in land improvement. This translates into 1445 people per square kilometer as compared with 106 for Pakistan and 148 for NWFP. Kala Dhaka has over 4 people per cultivated acre, as compared to 1.3 for the whole country and 2.5 for NWFP when only the rural population is taken into account. General education is low and limits the range of training which can be offered to participants. The program will be improved by assisting in off-farm training and placement and counselling of potential trainees. Development of the industrial estate near Gandaf will also provide employment opportunities for residents of Gadoon. More than 1,500 applications for sites within the industrial estate have been made, although no selection has yet been made. An inventory of the types of industry applications for the estate will be made and training will be shaped to provide the skills and crafts required. The level of interest which has been expressed by training agencies, both government and private, as well as by applicants, has been far in excess of what was originally anticipated. The additional training staff to be provided in this project will enable the project to better serve project training needs.

Women's training programs will be developed only in villages which accept and support the program. Training will include skills such as embroidery and sewing, and programs on infant care, child spacing, sanitation and other health related topics. Awareness of sanitation and infant and child care is expected to improve the basic health of the population.

Training of teachers is a key factor in improving education in the area. Because of the remoteness of the Gadoon-Amazai and Kala Dhaka assignment of qualified teachers to area schools has been difficult. Many of the teachers do not meet standard qualifications and of necessity several are recruited from outside the area. The project will provide seminars and in-service training for teachers, designed in cooperation with the NWFP Department of Education.

Housing for teachers is lacking, frequently requiring teachers to live at some distance from their schools, or alternatively with families in the area. This lack of housing has been a factor inhibiting assignment of qualified teachers. The project will provide housing consisting of one room and kitchen with a bathroom. Water will be provided where available.

3. Infrastructure

The local committees will be responsible for construction of irrigation channels and village water systems. The USAID Engineering Office will assist the committees in the feasibility and design phases and periodic progress inspections. Local committees will undertake construction. This popular approach will continue to be adopted in Gadoon, and likely copied in Phase II of Kala Dhaka.

Infrastructure development will continue to receive the predominate level of funding because of the need to develop roads facilitating commercial access to the area. Roads also allow provision of services to the population and easier access to off-farm employment opportunities. Roads identified for construction in Gadoon II have been selected on the basis of providing service to roadless areas with the greatest populations or numbers of villages. The roads were selected from a prioritized list provided by the PCU in cooperation with the CONWFP. They will be constructed following the C&W contracting methods developed under Gadoon I.

Electrification will make life easier and allow the development of small enterprises to serve the area - i.e. flour milling, small workshops etc. However, the relationship with WAPDA has been difficult and some prepaid work has not been completed. Therefore, unless WAPDA agrees to accept only a 25% advance, work under fixed amount reimbursable arrangements and provide meters for electrified villages, money allocated for electrification will be programed for other project activities. Electrification activities will be undertaken with help from the Islamabad Energy and Environment Office.

4. Agriculture, Watershed Management and Irrigation

Extensive work on crop and variety trials, demonstration plots, afforestation, orchard planting, and animal husbandry have provided a basis for consolidation of agricultural efforts and refinement of activities during this phase. More than 12,000 farmers have received direct assistance from project personnel; 5,680 acres of demonstration, trial and contract plots have been developed; wheat varieties have been introduced which have significantly increased production; more than 800 acres of irrigated land have been newly placed in production on receiving adequate amounts of water due to channel improvement; more than 2,000 acres of firewood plantings have been established; increased numbers of vaccinations and other health measures have been provided to cattle and poultry; and cattle breed improvement has been initiated through the construction and staffing of 14 veterinary dispensaries. These activities have proven popular and technically feasible and will be continued.

Two major problems were not adequately addressed in the original project - range management and development of a marketing program.

Basic information for design of a range management program has been assembled, i.e. identification of native grasses, of livestock systems and of livestock breeds in the area, etc. But good range management entails the development of extensive grazing areas and successful control of animal grazing in designated range lands. Pasture and forage must be developed and managed, which is culturally difficult in areas which have never tried to develop range lands. The proposed pasture/forage expert will develop a program, within existing socio-cultural systems, to encourage rotation grazing on community grazing land and increase forage production on private land. Until this pasture/forage program is in operation, the project will not expand livestock improvement and animal health programs.

The pasture/forage expertise is not available in the Government of the NWFP. Technical assistance to be provided under this project is therefore key to the technical feasibility of this sub-component.

So far Gadoon farmers have had no problem in selling their new crops. However, as higher value crops, such as off-season tomatoes are produced in greater quantities, problems of packaging and marketing will become critical. A marketing study will be undertaken to overcome this technical constraint.

Wheat is the keystone of the production program. Wheat and poppy are sown at the same time, thus wheat is in direct competition with poppy production. Trials will be undertaken to obtain accurate costs of inputs and return to investment. Input costs for wheat have been shown at Rs. 331 per acre since the project commenced. As a result several questions arise. Are these costs accurate? What is the return to investment in the crops? Is the risk resulting from increased costs of inputs worthwhile? Are the recommended fertilizers the best to use, and at which levels should they be used? These and other questions apply to all crops being produced in the Gadoon Project area. The TIPAN project under its outreach program will establish research trials on farmers fields and undertake studies exploring these questions.

Maize production is encouraged as a Kharif (summer) crop. The varieties Azam, Trait Double, Sarhad White and New Shaheen have provided the highest yields. Isolated valleys in the project area would appear to offer opportunities for seed production. The TIPAN project will encourage private companies to explore the possibility of developing a seed industry in the area.

Tomatoes on irrigated land have been very profitable when produced as an off-season crop. Yields of more than 5,000 Kg per acre have been reported, with sales at Rs. 4 per Kg.; cost of inputs, reportedly, are approximately Rs. 500 per acre. Thus providing a return of more than Rs. 19,000 per acre. Onion production has shown excellent returns per acre. Garlic, not widely produced in the earlier project is expected to provide high returns.

During Phase I of afforestation/watershed management were completed in Gadoon. The planned activity during this amendment is for planting of 3,800 acres in Gadoon and 7,500 acres in Kala Dhaka. Planting will include the spreading of appropriate grass seed within the area planted to trees. Small check dams will be built as needed to control gully erosion. Also tree seed will be planted on small plots for rapid production of firewood. Up to 50,000 trees per acre will be produced and thinned to normal spacing over time, thus providing early availability of fuel. The Kala Dhaka afforestation will follow the standard practices of WFP which are well proven in Pakistan.

This sub-component is the highest cost item within the agriculture component; however the economic benefits over time are significant to area residents.

B. Administrative Analysis

As outlined in Section IV.B and further discussed in the Issues Section, I.E, the Mission and GOP intend to continue to use the administrative structure in Gadoon that has proved both efficient and effective during the first phase of the project. Since its inception, the project has had four different Project Directors and the systems established under the project have allowed each to successfully implement a wide range of sub-projects.

Over the five years of the second phase there will be a gradual decrease in size of the AID support unit, as the Mission's involvement in the area winds down. AID will also encourage the GONWFP to similarly scale down its involvement in the Gadoon Project Coordination Unit. The phase-down approach is described in the Issues Section, I.E.7, and will include the development of direct linkages with various local institutions as well as GOP line agencies through other USAID projects.

Although successful, the Gadoon approach is highly manpower intensive. Because the Kala Dhaka component is expected to deal with fewer and larger subprojects over its life, it has been decided to modify the manpower-intensive approach for this component's administration. Much oversight work will be contracted out. For example, A/E work will be contracted rather than prepared in-house or in the GOP. Forestry activities will be supervised by the World Food Program. The project will adopt the most outstanding features of the first phase of Gadoon activities. These include the well-established monitoring and decision-making, involving the Special Development Unit, the Project Review Board, the individual Project Coordination Committees and the USAID offices in Islamabad and Peshawar. The project will also finance a second Project Coordination Unit, which should be equally appropriate to direct project activities in Kala Dhaka if it is headed by a Manager of the calibre and experience of the individuals assigned as Project Director in Topi. The appointment of such a person has therefore been made a Condition Precedent to the disbursement of funds for road design for the Kala Dhaka component.

The administrative arrangements for Kala Dhaka also take into account the special role of the district administration in working with the tribal area. The Deputy Commissioner will be the titular head of all project meetings, and all activities in the area will be done in his name.

The Members of the Provincial Assembly will be invited to make their inputs to project decisions.

The implementation of the Drug Abuse Prevention Center component of the project will be linked to the other components by a Project Coordinator, who will be a designated Project Development Officer in the Office of Project Development and Monitoring. As shown in the chart in Section IV.B, this Officer will effectively tie together the three sources of project management in the Mission: the Peshawar Engineering Office for Gadoon, the Islamabad Engineering Office for Kala Dhaka, and the PDM Project Officer for the Drug Center.

C. Economic Analysis

1. Introduction

a. Relationship Between Demand, Production, Prices and Profit Margins

The economics of narcotics can be viewed primarily as demand driven. Higher prices of the final, refined product, encourage dealers to pay high prices to the growers. The farmgate demand for opium can be considered a function of the expected profit margins from the sale of the final product. The higher the expected profit margin, the greater would be the farmgate demand for opium and the higher will be the price that dealers would be willing to pay growers. Therefore, the greater the spread between the farmgate price of opium relative to the expected profit to be generated by the sale of the final product, the greater will be the offered farmgate price in the successive growing cycle.

In areas where poppy and other crops are grown side by side, the high cash income derived by the first few poppy growers entices farmers who would otherwise plant non-poppy crops. In other words, the demand for the final product and the resulting high profit margins prompt the dealers to pay high farmgate prices which in turn lead to increased opium cultivation. Following this logic, the farmgate price will decrease if the demand for the final product tapers off and/or the resulting decline in profit margins discourage dealers from paying high farmgate prices.

b. Demand Reduction

While it is true that a reduction in heroin demand, ceteris paribus, eventually leads to a decline in the farmgate price received by the growers, one needs to address the question: What would lead to a reduction in demand?

Persuation via the Drug Information Center could lead to a reduction in Pakistani demand. However, not all of the production is locally consumed. Hence even assuming a very high success rate for the Drug Information Center leading to a curbing of local demand, the extremely lucrative returns which can be had by selling the product in the international market would continue to generate significant pressures for traders and growers to continue doing business as usual. Hence, demand reduction has to be thought of in its totality, i.e. both local and foreign components, successfully lower trader profit margins and hence farmgate prices. However, controlling foreign demand is outside the scope of this project. Moreover a lot of opium is smuggled into Pakistan from Afghanistan, refined, and then exported. The USG has short and long-term plans to try to combat this problem, as discussed on page 7 in Section I.E. A serious effort to eliminate poppy production in Afghanistan must await the establishment of a representative counterpart government with which USG can negotiate a development/enforcement arrangement as has been done in Pakistan.

c. Supply Reduction

An alternative approach would be the eradication of poppy cultivation through a strict and sustained enforcement drive. The resultant reduction in supply would force opium prices to rise. Moreover, if the enforcement drive is extended to include the destruction of laboratories that refine opium into heroin, then such a move will have a depressing effect on demand and hence farmgate prices of opium. This implies that while there would still be some "notional demand", there would be little local "effective demand". Hence, the profit margins of the local dealers would be curtailed because of a lack of significant effective demand for the final product in the local market, and lack of raw material to refine for outward smuggling out of this country and destined for the streets of Europe and the United States.

The Drug Information Center will contribute to reduced farmgate prices in two ways. Firstly it will reduce local demand. Secondly it will build grassroots support for a poppy ban and thereby give GOP officials the support needed to move against dealers. If dealers are driven out of the market through arrest or heavy police pressure the price will also fall.

As always, the preferred approach would be a combination of the above two suggestions, i.e. a reduction in the demand--at least the local component thereof--and reduction in cultivation of opium through a strict and sustained enforcement drive. The success of the latter can be enhanced by providing sufficient incentives to the farmers to refrain from poppy cultivation.

2. Economic Analysis

a. Background

The amendment to the NWFP development project is justified on the same grounds as the original project. That is, the components are tied to the GOP's desire to eradicate the production of

opium poppy and are expected to ease the transition from an economy based on opium production to one based on other sources of income. The proposed budget is much larger than one would expect for an area development project for this size population in Pakistan. Given the meagre resource endowments and over-population, the prospects for income generation are not very promising even with large expenditures. The total income "with the project" may be lower than the income existing before the project; agricultural income certainly will be lower. Thus a standard economic analysis would give very poor results. Of course, income with the project will be higher than without the project, if opium is eradicated in both instances. This is not a realistic scenario, however.

There are several problems with carrying out an economic analysis. For example, the major work for the Kala Dhaka area will be completed during the last three years of the project, but it has not yet been designed so the benefits are unknown. Another problem is that the major expenditure of the total project will be for road building. The roads are necessary to improve the quality of life of the population by facilitating the delivery of various basic needs, such as health and education services, but other economic results of the roads at this stage are unknown. Although social services, as well as some of the economic activities, could be carried out without such roads, the roads are a highly visible symbol of the concern of the GOP and US for this area. The high cost of the roads relative to the costs and benefits of the various activities reduces the economic return of these activities. At this stage it is neither necessary nor desirable to quantify the benefits resulting from the building of these dirt roads.

b. Summary Economic Analysis

The cost of this amendment is $32 million with $18.9 million to be spent in the Gadoon Area. The activities in Gadoon for Phase 2 ($18.9 million of the $32 million) are not definite. Project activities probably will include off-farm training, overseas job placement, training and assistance in village businesses, in-service training for teachers, housing for teachers, women centers, five pilot primary schools and agricultural training. Also expected are more roads, lining of irrigation channels, a basic health unit and 60 water supply systems, but all these outputs are illustrative. Various agricultural programs will continue with the emphasis on horticulture, livestock and extension programs.

A number of activities for Kala Dhaka are proposed in this paper, but implementation would occur in Phase II. Also likely to occur are some 250 kilometers of roads, water systems, irrigation channels, mini-hydro stations, health units and tree nurseries. The lack of certainty about the projects to be undertaken makes calculation of the costs and benefits of limited utility. Some cost allowance for the roads needs to be included in the analysis of illustrative activities, as well as additional benefits, but information on benefits at this design stage is not available.

An economic analysis could be carried that included assumptions about the economic benefits of improved access to markets and services from the roads, but such estimates are necessarily extremely crude. The major cost of the project, however, will go into improving access through roads. Thus an economic analysis of the overall project amendment, of $32 million has not been attempted.

Analysis of some illustrative projects which are expected in Gadoon and later on in Kala Dhaka indicates high rates of return. The illustrative costs/benefits demonstrate that some of the activities will produce sizeable economic benefits and are worthwhile given the overall justification for the project.

c. Interaction of Enforcement and Income

The income streams of the farmers in the Gadoon region were compared under both the 'poppy ban' enforcement vs. the 'without ban' enforcement scenarios (see original Project Paper Economic Analysis and Annex Q for details). The methodology used is that of net present value (NPV) in terms of income accruing to the: (i) farmer; (ii) dealer; and (iii) seller. In this whole chain, the most important decision variable is that of the farmer, and that is where our attention will be focussed.

Using the ten years life of the project (LOP) horizon, and discounting the resulting cash flow at 15 percent, the following NPVs for the farmer were calculated:

(1) with ban: $ 494,529
(2) without ban: $1,616,706.

If there is no ban, then additional supply will result in an increase in the number of drug addicts in the country and a resulting expenditure of $24,571,371 on the consumption of this additional supply. There are two possible ways of treating the additional expenditures. One is to treat it as a cost and subtract it from the NPV of the "without ban" case, or alternatively treat it as cost savings and add it to the NPV stream of "with ban" case. The analysis also highlights the fact that from a societal point of view, the cost to the society (by virtue of additional expenditure on heroin) exceeds the benefits accruing to the farmers (without poppy ban) by a factor of 7.

d. Analysis of Illustrative Projects

This part of the analysis focuses on the economics of six illustrative sub-projects proposed for Gadoon and later on for Kala Dhaka. (The illustrative cost/benefits are only for the Gadoon region, however similar results can be expected to occur in the Kala Dhaka region also). The Office of Program reviewed these six sub-projects and obtained comments from the USAID Offices of Agriculture and Rural

Development (ARD), Health, Population and Nutrition (HPN), and Human Resource Development (HRD). Based on comments received from these technical offices, the benefits were revised accordingly (see table 1 "Revised Illustrative Benefits"). The original analysis is in Annex Q.

i. Roads

Under the proposed amendment, 75 miles of roads will be constructed in the Gadoon and Kala Dhaka areas of which 19.5 miles will be paved (57 miles n Gadoon, and 18 miles in Kala Dhaka). In addition, design work for an additional 82 miles of roads in the Kala Dhaka will be undertaken. Generally, project benefits in the transportation sector are difficult to value because there are almost no markets for these benefits where prices can be observed. Increases in comfort and convenience when a new road is built are not benefits that can easily be assessed in monetary terms.

For rural road development, such as the case of Gadoon and Kala Dhaka, the issue of economic development is more relevant. Roads built into an area where none existed can have substantial impact on the local economy. The reduction in travel time to a market, and the access to markets allow existing cultivation (non-poppy crops of course) to expand, and new acreage to be cultivated. Moreover, rural roads can lead to larger increases in farm-gate prices, and significant increases in agricultural output. Finally, rural roads can also lead to increases in land values. The growth of local economies benefiting the poor could however only be helpful by rural road development if other factors existed such as rising agricultural incomes, and government policies that supported small-scale commercial and industrial enterprises. Most of these latter factors are amply addressed in the design of the project amendment.

ii. Teacher Training

The objective is for up to ten matriculated teachers per year to receive in-service training to improve teaching methods. This sub-project is expected to result in annual savings of $10,000 per year for teacher training, and an additional benefit stream of $153,000 for years 2-6 in the form of the future income stream for students.

O/HRD observed that in the original analysis (Annex Q) there is no discussion of the quality of education and the respective levels through which the students are expected to attend schools, nor is there any effort to capture the effects of dropout cases. No change was made in the analysis, however.

iii. 15-Acre Forest Nurseries

The objectives are to provide alternative sources of income and to improve watershed conservation. It is proposed to plant

1000 trees per acre on 7,500 acres of potential plantation. The 'firewood' component of this sub-project is expected to yield a benefit stream of $488,000 per year from year 5 to year 10 --the last year of the project. The 'timber' component is expected to yield $9M/year from year 7 to year 10.

The benefits expected to accrue from these two components appear to be greatly exaggerated. For one, the analysis ignores the opportunity cost of planting the trees. A more realistic estimate of benefits would not exceed $5 million per year from the timber component. This assumes $1,000 per acre income stream, which in itself seems to be on the high side.

O/ARD noted that the estimate of yields contained in the analysis seems optimistic because it assumes all the land is of the same quality, whereas in reality land quality in the proposed project area varies considerably from site to site. Moreover, expecting yields to start materializing from the fifth or seventh year may be optimistic. Very little cash transfer will take place as most of the output is expected to be consumed indigenously and hence little surplus is expected for the market place. Benefits may be understated, however, because the analysis does not take into consideration the fact that "watershed conservation" will not only improve agricultural production but also will minimize top soil erosion.

iv. Village Water Supply

Here the objective is to supply potable sources of water in the villages by building 32 water systems. Currently, women have to walk on average two kilometers to draw drinking water from the springs. This sub-project is expected to provide annual cost savings of $500,000 over the life of the project.

O/HPN has noted that the assumption under the sub-project analysis of 25% of population losing 15 days of farm work per year due to contaminated springs is on the high side. The figures below estimate that not more than 20% of the population will lose not more than 5 days of farm work each year.

Based on above observations, the alternative estimates of savings with the sub-project would be as follows:

(i) 20% of the farm work force lose 5 days of work per year from contaminated springs (11,290 x 5 x Rs.25/ farm worker employed and unemployed	Rs. 1,411,250
(ii) 30% of area women will no longer make 2 km round trip to draw water daily from springs etc (16,934 x Rs.1.2 x 365)	Rs. 7,417,092
Total Amount Saved	Rs. 8,828,342

v. Irrigation

Under this component, some 30 miles of irrigation channels will be rehabilitated/constructed thereby increasing/restoring yields of such crops as: maize, wheat, and rice. This activity is expected to yield income of $131,000 per year--starting from year 2 of the project.

Given the current market prices, the Office of Program has accordingly revised the calculations from Rs.7 per kg to Rs.2 per kg of rice paddy. The projected 40 percent increase in wheat yields seems a little on the high side according to O/ARD.

vi. Field Crops

High-yield maize, wheat, and potato crops are proposed to be planted on 500 acreas of demonstration crops. This activity is expected to result in an annual gain of $10,000 per year over the life of the project.

The original analysis assumed a one time cost of seed over the life of project. In the revised analysis it is assumed that the cost of seed will be incurred at least twice during the life of the project. The result of this higher cost is duly reflected in the revised cash flow analysis.

Summary: Costs-Benefits:

Table 1 summarizes the expected benefits of the six sub-projects. Note that while road building costs have been included no corresponding benefits however have been considered. This would admittedly give a conservative bias to our results. The illustrative budgets in table 1 are different from those reflected in the original analysis (Annex Q), because O/PRO revised the benefit stream in light of the comments received from the technical offices. Table 2 contains the discounted cash flows, for the illustrative six sub-projects in the Gadoon area. The results of our calculations (Table 2) indicate:

-- Positive net present worth
-- B/C ratio of 1.78
-- IERR of 12.58%

Given the fact that the design of the proposed amendment is quite fluid, these numbers should be considered accordingly as they are quite arbitrary, probably overstate the benefits, and do not include all the costs. The numbers indicate that some productive activities can be carried out, however.

TABLE 1
REVISED CASH FLOW
ILLUSTRATIVE BENEFITS
(U.S. $ 000)

	Benefits									
	Year 1	2	3	4	5	6	7	8	9	10
Teacher Training										
Teachers	-	10	10	10	10	10	10	10	10	10
Students	-	153	153	153	153	153	-	-	-	-
Forest Plantings										
(Nurseries)	-	-	-	-	-	-	-	-	-	-
Firewood	-	-	-	-	488	488	488	488	488	488
Timber	-	-	-	-	-	-	9,265	9,265	9,265	9,265
Village Water	-	506	506	506	506	506	506	506	506	506
Irrigation	-	131	131	131	131	131	131	131	131	131
HYV Grain Crops	10	10	10	10	10	10	10	10	10	10
TOTAL	10	810	810	810	1,270	1,298	10,563	10,563	10,563	10,563

TABLE 2
Discounted Illustrative Cash Flow
($000s)

Year	Costs	Benefits	Net	PW: 15%
1	2972	10	-2962	-2692.45
2	3977	810	3167	-2615.94
3	3614	810	-2804	-2105.80
4	3441	810	-2631	-1796.97
5	2363	1270	-1093	678.753
6		1298	1298	732.072
7		10563	10563	5418.819
8		10563	10563	4932.921
9		10563	10563	4478.712
10		10563	10563	4077.318
Total	16367			9749.912
				12.58%

Note: Positive net present worth; IERR: 12.58%; B/C ratio:1.78

D. Social Soundness Analysis

1. Social Context

The original social soundness analysis correctly concluded that the proposed project was culturally and socially sound and feasible. To an extent perhaps unenvisaged, Gadoon Amazai residents have adjusted to a fundamental change in their economic system with relatively little social cost. Visitors to the area today cannot but be impressed with the visible improvements to the residents way of life--new roads, new schools, new orchards, new forests. And it is clear that benefits have been widely distributed, at least to all areas whose leaders have allowed beneficiaries to participate i.e. about 90% of the project area and population. At the time of writing this amendment there remains one of the seven Gadoon Union Councils, Nara, which is reluctant to accept the project since by so doing its farmers must finally accept the reality of the poppy eradication. Project personnel feel, however, that this hold-out area will soon give in, realizing that foregoing the benefits of the project does not make sense in the face of the certainty of annual enforcement. One reason for Nara's slow acceptance is that it is one of the most remote parts of Gadoon, and one of the last to be linked into the whole by the project's road network. Once the roads to this Union Council area are complete, it is most likely that there will be 100% acceptance of the project in Gadoon.

2. Cultural Feasibility

Gadoon I has shown that cooperation of residents can be readily obtained if the project committee principle is followed to the extent possible. Beneficiaries have demonstrated willingness and even eagerness to construct small infrastructure projects, participate in agriculture activities, control grazing in orchards and nurseries, and otherwise participate fully in most activities, if they were involved in the decision to start and implement a given activity. This lesson will be followed in Gadoon II, and in Kala Dhaka, where residents clearly enunciated the same message to project designers.

More surprising has been the success of the Gadoon I Women's Centers. These centers, which are open all day long, allow farm and other rural women to participate in a range of non-formal education classes, at times that do not conflict with their other duties. Despite the traditionalism of the area, men have shown willingness to let their womenfolk participate, and a total of 30 such centers are now in operation. For an area with some 70-80 villages only, and with female literacy below 2% before the project, this represents remarkable social progress. The GONWFP has been so pleased with this development that it is considering the adoption of the approach to a province-wide social service, and has informally asked USAID if they would support such a move. In 1983, when Gadoon I was designed, it would have been inconceivable to think that the project in only four years would come to be seen as a social innovator in women in development!

Kala Dhaka differs from Gadoon in many significant ways. Not only is it a provincially administered tribal area, thus lacking all centralized law and administrative institutions, but it is also even less developed than Gadoon. The high and difficult terrain, and the restricted access roads has left the area virtually completely unserved by economic or social services. Residents have survived this lack of development, and the devastating loss of land caused by the formation of the Tarbela Reservoir, by sending family members to Karachi (and in a few cases beyond) to send back remittances. What remains is a beautiful but desolate place in which poppy, which is not yet grown to any significant extent, would offer the only chance of a reasonable livelihood from the land.

The blandishments of the drug dealers and drug farmers moving out of Gadoon into the area must therefore look attractive. But the Mission has been convinced by the arguments of the Provincial and District government officials that Kala Dhaka people would respond as well if not better than the residents of Gadoon to a carefully administered project that used local labor and decision making to the maximum extent.

More detailed differences between Gadoon and Kala Dhaka and their implication for project activities will be specified by the team designing the second phase of activities in Black Mountain. USAID believes that the areas are sufficiently similar to allow for the limited pilot activities outlined in this amendment to be culturally feasible and to receive the wholehearted support of the target beneficiaries. If this prediction is wrong, the lessons learned will be reflected in the design of the follow-on activities.

3. Beneficiary Analysis

a. Equity

As noted above, benefits of Gadoon I have been equitably distributed as far as was possible by implementors. The design of Gadoon II takes into account relatively neglected areas or segments of the population, and is designed to provide benefits to all villages and village residents before USAID withdraws from the project in 1993.

Equitable distribution of benefits will be even more important in Kala Dhaka. Decisions to locate project offices outside the area (in Oghi, Darband and Thakot) reflect the need not to favor one area over another in siting important facilities. For the same reason it is proposed to design all access roads at the same time during Phase I and with the exception of the West Bank to undertake all construction as near simultaneously as possible under Phase II. Project implementors in the field (i.e. the PCU staff and the Technical Assistance Team) will make every effort to distribute benefits of the proposed Phase I pilot activities as farily as possible. One overriding objective of the Phase I pilot projects is to provide EVERY village with at least the benefit of

one activity, so that the project becomes known and appreciated throughout the area.

Experience under Gadoon I has shown that all classes, ages and sexes have been direct beneficiaries of the project. This is expected to continue under Gadoon II, and take place under Kala Dhaka I. While wealthier or more progressive farmers and their families might benefit more and sooner than others, the evaluation of Gadoon I implied that small farmers, village artisans, children, landless laborers and many others have benefited significantly from activities such as better roads, improved health facilities, larger schools, better communications to town, etc.

b. Potential Problems

Although the area development approach has been successful in effecting a poppy ban with relatively little social cost, while allowing area residents to maintain an adequate standard of living, a number of social problems remain, and must be taken into account by implementors of amendment activities.

i. Subversion

People who made substantial profit from the poppy cultivation are not giving up this profit easily. Project workers know of individuals who are continually trying to undermine achievements in order to win farmers back to planting poppy. Some of these individuals are both powerful and well placed to do considerable damage. The project cannot offer such people sufficient incentives to desist from this behavior, which will require constant vigilance by the project staff and GONWFP officials. To date sabotage in Gadoon has been manageable, and is likely to decline as successive bans are enforced. Such sabotage is, however, a potentially serious problem for the implementation of Kala Dhaka activities, since the area is without law enforcement personnel. In this context, and as discussed in the Issues Section the introduction of a levy to Kala Dhaka will be critical once the poppy ban is enforced.

ii. Resistance to Government Involvement in Kala Dhaka

The project represents the biggest ever potential intervention by government officials and technicians into the Kala Dhaka tribal area. Leaders will recognize that this involvement will sooner or later affect the standing of the tribal area. On the other hand, the economic situation is so bad that residents and leaders know that change must come if their families are to survive. Implementors will have to tread delicately, and monitor the behavior of government line agencies carefully. Much will depend on the sensitivity of the Project Manager, and his assistants and technical advisors. Early mistakes could have a serious effect on the future of the project, and caution will characterize the actions of the TAT during Phase I. The

presence of an anthropologist preparing the detailed social analysis, and the local social scientist, who is to act as interpreter for the Chief of Party, should ensure that social soundness will prevail in the early months of the project.

E. Financial Analysis

1. Status of Current Project Funding and Introduction

As of May 31, 1988, 81.4% of the obligated current NWFAD project funds had been earmarked and 48.3% had been disbursed. (These figures are based on the $21 million available for the USAID-implemented project activities and do not include the $10 million available to UNFDAC under this project). The financial status of the project's eight elements is summarized in Table 1. A contingency factor of about 2.3% is included in the budget.

The Amendment will obligate an additional $32 million over another 5-year period, extending the total life of project funding to $63 million over a 10-year period of time. The Amendment requests funding for three separate, but linked components; a second phase of activities in Gadoon-Amazai, 12-24 months of activities in Kala Dhaka and assistance to the Pakistan Narcotics Control Board in the establishment of a Drug Abuse Prevention Resource Center. During the financial analysis, the project costs were broken down by component, elements, sub-units within elements and year of funding and a separate budget developed for each component.

As under the current project, financial support for the Amendment will come from ESF grant funds. Although the GOP will continue to provide logistic support (including some personnel), most dollar and local costs will come through USAID. Other US sources and foreign donors will contribute $962,830 thousand in dollar costs for the development of the Drug Abuse Prevention Center; the GOP will provide an additional $1,195,900 for the Center.

2. Gadoon II Component

The Gadoon II component projects a level of funding of about $20.9 million for the five year effort. AID will be the sole source of all dollar and local costs. The GOP's contribution, primarily in the form of logistic support - including a portion of the salaries of the PCU staff - is not calculated in the analysis. Construction accounts for the largest portion - about $7.5 million. This includes almost $2.9 million to the C&W Department for road construction and just over $2.0 million to WAPDA for rural electrification. The balance is for direct PCU contracting and project committee construction. Commodities of $1.9 million include $1.3 million for agriculture, including seed, fertilizer, pesticides and tools.

Overall, the largest expenses occur in project years 2 and 3 with a decrease in capital support between years 4 and 5. This pattern of funding is in keeping with the project's goal of a phased disengagement, by year 5 of USAID support. Total expenditure for the final year of the project funding represents only 13% of the total and is about one-half the funding level of year 2. A summary budget, by element and project year is shown in Table 2.

Table 1

Summary of Financial Status of Current NWFAD Project as of May 31, 1988
(in dollars)

Expense Category	Obligations	Earmarks To Date	Commitments To Date	Expenditure To Date	% Earmarked Against Obligations To Date	% Expended Against Obligations
1. Technical Assistance	2,917,000	2,501,870	2,413,865	2,038,704	85.8	69.9
2. Training	90,000	0	0	0	0	0
3. Commodities	3,080,000	2,484,958	2,403,905	1,920,926	80.7	62.4
4. Construction	10,398,000	8,905,159	7,927,170	4,284,604	85.6	41.2
5. Project Personnel Operations*	3,615,000	3,119,082	3,119,082	1,831,878	86.3	50.7
6. Contingency	700,000	0	0	0	0	0
Subtotal	20,800,000	17,011,069	15,864,322	10,076,112	81.8	48.4
7. GOP for Opium Poppy Erad	10,000,000	10,000,000	10,000,000	0	100.0	0
8. Evaluation	200,000	78,000	76,925	63,126	39.0	31.6
Total	31,000,000	27,089,069	25,941,247	10,139,238	87.4	32.7

*In the financial analysis of the proposed amendment, this element is called "other", and includes project personnel, recurrent and project operation expenses.

Table 2

Gadoon II - Summary Budget
($000)

Element	Year 1	Year 2	Year 3	Year 4	Year 5	Total
I. Technical Assistance						
A. Consultants						
1. International						
(Short Term)	20.60	83.20	75.00	56.90	-	235.70
Inflation 6%		4.99	9.27	10.87	0.00	25.13
Total 1	20.60	88.19	84.27	67.77	0.00	260.83
2. Local						
a. Long Term	37.40	53.90	53.90	53.90	36.00	235.10
b. Short Term	5.20	20.90	20.90	15.60	2.60	65.20
Subtotal 2	42.60	74.80	74.80	69.50	38.60	300.30
Inflation 9%		6.73	14.07	20.50	15.89	57.19
Total 2	42.60	81.53	88.87	90.00	54.49	357.49
Total A	63.20	169.72	173.14	157.77	54.49	618.32
B. Infrastructure						
Monitoring	199.80	199.90	200.00	200.00	200.00	999.70
Inflation 9%	-	17.99	37.62	59.01	82.32	196.93
Total B	199.80	217.89	237.62	259.01	282.32	1,196.63
Total I	263.00	387.62	410.76	416.78	336.80	1,814.96
II. Training						
A. In-country						
1. Off-farm Employment	183.50	183.50	183.50	183.50	183.50	917.50
2. Staff	1.20	1.20	1.20	1.20	1.20	6.00
3. Orchard Maint	4.70	4.70	4.70	4.70	4.70	23.50
4. Women's Trng Centers	145.21	145.21	145.21	145.21	145.20	726.04
Subtotal A	334.61	334.61	334.61	334.61	334.60	1,673.04
Inflation 9%	-	30.11	62.94	98.72	137.72	329.49
Total A	334.61	364.72	397.55	433.33	472.32	2,002.53
B. US (Short Term)	-	-	13.00	13.00	13.00	39.00
Subtotal B	0.00	0.00	13.00	13.00	13.00	39.00
Inflation 6%		0.00	1.61	2.48	3.41	7.50
Total B	0.00	0.00	14.61	15.48	16.41	46.50
Total II	334.61	364.72	412.16	448.81	488.73	2,049.03

Element	Year 1	Year 2	Year 3	Year 4	Year 5	Total
III. Commodities						
A. Vehicles	176.70	-	-	-	-	176.70
Inflation 6%	0.00	-	-	-	-	0.00
Total A	176.70	-	-	-	-	176.70
B. Office Equip/ Furniture						
1. Infrastructure, Computer, PCU	48.90	9.00	9.00	7.50	9.00	83.40
Subtotal 1	48.90	9.00	9.00	7.50	9.00	83.40
Inflation 9%		0.81	0.81	0.68	0.81	3.11
Total 1	48.90	9.81	9.81	8.18	9.81	86.51
2. Training						
i. Trng Office	5.50	-	-	-	-	5.50
ii. Womens Centers	29.80	29.80	-	-	-	59.60
iii. Instructional Materials	47.00	-	-	-	-	47.00
iv. Expendable Supplies	30.40	30.40	30.40	30.40	30.40	152.00
Subtotal 2	112.70	60.20	30.40	30.40	30.40	264.10
Inflation 9%		5.42	2.74	2.74	2.74	13.63
Total 2	112.70	65.62	33.14	33.14	33.14	277.73
3. Agriculture						
i. Orchards (Old and New)	51.60	67.30	74.90	76.60	28.60	299.00
ii. Tomato Demonstrations	-	12.00	12.00	12.00	12.00	48.00
iii. Potato Demonstrations	-	-	27.00	27.00	27.00	81.00
iv. Onion/Garlic Demonstrations	-	-	13.60	13.60	13.60	40.80
v. Forestry	119.40	153.50	170.60	204.70	-	648.20
vi. Livestock	6.00	6.00	6.00	6.00	6.00	30.00
vii. Pasture/Forage	36.70	36.80	36.80	36.80	36.80	183.80
Subtotal 3	213.70	275.50	340.90	376.70	124.00	1,330.80
Inflation 9%		24.80	30.68	33.90	11.16	100.54
Total 3	213.70	300.30	371.58	410.60	135.16	1,431.34
Subtotal B	375.30	344.70	380.30	414.60	163.40	1,678.30
Total B	375.30	375.72	451.83	536.92	230.65	1,970.43
C. Miscellaneous	5.0	5.0	5.0	5.0	5.0	25.0
Inflation 9%		0.45	0.94	1.48	2.06	4.92
Total C	5.00	5.45	5.94	6.48	7.06	29.92
Total III	557.00	381.17	457.77	543.40	237.71	2,177.05

Element	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IV. Construction						
A. Line Departments						
1. C&W						
i. Major Roads	367.65	633.07	176.47	88.24	-	1,265.42
ii. Feeder Roads	150.00	678.81	516.18	175.00	-	1,519.99
iii. Basic Health Unit	25.00	80.88	-	-	-	105.88
Total 1	542.65	1,392.76	692.65	263.24	0.00	2,891.29
2. WAPDA						
i. Electrification	218.53	527.34	510.59	482.06	147.06	1,885.57
ii. Tubewell Development	25.00	25.00	33.82	33.82	-	117.65
Total 2	243.53	552.34	544.41	515.88	147.06	2,003.22
Total A	786.18	1945.10	1237.06	779.12	147.06	4,894.51
B. Direct PCU Contracting						
i. Land Leveling	23.60	23.60	23.60	23.60	23.25	117.65
ii. Women's Training Centers	12.80	25.60	64.00	25.60	-	128.00
iii. Teachers Lodgings	1.60	2.40	4.00	2.40	0.80	11.20
iv. Nagrai Sub-Office	14.70	-	-	-	-	14.70
Total B	52.70	51.60	91.60	51.60	24.05	271.55
C. Union Council/ Project Committee Potable Water and Irrigation Channel Lining	-	50.00	250.00	500.00	223.53	1,023.53
Total C	-	50.00	250.00	500.00	223.53	1,023.53
Subtotal IV	838.88	2046.70	1578.66	1,330.72	394.64	6,189.59
Inflation 11%		225.14	366.41	489.21	204.45	1,285.21
Total IV	838.88	2271.84	1945.07	1819.93	599.09	7,474.81

Element	Year 1	Year 2	Year 3	Year 4	Year 5	Total
V. Other Costs						
A. Facility Rental	146.10	146.10	146.10	146.10	146.10	730.50
B. Utilities	66.60	66.60	66.60	66.60	66.60	333.00
C. Vehicle Operation/ Maintenance	158.49	158.49	158.49	158.49	158.49	792.45
D. Project Evaluation	150.0	-	-	-	150.0	300.0
E. Deep Tillage	4.05	4.05	4.05	4.05	4.05	20.25
F. External Audit	5.90	5.90	5.90	5.90	5.90	29.50
G. Local Staff Costs	432.20	432.20	432.20	432.20	432.20	2,161.00
H. Misc. Expenses	15.00	15.00	15.00	15.00	15.00	75.00
Subtotal V	978.34	828.34	828.34	828.34	978.34	4,441.70
Inflation 9%		74.55	155.81	244.38	402.67	877.41
Total V	978.34	902.89	984.15	1072.72	1381.01	5,319.11
Total Gadoon II	2971.83	4308.24	4209.91	4301.65	3043.34	18,834.96
Contingency	332.53	466.17	456.33	465.50	339.67	2,060.20
Grand Total Gadoon II	3304.36	4774.41	4666.24	4767.15	3383.01	20895.16

a. Technical Assistance

About 620 PM of technical assistance provided under Gadoon II (Table 3) are budgeted at slightly over $1.8 million. Of this, just over 140 PM are for international and local consultants and 480 PM are for design and monitoring of construction activities. Only 12.5 PM are identified for expatriate technical assistance to be used for a) project evaluation, b) off-farm training program development and implementation and c) environmental assistance in agricultural pesticide application training. A locally hired agricultural specialist will be engaged to direct the pasture/forage improvement initiative. A second Pakistani long term consultant will direct the new training office in the PCU. Short term local consultants will be engaged to assist efforts in marketing, off-farm training and information development for the agriculture efforts. The infrastructure technical assistance will be based at the PCU or at USAID's Peshawar Office.

b. Training

Slightly more than $2.0 million will be used to support training (most of which is in-country) and off-farm employment. (See Table 4). A total of three individuals will be sent to the U.S. for short term training in pasture and forage development (3 months each), one person in each of years 3, 4 and 5. Off-farm employment represents the largest entity in this element, requiring over $900,000 over the 5 years of the project. However, the yearly obligations for this and all entities within the element may be modified by the concerned parties if project needs dictate a change.

c. Commodities

This element, budgeted at around $2.2 million, is sub-divided into vehicles, office/training equipment/furnishings, agricultural supplies and miscellaneous. The expense for the vehicles, about $175,000, is front-end loaded; twenty-six units, including pick-up trucks, landcruisers and trail bikes are included in the needed inventory. Some are additions to and others are replacements for existing inventory. Office/training equipment primarily includes computer hardware and software to complement and expand the existing automation equipment as well as supplies for the womens training centers. Over $1.9 million of agriculture activities-related material and equipment are needed to implement the agriculture development activities. Purchases include vegetable and crop seeds, fruit trees, chemical fertilizers, grass seeds, tree seedlings (for afforestation and orchard activities), fencing material, check-dam construction material, veterinary clinic supplies, etc. An illustrative list of commodity purchases is presented in Table 5.

d. Construction

The largest single line item of the Gadoon II budget is

almost $7.5 million for the construction of infrastructure sub-projects. Almost 60% will go to line agencies (C&W and WAPDA) for roads, health units and electricity facilities. Over $1.2 million will finance land levelling, women's centers, teacher dwellings, potable water systems and irrigation systems. Construction spending drops off from a Year 2 high of over $2.0 million to under $600,000 in Year 5. Table 6 provides an illustrative construction budget.

Table 3

Technical Assistance Costs and Person Months for Gadoon II; Breakdown by Type and Project Year

($000)

	Year 1		Year 2		Year 3		Year 4		Year 5		TOTAL	
	PM	$	PM	$	PM	$	PM	$	PM	$	PM	$
I. Consultants												
A. International												
1. Short term												
a. Environment Evaluation (Pesticide/Herbicide)	1.0	20.6	-	-	1.0	20.6	-	-	-	-	2.0	41.2
b. Env. Trng Specialist (Pesticide/Herbicide)	-	-	1.5	28.9	-	-	-	-	-	-	1.5	28.9
c. Environmental Inspector	-	-	-	-	-	-	1.0	20.6	-	-	1.0	20.6
d. Training Specialist	-	-	3.0	54.3	3.0	54.4	2.0	36.3	-	-	8.0	145.0
Total A	1.0	20.6	4.5	83.2	4.0	75.0	3.0	56.9	-	-	12.5	235.7
B. Local												
1. Long Term												
a. Forage/Pasture Specialist	6.0	11.3	12.0	22.6	12.0	22.6	12.0	22.6	8.0	15.1	50.0	94.2
b. Vocational Training Specialist	10.0	26.1	12.0	31.3	12.0	31.3	12.0	31.3	8.0	20.9	54.0	140.9
Subtotal 1	16.0	37.4	24.0	53.9	24.0	53.9	24.0	53.9	16.0	36.0	104.0	235.1
2. Short Term												
a. Marketing Specialist	2.0	5.2	2.0	5.2	2.0	5.2	2.0	5.2	1.0	2.6	9.0	23.4
b. Ag. Extension Information Specialist	-	-	6.0	15.7	6.0	15.7	4.0	10.4	-	-	16.0	41.8
Subtotal 2	2.0	5.2	8.0	20.9	8.0	20.9	6.0	15.6	1.0	2.6	25.0	65.2
Total B	18.0	42.6	32.0	74.8	32.0	74.8	30.0	69.5	17.0	38.6	129.0	300.3
Total I	19.0	63.2	36.5	158.0	36.0	149.8	33.0	126.4	17.0	38.6	141.5	536.0
II. TA for Infrastructure												
A. Monitoring Section	36.0	126.6	36.0	126.7	36.0	126.7	36.0	126.7	36.0	126.7	180.0	633.4
B. Survey Section	60.0	7[illegible].2	60.0	73.2	60.0	73.3	60.0	73.3	60.0	73.3	300.0	366.3
Total II	96.0	199.8	96.0	199.9	96.0	200.0	96.0	200.0	96.0	200.0	480.0	999.7
Subtotal Technical Assistance	115.0	263.0	132.5	357.9	132.0	349.8	129.0	326.4	113.0	238.6	621.5	1535.7
Inflation	-	-		29.7	-	61.0	-	90.4	-	98.2	-	279.3
Total Technical Assistance	115.0	263.0	132.5	387.6	132.0	410.8	129.0	416.8	113.0	336.8	621.5	1815.0

Training Costs for Gadoon II, by Type and Project Year
($000s)

Table 4

Element	Year 1	Year 2	Year 3	Year 4	Year 5	Total
I. In-Country						
A. Off-Farm Employment						
1. Direct Trng Cost	175.0	175.0	175.0	175.0	175.0	875.0
2. OPF Service Fees/Travel	8.5	8.5	8.5	8.5	8.5	42.5
Subtotal A	183.5	183.5	183.5	183.5	183.5	917.5
B. Staff Trng	1.2	1.2	1.2	1.2	1.2	6.0
Subtotal B	1.2	1.2	1.2	1.2	1.2	6.0
C. Orchard Maint Training	4.7	4.7	4.7	4.7	4.7	23.5
Subtotal C	4.7	4.7	4.7	4.7	4.7	23.5
D. Women's Trng Centers	145.2	145.2	145.2	145.2	145.2	726.0
Subtotal D	145.2	145.2	145.2	145.2	145.2	726.0
Total I	334.6	334.6	334.6	334.6	334.6	1,673.0
II. Short-Term U.S. Training						
Pasture/Forage Development	-	-	13.0	13.0	13.0	39.0
Total II	-	-	13.0	13.0	13.0	39.0
Subtotal	334.6	334.6	347.6	347.6	347.6	1,712.0
Inflation	-	30.1	64.6	101.2	141.1	337.0
Grand Total	334.6	364.7	412.2	448.8	488.7	2,049.0

Table 5

Illustrative Commodities List for the Gadoon II
($000)

Sub-Element	Item	($000)	
Vehicles	Landcruisers	30.0	
	Pick-up Trucks	120.0	
	Trail Bikes	21.0	
	Transportation and Registration	5.7	
Subtotal - Vehicles			176.7
Office/Training Equipment and Furnishings			
Infrastructure/ Computer/PCU	Radio Network	8.6	
	Photocopier replacement/repair	10.0	
	Computers	29.0	
	XY Plotter	4.7	
	General Office/Computer Supplies	27.6	
	Nagrai Furniture	3.5	
		83.4	
Training	Computers	2.9	
	Furniture (Training Office)	2.6	
	Sewing Machines	17.6	
	Knitting Machines	5.0	
	Furniture (Training Centers)	37.0	
	Instructional Materials	47.0	
	Teaching/Office Supplies	152.0	
		264.1	
Subtotal - Office/Training Equipment and Furnishings			347.5
Agricultural Supplies	Orchard (Old and New)	299.1	
	Tomato Trials	48.0	
	Potato Trials	81.0	
	Onion/Garlic Trials	40.8	
	Forestry	648.2	
	Livestock	30.0	
	Pasture and Forage Development	183.7	
Subtotal - Agriculture			1330.8
Miscellaneous		25.0	
Subtotal - Miscellaneous			25.0
	SUBTOTAL - Commodities		1880.0
	Inflation		297.0
	Total Commodities		2,177.0

Table 6

Gadoon II - Illustrative Infrastructure Construction
($000)

Components	Estimated Cost					
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
I. Line Departments						
A. C&W Department						
1. Major Roads						
i. Kabgani-Utla (paving)	250.0	221.3	-	-	-	471.3
ii. Utla Parba (Surfacing)	117.7	411.8	175.5	88.2	-	794.1
Total 1	367.7	633.1	176.5	88.2	-	1,265.4
2. Feeder Roads	150.0	678.8	516.2	175.0	-	1,520.0
Total 2	150.0	678.8	516.2	175.0		1,520.0
Total Roads (C&W Department)	517.7	1,311.9	692.7	263.2	-	2,785.4
3. Health						
i. Basic Health Unit	25.0	80.9	-	-	-	105.9
Total 3	25.0	80.9	-	-	-	105.9
Total A	542.6	1,392.8	692.7	263.2	-	2,891.3
B. WAPDA						
1. Electrification	218.5	527.3	510.6	482.1	147.1	1,885.6
2. Tubewell Development	25.0	25.0	33.8	33.8	-	117.6
Total B	243.5	552.3	544.4	515.9	147.1	2,003.2
Total I	786.2	1,945.1	1,237.1	779.1	147.1	4,894.5

Table 6 Cont'd

Gadoon II - Illustrative Infrastructure Construction
($000)

Components	Estimated Cost					
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
II. Direct Contracting by PCU						
A. Land Leveling	23.6	23.6	23.6	23.6	23.2	117.6
B. Women's Trng Centers	12.8	25.6	64.0	25.6	-	128.0
C. Teachers Lodgings	1.6	2.4	4.0	2.4	0.8	11.2
D. Nagrai Sub-Office	14.7	-	-	-	-	14.7
Total II	52.7	51.6	91.6	51.6	24.0	271.5
III. District Council/ Project Committee						
A. Potable Water & Irrigation Channel Lining Programs	-	50.0	250.0	500.0	223.5	1,023.5
Total III	-	50.0	250.0	500.0	223.5	1,023.5
Subtotal	838.9	2,046.7	1,578.7	1,330.7	394.6	6,189.5
Inflation	-	225.1	366.4	489.2	204.5	1,285.2
Total Infrastructure	838.9	2,271.8	1,945.1	1,819.9	599.1	7,474.8

e. Other Costs

As shown in Table 7, other costs of almost $5.3 million cover rental of facilities and utilities (over $1 million), vehicle operation and maintenance of almost $800,000, $300,000 for project evaluations and over $2.1 million for local staff costs. The breakdown of these costs are given in Annex O.

Table 7

Illustrative Other Costs for Gadoon II
($000)

Component	Estimated Cost Year 1	Year 2	Year 3	Year 4	Year 5	Total
A. Facility Rental	146.1	146.1	146.1	146.1	146.1	730.5
Subtotal A	146.1	146.1	146.1	146.1	146.1	730.5
B. Utilities	66.6	66.6	66.6	66.6	66.6	333.0
Subtotal B	66.6	66.6	66.6	66.6	66.6	333.0
C. Vehicle Oper./Maint.						
1. Infrastructure	31.7	31.7	31.7	31.7	31.7	158.5
2. PCU	126.8	126.8	126.8	126.8	126.8	634.0
Subtotal C	158.5	158.5	158.5	158.5	158.5	792.5
D. Project Evaluation	-	150.0	-	-	150.0	300.0
Subtotal D	-	150.0	-	-	150.0	300.0
E. Deep Tillage	4.0	4.0	4.0	4.0	4.0	20.0
Subtotal E	4.0	4.0	4.0	4.0	4.0	20.0
F. External Audit	5.9	5.9	5.9	5.9	5.9	29.5
Subtotal F	5.9	5.9	5.9	5.9	5.9	29.5
G. Local Staff Costs						
1. PCU Staff	339.9	339.9	339.9	339.9	339.9	1,699.5
2. Other Support Staff	92.3	92.3	92.3	92.3	92.3	461.5
Subtotal G	432.2	432.2	432.2	432.2	432.2	2,161.0
H. Misc Expenses	15.0	15.0	15.0	15.0	15.0	75.0
Subtotal H	15.0	15.0	15.0	15.0	15.0	75.0
Subtotal	828.3	978.3	828.3	828.3	978.3	4,441.5
Inflation	-	74.6	155.8	244.4	402.7	877.5
Total - Other Costs	828.3	1,052.9	984.1	1072.7	1,381.0	5,319.0

3. Kala Dhaka

The first phase of the Kala Dhaka component will last for 12-24 months and will cost an estimated $8.0 million. Since the primary emphasis of this phase is the selection and design of proposed civil works and other sub-project activities as well as the establishment of a project administrative framework, the budget is biased in the direction of start-up and design activities. Table 8 shows that technical assistance and design costs constitute less than 25% of the total component budget. The single largest item is the construction of the West Bank access road at about $2.4 million (uninflated); next in importance is around $1.2 million for agricultural supplies, including full funding for a forestry sub component at $882,000 (uninflated). The need for this activity was well demonstrated during the initial field investigations for Phase I. It can easily be divided among the five tribes and as a result of its employment generation ability will serve as a positive early contact with the tribals. More details of Kala Dhaka costs are shown in Annex O.

a. Technical Assistance

Expatriate technical assistance will cost $719,000 and include a long term advisor based in Oghi. Local assistance will cost $476,000, while over $670,000 is allocated for design contracts on the East Bank. Table 9 shows the make up of the technical assistance team. The West Bank personnel will work on the design and construction of the Parba-Maira-Charorai road; on the East Bank construction only will occur if any design is completed early and construction funds can be "borrowed" from later years of the Gadoon II component.

Table 8

KALA DHAKA - SUMMARY BUDGET
($ 000)

ELEMENT	YEAR 1	YEAR 2	TOTAL
I. TECHNICAL ASSISTANCE			
A.Consultants			
1. International			
a. Long Term	236.30	246.85	483.15
b. Short Term	221.61	-	221.61
subtotal 1	457.91	246.85	704.76
Inflation 6%		14.81	14.81
Total 1	457.91	261.66	719.57
2. Local			
a. Long Term	257.40	200.70	458.10
Subtotal 2	257.40	200.70	458.10
Inflation 9%		18.06	18.06
Total 2	257.40	218.76	476.16
TOTAL A	715.31	480.42	1195.73
B.CONTRACT DESIGN	446.02	209.50	655.52
Inflation 9%		18.86	18.86
TOTAL B	446.02	228.36	674.38
TOTAL I	1161.33	708.78	1870.11
II. TRAINING			
A. In-country			
1. Training for 20 Tribal Teachers	26.00	26.00	51.99
2. Staff	4.63	4.63	9.26
SUBTOTAL II	30.63	30.63	61.26

Table 8 Cont'd

KALA DHAKA - SUMMARY BUDGET
($ 000)

ELEMENT	YEAR 1	YEAR 2	TOTAL
INFLATION 9%		2.76	2.76
TOTAL II	30.63	33.39	64.01
III. COMMODITIES			
A. Vehicles	218.80	-	218.80
Inflation 6%	0.00		0.00
TOTAL A	218.80		218.80
B. Office Equip./Furniture			
i. Main Office Oghi	35.04	-	35.04
ii. Sub-offices	5.61	5.61	11.22
SUBTOTAL B	40.65	5.61	46.26
Inflation 9%		0.50	0.50
TOTAL B	40.65	6.11	46.76
C. Residential Furnishings	60.00	21.60	81.60
Inflation 9%		1.94	1.94
TOTAL C	60.00	23.54	83.54
D. Engineering, Technical & Field Equipment	19.93	-	19.93
Inflation 9%	0.00		0.00
TOTAL D	19.93	0.00	19.93
E. Medical Commodities	50.58	50.58	101.16
Inflation 9%	0.00	4.55	4.55
TOTAL E	50.58	55.13	105.71

Table 8 Cont'd

KALA DHARA - SUMMARY BUDGET
($ 000)

ELEMENT	YEAR 1	YEAR 2	TOTAL
F. Agricultural Supplies			
i. Row Crop Demonstration	25.37	83.70	109.06
ii. Potato Demonstrations	88.24	97.06	185.30
iii. Forestry	286.40	595.96	882.35
SUBTOTAL F	400.00	776.71	1176.71
Inflation 9%	0.00	69.90	69.90
TOTAL F	400.00	846.62	1246.61
TOTAL III	789.95	931.41	1721.36
IV. CONSTRUCTION			
1. C&W Department (HCC)			
i. Parba-Maira-Charoral Road	1194.69	1194.69	2389.38
Total 1	1194.69	1194.69	2389.38
2. DIRECT PCU CONTRACTING			
i. Office/Housing Rehabilitation	40.00	-	40.00
ii. Teachers Lodgings	1.60	3.20	4.80
iii. Misc. Small Works	50.00	50.00	100.00
Total 2	91.60	53.20	144.80
TOTAL IV	1286.29	1247.89	2534.18
INFLATION 11%		137.27	137.27
TOTAL IV	1286.29	1385.16	2671.45
V. OTHER COSTS			
A. Facility Rental	35.27	35.27	70.55
B. Nursery Rental	6.18	24.72	30.90
C. Utilities	16.63	16.63	33.26
D. Vehicle Operation/Maintenance	81.89	81.89	163.77

Table 8 Cont'd

KALA DHAKA - SUMMARY BUDGET
($ 000)

ELEMENT	YEAR 1	YEAR 2	TOTAL
E. Travel Pay & Honaraiums	30.00	33.00	63.00
F. Animal Transportation	12.00	12.00	24.00
G. Support Staff	227.86	227.86	455.72
H. Misc. Expenses	10.00	10.00	20.00
SUBTOTAL V	419.83	441.37	861.20
INFLATION 9%		48.55	48.55
TOTAL V	419.83	489.92	909.75
TOTAL KALA DHAKA	3688.03	3548.65	7236.68
CONTINGENCY 10% PER ANNUM	404.14	390.20	794.34
GRAND TOTAL KALA DHAKA	4092.17	3939.85	8031.02

b. Training

Just over $64,000 is set aside for teacher training and in-country training for line agencies and project staff, as shown in Table 10.

c. Commodities

Expenditure under this element is expected to represent about 22% of the total budget. Twenty-one motorized land vehicles plus up to two fully equipped boats will be purchased to facilitate the work of the TAT, the PCU, the USAID Managers and other sub-project implementors. The largest single expense under this element is $882,000 (uninflated) planned for the establishment and full 4 year operation of a watershed management project including afforestation seedling nurseries. These nurseries will produce enough seedlings to plant 7,500 acres (most likely under the aegis of the World Food Program and the NWFP Forestry Development) in predominately hardwood species to meet local needs of fuel and pole wood and to begin stabilizing the landscape against erosion. Aside from this expense which is almost equally divided between years 1 and 2, most commodity expenses will occur during the first year. An illustrative list is presented in Table 11, with details in Annex O.

Table 9

Technical Assistance Costs and Person Months, for Kala Dhaka; a Break Down by Type and Project Year
($000)

Position	Year 1 PM	Year 1 $	Year 2 PM	Year 2 $	TOTAL PM	TOTAL $
1. Expat (L.T.)						
a) Rural Devel. Specialist	12	236.3	12	246.8	24	483.1
Subtotal	12	236.3	12	246.8	24	483.1
2. Expat (S.T.)						
a) Agronomist	4	70.5	-	-	4	70.5
b) Anthropologist	4	80.5	-	-	4	80.5
c) Transport Economist	4	70.6	-	-	4	70.6
Subtotal	12	221.6			12	221.6
3. Local (L.T.)						
a) East Bank						
i) Engineer (Hydrologist/ Civil)	12	28.3	12	28.3	24	56.6
ii) Health/Nutrition Specialist	12	27.2	-	-	12	27.2
iii) Agronomist	12	28.3	12	28.3	24	56.6
iv) Translator Assistant	12	28.3	12	28.3	24	56.6
v) Road Engineer	12	28.3	12	28.3	24	56.6
vi) Project Administrator	12	28.3	12	28.3	24	56.6
vii) Program Assistant	12	12.4	12	12.5	24	24.9
Subtotal East Bank	84	181.1	72	154.0	156	335.1
b) West Bank						
i) Project Engineer	12	20.3	12	20.3	24	40.6
ii) Surveyors	8	7.1	4	3.5	12	10.6
iii) Chainman	8	5.9	4	2.8	12	8.7
iv) Helper	8	3.0	4	1.5	12	4.5
v) Senior Draftsmen	12	7.5	-	-	12	7.5
vi) Junior Draftsmen	12	5.9	-	-	12	5.9
vii) Program Assistant	12	10.5	12	10.5	24	21.0
viii) Misc. Technical Support	8	16.1	4	8.1	12	24.2
Subtotal West Bank	80	76.3	40	46.7	120	123.0
Subtotal Local (L.T.)	164	257.4	112	200.7	276	458.1
4. East Bank Design Contracts		446.1		209.5		655.6
Subtotal		1161.4		657.0		1818.4
Inflation		-		51.7		51.7
Total TA		1161.4		708.7		1870.1

Table 10

Kala Dhaka
Training Costs

1. Training for 20 Tribal Teachers

Estimated costs at local schools for non-degree training for primary school teachers (Year 1)

Entrance fees, registrations Rs425 x 20 x 2 terms	Rs8,500
Tuition 5 courses, elementary Rs510 x 5 x 20 x 2 terms	Rs51,000
Supplies, books, etc. Rs50 x 5 x 20 x 2 terms	Rs5,000
Rental lodgings, 6 months	Rs816,000
Travel 2 times round trip Rs170 x 20	Rs3,400
Subtotal	Rs883,900
	(Rs17.00=$1.00)
	$51,994

2. Short-term in-country Training for line agencies and project staff — $9,264

Assume 12 people for one month @ 772/month

Subtotal	$9,264
Total	$61,258
Inflation 9%	2,760
Grand Total	64,018

d. Construction

Almost $2.4 million (uninflated) of the over $2.7 million allocated for construction will be spent on the 33 KM. West Bank access road. Remaining funds are for office/housing rehabilitation, $40,000 (uninflated), teacher lodging $4,800 (uninflated) and miscellaneous small works such as water supply systems, irrigation lining and mini-hydro $100,000 (uninflated). Details are shown in Table 12.

e. Other

Table 13 provides an illustrative list of other costs. The largest single item is for PCU support staff at $445,000 (uninflated). The breakdown is provided in Annex O. Other amounts are allocated for vehicle operation and maintenance, rent and utilities and other PCU expenses.

Table 11

Illustrative Commodities List for the Kala Dhaka Component

Sub-Element	Item	($000)
Vehicles	Boats	66.0
	Landcruisers	45.0
	Pick-up Trucks	88.0
	Trail Bikes	15.0
	Transport & Registration	4.8
	Subtotal	218.8
Office Equipment & Furnishings	Computer	7.5
	Printers	1.3
	Computer Support Equipment	1.1
	Calculators	0.5
	Software	2.0
	Typewriter	0.9
	Copier	7.0
	Furniture	10.0
	Supplies	16.0
	Subtotal	46.3
Residence Furnishings*	Three standard AID issue sets	81.6
	Subtotal	81.6
Engineering Technical & Field Equipment	East Bank	10.3
	West Bank	9.6
	Subtotal	19.9
Medical Commodities		101.2
	Subtotal	101.2
Agricultural Supplies	Maize Trials	50.6
	Wheat Trials	58.5
	Potato Trials	185.3
	Forestry**	882.3
	Subtotal	1176.7
	Subtotal	1644.5
	Inflation	76.9
	Total	1721.4

*One set of residential furnishings will be set aside for the long term expat. Funds earmarked for the other sets may be utilized as needed to furnish overnight guest quarters at Oghi, Thakot, Judba, Durband and at a site that may be selected on the west bank.

**Seedling nursery development and operation for a 4-year activity leading to afforestation of 7,500 acres will be front-end loaded in this amendment; therefore, the cost may appear large.

Table 12

Kala Dhaka
Construction Costs
($)

1. Office/Housing Rehabilitation	
a. Oghi Main Office	10,000
b. Oghi Staff House	10,000
c. Expat Residence	5,000
d. Project Manager Residence	5,000
e. 4 Sub-Offices @ $2500 each	10,000
Subtotal	40,000
2. Teacher Lodging	
6 teacher residences with same specification as Gadoon II @ $800/unit	4,800
Subtotal	4,800
3. Parba-Maira Charorai Road - 33kms Estimated Cost Construction Services*	2,389,381
Subtotal	2,389,381
4. Miscellaneous Construction of Small Works (To be included in the TA Contract. Utilization of this fund can occur only with the joint approval of the Project Manager, AID Project Officer and TAT Chief of Party.)	100,000
Subtotal	100,000
Subtotal	2,534,181
Inflation	137,270
Total	2,671,451

*Cost estimates are on file in USAID/Islamabad ENG. Design and construction supervision will be provided by RAO/P/ENG utilizing the project resources earmarked for the West Bank.

Table 13

Illustrative List of Items and Costs Included in the "Other" Category for the Kala Dhaka Component

Illustrative "Other" List

Sub-Element	Item	($000)
Logistic Support	Building Rent	70.5
	Utilities	33.3
	Nursery Land Rent	30.9
	Vehicle Operation and Maintenance	163.8
	Travel Pay/Honorariums for GOP Project Personnel	63.0
	Animal Transportation	24.0
	Miscellaneous Expense	20.0
	Subtotal	405.5
Support Staff		455.7
	Subtotal	455.7
Total		861.2
Inflation		48.5
Grand Total - Other Costs		909.7

4. Drug Abuse Prevention Center

The establishment and operational costs of the Drug Abuse Prevention Center through the five years of the project amendment will total $5.23 million. The source of funding is: USAID: $3.07 million, the GOP: $1.19 million and other donors: $963,000. The Center expects to receive $100,000 yearly for each of 5 years from the U.S. Department of State's Bureau for International Narcotics Matters, $398,000 from the EEC, and $65,000 from the Regional Narcotics Education Project (398-0355). The in-kind contributions and support by the U.S. Information Service (USIS) and the United Nations Fund for Drug Abuse Control (UNFDAC) will be on an ad-hoc basis and are not included in this budget.

Table 14 provides a summary of the Center costs by element and source of funding. Table 15 identifies the source of funding for various budget items. Table 14 shows that the annual GOP contribution, starting in Year 2, accounts for 20%, 40%, 60% and 80% of the total budget, so that by Year 6, USAID's contribution will be complete and the GOP will be funding 100% of the Center and its activities. USAID's contribution declines in keeping with larger shares being funded by GOP. All capital costs are funded by sources other than the GOP. The GOP's contribution is calculated based on recurrent and outreach/awareness activities only. By the end of the project it is expected that the Pakistani public will be fully aware of the country's drug problem and a much lower effort will be required to maintain and reinforce that level of awareness. Therefore, some of the GOP's funds could be transferred to capital costs.

Table 14

Summary Budget
Drug Abuse Prevention Resource Center
($000)

Expense Category	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
I. Technical Assistance						
1. Expatriate						
i. Long Term	120.00	120.00	32.00	32.00	32.00	336.00
ii. Short Term	112.00	176.00	128.00	96.00	16.00	528.00
Subtotal	232.00	296.00	160.00	128.00	48.00	864.00
Inflation 6%	-	17.76	19.78	24.45	12.60	74.58
Total 1	232.00	313.76	179.78	152.45	60.60	938.58
2. Local						
i. Short Term	22.00	44.00	44.00	44.00	44.00	198.00
Subtotal 2	22.00	44.00	44.00	44.00	44.00	198.00
Inflation 9%		3.96	8.28	12.98	18.11	43.33
Total 2	22.0	47.96	52.28	56.98	62.11	241.33
Total I	254.00	361.72	232.05	209.43	122.71	1,179.91
II. Commodities						
1. Office Equipment	25.00	30.90	12.00	0.20	0.80	68.90
2. Vehicles	24.00	-	-	-	-	24.00
3. Library Development Materials	40.00	15.00	15.00	15.00	15.00	100.00
4. Print Shop Materials	-	50.00	35.00	-	-	85.00
5. Office Furniture	15.00	7.50	-	-	-	22.50
6. Program/Offc Supplies	15.00	18.00	21.00	23.00	25.00	102.00
Subtotal II	119.00	121.40	83.00	38.20	40.80	402.40
Inflation 9%		10.93	15.61	11.27	16.79	54.60
Total II	119.00	132.33	98.61	49.47	57.59	457.00
III. Training						
1. Training Course	40.50	90.00	90.00	90.00	90.00	400.50
2. Staff Training	10.00	10.00	10.00	10.00	10.00	50.00
Subtotal III	50.50	100.00	100.00	100.00	100.00	450.50
Inflation 9%		9.00	18.81	29.50	41.16	98.47
Total III	50.50	109.00	118.81	129.50	141.16	548.97

Table 14 Cont'd

Expense Category	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
IV. Other Costs						
1. Office Remodelling	8.00	2.50	-	-	-	10.50
2. Programs						
i. Materials Production	32.00	29.00	42.00	55.00	38.00	197.00
ii. Research & Eval.	10.00	35.00	40.00	45.00	47.00	177.00
iii. Press/Info. Dissem.	12.00	17.00	23.50	28.00	30.00	110.50
iv. Media Campaigns	60.00	100.00	125.00	150.00	160.00	595.00
v. Special Projects (Outreach)	49.00	87.00	105.00	112.00	113.00	466.00
Total 2	163.00	268.50	336.00	390.00	388.00	1,545.50
3. Recurrent Costs						
i. Salaries (Main Center)	34.30	48.00	48.00	48.00	48.00	226.30
ii. Salaries (Branches)	-	5.80	11.60	11.60	11.60	40.60
iii. Collab. Agency Honorarium	4.00	2.00	-	-	-	6.00
iv. Rent & Utilities (Main Center)	13.20	21.60	21.60	21.60	21.60	99.60
v. Rent & Utilities (Branches)	-	4.20	8.40	8.40	8.40	29.40
vi. Staff Travel	15.00	16.00	18.00	20.00	22.00	91.00
vii. Vehicle Operation Costs	4.70	9.00	9.50	10.00	10.50	43.70
Total 3	71.20	106.60	117.10	119.60	122.10	536.60
Total IV	242.20	377.10	452.60	509.60	510.10	2,091.60
Inflation 9%		33.94	85.13	150.35	209.95	479.37
Total IV	242.20	411.04	537.73	659.95	720.05	2,570.97
Total Drug Center	665.70	1014.09	987.21	1048.35	1041.51	4,756.85
Contingency 10% Per Annum	66.57	101.41	98.72	104.84	104.15	475.69
Less Other Funding Sources						
European Economic Community	132.00	139.92	39.55	41.92	44.44	397.83
Narcotics Affairs Unit (US Embassy)	100.00	100.00	100.00	100.00	100.00	500.00
Regional Narcotics Education Project	65.00					65.00
Government of Pakistan	-	96.60	225.60	373.60	500.10	1,195.90
USAID Contribution	435.27	778.97	720.78	637.67	501.12	3,073.81

Table 15

Summary of Center Expense by Element and Funding Source
($000)

Expense Category	USAID	Regional	NAU	EEC	GOP	Total
I. Technical Assistance						
A. International						
1. Long Term				336.0		336.0
2. Short Term	528.0					528.0
B. Local						
Short Term	198.0					198.0
Total I	726.0			336.0		1062.0
II. Training	270.5				180.0	450.5
Total II	270.5				180.0	450.5
III. Commodities						
A. Office Equipment	33.9	35.0				68.9
B. Vehicles	24.0					24.0
C. Library	100.0					100.0
D. Print Shop			85.0			85.0
E. Supplies	56.2				45.8	102.0
F. Office Furniture	22.5					22.5
Total III	236.6	35.0	85.0		45.8	402.4
IV. Other Costs						
A. Programs & Sp. Proj	397.0		415.0		732.5	1544.5
B. Recurrent Costs	269.0	30.0			237.6	536.6
C. Office Remodelling	10.5					10.5
Total IV	676.0	30.0	415.0		970.1	2091.6
Total I-IV	1909.6	65.0	500.0	336.0	1195.9	4006.5
Inflation/Cont.	1195.3			30.7		1226.0
Total Project	3104.9	65.0	500.0	366.7	1195.9	5232.5

The bulk of USAID's contribution will go towards financing local and expatriate short term technical assistance $726,000 (uninflated) and programs, special projects and recurrent costs $1,597,600 (uninflated) including media campaigns and outreach activities. Significant amounts (over $100,000) will also be spent on information dissemination, production of Center-generated materials and contracted research and evaluation studies. USAID will also provide the lion's share of the commodity costs of the project for a total of $237,000 (uninflated). Training costs, nearly all of which will go to program training on drug related topics, are divided between USAID $270,000 (uninflated) and GOP ($180,000).

5. Overview

Table 16 shows the allocation of funds among the three components. Overall, technical assistance accounts for just over $4.5 million, or 14% of the total budget. The budget calls for just over $2.7 million for training or 8.3% of the total. Commodities explain about 12.2% or almost $3.9 million, while construction will cost over $10.1 million (32%). Other costs, which include program and project costs, rentals and utilities and other recurrent costs total almost $7.4 million or 23.1% of the budget. The remaining $3.3 million is allocated to contingency at 10.4%.

Table 16

Summary Budget by Component, Element and Year

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
I. Gadoon II						
Technical Asst	263.00	387.62	410.76	416.78	336.80	1,814.96
Training	334.61	364.72	412.16	448.81	488.73	2,049.03
Commodities	557.00	381.17	457.77	543.39	237.71	2,177.04
Construction	838.88	2,271.84	1,945.06	1,819.93	599.08	7,474.79
Other Costs	978.34	902.89	984.15	1,072.72	1,381.01	5,319.11
Contingency	332.53	466.17	456.34	465.51	339.68	2,060.23
Subtotal 1	3,304.36	4,774.41	4,666.24	4,767.14	3,383.01	20,895.16
II. Kala Dhaka						
Technical Asst	1,161.33	708.78	-	-	-	1,870.11
Training	30.63	33.39	-	-	-	64.02
Commodities	789.95	931.41	-	-	-	1,721.36
Construction	1,286.29	1,385.16	-	-	-	2,671.45
Other Costs	419.83	489.92				909.75
Contingency	404.14	390.20				794.34
Subtotal II	4,092.17	3,938.86	0.00	0.00	0.00	8,031.03
III. Drug Center						
Technical Asst	122.00	221.80	192.50	167.51	78.27	782.08
Training	50.50	109.00	118.81	129.50	141.16	549.97
Commodities	19.00	32.33	0.0	0.0	0.0	51.33
Other Costs	177.20	314.44	310.74	235.82	177.54	1,215.74
Contingency	66.57	101.41	98.72	104.84	104.15	475.69
Subtotal III	435.27	778.98	720.77	637.67	501.12	3,073.81
Grand Total	7,831.80	9,492.25	5,387.01	5,404.81	3,884.13	32,000.00
Total NWFADP Amendment						
Technical Asst	1,546.33	1,318.20	603.26	584.29	415.07	4,467.15
Training	415.74	507.11	530.97	578.31	629.89	2,662.02
Commodities	1,365.95	1,344.91	457.77	543.39	237.71	3,949.73
Construction	2,125.17	3,657.00	1,945.06	1,819.93	599.08	10,146.24
Other Costs	1,575.37	1,707.25	1,294.89	1,308.54	1,558.55	7,444.60
Contingency	803.24	957.78	555.06	570.35	443.83	3,330.26
Grand Total	7,831.80	9,492.25	5,387.01	5,404.81	3,884.13	32,000.00

F. Environmental Statement

The Negative Determination recorded for the NWFADP in the 1983 IEE is applicable for the proposed project amendment, including the extension of the project into the Kala Dhaka region, provided that the environmental design criteria and mitigation actions presented in the pesticide analysis summarized in Annex L and the Environmental Analysis attached as Annex N are factored into project design and implementation. The basis for this determination is the finding of the analysis that the project, if implemented within the given environmental guidelines, will not result in significant negative impacts on the environment.

G. Women in Development

The original PP statement on women in development concluded that women would benefit both indirectly and directly from this project. This has been borne out by experience under Gadoon I, particularly with respect to the Women's Centers. Under the amendment, women will continue to benefit, at an increasing rate. Not only are the Women's Centers going to increase in scope and number, but the benefits of the Drug Abuse Prevention Center will certainly have a positive impact on mothers and wives of drug users, as well as potential female drug users themselves.

VI. Conditions, Covenants and Negotiating Status

A. Conditions Precedent to Initial Disbursement

1. Except as AID may otherwise agree in writing, prior to any disbursement of funds under this project amendment or to the issuance by AID of the documentation pursuant to which such disbursement will be made, the grantee shall furnish to AID in form and substance satisfactory to AID, a written opinion of counsel acceptable to AID that this agreement has been duly authorized and/or ratified by and executed on behalf of the grantee, and that it constitutes a valid and legally binding obligation of the grantee in accordance with all of its terms.

2. Condition Precedent to First Disbursement Under the Kala Dhaka Grant Component

Except as AID may otherwise agree in writing, prior to any disbursement under the Kala Dhaka component of the grant, or to the issuance by AID of documentation pursuant to which such disbursement will be made, the grantee shall furnish or have furnished to AID for sub-section (a) in form and substance satisfactory to AID, and for sub-section (b) in form and substance satisfactory to the United States: (a) a written statement setting forth the names and titles of persons holding or acting in the office of grantee and

representing that the named person or persons have the authority to act as a representative or representatives of the grantee for purposes of the Kala Dhaka component of the grant together with a specimen signature of each such person satisfied as to its authenticity; and (b) documentation confirming that the parties have reached agreement in writing as to the actions to be taken by the Government of the NWFP in the project area to enforce the grantee's ban on opium poppy cultivation and the processing and distribution of opium poppy, heroin, and/or illicit morphine based substances.

3. Conditions Precedent to Disbursement for Road Design Activities to be Implemented under the Kala Dhaka Grant Component

Except as the parties may otherwise agree in writing, prior to disbursement under this project component for activities related to the design of new or rehabilitation of existing roads in the Kala Dhaka area, or to the issuance by AID of documentation pursuant to which such disbursement will be made, the grantee will provide to AID in form and substance satisfactory to AID: (a) documentation confirming that the grantee has established, or has caused to be established, a project coordination unit within the Government of the NWFP for the purpose of overseeing project implementation within the Kala Dhaka area. Such unit shall be separate and distinct from the Project Coordination Unit already established in Topi; (b) documentation confirming that the grantee has appointed, or has caused to be appointed, a project director for the Kala Dhaka Project Coordination Unit, together with the name of said person and his specimen signature. Said Project Director shall be the equivalent in terms of grade and experience of the Project Director currently working in the Topi Project Coordination Unit.

B. Special Condition-Control of Poppy Related Activities

The parties will, as a condition precedent to initial disbursement, reach agreement in writing as to actions to be taken by the Grantee to enforce the Grantee's ban on opium poppy cultivation and the processing and distribution of opium poppy, heroin, and/or illicit morphine-based substances.

The Grantee agrees to carry out said agreement, as it may be from time to time amended by the Parties, in a prompt and effective manner. If, at any time prior to the Project Assistance Completion Date (PACD) for this project, as it may be from time to time amended, AID should determine, in its discretion, that the Grantee has not substantially complied with said agreement or has failed to act in good faith in its efforts to fulfill the terms of said agreement, AID reserves the right to:

1. suspend all further assistance under the project or such part thereof as AID may deem appropriate, and/or,

2. terminate all further assistance under this project as provided for in the Project Grant Standard Provisions, Annex 2.

C. Negotiating Status

The project as outlined has been discussed at length with the GOP and the Government of the NWFP, and there are no outstanding issues that would delay initiation of the project once the Project Agreement is signed and the above conditions are met.

Negotiations with the GOP, GONWFP and the World Food Program are at the point where an appropriate PC-1 for afforestation activities could be approved within CY 1988. An earlier PC-1 was rejected by the Mission because it did not take into account the special problems of working in a Provincially Administered Tribal Area. For instance, USAID felt that the PC-1 should specify the need for the Forestry Department to negotiate planned activities, individually, with Kala Dhaka farmers through their tribal elders and chiefs. The Mission also felt it important to establish nurseries in Kala Dhaka and use them to provide seedlings for afforestation, rather than import seedlings from already established nurseries in surrounding areas, as the Forestry Department proposed. Every activity, especially in the early days of implementation, needs to be clearly benefiting the people of the area, so that confidence and enthusiasm for the project is developed. These points have been made, and accepted by the GOP, and following project approval, a revised PC-1 will be prepared.