

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



ANNUAL BUDGET SUBMISSION

FY 1978

USAID/PAKISTAN

**DEPARTMENT
OF
STATE**

JUNE 1976



FY 1978 ANNUAL BUDGET SUBMISSION

USAID/PAKISTAN

June 1976

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USAID/PAKISTAN

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Mission Certification of Continued Validity
of the DAP

The proposed program for fiscal years 1977 and 1978 shown in the Summary Tables (pages 13 and 14) is based upon the Development Assistance Program FY 1975, Pakistan (December 1974), and the strategy elaborated in Islamabad 2769 (1975).

This strategy was summarized in the FY 1977 Annual Budget Submission. In that submission the strategy was related to the Working Papers for the Development Perspective 1975-1980 - a semi-official document intended to be a precursor of the fifth plan. Since then the Government has released copies of the Draft Five Year Plan 1976-1981 (First Version). Although it is a draft, and the start may be postponed for a year, the plan has been officially released to the donors as reflecting the Government's policy directions. Differences between the Working Papers and the Draft Plan are not significant and our strategy is directly supportive of the Plan.

There have been significant actions since the preparation of the Development Assistance Program FY 1975 - which are discussed below. These actions have reinforced the strategy, rather than requiring changes in it. The strategy continues to guide our development assistance program for Pakistan. It is still valid.

The Strategy, the Plan and the Program

The draft fifth plan indicates that the present Government is committed to removing the worst manifestations of poverty in the country and to ensuring a reasonable standard of living for all the people; and that feasible gains in living standards must come from high growth and equitable distribution of benefits and a lower rate of population expansion. "The ultimate aim of the entire development effort is to improve the quality of life for the majority of the people."

The proposed A.I.D. program through FY 1978, our project development for the years immediately beyond, and our long range plan, all will support Pakistan's intention to shift its focus toward people-oriented programming, with primary attention to rural development. A fundamental underpinning of our strategy is the conviction that sustained improvement in the living conditions of the rural poor is both a cause and an effect of declining birth rates. In each functional sector we propose to support programs which will help the Government to develop the policy framework for, to organize, and to fund a set of interacting projects which, together, will help to produce simultaneous improvement in the quality of life for the residents of Pakistan's 43,000 villages and bring about a substantial reduction in the rate of population growth. This strategy implies more than the general conviction that

rural development causes declining fertility. We are committed to the search for, and support of, specific sets of projects which experience has shown have the greatest impact on fertility.

If the rural standard of living is to improve, rural people must have access to markets, to services, such as health and education, and to amenities. There is a growing conviction around the world about the interrelationships of the various components of an integrated approach to rural development. A successful health program will provide positive spinoffs for reducing population growth and increasing food production. A successful primary education program, particularly one benefitting the female population, will have a positive impact on population, health, nutrition and agriculture. Many believe adequate production of basic food commodities is the foundation of an adequate nutritional strategy which in turn is a crucial element in health and a reduced birth rate. We know too little about these interrelationships, even while we accept their importance, and we will continue to work with the Government to gain a better understanding of them.

The projects we are jointly developing with the Government range in purpose from increased agricultural production, especially of food, to the addition of basic amenities of village life. The projects will be targeted, to the maximum feasible extent, at low income farmers and poor villagers. But, of necessity, few are exclusively aimed at these groups. A rural roads program can give priority to villages where low income farmers predominate, but a rural road cannot be built to reach only part of a village. The projects cover:

- Family Planning Services
- Fertility determinants
- Small farmer credit
- On-farm water management
- Rainfed agriculture
- Rural electrification
- Village level food processing
- Food marketing and storage
- Rural roads
- Paramedic based health services
- Nutrition
- Clean drinking water
- Economic and agriculture planning and policy analysis
- Primary education
- Dissemination of development information.

During the next two years development will also continue on several projects for which there is not enough information available now to do an acceptable

job of project identification. If any of these projects mature during the next two years, we will consider proposing them for inclusion in the program at that time. The projects include:

- Further Nutrition Interventions. We expect the Government's work in nutrition planning to lead to a comprehensive nutrition strategy and a series of experimental and full-scale projects which appear to be promising from a benefit cost point of view. If these projects are developed we expect them to include one or more which we would wish to support, keeping in view the important nutrition component in the Basic Health Services Project.
- Integrated Rural Development. With the new Ministry of Local Government, Rural Development and Social Welfare, organized and competently staffed, the Government now appears more committed than before to the creation of local government in the foreseeable future and to the development of a coherent Integrated Rural Development strategy. We plan to work closely with the new Ministry and to seek ways in which we can assist its efforts beyond the training project planned for FY 1977.

The Policy Framework - Past and Future.

Over the past year, and at an accelerated rate in recent months, the Government has taken a series of policy steps which are in keeping with the strategy we have discussed above and are intended to put the economy on the growth and equity path of the Fifth Plan. Among them are:

- Fertilizer Distribution. Late last summer a wide range of actions were taken to enhance private and public sector distribution of fertilizer and to widely increase fertilizer availability. These steps, and wheat price supports, contributed to a 40 percent increase in fertilizer use during the 1975-1976 rabi (winter) crop season, and the resulting production of a record wheat crop, which we estimate at 8.5 million tons or better.
- Price Relationships. Last year, for the first time, the Government attempted to maintain the procurement price for wheat of rupees 37 per maund as a floor price and forced procurement was abandoned. This practice has since been widely publicized, and with some implementation difficulties, it is being followed this year. More recently the Government has announced, well in advance of planting time, a cotton lint price for next year of rupees 300 per maund - up 40 percent - and a concomitant reduction in fertilizer prices of 5 to 10 percent. Price supports were announced - for the first time - for

maize, potatoes and onions. The Government has stated it intends to establish support prices for other crops and to liberalize exports.

- Government Industries and Sales. In March, the Government announced increases in Government controlled prices ranging from 15-25 percent for cement, gas, furnace oil, electricity and railway and air fares, to place these industries more nearly on a self financing basis.
- Tax Collections. As another part of its effort to increase public sector saving the Government has stepped up income tax collections. Income taxes collected in FY 1976 are expected to total Rs. 204 crore, 51% above the budget target for the year.
- Inflation. Over the past year the Government has restricted government consumption expenditures, credit, and monetary expansion, as part of a planned program to reduce inflation. From the peak annual rate of 26% in 1975 it now appears that inflation for fiscal 1976 will be below 10% and the rate is not expected to increase next year.
- Population. The Government has given major attention in the past year to development planning and programming for fertility decline. The most encouraging example of this new policy emphasis was the decision to prepare a separate chapter on population in the draft Fifth Five-Year Plan and to include in that chapter an analysis of the impact on population of planned activities in all of the social sectors. It also is encouraging that the Government recently elevated management of the program to the level of a full-time Secretary for Population Planning.
- Policy Analysis. The examples listed above are also part of the accumulating evidence that the Government intends to strengthen its capability for professional policy analysis; and that analysis, well done, is being heeded by the political leaders. Other evidence can be seen in the calibre of recent appointments, such as the present Special Assistant to the Prime Minister for Economic Affairs, and in the development of concrete long-term plans to strengthen the staff for, and the quality of, analysis in economic planning, agriculture policy and statistics. We plan two projects in FY 1978 to support these efforts.

We are aware of the importance of policy to performance in a rural development strategy. We are continuing to build mechanisms into our projects to provide a regular, essentially continuing, dialogue on policy issues; and are conducting, or supporting studies in areas

such as agricultural price policy, agricultural credit, fertilizer distribution and population determinants, where knowledge is insufficient.

Organization - The Challenge

While there has been substantial recent progress in bringing reality to support for agriculture and the small farmer, many obstacles remain. There is a tremendous challenge in finding out how to insure that small farmers and landless rural laborers participate fully in production increases, and in finding out how to provide education, health, electricity, transportation, and agricultural inputs to the bottom half of the population. Without pretending to know all the answers we believe that associating our funds with programs in these areas will help the Government to address the administrative problems involved and to develop the operating concepts that will achieve these objectives. We have begun, and plan to expand, a program of social science research to improve our ability to meet this challenge. We expect most of the research to be done by local institutions and we are adding a cultural anthropologist to our staff to direct it.

Funds - Priorities and the Need for Resources

Any Government has problems in skewing priorities toward the people-linked end of the economic chain. Large infrastructure projects tend to gain political adherents and to require large reservations of funds which compete with social sector projects such as rural primary schools, rural health, on-farm water management, rural roads and rural electrification. This problem was underlined in the Government's Memorandum for the Pakistan Consortium 1976-77 which states that: "Unfortunately it will not be possible during 1976-77 to provide the expansion in development outlays on social sectors which are necessary to attain policy commitments of the Government in these areas." After 1976-77, "... an initial plateau and successive reductions in (Government financed) industrial investments will be accompanied by a steep acceleration in social sector development outlays for the remainder of the Fifth Plan." Our shift toward funding people-oriented programs can help the Government to meet this problem and realize its determination to shift priorities in these directions.

In practical terms such a reordering of priorities will only be possible in a rapidly growing economy. Without growth, greater equity in a country as poor as Pakistan will have only a marginal impact on the living standards of the poor majority.

The World Bank makes a different point supporting the same conclusion. In its March 1, 1976 report - Pakistan Recent Trends and Development Prospects (Report No. 1023-PAK) - the Bank noted that extension of current economic trends would leave Pakistan with an unmanageable balance of payments gap and debt service ratio in 1981. The report proposed as an alternative a High Growth Case for the economy and found that the draft Fifth Plan was consistent with such a case. The following table is based on the projections in the Fifth Plan.

Pakistan's Resource Requirements and Availabilities
1976-1981

(Current Prices - \$ million)

	<u>Estimated</u>	<u>1976-77</u>	<u>Projected</u>		<u>1979-80</u>	<u>1980-81</u>
	<u>1975-76</u>		<u>1977-78</u>	<u>1978-79</u>		
Exports	1,150	1,220	1,425	1,746	2,137	2,470
Imports	-2,135	-2,440	-2,415	-2,475	-2,605	-2,660
Remittances	375	375	400	400	400	400
Invisibles	-209	-275	-302	-334	-381	-427
Debt Service	-424	-391	-480	-629	-685	-752
Balance of Payments Gap	-1,234	-1,511	-1,372	-1,292	-1,134	-929
Aid Inflows	1,225	1,225	1,225	1,225	1,225	1,225
After Aid Gap	-18	-286	-147	-67	91	296
GNP	12,000	13,205	14,378	15,668	17,125	18,641
Domestic Savings	1,082	1,297	1,647	1,986	2,520	2,923

The Fifth Plan requires a substantial increase, in both real and absolute terms, in domestic savings to finance investments. (The Plan projects an increase in marginal domestic savings from 15 percent to 27.5 percent.) However, the Plan is also dependent on the critical margin of external assistance, and the level of U. S. bilateral assistance is an important part of this.

In FY 1976 U.S. commitments to Pakistan will be \$168 million and disbursements about \$154 million, 13 percent of total aid inflows to Pakistan. Partly as a result of the successful implementation of policy actions we have actually encouraged the government to adopt, the possibility has arisen that overall US bilateral aid levels will drop substantially in the next few years. If wheat self-sufficiency is realized in the next year or two - a real possibility - Pakistan's need for PL 480 assistance, will be sharply reduced. With the completion of Tarbela Dam - the type of infrastructure investment the government hopes to reduce - our contributions to the Indus Basin Fund, which have been running from \$10-\$30 million a year, are coming to an end. The following table illustrates the dimensions of this phenomenon:

Actual and Projected Assistance to Pakistan
(other than development loans)
(Millions of Dollars)

	<u>1974</u>	<u>1975</u>	<u>1976+IQ</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
PL 480	41.7	83.6	91.7	67.7 *	40.2	40.2	30.2	20.4
Indus Basin	11.0	9.2	21.2	15.8	-	-	-	-
Total	52.7	92.8	112.9	83.5	40.2	40.2	30.2	20.4

* Assumes Title I wheat reduced from FY 1977 Congressional level of 450,000 tons to 200,000 tons because of record wheat crop. This is partly offset by a proposed increase in vegetable oil from 22,220 to 100,000 tons.

During the next five years, however, we and the Pakistan Government hope that the foundation will be laid for Pakistan to generate from within its economy a substantially greater share of the investment resources it requires. The table above on resource availability shows that substantial aid inflows will be needed during this period to sustain the Pakistan development effort. In these circumstances, while some reduction in US bilateral aid seems inevitable over the 1976-81 plan period, we believe it would be damaging to Pakistan's development effort were our aid levels to drop precipitately. This is particularly true since we believe that there are more than enough sound projects which could be undertaken in Pakistan to justify an increase in our development loan program. In addition we believe that it will be very difficult to maintain our leadership role if the U.S. bilateral share of total aid flows is substantially reduced.

These points are reinforced by our shift in emphasis to people-related programming. We believe we should not encourage and assist the Government to embark on large-scale social sector programs unless we are prepared to stay the course through continuing assistance over a several year time frame. We should be willing to associate our funds over a long enough period to be sure the Government's new priorities are firmly established. This is an important element in almost all of the new projects we are initiating in fiscal years 1977 and 1978. Our five year projection assumes U.S. financing over a period of years for each new project. (In most of the projects there is also substantial room for other donor assistance, which we plan to encourage.)

We believe the only available alternative to a precipitous reduction in total U.S. assistance is an increase in Development Assistance. Partly offsetting reductions in other accounts, we are proposing a substantial increase in Development Assistance in 1978. Carried into the years beyond 1978, even this proposed increase will result in a lower gross dollar level of U.S. assistance through 1981. We envision a continuing gross level of about \$125 million. The real value of this amount is likely to be further eroded by continuing inflation. The increase we are proposing can only be justified if it is supported by viable projects. Our long range projection (page 35) indicates 90 percent of the required funds will be needed to support projects started in fiscal years 1976, 1977 and 1978.

Quite aside from the need to maintain total aid flows there is another reason to provide adequate levels of assistance. In capital projects there is an inevitable lag time between project start and the realization of returns - 10 years in the case of Tarbela Dam. This is equally true of Social Sector projects - such as Primary Education, Basic Health Services, Potable Water and Rural Roads. While they have a more immediate payoff in terms of increased well being of the target recipients - the rural poor - there is a gap between the realization of these immediate benefits and consequent increases in production and revenues. The Government must find the resources to fill this gap, and it is here that external aid can fill a critical role.

SUMMARY:

In summary, we are developing a set of inter-acting projects - keyed to Government priorities - which focus on basic needs in the 43,000 villages in Pakistan. We are proposing a substantial increase in Development Assistance to Pakistan in 1978 and the years beyond. This increase, which is more than offset by reductions in other assistance accounts, is designed to:

- help Pakistan skew its priorities to people-related equity-enhancing projects primarily affecting the rural poor.
- help Pakistan to finance social sector projects during the period between start up and realization of resulting revenue.
- help Pakistan with essential external resources which, added to rapidly growing domestic savings, will enable the country to pursue a high growth strategy; a strategy designed both to:
 - substantially increase the well being of the majority of its people who are very poor, and
 - reduce future dependence on external aid.

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The optional section, "Opportunities for Centrally Funded Research", has been deleted in accordance with State 145171 of June 14, 1976.

PAKISTAN

SUMMARY TABLE I - FY 78 ABS
(\$000's)

	<u>FY 1976</u>	<u>Interim Quarter</u>	<u>FY 1977</u>	<u>FY 1978</u>
<u>Food & Nutrition</u>				
Grants	1136	344	1650	2538
Loans	47500	25000	33000	75000
<u>Population/Health</u>				
Grants *	557	146	1050	1070
Loans		7500	12500	25000
(Population)				
(Grants)	(557)	(146)	(1050)	(1070)
(Loans)	-	-	-	-
(Health)				
(Grants)	-	-	-	-
(Loans)	-	(7500)	(12500)	(25000)
<u>Education</u>				
Grants	310	-	400	732
Loans	-	-	12000	-
<u>Section 106</u>				
Grants	-	-	-	-
Loans	2500	-	-	-
Sub-Total: **				
(Grants)	(2003)	(490)	(3100)	(4340)
(Loans)	(50000)	(32500)	(57500)	(100000)
TOTAL	<u>52003</u>	<u>32990</u>	<u>60600</u>	<u>104340</u>
PL 480				
Title I	91300	-	67300	39700
Title II	400	-	443	500

* Excludes centrally funded contraceptives & commodities, and equipment and supplies related to sterilization program: FY 76 5.65 million
FY 77 1.75 million
FY 78 3.52 million

** Excludes Indus Basin Loan of \$10 million and Grant of \$9 million in FY 76; Grant of \$2.25 million in the I.Q., and Grant of \$15.75 million in FY 77.

Summary Table 2

AGENCY FOR INTERNATIONAL DEVELOPMENT		1. TRANSACTION CODE					2. ABS/CP				
ABS/CP SUMMARY		A A = ADD C = CHANGE D = DELETE					DOCUMENT CODE 6				
3. COUNTRY/ENTITY		4. DOCUMENT REVISION NO.	5. OPERATIONAL YEAR FY		6. BUREAU/OFFICE		7. GEOGRAPHIC CODE				
PAKISTAN			7/7		ASIA		[04] [391]				
8. TYPE DATA					9. TYPE ASSISTANCE						
1 = ABS 2 = ABS REVISION 3 = CP 4 = CP NOTIFICATION					1 = PROJECT 2 = PROGRAM						
10. PROJECT SEQUENCE NO.	11. PROJECT TITLE (40 CHARACTERS MAXIMUM)	12. QTR. FOR OBLN.	13. EST. FY. AUTH. OBLN. FINAL	14. APPROPRIATION	15. PRIMARY PURPOSE CODE	16. LOAN INSTR.	17. BUDGETS (IN \$000)				
							AY	TQ	OY	BY	LSP
FOOD AND NUTRITION											
<u>On-going</u>											
2960	Agriculture Research	2/2	79	FN	181	GC	215	-	282	300	2696
4030	Dryland Agriculture Development	2/2	78	FN	123	GC	266	-	100	240	777
4010	Water Management	1	77	FN	120	GC	344	84	583	-	1142
4170	Village Level Food Processing	2/3	78	FN	162	GC	175	150	90	150	565
4930	Nutrition Planning	-	76	FN	380	GC	136	-	-	-	276
4190	Agriculture Inputs	2	77	FN	100	L	40000	25000	25000	-	90000
4130	On Farm Water Management	2	82	FN	120	L	7500	-	-	15000	90000
<u>New</u>											
4120	Integrated Rural Development	3/3	79	FN	281	GN	-	-	150	330	810
4180	Improved Crop Estimating	-	TQ	FN	189	GN	-	110	-	-	110
4210	Agriculture Planning and Policy Analysis ²	2	80	FN	181	GN	-	-	-	600	2350
4040*	Fortification of Flour	1/1	79	FN	310	GN	-	-	370	793	2005
4050*	Fortification of Tea	1/1	79	FN	310	GN	-	-	75	125	275
4090	Rural Roads	4	82	FN	200	L	-	-	8000	-	68000
4080	Rural Electrification ³	2	82	FN	250	L	-	-	-	25000	55000
4220	Rainfed Agriculture ⁵	1	81	FN	123	L	-	-	-	10000	20000
4230	Small Farmer Credit ¹	2	79	FN	130	L	-	-	-	25000	50000
							(1136)	(344)	(1650)	(2538)	
(Grants)							(47500)	(25000)	(33000)	(75000)	
(Loans)											
POPULATION/HEALTH											
<u>On-Going</u>											
3930	Expanded Population Planning a/	3/3	78	PH	401	GC	470	146	650	570	26285b/
							18. DATE DOCUMENT RECEIVED IN AID/W				
							MM	DD	YY		

Summary Table 2 (Cont'd)

AGENCY FOR INTERNATIONAL DEVELOPMENT		1. TRANSACTION CODE					2. ABS/CP					
ABS/CP SUMMARY		A					DOCUMENT CODE 6					
		A = ADD C = CHANGE D = DELETE										
5. COUNTRY/ENTITY		4. DOCUMENT REVISION NO.		5. OPERATIONAL YEAR FY		6. BUREAU/OFFICE			7. GEOGRAPHIC CODE			
PAKISTAN				7/7		ASIA			[04]			
8. TYPE DATA		9. TYPE ASSISTANCE										
1		1										
1 = ABS 3 = CP		2 = ABS REVISION 4 = CP NOTIFICATION		1 = PROJECT 2 = PROGRAM								
10. PROJECT SEQUENCE NO.	11. PROJECT TITLE (40 CHARACTERS MAXIMUM)	12. QTR. FOR OBLI.	13. EST. FY OBLI. FINAL	14. APPRO. PRIA. TION	15. PRIMARY PURPOSE CODE	16. LOAN INSTR. BATCH	17. BUDGETS (IN \$000)					
							AY	TQ	OY	BY	LDP	
3840	Population Planning (PIDE)	1	77	PH	410	GC	87	-	100	-	738	
4150	Basic Health Services	2	82	PH	530	L	-	7500	-	7500	55000	
4240	Malaria Control	1/1	78	PH	514	L	-	-	7500	7500	35000	
	<u>New</u>											
4110	Population Grants	2/2	78	PH	430	GN	-	-	300	500	800	
4060	Rural Potable Water	4	77	PH	510	L	-	-	5000	-	5000	
4250	Small Village Water Systems ⁶	3	82	PH	510	L	-	-	-	10000	70000	
	(Grants)						(557)	(146)	(1050)	(1070)		
	(Loans)							(7500)	(12500)	(25000)		
	<u>EDUCATION</u>											
	<u>On-Going</u>											
2990	GASI	3	77	EH	601	GC	310	-	400	-	1560	
	<u>New</u>											
4260	Development Training ⁷	3	80	EH	601	GN	-	-	-	400	1545	
4270	Development Administration and Management ⁴	2	80	EH	664	GN	-	-	-	332	1330	
4100	Primary Education	4	82	EH	624	L	-	-	10000	-	80000	
4070	Development Communications Center	1	77	EH	610	L	-	-	2000	-	2000	
	(Grants)						(310)	-	(400)	(732)		
	(Loans)							-	(12000)	-		
	<u>SECTION # 106</u>											
	<u>On-Going</u>											
4140	Technical Services	-	82	ST	791	L	2500	-	-	-	12500	
	(Loan)						(2500)					
	<u>TOTAL</u>											
	Grants						2003	490	3100	4340		
	Loans						50000	32500	57500	100000		
* Deviation from FY 77 CP; see attached												
a/ Proposed obligations exclude central funding.												
b/ includes central funding.												
							18. DATE DOCUMENT RECEIVED IN AID/W					
							MM DD YY					

* Fortification of Flour with Vitamins and Minerals

When this innovative project was originally proposed late in FY 75, (later delayed to FY 76) it was the Government's intention that it would be managed by the Nutrition Cell of the Planning Commission. After considering the majority draw back to this approach (the Nutrition Cell is primarily a planning body and is not organized to carry out an operational program of this magnitude) the Government recently decided to place administrative responsibility for flour fortification in the Food Wing of the Ministry of Food and Agriculture. Since this will require extensive pre-project discussions in the Federal Food Wing and the Provincial Food Departments, we have jointly agreed to postpone implementation until early in FY 77.

Under this revised schedule, the 3 year project will terminate in FY 79.

With regard to funding levels, we are proposing - at this time - no change in either total cost or yearly obligation. We are reviewing, however, with the Government the amount of flour to be fortified under this project. In the event both parties conclude that an increase in the amount to be fortified is justified (all of the flour which is distributed through the Government ration shop system to predominately lower income consumers), then both AID and Government of Pakistan inputs to this project will have to be recalculated.

* Fortification of Tea with Vitamin A

The Tea Fortification Project originally was scheduled for late FY 75 or FY 76 implementation. It has not been possible to meet this schedule due to delays in establishing and staffing the Nutrition Cell of the Planning Commission, the Government of Pakistan entity responsible for obtaining data directly related to tea consumption and vitamin A deficiencies. Proposals for the consumption survey have been submitted to the Nutrition Cell by a number of private contractors. These are being reviewed and a contract is expected to be signed in the summer of FY 1976.

The Nutrition Cell has agreed to obtain the necessary data on Vitamin A deficiency levels by utilizing their own staff and information developed by the consumption survey. This work also is expected to start in the next few months.

We have, therefore, agreed with the Government to postpone initial project implementation of the project unit FY 1977, terminating in FY 1979. Total cost of the project (\$375,000) and levels for each year have not been changed.

Fiscal Tables and Supporting Documentation, where appropriate

Agriculture Research	-	Evaluation Submitted
Dryland Agriculture	-	Narrative attached
Water Management (PLL)	-	PAR submitted
Village Level Food Processing	-	Narrative attached
Fortification of Flour	-	See narrative appended to Summary Table II
Fortification of Tea	-	See narrative appended to Summary Table II
Expanded Population Planning	-	Narrative attached
Population Planning (PIDE)	-	PAR submitted
GASI	-	PAR submitted.

FISCAL DATA - ONGOING GRANT PROJECTS

PROJECT NAME Agriculture Research INITIAL OBLIGATION FY 1969 DATE PROP/REVISION April 2, 1974
 PROJECT NUMBER 391-2960 FINAL OBLIGATION FY 1979 DATE LAST PAR May 1976
 APPROPRIATION Food and Nutrition TOTAL COST \$2,696,000 DATE NEXT PAR May 1977

Loan Authorization

U. S. DOLLAR COST (IN THOUSANDS)

	FY Obligations	FY Expenditures	Unliquidated as of:	FY 1977 and FY 1978 Obligations by Cost Component/MOI													
				6/30/76	9/30/76	9/30/77	9/30/78	Total	Total								
Actual FY 1976	215	91	6/30/76 491	77	78	77	78	77	78	77	78						
Estimated Interim Qtr.	-	125	9/30/76 366	-	-	-	188	200	94	100	282						
Estimated FY 1977	282	300	9/30/77 348	-	-	-	-	-	-	-	-						
Proposed FY 1978	300	300	9/30/78 348	-	-	-	188	200	94	100	282						
				Total								188	200	94	100	282	300

Contract/PASA* Funding Periods

Name of Contractor	FY 1976 Obligations		Int. Qtr. Obligations		FY 1977 Obligations		FY 1978 Obligations		On Board Personnel			
	from	to	from	to	from	to	from	to	6/30 1976	8/30 1976	9/30 1977	9/30 1978
Period	5/77-11/77				12/77-10/78	11/78-10/79			-	-	-	-
Amount	187		-		282	300			2	4	4	4
Period									-	3	3	3
Amount									2	2	-	-

* Contracts with CYMMIT and IRRI and PASA with USDA.

Country PAKISTAN

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FISCAL DATA - ONGOING GRANT PROJECTS

Dryland Agriculture

PROJECT NAME Development INITIAL OBLIGATION 1975 DATE PROP/REVISION Oct, 25, 1974
 PROJECT NUMBER 391-4030 FINAL OBLIGATION 1978 DATE LAST PAR -
 APPROPRIATION Food and Nutrition TOTAL COST \$ 777,000 DATE NEXT PAR September 1976

U. S. DOLLAR COST (IN THOUSANDS)

	FY Obligations	FY Expenditures	Unliquidated as of:	FY 1977 and FY 1978 Obligations by Cost Component/MOI					
				6/30/76	9/30/76	9/30/77	9/30/78	Total	
Actual FY 1976	266	89	6/30/76 434	Direct Aid 77	Contract 77	PASA 77	78	77	78
Estimated Interim Qtr.	-	80	9/30/76 354	Component U.S. Tech. Local & Tcn. Participants	72	240	-	72	240
Estimated FY 1977	100	288	9/30/77 166	Commodities Other Costs	-	-	18	-	18
Proposed FY 1978	240	288	9/30/78 118	Total	100	240	-	100	240

Contract/PASA Funding Periods

Name of Contractor	FY 1976 Obligations		Int. Qtr. Obligations		FY 1977 Obligations		FY 1978 Obligations	
	from	to	from	to	from	to	from	to
Experience Inc.	2/77-12/77	-	1/78-4/78	5/78-2/79	6/30 1976	8/30 1976	9/30 1977	9/30 1978
Amount	266	100	240	-	-	-	-	-
Period			2	3	3	3	3	3
Amount			-	-	-	-	-	-

Dryland Agriculture Development

With the exception of a benchmark study, now scheduled for completion in August 1976, this project is on schedule. No change in funding, outputs, or project purpose is contemplated.

Work plans for the Government of Pakistan FY 1976-77 (July 1976 to June 1977) have been developed and approved. Under the plans, coverage will be expanded (as envisaged) to include the Province of Baluchistan and the Federal District.

A contractor has been selected, contract signed, and initial staff now are in country. Maize verification and demonstration trials have been held on schedule and Extension personnel are being trained. Communication and coordination has improved between provincial departments, in particular between research and extension activities.

This project is expected to form the basis for an expanded loan activity in late FY 77 (should funds be available) or FY 78.

FISCAL DATA - ONGOING GRANT PROJECTS

Project Name: Village Food Processing Initial Obligation: FY 1976 Date Prop/Revision: May 6, 1976
 Project Number: PP Final Obligation: FY 1978 Date Last Par: -
 Appropriation: Food and Nutrition Total Cost: \$ 565,000 Date Next Par: March 1978

U.S. DOLLAR COST (IN THOUSANDS)

	FY Obligations	FY Expenditures	Unliquidated as of:		FY 1977 and FY 1978 Obligations by Cost Component/MOI					
			6/30/76	175	Direct Aid	Contract	PASA	Total		
Actual FY 1976	175	-	6/30/76	175	77	78	77	78	77	78
Estimated Interim Qtr.	150	-	9/30/76	325						
Estimated FY 1977	90	165	9/30/77	250		90	150		90	150
Proposed FY 1978	150	220	9/30/78	280					90	150

Contract/PASA Funding Periods

Name of Contractor	FY 1976 Obligations		Int. Qtr. Obligations		FY 1977 Obligations		FY 1978 Obligations		On Board Personnel			
	from	to	from	to	from	to	from	to	6/30 1976	8/30 1976	9/30 1977	9/30 1978
Period									-	-	-	-
Amount									-	-	-	-
Period									-	-	-	-
Amount									-	-	-	-

Village Level Food Processing

The Village Level Food Processing Project Paper was completed by a joint Government of Pakistan and Mission committee in May 1976 and submitted to AID/W for approval. Initial obligation of this 3 year project is expected in June 1976.

While the Project purpose and outputs remain unchanged from the FY 77 CP, there has been an increase in the total AID contribution from \$520,000 to \$565,000. This reflects a revised contingency allowance for inflation in the cost of procuring services and commodities. The AID contribution breaks down as follows:

<u>Contract Services</u>	\$323,000
Procurement of prototype equipment from Pakistan.	
<u>Custom fabricators</u>	138,000
Importation of <u>Prototypes</u>	35,000
<u>Inflation and contingencies</u>	69,000
	<hr/>
Total:	\$565,000

FISCAL DATA - ONGOING GRANT PROJECTS

PROJECT NAME Fortification of Tea INITIAL OBLIGATION FY 1977 DATE PROP/REVISION Dec. 18, 1974
 PROJECT NUMBER 391-4050 FINAL OBLIGATION FY 1979 DATE LAST PAR
 APPROPRIATION Food and Nutrition TOTAL COST \$ 375,000 DATE NEXT PAR December 1977

U. S. DOLLAR COST (IN THOUSANDS)

	FY Obligations	FY Expenditures	Unliquidated as of:	FY 1977 and FY 1978 Obligations by Cost Component/MOI					
				6/30/76	9/30/76	9/30/77	25	9/30/78	30
Actual FY 1976	-	-	6/30/76	Cost Component	Direct Aid	Contract	PASA	Total	
Estimated Interim Qtr.	-	-	9/30/76	U.S. Tech.	77	78	77	78	77
Estimated FY 1977	75	60	9/30/77	Local & Tcn. Participants	-	-	-	-	-
Proposed FY 1978	125	120	9/30/78	Commodities	40	30	-	40	30
				Other Costs	-	-	-	-	-
				Total	75	125	75	125	75

Contract/PASA Funding Periods

Name of Contractor To be selected Period Amount	FY 1976 Obligations		Int. Qtr. Obligations		FY 1977 Obligations		FY 1978 Obligations		On Board Personnel			
	from	to	from	to	from	to	from	to	6/30 1976	8/30 1976	9/30 1977	9/30 1978
	-	-	-	-	1/77-1/78	75	2/78-2/79	125				
									Direct Hire			
									PASA			
									Contract			
									Participants			

FISCAL DATA - ONGOING GRANT PROJECTS

Expanded Population

PROJECT NAME Planning INITIAL OBLIGATION FY 1973 DATE PROP/REVISION May 12, 1973
 PROJECT NUMBER 391-3930 FINAL OBLIGATION FY 1979 DATE LAST PAR February 1976
 APPROPRIATION Population & Health TOTAL COST \$ 26,285,000 a/ DATE NEXT PAR April 1977

U. S. DOLLAR COST (IN THOUSANDS)

	FY Obligations	FY Expenditures	Unliquidated as of:	FY 1977 and FY 1978 Obligations by Cost Component/MOI							
				6/30/76	812	Cost Component	Direct Aid	Contract	PASA	Total	
											U.S. Tech.
Actual FY 1976	470	582	6/30/76	812	77	78	77	78	77	78	78
Estimated Interim Qtr.	146	650	9/30/76	308	-	-	-	-	-	-	-
Estimated FY 1977	650	680	9/30/77	278	70	500	-	-	-	-	580
Proposed FY 1978	570	710	9/30/78	138	650	570	-	-	-	-	650
											570
											650
											570

Contract/PASA Funding Periods

Name of Contractor	FY 1976 Obligations		Int. Qtr. Obligations		FY 1977 Obligations		FY 1978 Obligations		On Board Personnel				
	from	to	from	to	from	to	from	to	6/30 1976	8/30 1976	9/30 1977	9/30 1978	
Period													
Amount													
Period													
Amount									3	1	10	10	

a/ Total cost includes central funding of contraceptives and supplies; obligations and expenditures exclude central funding.

Expanded Population Planning

This project was scheduled for completion in FY 1979 (per the FY 1977 Congressional Presentation). However, a number of major changes have taken place or are evolving in the Government of Pakistan's population planning program since the objectives of AID assistance were identified in late FY 1973. As a result, we have worked out a strategy with the Government whereby FY 1978 will be the last year of funding for this activity. In the interim, beginning in September 1976, we will carry out a joint in-depth assessment of (a) the demographic impact of the current program and (b) the management effectiveness of the essential elements e. g. the information feedback system, marketing of contraceptives, communication and motivation efforts, the field motivator program, clinical services, sterilization, manpower and training, and transport.

The review will form the basis for the development of a FY 1979 project proposal. The initial step in documentation for this project, a PID, will be forwarded during or before June 1977.

While AID assistance continues to concentrate in those areas noted in the FY 1977 CP, we are proposing a significant reduction in the amount of centrally funded contraceptives in FY 1977 and FY 1978. The FY 1977 CP proposed a total of \$12,171,000 for centrally funded contraceptives in FY 1977. We are now requesting \$1,055,000 for orals in FY 1977, approximately \$2,520,000 in FY 1978 and nothing for condoms in both FY 1977 and FY 1978. The substantial reduction in our expected orals requirements through CY 1979 is based primarily on estimates of offtake in the next two to three years which are lower than those previously submitted. When the FY 1977 ABS was forwarded to AID/W in June 1975, the Mission's estimates of forthcoming offtake levels were based on the rapid rise in rates of acceptance in the first half of CY 1975. Given the paucity of experience, worldwide, to draw on in projecting acceptance levels, and given the expected boost to offtake from adequate supplies of orals and condoms in country, we extrapolated 1975 rates of increase through 1979 and 1980. According to the ABS estimates we projected offtake levels rising from 5.4 million cycles in CY 1975 to 15.6 million cycles in CY 1977 and 31.8 million cycles in 1979. With the additional experience gained in the year since the FY 1977 ABS was submitted, we now believe a more realistic projection - still based on a steady increase in the current annual rate of 4.8 million cycles - is 6.5 million cycles in CY 1976, 8.45 million in CY 1977, 9.75 million in CY 1978 and 11.05 million in CY 1979.

the need for AID support in what we expect will be an increasingly important aspect of the Government's effort. In the absence of more specific information on the scope and timing of the expansion of sterilization services, we are making no change in the \$700,000 proposed for FY 1977 assistance in this area in the FY 77 CP. A similar amount is programmed for FY 1978.

Prior to the completion of the condom plant in September 1978 the Government of Pakistan will require raw materials to start up and maintain production. We are concerned that sufficient latex, other raw materials, and packing supplies be on hand to cover projected production of the plant in the first years of operation. At the same time, we consider it essential that the Government formally commit itself to provide the necessary foreign exchange for factory inputs in a gradually ascending percentage of the total requirement. We intend to explore with the Government a plan whereby the AID contribution to the foreign exchange requirement would be based on the estimated first year's production. As output increases, the AID input would remain the same while the Government share would increase to keep pace with expanded production. A preliminary schedule of such contributions is as follows:

Foreign Exchange Requirements for Raw
Materials of Condom Factory

	<u>Estimated Production</u>	<u>FX Require- ments</u>	<u>Supplied by AID</u>	<u>By Govt.</u>
1st Year of Operation (Oct. 1, 78 to Sept. 30, 1979)	500,000 gross	\$300,000	\$300,000 (FY 78)	-
2nd Year	1,000,000 gross	\$600,000	\$300,000 (FY 79)	\$300,000
3rd Year	1,500,000	\$900,000	\$300,000 (FY 80)	\$600,000
4th Year	1,500,000	\$900,000	-	\$900,000

When the changes discussed above are taken into account, the revised FY 1977 program and proposed funding for FY 1978 would be as follows:

	<u>FY - 77 \$ (000's)</u>		<u>FY 78</u>
	<u>As shown pre- viously in the FY 77 CP</u>	<u>Revised per FY 78 ABS</u>	<u>per ABS</u>
Orals	6,825	1,055	2,520
Condoms	5,346	-	-
Equipment/Supplies	580	580	500
Surgical Equipment	600	600	600
Surgical T.A.	100	100	100
Condom Factory Raw Material	-	-	300
Participant Training	70	70	70
Total:	<u>\$13,521</u>	<u>\$2,405</u>	<u>\$4,090</u>

FISCAL DATA - ONGOING GRANT PROJECTS

Population Planning
 (PIDE)
 PROJECT NAME Population Planning (PIDE) INITIAL OBLIGATION FY 1973 DATE PROP/REVISION Nov. 7, 1972
 PROJECT NUMBER 391-3840 FINAL OBLIGATION FY 1977 DATE LAST PAR May 1976
 APPROPRIATION Population & Health TOTAL COST \$738,000 DATE NEXT PAR June 1977

U. S. DOLLAR COST (IN THOUSANDS)

	FY Obligations	FY Expenditures	Unliquidated as of:	FY 1977 and FY 1978 Obligations by Cost Component/MOI																
				6/30/76	181	Cost Component	Direct Aid		Contract		PASA		Total							
							77	78	77	78	77	78								
Actual FY 1976	87	85	6/30/76	181	U.S. Tech.	-	-	80	-	-	-	-	-	77	78	77	78	80	-	
Estimated Interim Qtr.	-	35	9/30/76	146	Local & Tcn. Participants	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated FY 1977	100	104	9/30/77	142	Other Costs Commodities	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed FY 1978	-	68	9/30/78	74	Total	-	-	80	-	-	-	-	-	20	-	-	-	80	-	100

Contract/PASA Funding Periods

Name of Contractor	FY 1976 Obligations		Int. Qtr. Obligations		FY 1977 Obligations		FY 1978 Obligations	
	from	to	from	to	from	to	from	to
The Population Council	2/78-4/78				5/78-Sep. 79			
Amount	20				100			
Period								
Amount								

On Board Personnel

	6/30 1976		8/30 1976		9/30 1977		9/30 1978	
Direct Hire	-	-	-	-	-	-	-	-
PASA	-	-	-	-	-	-	-	-
Contract	1	1	1	1	1	1	1	1
Participants	4	4	4	4	2	2	-	-

Country PAKISTAN

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FISCAL DATA - ONGOING GRANT PROJECTS

Govt. Administrative Staff
 PROJECT NAME Improvement (GASII) INITIAL OBLIGATION FY 1969 DATE PROP/REVISION Nov. 20, 1970
 PROJECT NUMBER 391-2990 FINAL OBLIGATION FY 1977 DATE LAST PAR May 1976
 APPROPRIATION EH TOTAL COST \$ 1,560,000 DATE NEXT PAR May 1977

U. S. DOLLAR COST (IN THOUSANDS)

	FY Obligations	FY Expenditures	Unliquidated as of:	FY 1977 and FY 1978 Obligations by Cost Component/MOI						
				6/30/76	9/30/76	9/30/77	9/30/78	Total		
Actual FY 1976	310	274	6/30/76	77	78	77	78	77	78	
Estimated Interim Qtr.	-	30	9/30/76	-	-	-	-	-	-	
Estimated FY 1977	400	300	9/30/77	400	-	-	-	-	400	
Proposed FY 1978	-	325	9/30/78	-	-	-	-	-	-	
				Total					400	400

Contract/PASA Funding Periods

Name of Contractor	FY 1976 Obligations		Int. Qtr. Obligations		FY 1977 Obligations		FY 1978 Obligations		On Board Personnel				
	from	to	from	to	from	to	from	to	6/30 1976	8/30 1976	9/30 1977	9/30 1978	
Period													
Amount													
Period													
Amount									22	21	24	20*	

Proposed New Projects - FY 1978 Alternative Funding Levels
 (\$ 000's)

<u>Project</u>	<u>(Alternative A)</u>		<u>(Alternative B)</u>		<u>(Alternative C)</u>	
	<u>Full Funding Level</u>	<u>months from</u>	<u>According to</u>	<u>Forwarding Funding</u>	<u>Mission Alterantive if Grant</u>	<u>Resources Curtailed</u>
	<u>Dollars</u>	<u>date of Oblig.</u>	<u>A-368</u>	<u>Dollars</u>	<u>Dollars</u>	<u>months from</u>
						<u>date of Obligatio</u>
Development Administration and Management	1330	36	775	886	24	
Agriculture Planning and Policy Analysis	2350	36	1320	1566	24	
Development Training	1200	36	400			

For descriptions of these three projects, please see Project Identification Documents, which are being forwarded under separate cover.

Proposed New Projects - FY 1978 Alternative Funding Levels (Cont'd)

Development Administration and Management, Agriculture
Planning and Policy Analysis

Option (A): Initial, full life of project funding (3 years) for these 2 new FY 1978 activities would enhance the Mission's negotiating position with regard to Government of Pakistan contributions to the project, and would increase the likelihood of achieving management or administrative changes which might flow from AID assistance.

Under Option (B) we are assuming forward funding of a contract (including consultants and training) the maximum of 21 months after the end of FY 1978. Option C would extend this to 24 months; on the margin, this might facilitate recruitment.

Development Training

Option (A): This assumes training funds for a 3 year period would be obligated in a project agreement. (This approach would be possible only if execution of the PIO/P's could be waived for the length of the project.) In view of the fact we intend to explore with the Government ways in which joint management of training can be improved, AID's willingness to commit, initially, the resources for the life of project probably would be useful. Life of project funding also would encourage the Government to establish a training strategy for the next 3 - 5 years.

Option (B): The Mission would obligate individual PIO/P's based on AID/W allotment of funds within an annual approved budget. We see no feasible alternative to these two options.

Long Range Projections

In today's developing world Pakistan presents an unusual - possibly unique - combination of poverty and potential. Our long range projection is intended to help the Government to seize the opportunity. It assumes:

- that the policy directions of the draft Fifth Five Year Plan will continue and be strengthened through the period.
- that Pakistan's need for resources will continue to be substantial and that the United States will continue to provide significant help to meet this need.
- that our help will support and enhance the Government's effort to improve the quality of life and productivity in the rural areas.
- that having started on specific projects, we will stay with them until they are firmly in place and can be supported by the government.
- that in most of our projects, we will be an important but not the sole donor.

Our grant projections for the five year period include funding to completion for existing projects, but they are primarily based on a continuation of the present overall grant levels. Because of their size, specific grant projects are particularly difficult to identify, three, four and five years hence. In contrast, our loan projections are based primarily on extension of projects started in fiscal years 1976, 1977 and 1978. Of the loan total projected for the five year period 90% can be attributed to such projects. This can be seen from the following table:

Pakistan 5 year Loan Projection (FY 78-82)
(Million of \$)

<u>Project</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>
On-Farm Water Mgt.	15	-	25	25	25
Rainfed Agriculture Development	10	-	-	10	-
Rural Electrification	25	-	10	10	10
Rural Roads	-	15	15	15	15
Small Farmer Inputs and Credit	25	25	-	-	-
Basic Health Services	7.5	10	10	10	10
Malaria Control	7.5	-	-	-	-
Rural Potable Water (Phase II)	10	10	20	20	20
Primary Education	-	15	15	20	20
Technical Services	-	5	-	-	-5
New Projects	-	20	15	10	15
TOTAL	<u>100</u>	<u>100</u>	<u>110</u>	<u>120</u>	<u>120</u>

PAKISTAN

LONG RANGE PROGRAM PLAN

\$ (millions)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
<u>Food/Nutrition</u>					
Grant	2.5	2.7	2.7	2.7	2.7
Loan	75	60	65	70	65
<u>Population/Health</u>					
Grant	4.5	4.5	4.5	4.5	4.5
Loan	25	20	30	30	30
<u>(Population)</u>					
(Grant)	(4.5)	(4.5)	(4.5)	(4.5)	(4.5)
(Loan)					
<u>(Health)</u>					
(Grant)					
(Loan)	(25)	(20)	(30)	(30)	(30)
<u>Education</u>					
Grant	0.7	0.7	0.7	0.7	0.7
Loan		15	15	20	20
<u>Section 106</u>					
Grant	-	-	-	-	-
Loan	-	5	-	-	5
<u>Total</u>					
Grant	7.7	7.9	7.9	7.9	7.9
Loan	<u>100</u>	<u>100</u>	<u>110</u>	<u>120</u>	<u>120</u>
PL 480 (non. Add)					
I	39.7	39.7	29.7	19.8	19.8
II	.5	.5	.5	.5	.5

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Missions Evaluation Plan for FY 1977 and FY 1978

Project Title & Number/Subject	Date of last Evaluation	Date of Submission		Period Covered	Remarks
		FY 77	FY 78		
GRANT PROJECTS					
296-Agriculture Research	May 76	May 77	May 78	4/76-3/77	AID/W participation
403-Dryland Agriculture	-	October 76	October 77	9/76-8/77	AID/W participation
401-Water Management(PLL)	January 76	January 76	April 78	1/76-12/76	
394-Nutrition Planning and Research	-	October 76	October 78	9/76-8/77	
417-Village Level Food Processing	-	-	March 78	3/77-2/78	Periodic Evaluation per PPT Chart
405-Tea Fortification	-	-	Dec. 77	12/76-11/77	
404-Atta Fortification(Flour)	-	-	January 78	12/76-12/77	
412-IRDP	-	-	April 78	3/77-3/78	
418-Improved Crop Esti- mating	-	-	February 78	2/77-1/78	
393-Expanded Population Planning	January 76	April 77	-	1/76-3/77	
384-PIDE	May 76	June 77	-	6/76-5/77	
411-Population Grants	-	-	April 78	4/77-3/78	
364-Institutional Grants	July 76	May 77	-	7/76-6/77	
299-GASI	May 76	May 77	-	7/76-6/77	

Mission Evaluation Plan for FY 1977 and FY 1978 - Continuation

Project Title & Number/Subject	Date of last Evaluation	Number of last PAR	Date of Submission		Period Covered	Remarks
			FY 1977	FY 1978		
<u>Next Evaluation</u>						
<u>LOAN PROJECTS</u>						
156-Agriculture Research	May 76	-		May 78	4/76-4/77	
163-Malaria Control	March 76	-		March 78	3/77-2/78	
165-Technical Services	-	-		a)		
166-Agriculture Inputs	-	-	March 77		3/76-2/77	
New-On Farm Water Management	-	-		April 78	12/77-3/78	
165-Fauji Fertilizer	-	-		a)		
New-Basic Health Services	-	-		May 78	5/77-4/78	
New-Development Communication Center	-	-		a)		
New-Rural Roads	-	-		Sept. 78	9/77-8/78	
New-Small Village Water Systems	-	-		Oct. 78	10/77-9/78	FY 77 Loan
New-Primary Education	-	-		a)		
New-Small Farmer Credit						

a) To be determined when a more definite schedule is established for authorization, obligation, and implementation.

Mission Evaluation Plan for FY 77 and
78 Supplementary Information

The following changes have been made in the Mission's FY 76 and Interim Quarter Evaluation Plan, as submitted in Islamabad 8552.

a) Nutrition Planning

In order to mesh the evaluation with the contract (MIT) anniversary, the evaluation has been rescheduled for September 76.

b) Atta Fortification

Initial obligation for this project has been deferred to FY 77; hence no evaluation is planned in September 76.

\$ - Million
M/T - Thousands

PAKISTAN

PL-480 Title I Agreements and Shipments

FY 1976 and Transition Quarter Estimate				FY 1977 Request		
Commodity	Agreements (MT)	Shipments (MT)	Carryover to FY 77 (MT)	Agreement (\$)	Shipments (MT)	Carryover to FY 78 (MT)
Wheat	500,000	863,000*	-	27.6	200	27.6
Soybean Oil	40,000	40,000	-	39.7	100	39.7
Tallow**				(12.3)	(40)	(12.3)

FY 1978 Request			
Commodity	Agreements (\$)	Shipments (MT)	Carryover to FY 79 (MT)
Soybean Oil	39.7	100	39.7
Tallow	(12.3)	(40)	(12.3)

* 363,000 MT carryover from FY 75

** In the event Tallow again becomes eligible for Title I financing.

PL 480 Title II Program

The Mission is proposing a Title II program for FY 77 and FY 78 only - at the same level as in FY 76 - rather than a multi-year effort, the possibility of which was suggested in AIDTO A-201.

All bilateral Title II commodities are distributed through CARE. The program is designed to reach 40,000 pregnant and lactating mothers and their pre-school children in 2 provinces, Sind and Baluchistan.

As noted in the FY 1977 ABS, (and confirmed in Islamabad 2654 of 3/1/76), we consider it essential that the Government develop a long range strategy under which they would assume an increasingly larger share of the financial and management responsibility for feeding programs. We believe this is the clear intent of AID's Title II policy as expressed in Handbook 9. Presently, the Government's contribution is limited to 10% of the ocean freight of Title II commodities, storage, in-country transportation, and facilities for 3 CARE offices.

CARE shares our concern and has made a determined effort to obtain a satisfactory plan for increased government support.

They have been hampered by:

1. the lack of an effective counterpart organization; and
2. the recent approval of a \$25 million WFP MCH project.

While CARE has been operating on a level of 40,000 recipients, the WFP project is designed to reach 750,000 pregnant and lactating mothers and pre-school children. In contrast to CARE, WFP requires no contribution for ocean freight.

In the meantime, CARE is continuing a dialogue on these points with the recently appointed Ministry of Health Project Director. On May 28, 1976 CARE received a request from the Ministry of Health for continuation of Title II assistance in FY 77 and FY 78. For FY 77 the Government proposed no immediate change in the current 40,000 recipients level while holding open the option for a possible increase at a later date.

With regard to FY 78, the Government stated the level of Title II assistance will depend on the magnitude of World Food Program's MCH assistance in that period. They expect to reach a decision by February 1977. Notwithstanding the lack of a firm government request for FY 78 at this time, we have proposed an FY 78 recipient level parallel to that of FY 76 and FY 77. We plan to keep in close touch with CARE and the Ministry of Health on this question and will, of course, notify AID/W as soon as there is more information.

PL-480 Title II FY 1978 Commodity Requirements

Country: Pakistan
Sponsor's Name: CARE*
Type of Program: Maternal and Child Health
Total No. of Recipients: 40,000

<u>No. of recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Kgs</u>	<u>CCC Value \$(000)</u>
40,000	WSDM	545,460**	313
40,000	Salad Oil	218,190	130
	Total MCH Program	763,650	443

*CARE is the only Voluntary Agency operating a PL 480 Title II Feeding Program in Pakistan.

**Based on 2.5 lbs per recipient per month. Mission has advised CARE of increase in maximum permissible monthly ration to 4.3 lbs per month (State 134125). CARE will review distribution in the coming months and will discuss with the Government the increased Government Contribution -- in Ocean freight, storage, and in-country transportation -- that would result from an increase in each recipient's ration.

Support to Private Voluntary Organizations
(\$000's)

	<u>FY 1977</u>	<u>FY 1978</u>
Operating Program Grants		
<u>Asia Foundation</u>		
National Training		
Institute for Women	100	100
Box Library	123	123
<u>CARE</u>		
Bajwat Area Development	215	-

The results of early consultation with the Asia Foundation and CARE on these three projects are provided below.

1. Asia Foundation - Operational Program Grant (OPG)- Box Library

Background

With a national literacy level estimated at only 20 percent, and 3 out of 5 children enrolled in primary school dropping out by the 5th grade, the need for innovative methods of disseminating information at the village level - characterized by an acute shortage of reading material - is clear. In recognition of this problem the Government is preparing, with AID, a multi-year program of assistance in primary education designed to significantly reduce the drop out rate and improve the quality of primary school curriculum and teaching. The Asia Foundation proposal for "Box Libraries" at the village level will support these efforts.

Description

Under this project the Asia Foundation, building on their experience in Urdu Box Libraries since the mid-1950's, would provide 2,500 libraries over a two-year period. All libraries would be distributed through registered organizations to communities which meet agreed upon criteria.

To qualify for a Box Library the village or neighborhood must be without a library, must provide space and a person to supervise circulation of the contents, and must agree to keep records of use and the readers' interest. The present plan is to circulate questionnaires at six month intervals and to make periodic visits to recipient communities to assess use and whether additional materials are needed and in what fields. A comprehensive evaluation system, assessing the relevance of contents, the mechanics of the scheme and the achievement of objectives is being developed. The Foundation also plans to stimulate publication of additional materials for the Box Libraries by working

with the National Book Council, Adult Basic Education Society, local publishers and others.

The goal of the project is to (1) increase access to information and education materials, especially among neo-literates; (2) promote national language publications that are development-oriented and of a high quality; and (3) stimulate the concept of community libraries.

AID and Asia Foundation Contribution

The extent of Government of Pakistan support of this project is the subject of current discussions with the Asia Foundation. The Government contribution will be specified in the OPG proposal, expected in October 1976.

USAID

For purchase of books and boxes, salaries of additional staff, rent for additional space, equipment, furniture and operating costs (123,000 in FY 77; 122,000 in FY 78).	-	\$245,000
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Asia Foundation

For professional services, evaluation, purchase and distribution of experimental Box Libraries.	-	\$ 14,000
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For partial salary and travel of permanent Foundation staff including an additional Program Advisor to assist in identification of materials, evaluation of Box Libraries and for project development.	-	\$ 48,000
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Total: \$307,000

2. Asia Foundation - Operational Program Grant - National Training Institute for Women

Background

The Mission cooperated with the Asia Foundation and UNDP in funding an International Women's Year seminar held in November 1975 in Rawalpindi. Growing out of this initial cooperative effort, the Asia Foundation formulated a plan to assist the Government establish a national training Institute for women. The Asia Foundation has requested AID support of this project through an Operational Program Grant (OPG).

Women represent half the population of Pakistan. However only about 9% are literate and only 8% are considered part of the labor force. There has been a ten-fold increase in the number of girls enrolled in all levels of school since 1947, but there are still approximately three times as many boys in schools as girls. Especially in the rural areas, where three-fourths of the population live, educating daughters is considered unwise or unnecessary. There are social barriers to employment for women, and in some communities it is unacceptable for women to sell homemade handicrafts or articles of clothing. The institution of purdah, whether in the extreme of complete seclusion of women or in the practical problems of going to market, to school or to a job, is very much a way of life.

Women in Pakistan society play an enormous role in the daily education, health and nutrition of their families. As homemakers and assistant farm workers they make key decisions on how food is produced, prepared, preserved and disposed of. They have unrealized potential in the field of cottage industries and the manufacture and exchange of handicrafts. They are only beginning (quantitatively) to make contributions in business and industry and as trained professionals.

The traditional and social obstacles to increased women's participation in these aspects of national development will be responded only to strong national leadership. National leaders are speaking out in favour of more opportunities for women and there is evidence that such change is beginning to occur. Meanwhile there is an urgent need to begin developing the organizational, research and training talent needed to launch programs which directly affect the role of women in the key areas of Pakistani life.

Description

The Asia Foundation has held several discussions with officials of the National Organizing and Coordinating Committee for Women's Activities in Pakistan (NOCC) concerning the establishment of a national training institute for women.

The Institute -- designed to increase participation by women in national development programs -- would:

1. provide training in management, planning and leadership techniques for women workers in the Government and non-government organizations;
2. establish a clearing house and reference center for information on project affecting or undertaken by women in Pakistan; and

3. Identify and commission research on problems affecting women's participation in development.

The Institute would be under the direction of NOCC, chaired by Begum Bhutto. For administrative purposes it would be attached to the Ministry of Social Welfare, Local Government and Rural Development. The Secretary of the NOCC is concurrently Joint Secretary for Social Welfare, in the Ministry. One of the NOCC's primary functions is to stimulate and coordinate programs by voluntary organizations which contribute to national goals. A weakness of those voluntary organizations which exist and which have potential for initiating community education, health and home industry programs in their organizational and leadership ability. The Institute would not only provide training for workers in government and NGO project, it would also act as the central body for stimulating, and coordinating proposals for projects in this area. Illustrative projects that both government and private agencies will be launching include functional education programs for adults and early school leavers, information programs in basic health, nutrition, mother and child welfare, and sanitation, and skills development programs designed for women who would work at home. While the ultimate beneficiaries will be rural women and uneducated urban women and their families, the training will necessarily begin with those mid-level workers already in positions of responsibility in government and private bodies. Particularly with the voluntary organizations, the emphasis will be on workers, not on the patrons who would continue their roles in the prestige and publicity fields.

AID and Asia Foundation Contribution

The Asia Foundation intends to submit a detailed OPG proposal to the Mission in September 1976, which will provide schedules and budgets for seminars and training courses. The proposal also will identify the amount and timing of the Government contribution.

<u>USAID</u>	\$100,000 in FY 77; 100,000 in FY 78; and 100,000 in FY 79.
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Asia Foundation

Staff time, travel & Secretarial support	\$25,000
Cash contribution	\$50,000

CARE - Operational Program Grant - Bajwat Area Development

Background

The Bajwat area was severely affected by the hostilities between India and Pakistan in 1971 and also by severe flooding of 1973 and 1975. In 1974 USIA/Pakistan entered into an agreement with CARE Pakistan to provide CARE with US owned 104 (d) Rupees to finance 10 grain grinding cooperative Societies in the Bajwat area of Sialkot Tehsil of the Punjab. This was followed by a low cost housing project scheduled to be completed this year.

Description

Building on these earlier efforts and responding to the expressed needs of the inhabitants, CARE has requested an OPG to carry out an Area Development Project in Bajwat. The activity would include the following components:

1. Agriculture - leveling of 1,000 acres and installation of 6 tubewells. Establishment of fertilizer and Mulberry and Bamboo Plantation Cooperatives.
2. Construction of 15 Community Centers.
3. Provision of family planning medical services and adult education at the centers.

In order to take maximum advantage of CARE's familiarity with the area resulting from the on-going housing project, it would be desirable to begin implementation of this activity in the fall of 1976.

Beneficiaries

The inhabitants of Bajwat lost their possessions in the war of 1965, again when they fled during the Indian occupation from December 1971 to October 1972, and more recently by the floods of 1973 and 1975. The beneficiaries of this project, thus are the poorest majority. All project activities will be implemented by the people from Bajwat with a limited number of resource and technical persons recruited from outside the area. The Sialkot District Government will play an increasing role in the administration of the project with complete responsibility of the project falling under their jurisdiction in CY 1980.

AID and CARE Contribution

USAID	\$215,000
CARE	<u>\$ 87,000</u>
Total:	\$302,000

Government of Pakistan Contribution

The project has not yet reached the point in the Planning stage where a Government support contribution can be specified, or quantified. This input will be presented in the completed OPG request alongwith a time phase action plan for Government assumption of project implementation actions and eventual take over of all project responsibilities.

Table 1

Program Analysis for Orals and Condoms to Achieve Replacement Level of Population Growth

	1975	1976	1977	1978	1979	1980
A. "Full Supply" Analysis						
1. Women (15 - 49) - (See Annex A)	14,066	14,747	14,893	15,325	15,769	16,227
1.a Married women (15 - 49) 80% of Line A1	11,252	11,579	11,914	12,260	12,615	12,982
2. 65% of line A1a (Contracepting women required to achieve replacement level)	7,314	7,526	7,744	7,969	8,200	8,438
3. 50% of line A1a (Contracepting women utilizing orals and condoms)	5,626	5,790	5,957	6,130	6,308	6,491
4. Annual stock requirements for "full supply" ^{2/}						
a. Orals - 40% of line A3 x 13 monthly cycles	29,255	30,108	30,976	31,876	32,802	33,753
b. Condoms - 60% of line A3 x 100 units	337,560	347,400	357,420	367,800	378,480	389,460
B. Annual New Supply From Non-AID Bilateral Sources						
1. Private Commercial Sector						
a. Orals	166	166	166	167	167	167
b. Condoms	-0-	-0-	-0-	-0-	-0-	-0-
2. Other Donors						
a. Orals	148	300	450	450	450	450
b. Condoms	62,293	68,400	82,800	65,520	57,600	-0-
3. Host Country Government Procurement						
a. Orals	36	-0-	-0-	-0-	-0-	-0-
b. Condoms (Committed) ^{3/}	-0-	-0-	-0-	14,400	104,400	194,400
c. Condoms (Uncommitted) ^{4/}	-0-	-0-	40,032	136,080	54,000	21,600
4. Total In-country Stock						
a. Orals	350	466	616	617	617	617
b. Condoms	62,293	68,400	122,832	216,000	216,000	216,000
C. Gap to be filled to Achieve "Full Supply"						
1. Orals (line A4a less line B4a)	28,905	29,642	30,360	31,259	32,185	33,136
2. Condoms (line A4b less line B4b)	275,267	279,000	234,588	151,800	162,480	173,460
D. AID Bilateral Supply Objectives						
1. Orals	12,674	14,500	7,500	5,860	12,000	13,000
2. Condoms	145,475	227,396	72,000	-0-	-0-	-0-
E. Total New Supply						
1. Orals (line B4a plus line D1)	13,024	14,966	8,116	6,477	12,617	13,617
2. Condoms (line B4b plus line D2)	207,768	295,796	194,832	216,000	216,000	216,000
F. Remaining Supply Gap						
1. Orals (line A4a less line E1)	16,231	15,142	22,860	25,399	20,185	20,136
2. Condoms (line A4b less line E2)	129,792	51,604	162,588	151,800	162,480	173,460
G. People Gap						
1. Orals (line F1 divided by 13)	1,249	1,165	1,758	1,954	1,553	1,549
2. Condoms (line F2 divided by 100)	1,298	516	1,626	1,518	1,625	1,735
3. Total (line G1 plus line G2)	2,547	1,681	3,384	3,472	3,178	3,284

Footnote 1 (Line A2)

Comparison of estimates of numbers of women (couples) who must be contracepting to achieve replacement fertility

<u>Source</u>	<u>Estimating Procedure</u>	<u>Estimate for 1976</u> (in 000's)
1. Table 1A1	(.65) (No. women 15-49)	9,408
2. USAID/Pakistan	(.65) (Currently married women under 49) or (.8) (est. 1)	7,526
3. USA Experience	(.65) (Currently married women under 45)	6,961
4. Pakistan Population Council	No. eligible couples	ca. 9 million
5. J. Clinton - Indonesia	No. menstruating	

USAID/Pakistan chose to use estimate 2 for line 2a because 1971 Population Growth Survey showed 20% of woman 15-49 were single, widowed or divorced and considered to be using abstinence for birth-control.

Footnote 2 (Line A4)

The data feedback system shows that the oral/condom use ratio is 35/65. AID/Pakistan chose to use 40/60 to account for planned program changes.

Footnote 3 (Line B 3b)

By CY 1980 GOP plans to produce all condoms needed in Pakistan. If condom needs exceed condom production, GOP will procure additional condoms.

Footnote 4 (Line B3c)

The amounts listed here reflect those condoms which must be procured by the GOP or secured from donors other than AID to ensure that current year demand is met and at the end of the year stock equal to the amount needed to meet the next year's demand is on hand in country.

AID Bilateral Logistic and Financial Analysis of Orals

A. AID Inventory Analysis	Orals (in 000's)					
	Calendar Year	1976	1977	1978	1979	1980
1. Beginning of year stock	7,890	15,890	14,940	11,050	12,000	
2. Add: Scheduled deliveries	14,500	7,500	5,860	12,000	13,000	
3. Less: Expected Use	6,500	8,450	9,750	11,050	12,000	
4. End of Year Stock	15,890	14,940	11,050	12,000	13,000	

To be completed by AID/Washington

B. Financial Analysis (FY 77)

1. CY 1978 deliveries (Line A 2 above)
2. Estimated cost per unit in FY of purchase
3. Estimated total cost for FY 77 (to be determined by AID/W)

C. Financial Analysis (FY 78)

1. CY 1979 deliveries (Line A 2 above)
2. Estimated cost per unit in FY of purchase (To be determined by AID/W)
3. Estimated total cost for FY 1978 (To be determined by AID/W)

Table 3 -53-

AID Bilateral Logistic and Financial Analysis of Condoms

A. AID Inventory Analysis Calendar Year	Condoms (in 000's)					
	1976	1977	1978	1979	1980	
1. Beginning of year stock	34,992	185,328	198,720	216,000	216,000	
2. Scheduled deliveries (AID)	227,376	72,000	-0-	-0-	-0-	
3. Scheduled deliveries (GOP and other donors)	68,400	82,800	79,920	162,000	194,400	
4. Uncommitted deliveries (To be procured by GOP or other donors per FY 1976 ProAg)	-0-	40,032	136,080	54,000	21,600	
5. Total Expected Use	145,440	181,440	198,720	216,000	216,000	
6. End of year stock	185,328	198,720	216,000	216,000	216,000	

To be completed by AID/Washington

B. Financial Analysis (FY 77)

1. CY 1977 deliveries (Line A 2 above)
2. Estimated cost per unit in FY of purchase
3. Estimated total cost for FY 77 (to be determined by AID/W)

C. Financial Analysis (FY 78)

1. CY 1978 deliveries (Line A 2 above)
2. Estimated cost per unit in FY of purchase (To be determined by AID/W)
3. Estimated total cost for FY 1978 (To be determined by AID/W)