

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



**ANNUAL BUDGET SUBMISSION
FY 1979**

USAID PAKISTAN

BEST AVAILABLE

**DEPARTMENT
OF
STATE**

MAY 1977



FY 1979 ANNUAL BUDGET SUBMISSION

USAID/PAKISTAN

June 1977

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NARRATIVE SECTION

I. The Problem

Pakistan is a very poor country, and one of those the U.N. declared most seriously affected by the world energy crisis. ^{1/} The two key problems Pakistan faces are a shortage of resources and inadequate administration (institutional structure and management systems) to plan and implement development proposals particularly at the project level. These problems, particularly the former, have been the subject of reports and discussions at each annual Consortium meeting. ^{2/}

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

Beginning in fiscal year 1975, there has been a substantial expansion of foreign assistance, coming primarily from the OPEC countries. The increase, however, was nearly matched by substantial shifts in the international terms of trade against Pakistan, and further offset by two historic floods, droughts, and most recently by internal strife. Pakistan's government has taken a number of steps to increase its mobilization of domestic resources, but in view of most outside observers these have had modest, even

^{1/} In 1976 its income per person was about \$110 in 1970 prices, placing it in the lower third of developing countries as ranked by the World Bank.

^{2/} For the latest analysis see World Bank report No. 1423 PAK, March 15, 1977, and the Pakistan Government Planning Division's Memorandum for the Pakistan Consortium 1977-78, April 1977.

insignificant results. While Government resources have expanded approximately 7% per year in constant prices in the period 1971 to 1977, it is quite likely that the policies and actions taken have also discouraged private investment which have more than offset the government gains. Above all, the Government has been unwilling to reduce the level of per capita consumption to conserve resources for domestic investment.

A major question faced by development donors is what, if anything, foreign aid can do to help Pakistan overcome these problems. It is clear that several of the problems such as worldwide inflation, markets for exports, etc. can not be alleviated through development assistance.

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

Although Pakistan's planners assert they agree with the importance and necessity of improving living conditions for the rural poor, few resources have been directed to this objective. Pakistan's development managers are now pleading that the reallocation of resources to the rural village must again be postponed for several years. Looking at the total resources available, the World Bank (chairing the Aid to Pakistan Consortium) is urging reductions in total investment.

We assert that postponement is neither desirable nor necessary. What is needed is a shift in priorities endorsed and supported by the donors. There will always be sound arguments for postponement of the investment required to meet basic needs. But if broad based development is to occur Pakistan and its donors must commit themselves to a vigorous effort directed towards transformation of the social and economic conditions in rural villages. We believe that investments of this kind, in sufficient number and size will increase not only the real income of Pakistan's rural poor but also their productivity. The real return on such investments, both in amount and for some in time, can easily match those in traditional investments which are now preempting the bulk of Pakistan's investible resources, domestic and foreign. If undertaken on an adequate scale, the return on these investments will accrue to the poor majority and expand Pakistan resources for development.

Therefore A.I.D., in planning and providing assistance to Pakistan, proposes to provide a real, meaningful alternative for the Pakistan Government to its current development strategy and the incentive it needs to take the difficult measures required to shift domestic resources to rural villages.

Development assistance should be tied to helping Pakistan meet its "basic needs". The past pattern of programming aid for projects requiring substantial direct imports from developed countries must be altered. Assistance should result in quantitative and qualitative measurable improvements in the conditions of life for a majority of Pakistan's rural population. If Pakistan will reorient its institutions and policies to mobilize its domestic resources for reallocation to meet the basic needs of its village population in accordance with its own draft plan (Spring 1977), then the assistance programs described in this submission can make a tangible and substantial contribution and be in accord with A. I. D. policy mandates.

II. The Current Pakistan Situation

A. Political

At this time (June 1977) Pakistan is going through a period of political discontent resulting from the recent national and provincial elections. Significant groups of the electorate have objected to both the conduct and the results of these elections and have expressed their discontent in demonstrations and frequent acts of disorder. While the resolution of this dispute is not clear, until it is resolved the Government of Pakistan will be inhibited in planning and directing any development program and particularly one that may involve significant changes in policy, programs and institutions.

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

B. Economic (The Pakistan View)

The current perception of the country's economic managers and spokesmen is that the country must proceed with the allocation of available resources on essentially the same pattern followed in recent years. They believe it is not possible to quickly make substantial investments in those sectors that have the most direct bearing on the rural poor; namely education and rural infrastructure such as roads, village water supplies and electricity. As an exception they have indicated that additional resources will be made available for provision of minimum health services. This is viewed as a temporary situation that will be relieved in several years with the completion of major foreign donor supported investment projects such as the Karachi Steel Mill. To improve resource mobilization, some sound initiatives have been announced such as the extension of the income tax to agriculture. Pakistan planners are assuming major improvements in cotton production and cotton exports. It is asserted that local government bodies will be reestablished in the near future which will allow financing of some government services by local institutions. Government financial managers are aware of a substantial increase in debt service and repayment requirements within the next three years (from \$450 to \$700 million per year) and also project a decline in OPEC foreign assistance, mainly from Iran. Given all these factors, they foresee a requirement for a significant increase in program (import financing) assistance and

prefer this to project assistance. As concerns domestic savings, they do not believe there is political room for significant adjustments to interest rates, but hope that by controlling inflation to 6-8% the current loan and deposit rates - 6 to 15% -- will be positive and bring additional savings to institutional channels. The Government has stated no further nationalizations are contemplated.

C. Administration

(1) Institutional Structure

For the most part, Government responsibilities for those activities having a direct impact upon rural villages have been assigned to provincial governments. Provincial governments rely on allocations from the federal governments to finance approximately 90% of the services which they provide. The general allocation made by the federal government to the provincial governments is based on population with some upward adjustments for Baluchistan and Northwest Frontier which have a small proportion of the population and are considered relatively less developed. The major grants are not made on a programmatic basis, so that the provinces allocate the resources according to their own priorities. Over and above the general allocation the federal government also provides direct support for an annual development program (ADP) which is submitted by the provinces for review and approval by the Federal Government. The ADP is normally about 20% of the resources provided to the provinces.

Since 1971, A.I.D.'s programmatic relations have been primarily, if not exclusively, with the federal government. This has been satisfactory and appropriate for food assistance, import loans and programs directly associated with central government institutions. As the Mission attempts to target its assistance more directly upon the rural poor it becomes increasingly obvious that a more direct and effective linkage needs to be established with provincial governments. This is particularly true for such areas as education, health, rural roads, rural water supply, and on-farm-water-management.

The difficulty of reconciling national and provincial priorities affects not only A.I.D., but other donors as well, and is also a matter of increasing concern for the federal government itself. Problems in this regard have arisen concerning the A.I.D. assisted malaria, water management and dryland agriculture programs that are implemented by the provinces.

In recent months the population program, which had been implemented by the provinces, was transferred to the Federal Government in order to strengthen its administration. The Federal Government is now considering the establishment of a Federal Primary Education Authority in order to enforce the implementation of national priorities. This entire matter of federal-provincial relationship will continue to evolve and will have a direct impact upon both the planning and implementation of AID projects.

In 1970 Pakistan suspended the operation of most elected local government institutions. Since that time there has been no officially designated and responsible local elected government. There are appointed groups in the larger cities and towns. The lack of such bodies has proved to be a major obstacle in designing development projects which will have full participation of and a positive impact upon rural village population. The Government of Pakistan is fully aware of this deficiency and has announced that local government will be reestablished and local elections will be held in the near future. However, no clear statement as to the authority and responsibility that such local organizations will assume has yet been made.

(2) Management Systems

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

III. The Strategy

AID's strategy is to encourage and support expanded resource mobilization and reallocation to the rural villages of Pakistan. AID's inputs into this effort will be catalytic and critical, but of necessity will represent only a small proportion of the resources involved. (Approximate

mately 7% of projected total investment.) In order to have a creditable and meaningful impact, the amounts of assistance for development grants, loans and PL 480 will be large in AID terms, \$175 to \$250 million a year. This will represent 15 to 20% of total foreign assistance to Pakistan. These resources will be directed at improving the quality of life of the approximately 55 million people living in rural villages. If successful, the program (combining Pakistan, other donors and AID resources) will begin a significant transformation in the lives of the majority of people living in the world's 9th largest country.

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

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

A. Multi-Year Framework

The goal with which we are associated (substantial expansion in the mobilization and reallocation of resources to the rural villages) requires that we program our assistance on a multi-year basis. The commitment and effort required for both institutional and policy changes by the government are such that they should not be easily subjected to annual stop/go decisions. Pakistan's development managers need and deserve an indication of the type and amount of resources that can be made available over the next six years, subject of course to satisfactory performance and the usual caveats of appropriations. This is not to suggest that AID will necessarily commit or authorize assistance on a 6 year basis. Rather, it will be able to use the indicated long term levels to participate with the government more effectively in the planning of realistic solutions for its development problems. Announcement of such a 6 year program would provide an important incentive to the government to take the more difficult steps required. It will also as a by-product, substantially improve AID's capability for Mission management by providing the framework for determining staffing needs. The 6 year program outlined in this submission would, of course, be subjected to annual review and modifications so specific projects and amounts of assistance would be

updated and adjusted depending upon Pakistan performance and Agency resource availabilities. It would nevertheless be a distinct departure from prior AID practices where we have been unable to give any but the most informal views as to composition or levels of future assistance. This has been a major handicap in effective Agency programming.

B. Selected Areas

The Mission's program must be focused on areas of activity that are in accordance with the program priorities of the recipient government and the policy directions of the Agency. The Mission must also limit its activities so that the programs can be well managed without an excessively large staff. In recent years the Agency has placed much greater emphasis on pre-project analysis, improved monitoring and effective evaluation. To focus on these important areas the number of separate activities that the Mission can effectively pursue must be limited. The proposed program, built primarily on prior initiatives provides the major proportion of resources in the 7 selected areas: On-Farm Water Management, Rural Credit, Rural Electrification, Rural Roads, Primary Education, Rural Health and Rural Water Supply.

An 8th area of critical importance "population" does not involve a substantial transfer of resources. Similarly, the critical area of management systems will be addressed within the context of the aid given in these areas, plus continuance of on-going moderate training programs.

The economies of management and improved effectiveness resulting from limiting our involvement to these areas will allow and encourage the Mission to develop the necessary information and knowledge base from which the most valuable types of assistance may be determined. Maintenance of such selected areas over a period of time will require improved discipline by both the Mission and AID/Washington. Other current activities of the Mission which do not involve either substantial resource transfers or staff requirements will of necessity be continued to their completion. Our only new initiative will be in the area of progress indicators PID to be submitted by July 1.

C. Tying of Assistance to Performance

In each of the areas selected the amount and timing of assistance will correspond directly to the recipient country's performance in meeting quantifiable targets. We will encourage Pakistan to take the necessary action and will provide assistance in response to accomplishments. We will avoid

supporting activities which lack a full or sufficient commitment of the host country. We recognize that in many cases the necessary actions will involve institutional or policy changes but will endeavor to find appropriate quantitative proxies on which to base our assistance. While this approach will be difficult to implement we believe its merits outway potential difficulties. We should be prepared for delays in some planned disbursement but also be willing to speed up some programs beyond original plans.

D. Level of Assistance

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

The estimates of future assistance are based on current costs and do not reflect inflation. It is possible therefore that the projected levels particularly from 1980 onward will have to be increased from 20 to 50% if our development assistance effort is to be fully relevant to the programmatic needs of Pakistan.

IV. Program

A. Agriculture

Nearly 55 million of Pakistan's 74 million people live in 43,000 rural villages and are directly or indirectly dependent on agriculture for a livelihood. About 50% of the total labor force is employed directly in crop and livestock production and probably 20% in marketing and processing of agriculture products, supply of inputs and other agricultural service activities. In addition to its importance as an employer, the agricultural industry is the major foreign exchange earner, in a typical year accounting for about three-fourths the total value of exports.

Though agriculture is the dominant sector of the economy, the overall productivity is low in spite of the substantial yield increase during the recent past, mainly in wheat, rice and sugarcane.

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

1. On Farm Water Management

The country's most critical natural resource is water. The sound management of this resource must command the highest priority. This subject is being addressed by the Pakistan Government and a variety of bilateral and multi-lateral donors. A.I.D. is focusing its attention particularly at the level of on farm utilization of water. A major initiative has begun in 1976 with the On Farm Water Management Project - a \$7.5 million development loan. We are proposing to follow this up with \$70 million in additional assistance over the next 6 years directed particularly at improvement of over 5,000 water courses coupled with precision land leveling of well over a million acres. While this constitutes a major task involving the training of several thousand of professional personnel and the active participation of many different organizations it will represent a small portion of the total investment required, if the Indus irrigation system is to make its full contribution to Pakistan's future development. Current evidence suggests that these efforts can reduce water losses by 30 to 50% and thus substantially expand the area which can be irrigated with present water supplies.

2. Rural Credit

A critical element in the transformation and modernization of rural villages in Pakistan is access to institutional credit. This credit must be made available not only for the small farmer but for input suppliers - fertilizer seeds, equipment - and those entrepreneurs who will be involved in processing and distributing the output in rural villages. The Pakistan Government has recognized this need and has attempted to have the national banking institutions channel increasing amounts of resources into the rural areas. It has been less than fully successful due to the existence of

traditional policies and institutional arrangements. Current pilot efforts are being pursued by AID with Pakistan banking institutions as forerunners to major policy and institutional reforms. We propose to participate actively in this important program and are planning to provide \$105 million over the next 6-year period beginning in 1979. During the same period the Pakistan Government is planning to provide about \$1.4 billion in small farmer credit.

3. Rural Electrification

At the present time it is estimated that 18% of Pakistan's 43,000 rural villages have electricity. During the next 6 years Pakistan will attempt to double this percentage by providing electricity to over 8,000 additional villages at an estimated cost of \$250 million. A. I. D. is proposing to provide up to \$125 million beginning in FY 78 and continuing through FY 83. This expansion will represent a significant increase over the program of recent years and extend the access to electricity to over 8 million additional Pakistani citizens. In spite of this effort over 60% of Pakistan's villages will be without electricity in 1983.

4. Rural Roads

A conservative estimate of Pakistan's rural road needs, based on a minimum road density requirement of less than one mile per square mile of cultivated area in the four major provinces, would be about 115,000 miles of rural roads. Since only about 30,000 miles of rural roads have been reported by the Government of Pakistan to currently exist in rural areas there is an outstanding need for 85,000 new roads, and a need for major improvements on much of the existing mileage. In Pakistan nearly half of the population live 3 miles or more from a serviceable all weather road. Only 16% of the 43,000 villages are directly linked to such roads.

The Pakistan Government is planning to substantially expand its efforts to construct or rehabilitate over 7,000 miles of rural roads during the next 6 years at a projected cost of approximately \$210 million. Mission proposes to participate actively in this effort by providing \$100 million beginning in 1977. It is estimated that this will have a direct and significant impact upon the lives of over 10 million people living in rural villages in Pakistan.

B. Primary Education

At the present time approximately 70% of the boys and 30% of the girls in Pakistan are enrolled in primary school. It is estimated that in rural Pakistan these percentages drop as low as 40% and 8%. Pakistan's present disbursements for education are approximately 1.8% of its GNP as contrasted to 4% in most LDCs. In order to correct this situation the Government has committed itself to increasing primary school enrollment to 95% of the boys and 66% of the girls by 1983 with an increase in financial resources to 3% of its GNP. It will be very difficult for the Pakistan Government to meet these targets. We estimate it will require increased expenditures of over \$1 billion over the next 6 years. A.I.D. is initiating a program of assistance in the field of primary education in 1977 and projects an additional \$100 million through 1983. In order to reach its target and reduce the current drop out rate of 50% in primary schools the Government of Pakistan recognizes that substantial efforts will be required to improve the quality, efficiency and relevance of primary education and is planning on substantial reforms within the primary system.

C. Rural Health

1. Basic Health Services

It is currently estimated that only 15 to 20% of Pakistan's population and perhaps 5% in rural areas have access to western type medical care. The Government of Pakistan has embarked upon a 6 year program to expand health coverage to 65% of the population through the training and utilization of mid level and village level physician extenders and the construction of operation of integrated rural health complexes throughout the rural areas. Training of the auxiliary medical manpower will stress preventive and promotive as well as curative health care, including nutritional surveillance and the provision of family planning services. The Government plans to spend approximately \$550 million in order to successfully implement this program. In 1977 A.I.D. provided a \$6 million loan and \$1.5 million grant to assist in initiation of this activity. It is projected that A.I.D. assistance will provide an additional \$89 million during the 6 year period.

2. Rural Water

The vast majority of Pakistan's 55 million rural poor do not enjoy access to clean, convenient water for drinking or bathing. Current

estimates of the population served by safe water supplies range from 10% (5.5 million) to 17% (8.8 million). Rural sanitation facilities are virtually non-existent.

The Government of Pakistan plans a major investment in rural clean water and sanitation programs over the next six years to raise the percentage of households with access to these services to 34% and 10% respectively. The cost of providing minimal sanitation facilities alone for half of Pakistan's rural villagers would exceed \$100 million, while an investment of over \$190 million would be required to bring safe and adequate water supplies to roughly 70% of the rural poor. A.I.D. plans to assist this effort with loans totalling \$80 million over the next six years.

D. Population

The Problem

The Government has articulated a set of quantitative goals and has established preliminary budget levels in population for the Fifth Plan period, 1977-83. The targets which have been established are as follows: a decline in the annual rate of population growth from 3.0 percent to 2.4 percent; a decline in the crude birth rate from 43.6 per thousand to 33.8 per thousand; an increase in continuous use of contraceptives from 7.3 percent to 18.0 percent of all eligible couples.

The targets which have been established are considerably less ambitious than those established when the current program was begun in 1972 but, in the Mission's view, are probably unattainable. Irrespective of the viability of the targets, we intend to continue to provide support to the program. A major difference between A.I.D. future and past support is that we intend to identify future funds with specific components of the program rather than provide general budgetary support as in the past. The components which will receive the bulk of A.I.D. support during the early part of the new plan period are likely to include contraceptive commodities as required, population research and development, voluntary sterilization, and management information systems. Support will be provided, where possible, as reimbursement for the successful achievement of pre-agreed performance targets.

The Mission is vigorously pursuing with the Government the desirability of beginning a process of integrating the delivery of population and health services. There are promising signs that the Government now appears to be ready to move more positively toward full collaboration between health and population planning.

Finally, since pioneering the application of population impact assessment in January 1976, the Mission has moved ahead with the idea of explicitly incorporating population considerations into the design of projects in other sectors. The most notable examples of such projects are the recently signed Basic Health Services Loan/Grant and the forthcoming Primary Education Project.

E. Other Activities

For details on the status of specific FY 79 projects please see the Data Sheets beginning on Page 22.

Table I
Long Range Program Plan
(\$ million)

	<u>1978</u>	<u>1979</u> <u>Request</u>	<u>Planning Period</u>			
			<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
<u>Food/Nutrition</u>						
Grants	4.725	2.047	2.550	2.800	3.150	5.000
Loans	74.000	85.000	70.000	105.000	80.000	125.000
<u>Population</u>						
Grants	2.658	6.500	6.000	6.500	6.000	6.500
Loans	-	-	-	-	-	-
<u>Health</u>						
Grants	-	-	1.000	-	1.000	-
Loans	39.500	4.000	60.000	5.000	80.000	5.000
<u>Education</u>						
Grants	6.023	.824	1.000	3.460	1.000	.500
Loans	-	30.000	5.000	35.000	15.000	53.000
<u>Selected Development Activities</u>						
Grants	-	-	-	-	-	-
Loans	-	2.500	-	2.500	-	2.500
<u>Total Functional Accounts</u>						
Grants	13.406	9.371	10.550	12.760	11.150	12.000
Loans	113.500	121.500	135.000	147.500	175.000	185.500
<u>PL 480 (non add)</u>						
Title I	72.300	73.600	68.640	68.640	62.400	62.400
Title II	2.300	2.800	2.800	2.800	2.800	2.800

Pakistan

Table II
Funding Levels for FY 1977, FY 1978, FY 1979
(in \$000)

	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>
<u>Food/Nutrition</u>			
Grants	1,796	4,725	2,047
Loans	43,700	74,000	85,000
<u>Population/Health</u>			
Grants	3,855	2,658	6,500
Loans	15,000	39,500	4,000
(Population)			
(Grants)	(2,355)	(2,658)	(6,500)
(Loans)	-	-	-
(Health)			
(Grants)	(1,500)	-	-
(Loans)	(15,000)	(39,500)	(4,000)
<u>Education</u>			
Grants	1,746	6,023	824
Loans	7,000	-	30,000
<u>Selected Development</u>			
<u>Activities</u>			
Grants	-	-	-
Loans	-	-	2,500
Sub-Total			
Grants	7,397	13,406	9,371
Loans	65,700	113,500	121,500
Total			
	<u>73,097</u>	<u>126,906</u>	<u>130,871</u>
<u>PL 480</u>			
Title I	62,400	72,300	73,600
Title II	3,700	2,300	2,800

AGENCY FOR INTERNATIONAL DEVELOPMENT ABS/CP SUMMARY - TABLE III		1. TRANSACTION CODE A A = ADD C = CHANGE D = DELETE		2. ABS/CP DOCUMENT CODE 6	
3. COUNTRY/ENTITY Pakistan		4. DOCUMENT REVISION NO. <input type="checkbox"/>	5. OPERATIONAL YEAR FY 78	6. BUREAU/OFFICE A. SYMBOL 04 D. CODE <input type="checkbox"/>	
8. TYPE DATA 1 1 = ABS 3 = CP 2 = ABS REVISION 4 = CP NOTIFICATION		9. TYPE ASSISTANCE 1 1 = PROJECT 2 = PROGRAM			

10. PROJECT SEQ. - UENCE NO.		11. PROJECT TITLE (40 CHARACTERS MAXIMUM)		12. QTR. FOR OBLIG.	13. EST. FY AUTH. OBLIG. FINAL	14. APPRO. PRIA-TION	15. PRIMARY PURPOSE CODE	16. LOAN/GRANT INDI-CATOR	17. BUDGETS (IN \$ 000)			
									AY	OY	BY	LOP

10. PROJECT SEQ. - UENCE NO.		11. PROJECT TITLE (40 CHARACTERS MAXIMUM)		12. QTR. FOR OBLIG.	13. EST. FY AUTH. OBLIG. FINAL	14. APPRO. PRIA-TION	15. PRIMARY PURPOSE CODE	16. LOAN/GRANT INDI-CATOR	17. BUDGETS (IN \$ 000)			
									AY	OY	BY	LOP
FOOD AND NUTRITION												
0296		Agriculture Research*		2	82	FN	181	GC	-	200	300	2,883
0394		Nutrition Planning			77	FN	380	GC	350	-	-	626
0401		On-Farm Water Management (PLL)*		1	80	FN	120	GC	583	450	450	2,042
0403		Dryland Agriculture Development*		3	78	FN	123	GC	100	340	-	963
0404		Fortification of Flour*		4	78	FN	310	GC	370	1,635	-	2,005
0408		Rural Electrification		2	78	FN	250	GC	-	1,000	-	1,000
0417		Village Level Food Processing		4	78	FN	162	GC	90	300	-	565
0433		Nutrition Research and Training		3	79	FN	380	GN	-	-	750	1,700
		Project Development Support							(157)	(200)	(200)	
0436		Bajwat Area Development (OPG)				FN		GC	303	800	547	1,650
		(Sub-Total - G)							(1,796)	(4,725)	(2,047)	
* Deviation from FY 78 CP.												
									18. DATE DOCUMENT RECEIVED IN AID/W			
									MM	DD	YY	

AGENCY FOR INTERNATIONAL DEVELOPMENT ABS/CP SUMMARY - TABLE III		1. TRANSACTION CODE A = ADD C = CHANGE D = DELETE A			2. ABS/CP DOCUMENT CODE 6						
3. COUNTRY/ENTITY Pakistan		4. DOCUMENT REVISION NO. <input type="checkbox"/>	5. OPERATIONAL YEAR FY 78	6. BUREAU/OFFICE A. SYMBOL Asia B. CODE 04		7. GEOGRAPHIC CODE <input type="checkbox"/> 391					
8. TYPE DATA <input type="checkbox"/> 1 = ABS 3 = CP 2 = ABS REVISION 4 = CP NOTIFICATION			9. TYPE ASSISTANCE <input type="checkbox"/> 1 = PROJECT 2 = PROGRAM								
10. PROJECT SEQ. - UENCE NO.	11. PROJECT TITLE (40 CHARACTERS MAXIMUM)	12. QTR. FOR. OBLIG.	13. EST. FY. AUTH. OBLIG. FINAL	14. APPROP. PRIA-TION	15. PRIMARY PURPOSE CODE	16. LOAN/GRANT INDICATOR	17. BUDGETS (IN \$ 000)				
							AY	OY	BY	LOP	
0408	Rural Electrification	2	82	FN	250	L	-	24,000	-	124,000	
0409	Rural Roads*		83	FN	200	L	8,700	-	30,000	108,000	
0413	On-Farm Water Management		83	FN	120	L	-	-	15,000	77,500	
0419	Agriculture Inputs*	2	78	FN	100	L	35,000	50,000	-	150,000	
0423	Rural Credit		83	FN	130	L	-	-	30,000	105,000	
0428	Grain Oilseed Storage		83	FN	150	L	-	-	10,000	40,000	
	(Sub-Total - L)						(43,700)	(74,000)	(85,000)		
<u>POPULATION/HEALTH</u>											
0384	Population Planning (PIDE)		77	PH	410	GC	100	-	-	688	
0393	Expanded Population*	3	83	PH	401	GC	1,455	2,658	-	26,175	
0411	Population Research & Development*		83	PH	430	GC	800	-	500	2,300	
0415	Basic Health Services		82	PH	530	GC	1,500	-	-	3,500	
0434	Population Planning (Program Components)		82	PH	401	GN	-	-	6,000	30,000	
	Program Development and Support						(76)	(102)	(46)		
	(Sub-Total - G)						(3,855)	(2,658)	(6,500)		
	* Deviation from FY 78 CP										
							18. DATE DOCUMENT RECEIVED IN AID/W				
							MM	DD	YY		

AGENCY FOR INTERNATIONAL DEVELOPMENT ABS/CP SUMMARY - TABLE III					1. TRANSACTION CODE <input type="checkbox"/> A = ADD <input type="checkbox"/> C = CHANGE <input type="checkbox"/> D = DELETE			2. ABS/CP DOCUMENT CODE 6			
3. COUNTRY/ENTITY Pakistan			4. DOCUMENT REVISION NO. <input type="checkbox"/>	5. OPERATIONAL YEAR FY 7 8		6. BUREAU/OFFICE A. SYMBOL Asia B. CODE [04]		7. GEOGRAPHIC CODE <input type="checkbox"/> 391 <input type="checkbox"/>			
8. TYPE DATA <input type="checkbox"/> 1 = ABS 2 = ABS REVISION <input type="checkbox"/> 3 = CP 4 = CP NOTIFICATION					9. TYPE ASSISTANCE <input type="checkbox"/> 1 = PROJECT <input type="checkbox"/> 2 = PROGRAM						
10. PROJECT SEQ. NO.	11. PROJECT TITLE (40 CHARACTERS MAXIMUM)	12. GTR. FOR OBLIG.	13. EST. FY AUTH. OBLIG. FINAL	14. APPRO. PRIA-TION	15. PRIMARY PURPOSE CODE	16. LOAN/GRANT INDICATOR	17. BUDGETS (IN \$ 000)				
							AY	OY	BY	LOP	
0406	Rural Clean Water	2	82	PH	510	L	5,000	25,000	-	80,000	
0415	Basic Health Services	1	82	PH	530	L	6,000	7,500	-	93,000	
0424	Malaria Control*	2	79	PH	514	L	4,000	7,000	4,000	35,000	
	(Sub-Total - L)						(15,000)	(39,500)	(4,000)		
	<u>EDUCATION</u>										
0299	GASI		77	EH	601	GC	400	-	-		
0407	Development Support Communication Center*		77	EH	610	GC	846	-	-	846	
0410	Primary Education		83	EH	624	GC	500	-	500	2,000	
0421	Economic Planning & Policy Analysis*	2	81	FN EH	181	GC	-	3,760	-	6,720	
0426	Development Training* Program Development and Support	1	82	EH	601	GC	-	1,000	-	3,000	
							(10)	(15)	(10)		
0435	Box Libraries (OPG)	2		EH		GC	-	193	124	317	
0437	National Training Institution for Women (OPG)	3		EH		GC	-	320	200	520	
0438	Pakistan YMCA Technical Institute Extension (OPG)	2	78	EH		GC	-	750	-	750	
	(Sub-Total - G)						(1,746)	(6,023)	(824)		
							18. DATE DOCUMENT RECEIVED IN AID/W MM DD YY				

AGENCY FOR INTERNATIONAL DEVELOPMENT ABS/CP SUMMARY - TABLE III				1. TRANSACTION CODE A = ADD C = CHANGE D = DELETE [A]			2. ABS/CP DOCUMENT CODE 6				
3. COUNTRY/ENTITY Pakistan		4. DOCUMENT REVISION NO. []	5. OPERATIONAL YEAR FY [7/8]		6. BUREAU/OFFICE A. SYMBOL B. CODE Asia [04]		7. GEOGRAPHIC CODE [391]				
8. TYPE DATA [1] 1 = ABS 2 = ABS REVISION 3 = CP 4 = CP NOTIFICATION					9. TYPE ASSISTANCE [1] 1 = PROJECT 2 = PROGRAM						
10. PROJECT SEQ. - UENCE NO.	11. PROJECT TITLE (40 CHARACTERS MAXIMUM)	12. QTR. FOR. OBLIG.	13. EST. FY. AUTH. OBLIG. FINAL	14. APPROPRIATION	15. PRIMARY PURPOSE CODE	16. LOAN/GRANT INDICATOR	17. BUDGETS (IN \$ 000)				
							AY	OY	BY	LOP	
0410	Primary Education (Sub-Total - L)		83	EH	624	L	7,000 (7,000)	- -	30,000 (30,000)	107,000	
	<u>SELECTED DEVELOPMENT</u>										
	Program Development and Support						(26)	(50)	(55)		
0414	Technical Services (Sub-Total - L)		83	ST	791	L	. -	-	2,500 (2,500)	7,500	
	Total Grant						7,397	13,406	9,371		
	Total Loan						65,700	113,500	121,500		
							18. DATE DOCUMENT RECEIVED IN AID/W				
							MM	DD	YY		

Agriculture Research

Progress To-Date

Research projects have been approved for forage and fodder, wheat, barley and triticale, rice, maize, sorghum and millet. Several improved varieties of wheat have been developed and the seed multiplied. Forage and fodder varieties have been imported and are included in variety trials at several locations at the present time to see how they compare with local species.

Research work on oilseeds has shown that sunflowers, groundnuts and soybeans produce well under some unirrigated conditions.

Four field research buildings, an office addition and houses for laborers have been constructed at the Pakistan Agriculture Research Center. An architect has been selected to develop the plans for the buildings at the research complex at the Pakistan Agriculture Research Center.

One CIMMYT and two U. S. Department of Agriculture scientists are assisting local scientists in maize, sorghum, millet and oilseed research. Three participant trainees are at CIMMYT studying maize and wheat agronomy and one is at the University of Kansas working on his Ph. D. degree in Plant Breeding.

Deviation from FY 78 CP

The 78 CP proposed \$300,000 for the grant funded portion of this project in FY 78. In view of the fact that recruitment, processing and assignment of foreign technical advisors has been slower than anticipated, only \$200,000 will be required. Currently we are carrying out an indepth review of the loan and grant activity. We anticipate this will result in a redesign of the project and will be forwarding the appropriate documentation to AID/W as soon as the redesign is completed.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Agriculture Research		INITIAL OBLIGATION	AS APPROVED FY 1974	REVISION FY	DATE PP/REVISION
	ONGOING PROJECT BUDGET DATA - TABLE IV	PROJECT NUMBERS 391-0296	FINAL OBLIGATION	AS APPROVED FY 1982	REVISION FY	DATE LAST PAR May 1978
		APPROPRIATION Grant/Loan	TOTAL COST	AS APPROVED \$10,296	REVISION \$10,483	DATE NEXT PAR June 1978

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977			ESTIMATED FY 1978			ESTIMATED FY 1979		
	OBLIGATION	EXPEN-DITURES	PIPE-LINE	OBLIGATION	EXPEN-DITURES	PIPE-LINE	OBLIGATION	EXPEN-DITURES	PIPE-LINE
<u>Loan</u>									
(1) Advisory Services		105	2,282		282	2,000	-	248	1,752
(2) Training (Participants)		39	2,691		856	1,835	-	777	1,058
(3) Commodities		-	2,400		500	1,900		500	1,400
Total:		144	7,373		1,638	5,735		1,525	4,210
<u>Grant</u>									
Advisory Services		71	398		188	410	10/79	166	544
Total:		71	398		188	410	9/80	166	544
<u>HOST COUNTRY INPUT</u>									

PERSONNEL ON BOARD AS OF	PARTICIPANTS PROGRAMMED			
	FY 1977	FY 1978	FY 1979	FY 1980
9/30/77	4	36	36	
9/30/78	1	23	13	
9/30/79	2	4	4	
9/30/80	4	12	17	

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

Dryland Agricultural Development

Progress To-Date

In FY 1976 and 1977 some 13,000 on-farm demonstrations and 350 research trials were conducted, demonstrating the production potential in the rainfed areas where some of Pakistan's poorest farmers live. Research and demonstrations have shown that wheat production in the rainfed areas of Pakistan can be doubled or tripled with improved cultural practices and appropriate technology. The use of fertilizer, primarily on wheat, in the barani areas, has almost doubled. Maize, groundnuts, soybeans, fodder and pulses are now being emphasized along with wheat. These new crops will provide the farmer cash income additive to food crops used to meet the subsistence needs.

Deviation from FY 78 CP

We have requested an additional \$100,000 in FY 78 (now a total of \$340,000) to finance a 6 month extension of the Experience Inc. contract - from April to September, 1979. This reflects a late start in getting the team on board and our judgment that a full three years of technical assistance will be required.

Fortification of Flour with Vitamins and Minerals

Progress To-Date

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

Since November 1976, the Ministry has prepared the basic Pakistan planning document (PC-1), incorporating the comments of the Nutrition Planning Cell of the Planning Division, and presented this to the Central Development Working Party (CDWP) for their review and comment. The CDWP has recommended that the project be approved and has arranged to seek the approval of the Executive Committee of the National Economic Council (ECNEC) in May or June 1977. Assuming the ECNEC approves the project, USAID anticipates signing the Project Agreement with the Government of Pakistan by early September 1977.

Deviation from FY 78 CP

Although the initial year's obligation (FY 77) was included in the CP, no funding was proposed for FY 78. We have combined the second and third (concluding) year into a proposed obligation of \$1,635,000 in FY 78.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Fortification of Flour with Vitamins and Minerals		AS APPROVED FY 1977	REVISION FY	DATE PP/REVISION
	ONGOING PROJECT BUDGET DATA - TABLE IV	PROJECT NUMBER 391-0404	INITIAL OBLIGATION	AS APPROVED FY 1979	REVISION FY 1978
APPROPRIATION Grant		TOTAL COST	AS APPROVED \$2,005	REVISION	DATE NEXT PAR August 1978

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977			ESTIMATED FY 1978			ESTIMATED FY 1979		
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE
PROJECT TOTAL									
Technical Services	20		20	30	20	30	-	20	10
Equipment/Vitamin Premix	350		350	1605	350	1605	-	773	832
Total:	370		370	1635	370	1635	-	793	842

MOST COUNTRY INPUT	PARTICIPANTS PROGRAMMED			
	FY 1977	FY 1978	FY 1979	
PERSONNEL ON BOARD AS OF	8/30/77	8/30/78	8/30/79	
DH				
PASA				
CONTRACT				

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

Rural Electrification

Progress To-Date

The project is designed to insure that small farmers and the rural poor have access to the uses of electricity. With nominal connection charges and with area wide connections, the poor should have access to electricity both directly and through community use such as schools and other public facilities. Also, ways are being explored to insure the small farmers - individually and in groups - have access to tubewells for irrigation. Local participation will be encouraged through the use of rural electrification cooperatives (or similar type user organizations) to manage the program.

The PRP was approved by AID/W in January. Various studies are currently being conducted, including three feasibility studies of the proposed areas to be electrified, in preparation for the Project Paper. Several major issues are also under discussion with the Government. The current implementing agency, the Water and Power Development Authority (WAPDA), may be divested of its distribution responsibilities and separate Power Corporations in each Province may become the implementors of the program. Also under discussion is the process under which cooperative type organizations are to be established within this framework. It is expected that these questions can be resolved prior to submission of a Project Paper in January 1978. A loan authorization in early Spring 1978 is planned.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Rural Electrification	INITIAL OBLIGATION FINAL	AS APPROVED FY 1978	REVISION FY	DATE PP/REVISION
ONGOING PROJECT BUDGET DATA - TABLE IV	PROJECT NUMBER 391-0408	OBLIGATION TOTAL COST	AS APPROVED FY 1980	REVISION FY 1982	DATE LAST PAR
	APPROPRIATION Grant/Loan		AS APPROVED \$55,000,000	REVISION \$125,000,000	DATE NEXT PAR

To be determined

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977			ESTIMATED FY 1978			ESTIMATED FY 1979		
	OBLIGATION	EXPEN-DITURES	PIPE-LINE	OBLIGATION	EXPEN-DITURES	PIPE-LINE	OBLIGATION	EXPEN-DITURES	PIPE-LINE
PROJECT TOTAL									
<u>Grant</u>									
Technical Services				880	92	788	478	328	460
Training				120	40	80	478	60	20
Total:				1,000	132	868		388	480
<u>Loan</u>									
Construction (electric systems) (FAR)				23,000	5,800	17,200	478	10,910	6,290
Commodity Support				1,000	-	1,000	478	1,000	-
Total:				24,000	5,800	18,200	1279	11,910	6,290
HOST COUNTRY INPUT									
PERSONNEL ON BOARD AS OF				1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II					
	3/29/77	3/29/78	3/29/79	3/ PARTICIPANTS PROGRAMMED					
DH				FY 1977	FY 1978	FY 1979	2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS		
PASA				-	20	30	3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE		
CONTRACT							4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.		

Rural Roads

Progress To-Date

The Mission is developing the first stage of a multi-year funding program aimed at providing Pakistan's rural poor with dependable road access to development inputs, social services and jobs. The first loan for \$8.7 million will finance project activities over a three year period in eight of the country's sixty districts. A major objective of the project is the introduction of important technological improvements in the selection, design, construction, and maintenance of roads.

The Project Paper for the first stage of this project is expected to be submitted to Washington for approval during May or June 77. The Government of Pakistan is processing the project for funding beginning in their FY 77-78. Important project preparation activities have been completed including a Seminar on the project for district engineers and other are underway.

Deviation from FY 78 CP

We had proposed in the FY 78 CP that following a \$8 million initial Rural Roads loan in FY 77, a \$10 million second tranche would be considered as a shelf item in FY 78. The loan was included in the CP, albeit not with the "shelf" categorization. In the intervening months we have re-examined the timing of AID assistance in this area and have concluded that an FY 78 loan would not permit sufficient time to evaluate the initial effort and modify the follow on activity. As a result we are proposing a \$8.7 million loan in late FY 77 and a \$30 million loan in FY 79.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Rural Roads		AS APPROVED FY 1977	REVISION FY	DATE PP/REVISION
	PROJECT NUMBER 391-0409		AS APPROVED FY 1978	REVISION FY 1983	DATE LAST PAR
	APPROPRIATION Loan		AS APPROVED \$18,700	REVISION \$108,700	DATE NEXT PAR June 1978

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977 ^{1/}			ESTIMATED FY 1978			ESTIMATED FY 1979 ^{4/}				
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE		
PROJECT TOTAL	8,700	-	8,700	-	300	8,400	-	30,000	6,300	32,100	10/79- 9/82
Design/construction of Rural Roads (FAR)											
MOST COUNTRY INPUT											

PERSONNEL ON BOARD AS OF	PARTICIPANTS PROGRAMMED			NON-CONTRACTS: LONG-TERM	SHORT-TERM CONTRACTS	LONG-TERM SHORT-TERM
	FY 1977	FY 1978	FY 1979			
9/30/77						
9/30/78						
9/30/79						
DM						
PASA						
CONTRACT						

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYB LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

On-Farm Water Management

Progress To-Date

Demonstration areas established for the On-Farm Water Management project in the NWFP, Sind and Punjab continue to be focal points for training of provincial officials as well as farmers in improved water management and land leveling techniques. The principle purpose of the project is to increase production through precision land leveling, improving water courses and adoption of improved agronomic practices in leveled fields. An information management and data feedback system has been instituted to develop case studies and produce research material on cost/benefit sensitivity analyses. Demonstration data is continually being tabulated and analyzed for use in project training.

Some project staff have been appointed and posted and others appointed on an ad-hoc basis. Two training courses comprised of 45 officials have been carried out and 75 more personnel are scheduled for training from all 3 provinces in FY 78.

Deviation from FY 78 CP

We had anticipated that by mid CY 1978 when the Soil Conservation Service PASA was scheduled to terminate, that only financial assistance for water course improvement and land leveling would be required. The On-Farm Water Management loan was authorized in late FY 1976. However, the training of counterpart staff to manage and monitor loan financed improvements has proceeded slower than planned. We have, as a result, provided for an additional two and a half years of SCS technical assistance, phasing out in 1980.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE On-Farm Water Management		AS APPROVED FY 1977	REVISION FY	DATE PP/REVISION
ONGOING PROJECT BUDGET DATA - TABLE IV	PROJECT NUMBER 391-0413		AS APPROVED FY 1978	REVISION FY 1983	DATE LAST PAR Dec. 1975
	APPROPRIATION Loan/Grant		AS APPROVED \$78,650	REVISION	DATE NEXT PAR March 1978

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977-1/			ESTIMATED FY 1978			ESTIMATED FY 1979			
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	
<u>Loan</u>										
(1) Land Leveling (FAR)		750	4,286		2,292	1,994		10,000	2,387	9,607
(2) Water Course Improvements (FAR)		60	2,404		1,620	784		5,000	1,800	3,984
Total		810	6,690		3,912	2,778		15,000	4,187	13,591
<u>Grant</u>										
(3) Technical Services				450	228	222	450	423	249	249
Total:				450	228	222	450	423	249	249
<u>MOST COUNTRY INPUT</u>										

PERSONNEL ON BOARD AS OF	PARTICIPANTS PROGRAMMED				NON- CONTRACT; LONG- TERM	SHORT- TERM CONTRACT	LONG- TERM SHORT- TERM
	9/30/77	9/30/78	9/30/79	FY 1978			
DH	-	-	-				
PASA	-	8	7				
CONTRACT	-	-	-				

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG- TERM - INCLUDES 9 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

Village Level Food Processing

Progress To-Date

The Appropriate Technology Development Organization (ATDO), a unit established in 1974 within the Planning Commission, has the responsibility to coordinate, guide, monitor and evaluate project activities. ATDO has established a special project management office for the Village Level Food Processing project consistent with the conditions precedent to disbursement of funds. Office space and facilities have been acquired, professional and supporting staff hired and logistic support for the project established.

The Project Agreement was signed in June 1976. Technical proposals were solicited from American and Pakistani firms interested in providing contract services to implement the Village Level Food Processing Project. Sixteen proposals were received and opened in early October. Contractor selection was done by the ATDO in consultation with USAID. Negotiations began in November between the prime U.S. contractor and the Government; these negotiations are nearing completion. Project implementation is expected to begin in the fall of CY 1977 on an initial phase to establish social, economic, and engineering criteria and to identify appropriate small-scale processing technology.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Village Level Food Processing		AS APPROVED FY 1976	REVISION FY	DATE PP/REVISION
	PROJECT NUMBER 391-0417		AS APPROVED FY 1978	REVISION FY	DATE LAST PAR
ONGOING PROJECT BUDGET DATA - TABLE IV		APPROPRIATION Grant	AS APPROVED \$565	REVISION	DATE NEXT PAR August 1978

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977			ESTIMATED FY 1978				ESTIMATED FY 1979			
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	FUND- PERIOD (FR-TO)	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	FUND- PERIOD (FR-TO)
Technical Services	90	40	225	300	325	200	7/77- 12/79	-	138	62	-
PROJECT TOTAL											
HOST COUNTRY INPUT											

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

PERSONNEL ON BOARD AS OF	9/30/77	9/30/78	9/30/79	PARTICIPANTS PROGRAMMED	
				FY 1977	FY 1978
OH				NON-CONTRACT: LONG-TERM	
PASA				SHORT-TERM	
CONTRACT				CONTRACT: LONG-TERM	
				SHORT-TERM	

Agricultural Inputs

Progress To-Date

The first tranche of \$40 million for the Agricultural Inputs Loan was signed in January 1976 and the second tranche of \$25 million was signed in February 1977. Approximately \$7 million was used to import wheat seed from Mexico and the remainder to import DAP fertilizer from the United States. Fertilizer consumption targets to which the imports of fertilizer have contributed have been achieved, with a 20% annual growth in consumption rates for nitrogen and a 40% growth rate for phosphate. This compares to an aggregate N and P growth rate in the 1971-72 to 1973-74 period of less than 10 percent. The current trend is expected to continue at approximately the same rate in FY 78. Favorable distribution and price policies have been maintained, with the emphasis on making fertilizer conveniently available to small farmers.

Deviation from FY 78 CP

The FY 78 CP showed the \$100 million plus agricultural inputs program terminating in FY 77. We now are proposing an additional \$50 million in FY 78.

Due to the tight world supply situation for fertilizer plants and equipment, domestic fertilizer plants planned to start production in 1977-79 now are not likely to come on stream until 1979-81. As a result, imports will have to be continued at a high rate through CY 1979 instead of declining in CY 1977 as previously anticipated. Therefore, the cost of imports assuring abundant supplies until domestic production is available will amount to approximately \$400 to 500 million to reach near self sufficiency, compared to previous projections of \$250 million.

We consider assured, adequate supplies of fertilizer a necessary condition to the increased productivity and income of small farmers. Therefore, we propose to finance approximately one-third of the additional unanticipated import burden. This will consist of a \$50 million loan in FY 1978 to help finance 1978-79 imports. The total U.S. contribution to the program will then increase from \$100 to 150 million.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Agriculture Inputs		AS APPROVED FY 1976	REVISION FY	DATE PP/REVISION
	PROJECT NUMBER 391-0419		AS APPROVED FY	REVISION FY	DATE LAST PAR
ONGOING PROJECT BUDGET DATA - TABLE IV	APPROPRIATION Loan	TOTAL COST	AS APPROVED \$100,000,000	REVISION \$150,000,000	DATE NEXT PAR March 1978

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977-1/			ESTIMATED FY 1978			ESTIMATED FY 1979		
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE
Fertilizer/Seed	35,000	28,000	11,000	50,000	36,000	25,000	-	25,000	-
PROJECT TOTAL									

HOST COUNTRY INPUT

PERSONNEL ON BOARD AS OF	PARTICIPANTS PROGRAMMED			NON-CONTRACT; LONG-TERM	SHORT-TERM CONTRACT;	LONG-TERM SHORT-TERM
	FY 1977	FY 1978	FY 1979			
DH	9/30/77	9/30/78	9/30/79			
PASA						
CONTRACT						

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 6 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

Rural Credit

Progress To-Date

The Government of Pakistan has recognized that the keystone to Pakistan's economic progress is development in the rural agricultural sector and that critical to development of this sector is an effective rural credit system. In the past large farmers have received a disproportionate amount of available institutional credit. As a result, little or no rural credit is available, other than through friends, relatives and some time landlords, to the more than 3 million farmers who farm less than 25 acres. The project will impact on these farmers who farm less than 25 acres and make up nearly 90 percent of all farms in Pakistan, with nearly 70 percent (or more than 2 million farms) in the less than 12 1/2 acre category.

In terms of resources required for such an effort, minimal farm credit alone for one quarter of the target farms would amount to about \$225 million per year (750,000 farms times \$300 per unit). By 1982-83 working capital requirements for fertilizer distribution alone is expected to total about \$150 million annually.

AID plans to provide \$105 million over a 6 year period to help establish a more effective rural credit system in Pakistan.

The project will impact on both the irrigated and non-irrigated areas of Pakistan and will provide for:

- The development of rural credit institutions.
- Systems for serving production and on-farm development credit needs of farmers, and
- Systems for serving the credit needs for development of agribusiness in the rural areas, e.g., agriculture input suppliers, farm product buyers and small processors, etc.

We expect to initiate a pilot activity in mid CY 1977 to identify and test procedures to retail credit to small farmers in both rainfed and unirrigated areas. We are hopeful that information obtained from this pre-project activity would enable us to design a credit program for FY 79 obligation.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Small Farmer Credit		AS APPROVED FY 1979	REVISION FY	DATE PP/REVISION
ONGOING PROJECT BUDGET DATA - TABLE IV	PROJECT NUMBER Loan		AS APPROVED FY 1983	REVISION FY	DATE LAST PAR
			AS APPROVED, \$105,000,000	REVISION	DATE NEXT PAR

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977			ESTIMATED FY 1978			ESTIMATED FY 1979				
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	FUND- PERIOD (FR-TO)	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	FUND- PERIOD (FR-TO)
PROJECT TOTAL											
Institutional Development								5,000		5,000	10/79- 9/82
Farmer Credit Systems								15,000		15,000	10/79- 9/81
Agro-business Systems								10,000		10,000	10/79- 9/81
Total:								30,000		30,000	
HOST COUNTRY INPUT											

PERSONNEL ON BOARD AS OF	PARTICIPANTS PROGRAMMED			NON-CONTRACTS LONG-TERM	SHORT-TERM CONTRACTS	LONG-TERM SHORT-TERM
	FY 1977	FY 1978	FY 1979			
DH	9/30/77	9/30/78	9/30/79			
PASA						
CONTRACT						

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

Grain and Oilseed Storage

Progress To-Date

Recent dramatic increases in wheat production have created serious storage problems. In response to a request for assistance, a Project Identification Document was prepared in May, 1976 proposing a marketing and storage project. To assist in defining the magnitude of the problem and suggest alternative strategies for addressing the marketing and storage problems, a Kansas State University team visited Pakistan in October and November, 1976. Their recommendations have been made available to the Government in a recent report. After considering these recommendations, the Government has decided that planning is central to developing a comprehensive and rational national storage program. The Canadian Government received a request in April, 1977 to provide technical assistance for executing a master planning exercise.

Extensive discussions with the Government are underway relating to the role AID can play in assisting the Government with its storage problems which will be within the framework of the master plan. It is planned to focus AID assistance on developing low-cost, small-scale storage structure suitable for farm, village and market town storage of grain and oilseeds. Related, appropriate technology for handling, cleaning and drying these agricultural commodities will also be identified and developed. Project development activities will involve constructing, testing and evaluating appropriate technologies and appropriate institutions for constructing, operating and maintaining facilities and equipment for the target population of small farmers and the rural service sector.

When the technical, economic and institutional feasibility issues are resolved, a \$10 million loan project will be initiated in FY 79. Subject to the effectiveness of the initial loan project and the need for additional assistance, two additional loan tranches are envisioned, \$15 million in FY 81 and another \$15 million in FY 83.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Grain/Oilseed Storage	INITIAL OBLIGATION FY 1979	AS APPROVED FY 1979	REVISION FY	DATE PP/REVISION
ONGOING PROJECT BUDGET DATA - TABLE IV	PROJECT NUMBER 0428	FINAL OBLIGATION FY 1983	AS APPROVED FY 1983	REVISION FY	DATE LAST PAR
	APPROPRIATION Loan	TOTAL COST	AS APPROVED \$40,000	REVISION	DATE NEXT PAR

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977				ESTIMATED FY 1978				ESTIMATED FY 1979			
	OBLIG- ATION	EXPEN- DITURE	PIPE- LINE	FUND- PERIOD (FR-TO)	OBLIG- ATION	EXPEN- DITURE	PIPE- LINE	FUND- PERIOD (FR-TO)	OBLIG- ATION	EXPEN- DITURE	PIPE- LINE	FUND- PERIOD (FR-TO)
<u>Loan</u>												
Construction storage facilities									9,500	-	9,500	10/79- 9/81
Processing Equipment									500	-	500	"
Total:									10,000	-	10,000	
HOST COUNTRY INPUT												
2/ PERSONNEL ON BOARD AS OF	9/30/77	9/30/78	9/30/79									
3/ PARTICIPANTS PROGRAMMED												
4/												
5/												
6/												
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1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYB LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

Expanded Population Planning

Progress To-Date

Despite massive inputs of contraceptives, funds and technical assistance, only 7 to 8 percent of the currently married non-pregnant women are practicing some method of fertility control. Population growth is estimated at 3.0%. The Pakistan Fertility Survey in mid-1975 showed that only 29% of the respondents had had contact with a family planning worker, suggesting that the Continuous Motivation System of field distribution of contraceptive services had not succeeded in providing the fertile population with information and contraceptive services.

Starting with the elevation of the program leadership to the Federal Secretary level in May 1976, the Government has instituted a process of reshaping the organization responsible for the population/family planning program. As one of the major steps in this process the Government in December 1976, centralized authority for all program operations at the federal level in the Population Planning Division. This organization with the assistance of USAID and other donors has during this year been engaged in planning action programs designed to deliver effective information and family planning services to the fertile population of the country as a revitalized field motivation/delivery program based on an expanding para-medical staffed clinic system, commercial marketing of oral pills and condoms, an expanding network of voluntary surgical contraceptive facilities offering quality services to fertile couples who wish to terminate their fertility by this method, an information, education and communication program utilizing professional services of commercial advertising agencies, and replacing the program-employed field motivator with influential local people to carry the message directly to the potential acceptor.

Deviation from FY 78 CP

AID assistance in FY 78, the last year of obligations of this project activity, has been revised from that proposed in the FY 78 CP. The revised program reflects an in-depth evaluation of the program in December, 1976, (under the auspices of FHC Inc.) and the AID/W team assessment of AID population strategy in March/April 1977.

Listed below is a comparison of the FY 78 program proposed in the CP and revised in this submission.

	FY 78 (\$000)	
	<u>78 CP</u>	<u>79 ABS</u>
Oral contraceptives	1,600	1,260 <u>a/</u>
Ocean freight for condoms	48	48
Participants	70	70
Information, education communication	500	-
Advisory services (information system)	-	80
Support commodities (information training and information clearing house)	-	200
VSCS	<u>2,500</u>	<u>1,000</u>
	4,718	2,658

a/ 6 million cycles.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Expanded Population Planning	AS APPROVED FY 1973	REVISION FY	DATE PP/REVISION
ONGOING PROJECT BUDGET DATA - TABLE IV	PROJECT NUMBER 391-0393	AS APPROVED FY 1978	REVISION FY	DATE LATEST Dec. 1976
	APPROPRIATION Grant	AS APPROVED \$29,873 a/	REVISION 26,175	DATE NEXT PAR Dec. 1977

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977			ESTIMATED FY 1978			ESTIMATED FY 1979		
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE
PROJECT TOTAL									
Participants Training	70	6	65	70	65	70	70	70	70
Contraceptives (central funding)		b/	b/	1,260	b/				
Sterilization Programs (FAR)	880	-	880	1,000	880	1,000	1,000	1,000	
Support Commodities	110	616	207	200	207	200	200	200	
Contraceptive Transport	315	b/	b/	48	b/	-			
Advisory Services	80	20	60	80	60	80	80	80	
Total:	1,455	636	1,212	2,658	1,212	1,350	1,350	1,350	

HOST COUNTRY INPUT	PARTICIPANTS PROGRAMMED		
	FY 1977	FY 1978	FY 1979
1/ PERSONNEL ON BOARD AS			
2/ 8/29/77 4/29/78 4/29/79			
NON- CONTRACT LONG-TERM	3	3	3
SHORT-TERM CONTRACT LONG-TERM	15	15	15
CONTRACT SHORT-TERM			
CONTRACT SHORT-TERM			

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE
4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

AID 1330-8 (2-77) a/ Includes \$16,791 of centrally funded contraceptives.
b/ Mission has no basis for projection of expenditure and pipeline for contraceptive and transport because these are centrally funded.

Population Research and Development

Progress To-Date

The draft Project Paper has been developed and is expected to be submitted for AID/W approval in May, 1977. We anticipate a Project Agreement signing in August 1977. The Project Paper contains reasonably detailed sub-project proposals for half a dozen activities which are expected to commence during the project's first year. These are likely to include the following sub-projects: individual incentive program for fertility control; segmentation of the target population for family planning services; and a scheme for the maximization of household contraceptive distribution.

Deviation from FY 78 CP

Modification of the project has resulted in the project life being extended from three to four years in order to permit time for sub-projects initiated in the second and third years to be completed and the results effectively disseminated. We are considering obligating \$800,000 in FY 77, with a further obligation in FY 79 of an additional \$500,000.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE		AS APPROVED		REVISION		DATE PP/REVISION	
	Population Research and Development		FY 1977		FY			
	PROJECT NUMBER		FY 1978		REVISION		DATE LAST PAR	
	391-0411		\$800		\$2,300		DATE NEXT PAR July 1, 1979	
APPROPRIATION Grant		TOTAL COST						

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977				ESTIMATED FY 1978				ESTIMATED FY 1979			
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	FUND- PERIOD (FR-TO)	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	FUND- PERIOD (FR-TO)	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	FUND- PERIOD (FR-TO)
PROJECT TOTAL												
Action Research Activities	544	-	544	-	-	157	387	-	340	243	484	10/80- 9/82
Population Impact Analysis	160	-	160	-	-	65	95	-	100	68	127	"
Project Support Cost	96	6	90	-	-	34	56	-	60	28	88	"
Total:	800	6	794	-	-	256	538	-	500	339	699	

HOST COUNTRY INPUT

PERSONNEL ON BOARD AS OF	PARTICIPANTS PROGRAMMED				NON-CONTRACTS LONG-TERM	SHORT-TERM CONTRACTS	LONG-TERM SHORT-TERM
	FY 1977	FY 1978	FY 1979	FY 1979			
DH	9/30/77	9/30/78	9/30/79				
PASA							
CONTRACT							

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE 11

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

Rural Clean Water

Progress To-Date

Pakistan plans a major investment in rural clean water supply and drainage programs as part of its Fifth Plan. The U.S. plans to assist the Government in this effort with development loans support, the installation of handpumps in rural areas, and to finance small village water and drainage systems.

Phase I (Handpumps)

AID expects to authorize an initial loan of \$5 million in fiscal 1977 for handpumps. A second loan of \$10 million is planned for fiscal 1978.

We had intended to submit the Project Paper for the initial stage in late summer 1977. However delays in carrying out necessary research on water quality and water use patterns in rural areas leads us to believe this schedule may not be met.

Phase II (Small Village Water Systems)

Planning for the second stage of the Rural Clean Water Supply project is in the very preliminary stages. An initial loan of \$15 million in fiscal 1978 will finance the installation of new small village water and drainage system throughout rural Pakistan, as well as a program to train water systems operators in the maintenance of piped systems and other specialized waterworks equipment. The Government's goal in supporting substantial investments in these programs is to increase the percentage of rural villagers who have access to clean water from 17% to 34% over a six year period.

COUNTRY/PROGRAM Pakistan		PROJECT TITLE Rural Clean Water (Phase II - Village Water System)		AS APPROVED FY 1978	REVISION FY	DATE PP/REVISION
ONGOING PROJECT BUDGET DATA - TABLE IV		PROJECT NUMBER 391-0425		AS APPROVED FY 1978	REVISION FY 1982	DATE LAST PAR
		APPROPRIATION Loan		AS APPROVED \$15,000,000	REVISION \$25,000,000	DATE NEXT PAR May 1979

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977				ESTIMATED FY 1978				ESTIMATED FY 1979				
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	PIPE- LINE	FUND PERIOD (FR-TO)
PROJECT TOTAL					15,000	-	15,000	5/78- 5/81	5,000	10,000			
Construction/training for Small Water Systems (FAR)													
HOST COUNTRY INPUT	1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYB LEVEL SHOWN IN TABLE II												
2/ PERSONNEL ON BOARD AS OF	9/30/77	9/30/78	9/30/79										
DH													
PASA													
CONTRACT													
	3/ PARTICIPANTS PROGRAMMED			FY 1977	FY 1978	FY 1979							
	NON- CONTRACT; LONG- TERM												
	SHORT- TERM												
	CONTRACT; LONG- TERM												
	SHORT- TERM												

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS
LONG- TERM - INCLUDES 9 MONTHS OR MORE
3/ For funding period, indicate starting and ending date
by month and year of obligations for each project
element; e.g., 2/78-10/79.

Basic Health Services

Progress To-Date

The Basic Health Services loan was signed April 2, 1977. This project seeks to develop a functioning system of integrated rural health complexes providing basic rural health care delivery in Pakistan. The system calls for an integrated three-tiered health delivery structure, and required support infrastructure.

To support these health complexes, the project will emphasize the development and operation of required management and operations support system: training, personnel, planning, budgeting and accounting, communications, and supply and logistics. Additionally, to provide central coordination for the project, the Government will establish in the Ministry of Health an organization called the National Basic Health Services Cell.

Financial assistance to this project will provide a grant of \$1.5 million for technical assistance and \$13.5 million in loans for budgeting support of rural health services for the first 3 years of the project.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE		AS APPROVED		REVISION	DATE PP/REVISION
	Basic Health Services		FY 1977	FY		
	PROJECT NUMBER 391-0415		FY 1978	FY 1982	DATE LAST PAR	
APPROPRIATION Grant/Loan		AS APPROVED		REVISION	DATE NEXT PAR	
		\$15,000		\$97,000	July 1979	

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977				ESTIMATED FY 1978				ESTIMATED FY 1979			
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	4/ FUND- PERIOD (FR-TO)	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	4/ FUND- PERIOD (FR-TO)	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	4/ FUND- PERIOD (FR-TO)
<u>Grant</u>												
Advisory Services	1,500	37	1,463	-	239	1,224	-	-	247	977		
<u>Loan</u>												
Budgetary Support (FAR)	6,000	250	5,750	7,500	2,000	11,250	7/79- 12/80	-	4,750	6,500		
Rural Health Services												
PROJECT TOTAL												

HOST COUNTRY INPUT	PARTICIPANTS PROGRAMMED				1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYB LEVEL SHOWN IN TABLE II
	FY 1977	FY 1978	FY 1979	FY 1978	
PERSONNEL ON BOARD AS OF	9/30/77	9/30/78	9/30/79		
DH					
PASA					
CONTRACT					

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS
 3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE
 4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

Malaria Control

Progress To-Date

The objective of this project is, within a 5 year period (FY 1976 to FY 1980), to reduce the incidence of malaria to a level where the disease is a minor factor in Pakistan's overall health situation and can be prevented from resurgence thereafter by continued public outlays at a reduced level. The accomplishments to date have been:

- (1) A 53% reduction in the Slide Positivity Rate (SPR - malaria cases chemically diagnosed by laboratory examination of blood smears) in the areas of Punjab where malathion spraying has been conducted. The Punjab is the province with the highest incidence of malaria in Pakistan.
- (2) A 38.8% reduction nationwide of P. Falciparum infections (the most deadly type of malaria present in Pakistan)
- (3) A finding of the January 1977 external review team that, in the Punjab, " ... one can say with certainty that the number of Pakistan lives which were saved solely by malathion must run into the tens of thousands ... "
- (4) Protective clothing has been obtained for the use of all field workers who come in contact with insecticides.
- (5) Training of malaria workers in insecticide safe use practices has been carried out by the Government of Pakistan with CDC/ Atlanta assistance.
- (6) A monitoring system is being put in place to assure safe practices in field operations in 1977 and future years.
- (7) The motor fleet of the Malaria Control Program has been thoroughly reequipped with 110 jeeps, 100 pickups and 10 land rovers.

Deviation from 78 CP

The FY 78 CP indicated a \$7.5 million authorization in FY 77 and \$7.5 million in FY 78. This would have completed AID's \$35 million commitment to the Malaria Control Program. We now estimate, however, that

only \$4 million will be required in FY 77 to meet 60 percent of the foreign exchange costs of the third (1978) year of activities. In line with recommendations of the recently concluded external review team, we are discussing with the Government the future course of the program, including a more extensive program of spraying than originally foreseen for the fourth year with some focal spraying in the fifth year. Future activities would also emphasize combatting urban malaria as well as placing more stress on case detection and treatment with anti-malaria drugs. We estimate a need for approximately \$7 million in FY 78 and \$4 million in FY 79 to meet 60 percent of the foreign exchange costs. The original \$35 million commitment remains the same.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Malaria Control	AS APPROVED FY 1976	REVISION FY	DATE PF/REVISION
ONGOING PROJECT BUDGET DATA - TABLE IV	PROJECT NUMBER 391-0424	AS APPROVED FY 1979	REVISION FY	DATE LAST PAR
	APPROPRIATION Loan	AS APPROVED \$35,000,000	REVISION	DATE NEXT PAR

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977			ESTIMATED FY 1978			ESTIMATED FY 1979		
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE
PROJECT TOTAL									
Insecticides	4,000	11,978	3,780	6,475	3,780	6,475	10,788	3,775	3,550
Equipment and Supplies			420	300	420	300	-	300	
Consultants				225		225	"	225	225
Total:	4,000	11,978	4,200	7,000	4,200	7,000	4,000	7,225	3,775
PROJECT TOTAL									
HOST COUNTRY INPUT									

PERSONNEL ON BOARD AS OF	PARTICIPANTS PROGRAMMED		
	FY 1977	FY 1978	FY 1979
DN	9/29/77	9/29/78	9/29/79
PASA			
CONTRACT			

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

Development Support Communication Center

Progress To-Date

This project was designed to respond to the need of the rural population for information on food and nutrition, health, family planning and general basic education which could not be provided by conventional means. The high proportion of villagers who own radios will permit transmission of relevant information and establishment of a feedback mechanism to evaluate project effectiveness and assess the need to alter media package design for changing rural situations.

We anticipate the Project Paper will be submitted to AID/W for review and approval in August 1977.

Deviation from the FY 78 CP

We had proposed \$400,000 to support the second year of this activity in FY 78. Should funds be available we would prefer to obligate the entire three year requirement of \$846,000 in FY 77.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Development Support Communication Center		INITIAL OBLIGATION	AS APPROVED FY 1977	REVISION	DATE PP/REVISION
	PROJECT NUMBER 391-407		FINAL OBLIGATION	AS APPROVED FY 1979	REVISION	DATE LAST PAR
	APPROPRIATION		TOTAL COST	AS APPROVED \$846,000	REVISION	DATE NEXT PAR April 1978

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977			ESTIMATED FY 1978			ESTIMATED FY 1979		
	OBLIGATION	EXPENDITURES	PIPE-LINE	OBLIGATION	EXPENDITURES	PIPE-LINE	OBLIGATION	EXPENDITURES	PIPE-LINE
Technical Services	586	-	586	-	111	475	-	231	244
Communication Equipment	200	-	200	-	70	130	-	53	77
Unallocated	60	-	60	-	-	60	-	30	30
Total:	846	-	846	-	181	665	-	314	351

HOST COUNTRY INPUT	PARTICIPANTS PROGRAMMED			SHOULD BE CONSISTENT WITH LATEST APPROVED OYB LEVEL SHOWN IN TABLE II		
	FY 1977	FY 1978	FY 1979	FY 1977	FY 1978	FY 1979
PERSONNEL ON BOARD AS OF	9/30/77	9/30/78	9/30/79	-	-	-
DN	-	-	-	-	-	-
PASA	-	-	-	-	-	-
CONTRACT	1	1	1	4	-	-

1/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS
 2/ LONG-TERM - INCLUDES 9 MONTHS OR MORE
 3/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.
 4/

Primary Education

Progress To-Date

Universal education of the population, especially in rural areas, in basic skills (i. e., literacy, basic technical skills, family planning, health and nutrition awareness) is a primary objective of the Government of Pakistan. This project is designed to contribute to this objective by directing resources to the education of children who are of primary school age.

We are discussing with the Government AID assistance in primary education over the next five to six years. An initial \$7 million loan and \$500,000 grant for technical assistance is planned in FY 77. The key elements will be: (1) continuing research, experimentation and evaluation of the factors influencing primary school attraction, (2) the establishment of Federal and Provincial project units to plan and monitor investments in primary education, (3) the provision of instructional materials, in-service training of teachers, and (4) limited classroom construction. Assuming satisfactory fiscal effort and substantive progress on the part of the Government, we anticipate major AID assistance to primary education in the period FY 79-83.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Primary Education		AS APPROVED FY 1977	REVISION FY	DATE PP/REVISION
	ONGOING PROJECT BUDGET DATA - TABLE IV	PROJECT NUMBER 391-0410	INITIAL OBLIGATION	AS APPROVED FY 1983	REVISION FY 1983
		APPROPRIATION Grant/Loan	TOTAL COST	AS APPROVED 42,500	REVISION 109,000

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977 ^{1/}			ESTIMATED FY 1978			ESTIMATED FY 1979 ^{4/}		
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE
<u>Grant</u>									
1. Technical Services	405		405		232	173	405	160	418
2. Participant Training	95		95		31	64	95	41	118
Total:	500		500		263	237	500	201	536
<u>Loan</u>									
Instructional Facility Improve- ment (FAR)	7,000		7,000		5,300	1,700	30,000	1,700	30,000

HOST COUNTRY INPUT

PERSONNEL ON BOARD AS OF	PARTICIPANTS PROGRAMMED			NON- CONTRACT! LONG- TERM	SHORT- TERM CONTRACT!	LONG- TERM SHORT- TERM
	FY 1977	FY 1978	FY 1979			
DH	9/30/77	9/30/78	9/30/79	-	4	4
PASA				-	-	-
CONTRACT				-	-	-

^{1/} SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II

^{2/} EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

^{3/} LONG-TERM - INCLUDES 9 MONTHS OR MORE

^{4/} For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

Economic Planning and Policy Analysis

Progress To-Date

The Project Review Paper was approved by AID/W in December 1976. It calls for a five pronged attack upon the problem of inadequate analytical staff in the economic ministries of Pakistan. Among the major issues raised by AID/W were how to stem the 'brain drain' of economists from Pakistan, and the need to clarify the relationship between the project outputs and the mandate to focus projects on the rural poor. The Mission is currently discussing these and other project implementation issues with the Government of Pakistan officials and university faculties. Progress is satisfactory, but there will be some slippage in the schedule as outlined in the PRP. The Mission now expects to submit the PP to AID/W by September 1977, and sign a project agreement early in CY 1978.

Deviation from FY 1978 CP

The FY 78 Congressional Presentation calls for a FY 78 obligation of \$750,000 for the first year of the project. The FY 78 obligation has been changed to \$3.76 million to fully fund the first three years of the project. An obligation of \$2.96 million to cover the last two years of the project is scheduled for FY 80, if an evaluation of the first three year's experience is positive.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Economic Planning and Policy Analysis		AS APPROVED FY 1978	REVISION FY	DATE PP/REVISION	
	ONGOING PROJECT BUDGET DATA - TABLE IV	PROJECT NUMBER 391-0421	INITIAL OBLIGATION FINAL	AS APPROVED FY 1982	REVISION FY 1981	DATE LAST PAR
		APPROPRIATION Grant	TOTAL COST	AS APPROVED \$6,717	REVISION	DATE NEXT PAR July 1979

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977			ESTIMATED FY 1978			ESTIMATED FY 1979			
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	FUND- PERIOD (FR-TO)
Economic Policy Analysis	774	208		774	208	566	-	275	291	4/
Agriculture Policy Analysis				851	182	669	-	330	339	
University Assistance	1,510	224		1,510	224	1,286	-	546	740	
Cooperative Research Program	625	146		625	146	479	-	231	248	
Total:	3,760	760		3,760	760	3,000		1,382	1,618	
HOST COUNTRY INPUT										

PERSONNEL ON BOARD AS OF	PARTICIPANTS PROGRAMMED			NON-CONTRACT; LONG-TERM	SHORT-TERM CONTRACT;	LONG-TERM SHORT-TERM
	FY 1977	FY 1978	FY 1979			
DH	9/30/77	9/30/78	9/30/79			
PASA		33	56			
CONTRACT		6	6			
	5		9			

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE 11

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE
4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

Development Training

Progress To-Date

The PRP for this project -- designed to train approximately 20 to 25 long term and 20 short term participants each year from FY 78 to FY 80 -- was submitted to AID/W in October 1976 and approved in February 1977. We plan to submit the PP in June 1977, for FY 78 implementation.

Although the Development Training project parallels the current activity in some respects, the training areas are more clearly defined to fit Mission and Government of Pakistan development goals and meet the requirements of Congressional mandates. In addition the new project provides for the transfer of participant selection, processing and follow-up to the host country as soon as practicable.

COUNTRY/PROGRAM	PROJECT TITLE				DATE PR/REVISION
	Development Training				May 31, 1977
ONGOING PROJECT BUDGET DATA - TABLE IV	INITIAL OBLIGATION		AS APPROVED	REVISION	DATE PR/REVISION
	FINAL OBLIGATION		FY 1978	FY	May 31, 1977
	TOTAL COST		FY 1980	FY 1982	DATE LAST PAR
PROJECT NUMBER 391-0-0426		APPROPRIATION Grant		AS APPROVED \$1,584	DATE NEXT PAR Oct, 1978

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977			ESTIMATED FY 1978			ESTIMATED FY 1979		
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE
PROJECT TOTAL	-	-	-	1,000	170	830	-	401	429
Training (Participants)									
Project Paper being submitted proposing 3 year funding.									
HOST COUNTRY INPUT									

PERSONNEL ON BOARD AS OF	PARTICIPANTS PROGRAMMED		
	FY 1977	FY 1978	FY 1979
DH	-	20	20
PASA	-	20	20
CONTRACT	-	-	-

1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE II

2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS

3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE

4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

Technical Services

Progress To-Date

The Government of Pakistan has selected a list of eleven studies which will be financed under the FY 76 \$2.5 million loan; scopes of work are being prepared by the Pakistan basic consultant. A contract with a U.S. firm to assist in the management of the project has been executed. The first evaluation of the project was conducted in December 1976 with the second scheduled for July 1977.

A second loan of \$2.5 million is proposed for FY 79 assuming satisfactory implementation of the 76 loan to continue to assist Pakistan to finance a broad range of technical services. Studies resulting from the loan will help Pakistan to secure financing from international donors for the implementation of priority development projects.

COUNTRY/PROGRAM Pakistan	PROJECT TITLE Technical Services		INITIAL OBLIGATION	AS APPROVED FY 1976	REVISION	DATE PP/REVISION
	PROJECT NUMBER 391-0414		FINAL OBLIGATION	AS APPROVED FY 1976	FY 1983	DATE LAST PAR Dec. 1976
ONGOING PROJECT BUDGET DATA - TABLE IV		APPROPRIATION Loan	TOTAL COST	AS APPROVED \$2,500	REVISION \$10,000	DATE NEXT PAR July 1977

U. S. DOLLAR COST (\$ 000)

PROJECT INPUTS	ESTIMATED FY 1977				ESTIMATED FY 1978				ESTIMATED FY 1979		
	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	PIPE- LINE	OBLIG- ATION	EXPEN- DITURES	PIPE- LINE	PIPE- LINE	FUND- PERIOD (FR-TO)	PIPE- LINE	FUND- PERIOD (FR-TO)
Technical Services	-	259	2,241		-	1,719	522			2,500	10/79- 9/82
PROJECT TOTAL											

HOST COUNTRY INPUT	PARTICIPANTS PROGRAMMED			
	FY 1977	FY 1978	FY 1979	FY 1979
PERSONNEL ON BOARD AS OF	9/30/77	9/30/78	9/30/79	
DH	-	-	-	-
PASA	-	-	-	-
CONTRACT	-	-	-	-

- 1/ SHOULD BE CONSISTENT WITH LATEST APPROVED OYS LEVEL SHOWN IN TABLE 11
- 2/ EXCLUDES CONSULTANTS PROGRAMMED FOR LESS THAN 90 DAYS
- 3/ LONG-TERM - INCLUDES 9 MONTHS OR MORE
- 4/ For funding period, indicate starting and ending date by month and year of obligations for each project element; e.g., 2/78-10/79.

TABLE V -- FY 1979 PROPOSED PROGRAM RANKING

RANK	DECISION UNIT Pakistan	DECISION PACKAGE/PROGRAM ACTIVITY/SUPPORT ITEM DESCRIPTION	APPROPRIATION ACCT	REVISOR BY				CONSOLIDATED BY							
				CUMULATIVE				PROGRAM FUNDING							
				INCREASING		DECREASING		INCREASING		DECREASING					
				US	FN	US	FN	US	FN	US	FN				
		<u>Decision Package - Minimum</u>													
		Workforce and Operating Expenses (Assuming no FY 1979 Obligations)		475	33	169	33	169							
1.		0413 On-Farm Water Management (L/GO)	F/N	475	-	1	33	170			15,450				
2.		0424 Malaria Control (L)	H		1	-	34	170			4,000				
3.		0410 Primary Education (L)	EHR		1	1	35	171			30,500				
4.		0435 Population Planning (Program Components) (GN)	P		2	3	37	174			6,000				
5.		0411 Population Research and Development (GO)	P		-	1	37	175			500				
6.		0409 Rural Roads (L)	F/N		1	1	38	176			30,000				
7.		0296 Agriculture Research (L/GN)	F/N		-	-	38	176			300				
8.		PL 480 Title I			1	1	39	177			15,600				
9.		Workforce Increment (PGM & ADM SPT)			8	13	47	190			-				
		<u>Decision Package - Current</u>		475	2	-	49	190			30,000				
10.		0423 Rural Credit (L)	F/N		1	1	50	191			10,000				
11.		0428 Grain Oilseed Storage (L)	F/N		2	1	52	192			750				
12.		0434 Nutrition Research and Training (GN)	F/N		-	-	52	192			2,500				
13.		0414 Technical Services (L)	SDA		-	-	52	192			18,400				
14.		PL 480 Title I			3	2	55	194			-				
15.		Workforce Increment (PGM & ADM SPT)													
		<u>Decision Package - Proposed</u>		475	-	-	55	194			39,600				
16.		PL 480 Title I			-	-	55	194			2,800				
17.		PL 480 Title II			-	-	55	194			124				
18.		0435 Box Libraries - OPG (GO)	EHR		-	-	55	194			547				
19.		0436 Bajwat Area Development - OPG (GO)	F/N		-	-	55	194			200				
20.		0437 National Training Inst. for Women - OPG (GO)	EHR		-	-	55	194			207,271				

Proposed Program Ranking - FY 79

We have provided in Table V (p. 64) a ranking of the FY 79 program and the work force and operating expense implications of alternative budget levels.

Moving from the minimum (\$102.3 million) to the current (\$164.0 million) decision package, the principle incremental activity is "Rural Credit". We believe this activity - by establishing a mechanism through which small farmers throughout the country will have access to essential inputs such as fertilizer, seed, small equipment and good markets - can have a direct and significant impact on the lives of the rural poor.

The current package also represents an expansion of the Title I Program. As noted in Islamabad 3832, Title I imports contribute to developmental objectives by:

- (1) Allowing for the importation of staple food items such as wheat and vegetable oil, with a minimal drain on Pakistan's scarce foreign exchange reserves;
- (2) Maintaining nutritional levels, particularly of the lower income urban population who are the main consumers of ration shop atta (whole wheat flour), where Title I wheat is distributed.
- (3) Generating local currency for use in mutually agreed sectors such as water management, agriculture and family planning, with emphasis on activities "directly improving the lives of the poor" people in Pakistan.

The major incremental amount in the proposed decision package (a total of \$207.2 million) represents an increase in the Title I program over that shown in the current package.

While the total Title I program (\$73.6 million) in the proposed package is less than Title I shipments in FY 75 and in FY 76, it is likely to be important in encouraging continued positive government actions on fertilizer pricing and distribution, commodity price support policy, and implementation of an effective program to increase domestic vegetable oil production.

The workforce implications of the alternative funding levels are as follows:

- (1) No new obligations in FY 79 or thereafter: We project a U.S. direct hire staff of 33 and 69 foreign nationals.

- (2) Minimum decision package: We anticipate a requirement for 14 additional U. S. direct hire, 6 related to specific projects and 8 related to overall program and administrative support. Foreign nationals increase by 21, 8 project related, and 13 attributed to program and administrative support.
- (3) Current decision package: U. S. direct hire will increase by 8 (5 project related) and foreign nationals by 4 (2 project related).
- (4) Proposed decision package: Since the principal incremental funding stems from an expansion of Title I assistance, no additional staff, U. S. or foreign national, will be required.

We anticipate minimal change in the operating expense level for the various decision packages since all personnel related expenses have been excluded, per AID/W instructions, and since a sizeable portion of the Mission's operating costs are borne by Trust Funds provided by the Government of Pakistan.

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IDENTIFICATION DOCUMENT FACESHEET TO BE COMPLETED BY ORIGINATING OFFICE	1. TRANSACTION CODE <div style="border: 1px solid black; display: inline-block; padding: 2px;">A</div> A = ADD C = CHANGE D = DELETE	PID 2. DOCUMENT CODE 1
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3. COUNTRY/ENTITY Pakistan	4. DOCUMENT REVISION NUMBER <input type="checkbox"/>
5. PROJECT NUMBER (7 DIGITS) <input type="checkbox"/> 391-0433 <input type="checkbox"/>	6. BUREAU/OFFICE A. SYMBOL Asia B. CODE <input type="checkbox"/> 04 <input type="checkbox"/>
7. PROJECT TITLE (MAXIMUM 40 CHARACTERS) <input type="checkbox"/> Nutrition Research and Training <input type="checkbox"/>	

8. PROPOSED NEXT DOCUMENT A. <input type="checkbox"/> 2 = PRP <input type="checkbox"/> 3 = PP B. DATE <input type="checkbox"/> 03 <input type="checkbox"/> 78	10. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = 2,150) FUNDING SOURCE b485c89 A. AID APPROPRIATED 1,750 B. OTHER U.S. 1. 2. C. HOST COUNTRY 450 D. OTHER DONOR(S) TOTAL 2,200
--	---

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION

a. INITIAL FY 79 b. FINAL FY 81

11. PROPOSED BUDGET AID APPROPRIATED FUNDS (\$000)							
A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY 79		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) FN	380	340		750		1,750	
(2)							
(3)							
(4)							
TOTAL				750	-	1,750	

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)

350 320 330 390

13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH)	14. SECONDARY PURPOSE CODE
BL BU BWW	

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)

To help the Government of Pakistan improve the nutritional status of the rural and urban poor, particularly pregnant, lactating mothers and young children.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)

To assist in improving the Government's capability to plan and implement nutrition projects based on information obtained on a broad range of potential interventions to reduce Protein Calorie Malnutrition (PCM) and specific micro-nutrient deficiencies.

17. PLANNING RESOURCE REQUIREMENTS (stuff/funds)

6 person-months short-term consultancy required in the fields of nutrition R&D, food technology, mass media, and training.

18. ORIGINATING OFFICE CLEARANCE Signature: <i>William R. McIntyre</i> Title: Assistant Director Population, Health & Nutrition Date Signed: <input type="checkbox"/> 05 <input type="checkbox"/> 09 <input type="checkbox"/> 78	19. DATE DOCUMENT RECEIVED OR AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IDENTIFICATION DOCUMENT FACESHEET TO BE COMPLETED BY ORIGINATING OFFICE	1. TRANSACTION CODE <input type="checkbox"/> A = ADD <input type="checkbox"/> C = CHANGE <input type="checkbox"/> D = DELETE	PID 2. DOCUMENT CODE 1
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3. COUNTRY/ENTITY Pakistan	4. DOCUMENT REVISION NUMBER Original <input type="checkbox"/>
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5. PROJECT NUMBER (7 DIGITS) 391-0434	6. BUREAU/OFFICE A. SYMBOL ASIA B. CODE 2	7. PROJECT TITLE (MAXIMUM 40 CHARACTERS) Population Planning (Program Components)
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8. PROPOSED NEXT DOCUMENT A. <input type="checkbox"/> 2 = PRP <input type="checkbox"/> 3 = PP B. DATE 03/7/8	10. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = Rs. 9.90)
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9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION a. INITIAL FY 79 b. FINAL FY 83	FUNDING SOURCE A. AID APPROPRIATED 30,000 B. OTHER U.S. 2. C. HOST COUNTRY 200,000 D. OTHER DONOR(S) 50,000 TOTAL 280,000
---	--

11. PROPOSED BUDGET AID APPROPRIATED FUNDS (\$000)							
A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY 79		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) PH	444	440		6,000		30,000	
(2)							
(3)							
(4)							
TOTAL				6,000		30,000	

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)

--	--	--	--	--	--

13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH)						14. SECONDARY PURPOSE CODE
BR	ENV	BWW	DEL	PVOU	PVON	410

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)

Assist Pakistan to achieve its development objectives by lowering the rate of population growth (natural increase) from 3.0% per year (1977 estimate) to 2.7% by 1983.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)

Assist the Government of Pakistan to increase the prevalence of continuous contraceptive use from the present estimated 6-8% of eligible couples to approximately 15-18% in 1983 through the provision of voluntary contraceptive services.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)

As noted in the text, planning resource requirements are too tentative to state definitively. Mission expects to call forward needed staff through existing centrally-funded grants and contacts.

18. ORIGINATING OFFICE CLEARANCE	19. DATE DOCUMENT RECEIVED BY AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
Signature: Steven W. Sinding <i>Steven W. Sinding</i>	MM DD YY MM DD YY 05 20 77
Title: Chief, Pop. Policy & Research Div.	

Pakistan

PL 480 Title I Agreements and Shipments

Commodity	FY 1977 Estimate			FY 1978 Request		
	Agreements (MT)	Shipments (MT)	Carryover to FY '78 (MT)	Agreements	Shipments	Carryover to FY '79
Wheat *				200,000	200,000	-
Vegetable Oil	100,000	100,000	-	80,000	80,000	-
	FY 1979 Request					
Commodity	Agreements (Mil. \$) (MT)	Shipments (Mil. \$) (MT)	Carryover to FY 1980			
Wheat	11.2 100,000	11.2 100,000				
Vegetable Oil	62.4 100,000	62.4 100,000				

* Does not include 150,000 tons of wheat (\$18.8 million) for which Sales Agreement was signed in August 1976 but shipment made in September/October 1976.

PL 480 Title I

The analysis provided in the Mission's August 1976 Submission, PL 480 Title I Program for Pakistan, FY 1977/81, remains valid, although projected Title I wheat and vegetable oil imports have been revised. The change reflects our estimate of a 1977 wheat crop near, perhaps slightly under the 1976 bumper harvest of possibly 8.8-9.0 million tons, and increased vegetable oil imports stemming in part from the disastrous 1976 cotton crop.

As a result, we anticipate Title I imports for the period 1979/83 will consist primarily of vegetable oil, although some wheat assistance may be needed if weather adversely affects domestic production as now appears to be the case.

Vegetable Oil

There is a growing awareness in the Government that the gap between the domestic demand for edible oil (primarily in the form of vegetable ghee) and domestic production constitutes one of the most serious economic problems facing the country. Edible oil consumption has increased from 300,000 tons in 1973/74 to about 500,000 tons in 1976/77. To the extent this represents improved diets, the trend is one of the more tangible demonstrations of progress in development. However, projecting this trend to 1982/83, annual consumption will exceed 700,000 tons. Unless dramatic increases in domestic availability are achieved through improved processing and additional production, the import gap in 1982/83 could be 500,000 tons, at a foreign exchange cost of over \$300 million at today's prices.

By way of comparison, in the current Pakistan oil crop year July 1, 1976 to June 30, 1977, ghee production of 340,000 tons is planned (an increase of about 6% over the previous year). To achieve this level, 375,000 tons of edible oil will be required. (This excludes, of course, oil needed for industrial uses and for direct consumption.) Domestic oil production available for ghee production is estimated to total only 70,000 tons (60,000 tons cottonseed and 10,000 tons rapeseed), leaving an import requirement of 305,000 tons.

For the next crop year (roughly U. S. FY 78) the Government is projecting a 17 plus % increase in ghee production, domestic oilseed availability for ghee production of 105,000 tons, and imports of 335,000 tons. We are proposing PL 480 financed imports of 80,000 tons in FY 78.

For the period FY 79/82, we propose to supply edible oil imports under PL 480 Title I as follows:

<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>
100,000	110,000	110,000	100,000	100,000

The Government strategy during this period is to significantly reduce the country's dependence on imported vegetable oil. An Inter-Ministerial Executive Group was established, for which AID helped to arrange and finance specialists on a working sub-committee. The sub-committee submitted a draft to the Executive Group on May 6, 1977. Recommendations stemming from a review of the draft by the Executive Group are to be incorporated in a final draft by the end of May 1977. We understand the plan emphasizes:

- (1) Significantly increasing the production of traditional cotton and brassica seed.
- (2) Stimulating a substantial increase in oil production from specialized oilseeds: sunflower, saflower, soybeans, and groundnuts.
- (3) Obtaining major savings from reduced handling and processing losses.

Principle elements of the strategy consist of:

- (1) Intensifying research efforts on the introduction, testing and distribution of improved varieties and cultivation practices.
- (2) Concentrating efforts to introduce and spread improved varieties and cultural methods following the successful model of Pakistan Tobacco Board.
- (3) Establishing and effectively implementing a reasonable support price program to provide grower incentives.
- (4) Building new solvent plants and providing incentives to existing plants to improve extraction rates.

The successful implementation of such a strategy will not be easy. It will require - in the first instance - a high level political decision that the situation is urgent and that nothing less than a sustained, multi-year effort

will do the job. Administrative mechanisms will have to be worked out under which the collaboration of the various interested governmental entities is assured.

Beginning with the August 10, 1976 Title I minutes the Mission has advised the Government that additional Title I vegoil assistance is contingent on the elaboration and implementation of an effective plan to increase domestic vegoil production. The Title I vegoil projections FY 1979/83 provided above assume the Government will meet this commitment.

Wheat

In the Pakistan wheat crop year just completed (May 1, 1976 to April 30, 1977) total imports were only 402,000 tons, all of which represented concessional shipments, FAC and PL 480 Title I and II (approximately 200,000 tons delivered in October/November 1976). This compares with a total of 1.474 million tons imported in the 1975/76 crop year.

Government procurement during the May, 76 to April, 77 period totalled about 2.4 million tons, nearly double procurement in each of the previous 2 years. Earlier in the year the official Government estimate for the record 75/76 crop was 8.3 million tons; more recently the responsible Ministry has used a figure of 8.8 million tons and sometimes 9.0, a range which we consider reasonable. Combining the import, procurement and offtake figures for the year, the Government position is that stocks have been increased by about 100,000 tons and they are entering the 1977/78 procurement season (of the 1976/77 crop) with approximately 560,000 tons.

The Government has been projecting a 1976/77 crop (now being harvested) as good or better than the record 1975/76 crop. We believe this most certainly would have been the case but for the very adverse weather. Acreage planted to wheat reportedly is up 3 to 4%, more water was available in the irrigated areas because of Tarbela, and there was a significant increase (about 20%) in the amount of fertilizer used. However, the weather conditions this season have been unusually unfavorable. The winter rains were late and inadequate, and the premature hot spell in March just as the grain was filling seems to have adversely affected both the irrigated and rainfed crop areas. The late rains have continued in April and May which are likely to result in threshing losses, and, because of the high moisture content of the wheat, storage losses as well.

Taking all these factors into account, we now believe the 1976/77 crop is likely to fall short of last year's bumper harvest. We have been advised informally that Government officials responsible for wheat imports share this view, and

that an Aide Memoire is being prepared proposing an import level in the current crop year of 500-800,000 tons. We believe that given the existing worldwide price of wheat, imports of this level makes good sense for Pakistan, even if primarily to build up reserve stocks which of course, would be rotated each year to avoid deterioration.*

While more precise data will have to be obtained, we are, at this writing, proposing Title I wheat imports in FY 78 of 200,000 tons to help meet consumption needs, or consistent with our WFC position, to help build up reserve stocks.**

In FY 79 we are proposing a Title I wheat program of 100,000 tons followed by no Title I wheat in the period FY 80/83. Using present wheat production (and population) growth rates and allowing for feed, seed and waste, the Government's production target of 13.2 million tons in FY 83 will be sufficient to cover the anticipated domestic demand. This assumes of course, continuation of current growth oriented government policies in fertilizer prices, supply and distribution, irrigation water availability and wheat price supports.

Title I as a Development Resource

For the period FY 1979-83 the Mission will continue to rely on Title I assistance to help achieve agriculture sector growth targets. A more detailed discussion of the Mission's strategy is provided in the FY 1977/81 Title I Program referred to above and in "The Impact of P1 480 Title I on Economic Development" (Islamabad 3832). Highest priority will be assigned to the Government's elaboration and implementation of an effective program to increase domestic oilseeds production. At the same time we will encourage continuation and expansion of policies designed to provide adequate amounts of fertilizer, to maintain adequate crop prices and fertilizer-crop price relationships and to increase the efficiency of irrigation water delivery and use by farmers with emphasis on the small farmer.

* With regard to the adequacy of storage facilities, there have been reports of significant storage losses resulting from floods in the past several years. The Government has developed an emergency 2 year construction program to add an additional 1 million tons of public sector storage, and is seeking assistance in drawing up a comprehensive long range plan to meet their requirements. The USAID is following this situation closely and is proposing to help finance additional capacity beginning in FY 79. Several other countries and the IBRD have expressed an interest in participating in this effort.

** While the Embassy's Agricultural Attache comes out at the same level of import needs for FY 78, his basic assumptions are quite different as can be seen in his latest report to USDA on the subject (PK-7014, 5/20/77). Also, he feels that import needs will not reach the zero level in the near future as this paper suggests.

With regard to local currency generated by Title I food sales, the Mission practice has been to obtain Government concurrence for allocations to mutually agreed upon sectors. While we are sensitive to the drawbacks in excessive involvement in budgeting of local currency generations, we do intend to pursue in Title I negotiations the position that PL 480 is one element of a total assistance package. This means that since PL 480 financing of needed food imports permits the Government to allocate more of its scarce resources to development, we anticipate larger Government budget support of a joint AID/Government programs, such as Rural Roads, Primary Education and Rural Electrification.

Loan Forgiveness

As AID/Washington knows, this Mission has made a determined effort to negotiate a loan forgiveness agreement with the Government (see Islamabad 13219).

We believe the major obstacle to negotiating such an agreement is the Government's perception that the long term benefits do not justify the short term costs. The currency use offset provision states that the Government must disburse the amount forgiven within 2 years. On the other hand, owing to the concessional terms of Title I loans, the grant element stemming from the forgiveness is low and the savings spread out over an extended period.

We believe that the loan forgiveness provisions in the current legislation do not provide a significant short-term benefit to LDC's, particularly with regard to the serious near term debt repayment obligations. If the legislation could be amended to apply the forgiveness to repayments over next five to ten years, the provision would make a significant contribution to helping less developed countries meet their current and near term problems and provide a more meaningful incentive for significant policy initiatives.

A longer period of disbursement also is essential, particularly for new direction type programs where implementation normally is slow.

Notwithstanding the above, we intend to explore with the Government the use of loan forgiveness to help finance part of the additional costs of carrying out their vegetable oil strategy. We believe loan forgiveness and other assistance in research, crop promotion and vegetable oil price supports would be most appropriate.

PL 480 Title II FY 1979 Commodity Requirements

Country: Pakistan

Sponsor: 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	873,000*	576,180
40,000	Veg Oil	218,190	146,625
	Total MCH Program		722,805**

* Based on 4 lbs. per recipient per month. Mission advised CARE of increase in the maximum permissible monthly ration to 4.3 per month (STATE 134125 of 1976).

** Please note that Title II funding levels in Summary Tables I and II include WFP commodities.

PL-480 Title II

Objectives of Current Assistance

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

FY 78 Program

In July/August of 1976 widespread flooding in Sind hampered transportation systems throughout the country and caused interruption in commodity deliveries to distribution centers. While still recovering from the effects of the floods, more serious problems were encountered by the Government with their clearing, forwarding and warehousing agent resulting in the non-delivery of commodities to health centers throughout the two provinces. The dispute between the Government and the Government's forwarding agent has, in effect, resulted in a suspension of food deliveries to centers through June 30, 1977. As of that date, it is anticipated that warehouses will store commodities sufficient to fill the supply pipeline for 11 months.

Based on the conditions described above CARE, USAID, and the Government have decided to submit an FY 78 AER calling for delivery of commodities for USAID's FY 78 Fourth Quarter only (July/September, 1978). The call forward of commodities for the Fourth Quarter will be dependent on the Government's ability to re-establish an effective delivery system and sufficiently reduce commodity inventory to a point where further deliveries would be justified.

FY 79 Program

We are tentatively proposing a FY 79 program at the FY 77 level - 40,000 recipients.

We continue to be concerned, however, over the Government's reluctance to take on more of the responsibility for the planning and management of feeding programs. Currently this reluctance has been manifested in the serious transport problems referred to above; inadequate collaboration between the Federal Government and the Provinces and between the Nutrition Cell in the Ministry of Finance (charged with planning) and the Nutrition Wing in the Ministry of Health (responsible for implementation of Government supported feeding programs).

At the same time we note that a range of nutrition related activities - in addition to CARE assistance to maternal child care centers - are being planned or are in the initial stages of implementation. They include the AID supported Basic Health Services project (in which nutritional surveillance in rural areas by the village health worker is an important element), the World Food Program's Pre-school and Pregnant Mothers MCH project, the Government's Pre-school Protection Program and AID's proposed FY 79 activity in nutrition research and training.

We believe there is an opportunity - which we have not yet taken advantage of - to use Title II donations and CARE's expertise to support the foregoing projects. We see a 3 year agreement between AID and the Government as the mechanism whereby this would be accomplished. Under this Agreement, CARE would carry out research - largely in the MCH centers with which they are now affiliated - on the impact of alternative feeding program on the nutritional status of vulnerable groups. At the same time CARE would seek to develop in the Government of Pakistan an indigenous capacity to plan and manage feeding programs. Federal and Provincial responsibilities would be clearly spelled out, as would the plan of action that CARE would follow in implementing this strategy. We will attempt to jointly assess where we stand now in relation to these objectives and where we would like to be at the end of a three year project - thus defining the conditions under which CARE assistance for this purpose would no longer be needed.

Our strategy is to try to develop, in collaboration with Government of Pakistan and CARE officials, a project along these lines in the coming months. In the event we do not have a firm indication of agreement by the Government by May of 1978, we then will review the desirability of submitting a FY 79 AER.

Technical Assistance to Cooperatives - PVO's
(\$000)

	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>
<u>Grants</u>			
<u>Operational Program</u>			
<u>Grants</u>			
Box Libraries *		193*	124
Bajwat Area Development	303	800	547
National Training Institute for Women		320	200
Pakistan YMCA ** Technical Institute		750	
	<u>303</u>	<u>2063</u>	<u>871</u>

* Ready for implementation in FY 77 should EHR funds become available.

** New Project

Pakistan YMCA Technical Institute Extension Project

Description

Under this project the International Young Men's Christian Association would provide support for technical training and employment opportunities for Pakistan urban and rural youth. This support will be provided through the establishment of two YMCA Technical Institutes (in Quetta and Lahore) which will provide basic skill training in priority trades as identified by the Government of Pakistan. The two Institutes will be patterned on a YMCA supported vocational training facility in Karachi. Training will be designed to prepare students for employment in agriculture (e.g. vegetable farming, fish processing) small scale manufacturing, construction and transportation.

The YMCA will develop facilities, provide equipment and recruit and train local instructors and administrative personnel for the institutes.

Issues:

Before moving ahead on this proposal we will seek more information in the following areas:

1. To what extent does the emigration of technically skilled graduates to the Gulf States effect the feasibility of this activity?
2. How will long-term support for the centers be assured after A. I. D. assistance is phased out?
3. How effective has the Karachi training facility been?
4. What is the Government interest in establishing the two Institutes?

AID and YMCA Contribution

The Government of Pakistan support for this project will be specified in the OPG proposal, expected in early FY 78.

USAID

\$ 750,000

For construction of technical school facilities, procurement of training equipment, initial support and training of indigenous instructors and administrative personnel and scholarships to poorest youth at the Institutions in Lahore and Quetta.

YMCA

\$ 640,000

For professional services, evaluation, purchase of support commodities, and subsidies for implementation of national technical training, planning and management services to local centers including such items as support of indigenous personnel.

Total:

\$1,370,000

Population Planning - Commodities (Table I)

- 81 -

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

	1976	1977	1978	1979	1980	1981
A. "Full Supply Analysis						
1. Married women of reproductive age - (See Annex A)	10,845	11,159	11,483	11,816	12,158	12,511
2. 65% of line A1 (Contracepting women required to achieve replacement fertility)	6,815	7,253	7,464	7,680	7,903	8,132
3. 50% of line A1 (Contracepting women utilizing orals and condoms)	5,423	5,580	5,742	5,908	6,079	6,256
4. Annual stock requirements for "full availability"						
a. Orals - $\frac{1}{4}$ of line A3 x 13 monthly cycles	28,200	29,016	29,858	30,722	31,611	32,531
b. Condoms - $\frac{1}{4}$ of line A3 x 100 units	325,380	334,800	344,520	354,480	364,740	375,360
B. Annual New Supply From Non-AID Bilateral Sources						
1. Private Commercial Sector	166	166	167	167	167	167
a. Orals	-	-	-	-	-	-
b. Condoms	-	-	-	-	-	-
2. Other Donors						
a. Orals	51,696	48,240	72,000	450	450	450
b. Condoms	-	-	-	57,600	-	-
J. Host Country Government Procurement						
a. Orals	-	-	-	-	-	-
b. Condoms	-	-	-	14,400	104,400	144,000
4. Total In-Country Stock						
a. Orals	166	616	617	617	617	617
b. Condoms	51,696	48,240	72,000	72,000	104,400	144,000
C. Gap to be filled to Achieve "Full Availability"						
1. Orals (line A4a less line B4a)	28,034	28,400	29,241	30,105	30,994	31,914
2. Condoms (line A4b less line B4b)	273,684	238,320	272,520	282,480	260,340	231,360
D. AID Bilateral Supply Objectives						
1. Orals	12,467	-	-	6,000	7,000	9,000
2. Condoms	254,448	-	-	56,096	-	-
E. Total New Supply						
1. Orals (line B4a plus line D1)	12,633	616	617	6,617	7,617	9,617
2. Condoms (line B4b plus line D2)	306,144	48,240	72,000	138,096	104,400	144,000
F. Remaining Supply Gap						
1. Orals (line A4a less line E1)	15,401	28,400	29,241	24,105	23,994	22,914
2. Condoms (line 4Ab less line E2)	19,236	238,320	372,520	216,384	260,340	231,360
G. People Gap						
1. Orals (line F1 divided by 13)	1,184	2,185	2,249	1,854	1,846	1,763
2. Condoms (line F2 divided by 100)	192	2,383	2,725	2,164	2,603	2,313
3. Total (line G1 plus line G2)	1,376	4,568	4,974	4,018	4,449	4,076

AID Bilateral Logistic and Financial Analysis
of Orals

A. AID Inventory Analysis	Calendar Year				
	1977	1978	1979	1980	1981
1. Beginning of year stock	15,468	10,668	4,998	4,410	3,958
2. Add: Scheduled deliveries (See Annex B)	-	-	6,000	7,000	9,000
3. Less: Expected Use	4,800	5,670	6,588	7,452	8,424
4. End of Year Stock	10,668	4,998	4,410	3,958	4,534

B. Financial Analysis (FY 78)

1. CY 1979 deliveries (Line A 2 above) 6,000,000 mcs
2. Estimated cost per unit in FY of purchase \$ 0.21/mc
3. Estimated total cost for FY 78 (to be determined by AID/W) \$ 1,260,000

C. Financial Analysis (FY 79)

1. CY 1980 deliveries (Line A 2 above) 7,000,000 mcs
2. Estimated cost per unit in FY of purchase (To be determined by AID/W) \$0.22/mc
3. Estimated total cost for FY 1979 (To be determined by AID/W) \$ 1,540,000

AID Bilateral Logistic and Financial Analysis
of Condoms

A. AID Inventory Analysis	Calendar Year				
	1977	1978	1979	1980	1981
1. Beginning of year stock	212,400	143,280	92,736	103,680	74,016
2. Add: / Scheduled deliveries (See Annex B)	-	-	66,096	-	-
2. A Other Donors + Government	48,240	72,000	72,000	104,400	144,000
3. Less: Expected Use	117,360	122,544	127,152	134,064	138,528
4. End of year stock	143,280	92,736	103,680	74,016	79,488

B. Financial Analysis (FY 78)

1. CY 1978 deliveries (Line A 2 above) -
2. Estimated cost per unit in FY of purchase -
3. Estimated total cost for FY 78 (to be determined by AID/W) -

C. Financial Analysis (FY 79)

1. CY 1979 deliveries (Line A 2 above) 66,096,000 pieces
2. Estimated cost per unit in FY of purchase (to be determined by AID/W) \$3,87/gross
3. Estimated total cost for FY 1979 (to be determined by AID/W) \$1,776,330

EVALUATION PROGRAM AND SCHEDULE

All Mission staff involved in project formulation and management recognize the essential nature of timely and thoughtful project evaluations. To date in FY 77 the Mission has carried out 9 formal evaluations (these are noted in the following schedule); an additional 2 evaluations are planned prior to September 30, 1977. All were joint Mission/Government of Pakistan efforts. In five cases AID/W and/or non-A. I. D. experts participated.

We are very much aware that the quality and usefulness of an evaluation are directly related to the extent a project review has been anticipated in PRP's and PP's. It is this Mission's policy to pay particular attention to the manner in which such documents treat the evaluation, e. g., whether or not the subject is clearly described in the logframe, the extent to which baseline data is available and the appropriate timing. In this regard the Mission gears the evaluation schedule - to the maximum extent possible - to the timing of management decisions, e. g. preparation of a follow on project, review of a pilot activity, etc. As such, they are schedule in the project Mission implementation networks and CPI networks forwarded to AID/W.

In this Mission, while the Program Officer is the Evaluation Officer (and the office plays an active role in most evaluation), the major responsibility for establishing the parameters of the review, drawing up scopes of work for needed consultants, arranging Government of Pakistan collaboration, has fallen on the technical divisions, and more specifically, on the project manager. In an effort to strengthen the Mission's capabilities in this area, AID/W recently has approved a SPAR and recruitment is under way for a Mission Evaluation Officer (Deputy Program Officer).

Mission Evaluation Schedule for FY 1978 and FY 1979

<u>Project Title & Number/Subject</u>	<u>Date of last Evaluation</u>	<u>Date of Submission FY 78</u>	<u>FY 79</u>	<u>Period Covered Next Evaluation</u>	<u>Remarks</u>
<u>FOOD AND NUTRITION</u>					
<u>Grant Projects</u>					
0416 - Dryland Agriculture	-	2/78	To be determined	2/76 - 12/77	USAID/GOP Evaluation. An evaluation of the Dryland Agriculture project is to be held in February 78.
0417 - Village Level Food Processing	-	3/78	To be determined	9/76 - 2/78	U.S. Contractor, USAID and Government participation. Quarterly evaluations based on contractor reports will be held throughout the life of the project. Evaluations are also based on CPI's which significantly affect project implementation.
0404 - Fortification of Flour	-	8/78	8/79	9/77 - 7/78	USAID, AID/W, U.S. Contractor and GOP will participate.
0394 - Nutrition Planning (Islamabd 217)	12/76	4/78	-	1/77 - 3/78	GOP, USAID, AID/W, U.S. contractor to participate.
<u>Loan Projects</u>					
0419 - Agriculture Inputs		3/78			Evaluations are made periodically, including studies on fertilizer distribution and updated supply and demand estimates.

<u>Project Title & Number/Subject</u>	<u>Date of last Evaluation</u>	<u>Date of Submission</u>		<u>Period Covered Next Evaluation</u>	<u>Remarks</u>
		<u>FY 78</u>	<u>FY 79</u>		
0409 - Rural Roads	-	5/78	To be determined	6/77 - 4/78	(1) Indepth annual joint evaluation.
0432 - Fauji Agrico Fertilizer Plant	-	9/78	To be determined	4/77 - 8/78	(2) Routine evaluations on training, road maintenance will be carried out more frequently.
<u>Combined Projects (Grant & Loan)</u>					
0408 - Rural Electrification	-	5/79		10/77 - 4/79	First evaluation will include GOP, USAID and host country contractor. In preparation for FY 80 new loan. Periodic reviews will be held on completion of feasibility studies being conducted under local project development funds.
0401 - On-Farm Water Management	PAR-76-1 12/75	3/78	4/80	4/77 - 2/78	USDA, AID/W, USAID and GOP participation. Evaluations based on SCS PASA schedule as well as spring wheat harvest.
0296 - Agriculture Research	5/76	5/78	5/80	6/77 - 4/78	AID/W, USDA and GOP/ARC participation. Indepth review and redesign of loan and grant project now being carried out.

<u>Project Title & Number/Subject</u>	<u>Date of last Evaluation</u>	<u>Date of Submission FY 78</u>	<u>FY 79</u>	<u>Period Covered Next Evaluation</u>	<u>Remarks</u>
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POPULATION/HEALTH

Grant Projects

0393 - Expanded Population Planning	12/76 AID/AFR - C-1138 Work Order # 06	12/77	12/79	1/77 - 11/77	AID/W, USAID, Other Donor and Government participation.
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0384 - Population Planning (PIDE)	5/76 PAR 76-3)	9/78	-	6/76 - 9/78	End of project.
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0411 - Population Research and Development	-	7/79	7/77 - 6/79	GOP/USAID internal review. Sub-project reviews are required prior to approval of each research endeavor.
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Loan Projects

0424 - Malaria Control	1/77	2/78	2/79	2/77 - 1/78	GOP, USAID, WHO and AID/W participating. External review report submitted to AID/W February 4, 1977.
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0406 Rural Clean Water - I	-	9/78	9/79	9/77 - 8/78	Annual evaluations with GOP, USAID and outside consultant. Quarterly implementation reviews with outside consultant.
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0425 Rural Clean Water - II	-	5/79	6/78 - 4/79	Periodic evaluations with GOP, USAID and outside consultant. Six month implementation reviews.
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<u>Project Title & Number/Subject</u>	<u>Date of last Evaluation</u>	<u>Date of Submission FY 78</u>	<u>FY 79</u>	<u>Period Covered Next Evaluation</u>	<u>Remarks</u>
<u>Combined Projects (Loan and Grant)</u>					
0415 - Basic Health Services		7/79		4/77 - 6/79	USAID, GOP and outside consultant.
<u>EDUCATION/HUMAN RESOURCES</u>					
<u>Grant Projects</u>					
0299 - GASI	Transmitted to AID/W - 4/76			2/76 - 8/77	End of project inputs. End of project report and evaluation to be held in August 77. Returning students 10/78 - final evaluation.
0426 - Development Training		10/78	To be determined	10/77 - 10/78	GOP and USAID evaluation.
0407 - Development Support Communication Center		8/78	To be determined	8/77 - 8/78	
0421 - Economic Planning & Policy Analysis		7/79		6/78 - 6/79	Outside evaluation contractor GOP and USAID will participate. Evaluations are to be held after first and third years and at end of project.
0366 - Institutional Grants		10/76			Project ends.
				TOAID A-009	

<u>Project Title & Number/Subject</u>	<u>Date of last Evaluation</u>	<u>Date of Submission FY 78</u>	<u>FY 79</u>	<u>Period Covered Next Evaluation</u>	<u>Remarks</u>
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Combined Projects (Loan & Grant)

0410 - Primary Education			1/79	9/77 - 12/79	(1) AID/W, USAID and GOP will participate in 79 evaluation.
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(2) Quarterly reviews will be held with GOP and USAID.

SELECTED DEVELOPMENT PROBLEMS

Loan Projects

0414 - Technical Services	12/76	7/77	12/78	1/77 - 12/77	GOP and USAID joint evaluation. Reviews are held every 6 months. An evaluation therefore will be held in June 78.
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PL 480 Title II
Section 204
local currency
project

Section 204 local currency projects are evaluated prior to funding of the project - every quarter through granted progress and financial reports and 6 months after termination of the project.

Other Evaluations

IRRI Pakistan Industrial Extension Project	3/16/77	-	9/79	4/77 - 8/79	IRRI international staff, Government of Pakistan Agriculture Research Council staff, and USAID/Pakistan participated in evaluation per STATE 000559.
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Pakistan's Poor Majority - A Preliminary View

An outstanding fact about Pakistan is the pervasive presence of poverty. With a 1976 per capita GNP equivalent to about \$110 in 1970 prices, this is not surprising. Real incomes have grown less than 1.5 percent annually over the past five years. Although some groups are clearly poorer than others, there is not the overwhelming division between a large poor majority living at a subsistence level, and a smaller but significant group enjoying high incomes in a modern, industrial, urban setting characteristic of many less developed countries.

Pakistan falls below all the poverty benchmarks set in AID's exposition on the Congressional Mandate in 1975:

	<u>AID Benchmark</u>	<u>Pakistan (1976)</u>
Per Capita Income	\$150	\$110
Daily diet (calories)	2,330 cal.	2,247
Life expectancy (years)	55	52
Infant mortality (per 000)	33	115
Birthrate	25	40
Access to Health Services % total population	40	25

Certainly each of these indicators does not apply with equal relevance to all developing countries. But the fact that most Pakistanis live below this standard supports the thesis that in absolute terms, Pakistan is a poor country.

Having established the fact that most Pakistanis share in the overall poverty of the country, it is still necessary to identify who the majority of poor people are for the purposes of targeting AID assistance. The most obvious differences in income and levels of living exist between rural and urban populations. While the data are notoriously scarce and of questionable accuracy, the general pattern that emerges shows that rural dwellers consistently have lower money incomes and more limited access to services than urban dwellers.

Money Income Indicators, 1976 ^{7/}

<u>\$ (1970 Prices)</u>	<u>Rural</u>	<u>Urban</u>
Annual mean income per household	608	943
Annual mean income per earner	338	589
Annual mean income per capita	96	144
Annual median income per household	520	714
Annual median income per household for individuals *	598	857
% Households below poverty line **	31	22
% Individuals below poverty line **	35	23

Even when the higher cost of living in urban areas is taken into account, rural populations have lower incomes and more people living below the poverty line

If a money value were placed on government and social services available to Pakistanis, the split between rural and urban incomes would be significantly widened. For example, in 1974/75 the government spent about \$16 per primary school pupil, but this income supplement went to only 47 percent of the school-age children. The rest did not attend school. Rural-urban breakdowns of school attendance are not available for Pakistan, but the relative incidence of illiteracy gives some indication of what the breakdown might be.

* In other words, 50% of the individuals live in households with incomes below/above the stated level.

** There is no generally accepted definition of the "poverty line" in Pakistan. The difference in the percentage of the population below the line in urban and rural areas is of course sensitive to the choice of the poverty line. These percentages are based on minimum expenditure levels determined by Naseem^{4/}(Rs 250/capita in rural areas, Rs. 300/capita in urban areas 1960 prices) applied to the 1971-72 Household Income and Expenditure Survey Data, with appropriate price level adjustments.

Illiterates and Literate Non-School Attenders
% Of Population, 1974/75 ^{8/}

	<u>Illiterate</u>	<u>Literate, but Never in School</u>
Rural		
Overall	87.2	4.2
Ages 10 - 14	13.0	2.0
Urban		
Overall	63.8	9.3
Ages 10 - 14	7.9	4.0

Data on the percentage distribution of households by education of the head of household shows the same pattern:

Education of Household Head ^{5/}
% Of Households

<u>Education Level</u>	<u>Pakistan</u>	<u>Rural</u>	<u>Urban</u>
None	69.29	76.46	48.9
Up to Primary	12.17	11.36	14.48
Primary to Middle	7.14	5.86	10.77
Middle to Secondary	5.06	2.85	11.36
Beyond Secondary	3.03	.64	9.84
Literate, no Formal School	1.51	.78	3.60
No information	1.81	2.07	

Medical and health services are also unevenly distributed. The per capita government expenditure of about \$2.50 annually is heavily skewed towards the urban areas.

Distribution of Health Installations^{6/}

<u>Facility</u>	<u>% Rural</u>	<u>% Urban</u>
Hospital beds	19	81
Dispensaries	40	60
MCH Centers	45	55
Rural Health Centers	100	0
TB Clinics	5.3	94.7

Public Health Facilities^{6/}
% Population Covered

<u>Facility</u>	<u>Pakistan</u>	<u>Rural</u>	<u>Urban</u>
Potable Water Supply Systems	24	11	54
Sewerage Systems	6.5	0	22

Rural people also spend more time traveling to health facilities that are available to them:

Distance to Available Health Care Center
% Distribution of Households^{5/}

<u>Travel Time</u>	<u>Pakistan</u>	<u>Rural</u>	<u>Urban</u>
0-30 mins.	33.26	27.37	50.04
30 mins - 1 hr.	16.59	17.70	13.43
1 - 2 hours	8.02	8.99	5.24
more than 2 hours	8.43	10.43	2.74
none available	33.70	35.51	28.54

Data supports the existence of similar imbalances in other government provided services such as transport, communications, electricity, and credit. The differences in average real incomes between rural and urban populations seems clear. This is not to suggest that there are no very poor people in the cities, or that all of the poorest of the poor live in rural areas. Indeed, urban slum dwellers on the bottom of the income scale are less likely to have access to basic needs such as food and shelter than their rural counterparts. But in general, it is accurate to say that the average individual in rural areas is poorer, and in absolute terms there are more poor people living in rural areas.

Characteristics of the Rural Population

The Census definition for rural communities covers areas where there is no formal municipal government; no community maintained public utilities such as roads, street lights, and sewerage systems; and generally a population of under 5,000. By this definition, over 70 per cent of Pakistan's people live in rural areas. Many other areas formally classified as urban by the census definition are in fact rural in their major economic, social and cultural traits. Broad characteristics of this group include:

Socio-Cultural Setting -- Pakistan's rural areas represent an historically stable, and relatively successful agrarian adaptation to the environment. The dominant attitude is a conservative one, which views novelty with suspicion and outsiders with distrust. The major orientation is toward stability and continuity. Most roles in rural communities are ascriptive -- people are born into their family, caste, and economic position. Family ties are paramount. Individuals who lose this supporting relationship face severe economic, social and psychological hardship.

The Economy -- There is less monetization of rural than urban economies, even though more and more goods and services are calculated in money terms. Work exchanges are part of diffuse, multi-stranded social relationships. Non-institutional credit is common, and based on an assessment of social worth. This helps alleviate dependence on bulky commodities for exchange, and the shortage of cash money. Money lending is often an extension of noblesse oblige, and/or based on crop futures.

Incomes -- Money incomes are low. Widespread deficit spending, disproportionate expenditure on food, and a larger household size in each income level than in urban areas characterize rural household budget patterns. Income distribution is less skewed than for the country as a

whole, although certain groups - small farmers in the non-irrigated areas, artisans -- are consistently on the low end of the income scale.

Employment 8/ -- Seventy-two per cent of the labor force works in the agricultural sector, where output has been increasing at a lower rate than GNP in recent years. Fifty per cent of workers are self-employed, and another 34 per cent are unpaid family helpers. The unemployment rate in 1974/75 was only one percent, 8/ but this has to be viewed in the context of high rates of under-employment and seasonal unemployment. Over the past three years the growth in job opportunities has not kept pace with the growth in population. This has resulted in a decline in the female participation rate, and migration of rural workers to the cities and abroad.

Land Ownership and Operational Patterns 2/ -- Forty per cent of all farmland is operated on a rental basis. The pattern of operational holdings is also skewed. Nearly 60 per cent of the farms have 12.5 acres of land (the size traditionally defined as necessary for a subsistence level of living) or less. These farms use only 30 per cent of the total agricultural land. On the other end of the scale, 2.5 per cent of the farms use a quarter of the land.

Women -- Rural women do a wide range of domestic and agricultural chores : preparing food, fetching water, caring for domestic farm animals, cleaning, drying and storing foodgrains, cutting fodder and participating in harvesting. Because of their participation in the household economy, they generally do not observe purdah * as rigorously as urban women. Literacy rates are lower among women (3.5%) than men (21.2%), and their access to services such as health care and education more limited.

Fertility -- Rural families have a somewhat higher fertility rate than their urban counterparts, and a much lower rate of use of contraceptives.

Health/Nutritional Status -- Rural people generally have limited access to modern health facilities. For reasons of cost, convenience, and

* The seclusion of women in Muslim society which prevents social contact between women and men outside their family circle.

cultural bias, they tend to frequent indigenous practitioners. Few data exist on specifically rural health status. Rural people have less caloric deficiency than urban dwellers on the average, and they spend a larger percentage of their incomes on food. At the same time, they consume little wheat from ration shops, the government's primary tool for subsidizing food consumption.

Education -- Rural schools are few, generally in deteriorating condition, understaffed, and poorly attended. Rural parents see little value in sending children to school when the children can provide a position economic return from an early age, and when the curriculum seems so irrelevant to their needs. This is particularly true for female children, where the problem is compounded by scarcity of girls schools -- most families will not let girls attend co-education schools after age eleven.

Migration^{8/} -- About five per cent of the rural population (1975) has migrated in the past five years. Of those who have moved, the majority (65%) surprisingly have gone to other rural areas in search of better job opportunities.

Further Defining Target Populations

USAID activities over the past few years have been concentrated in rural areas where the majority of poor people live. Because of the scarcity and poor quality of data, the pressure of project development work, and the lack of a collaborative effort on the part of the Government of Pakistan, USAID has had difficulty identifying specific target populations within the rural areas which are most in need of or which would be most receptive to intervention and innovation. Instead, USAID's general strategy has been to initiate projects aimed at the causes and symptoms of poverty in the rural areas. This strategy has been based on conventional wisdom. For example, the Agriculture Inputs Project will increase supplies of and access to fertilizer to raise farmer productivity. The Rural Primary Education Project will help to increase the country's stock of human capital to promote better communications and more use of new technology. Symptoms of poverty such as poor health and nutritional status will be alleviated by projects which support the government's efforts to expand the rural health system, increase the availability of clean water, and provide food supplements to malnourished groups.

It is not assumed that the beneficiaries of these projects will be limited to the poorest segments of the rural population, but that this group in many cases for the first time, will share in the benefits.

The various projects provide for studies and evaluations which should help to more clearly identify the beneficiaries of the project activity and the groups most deprived of the services the project has to offer. In addition, these studies should provide insights into the related needs of the beneficiaries and how these needs might best be met. For example, the Agriculture Inputs project included a study to determine which farmers use fertilizer and why and has identified knowledge and access as major constraints. The Basic Health Services project will survey the health status of the rural population, and the coverage and quality of the health care available to them. Water use patterns, particularly among rural women, are to be examined for the Rural Clean Water project. Other research efforts include research on rural energy consumption, the social impact of rural electrification and rural roads, and the needs of small farmers in rainfed areas.

In two other areas of USAID involvement, more comprehensive research efforts have been or will be undertaken. In preparation for the Rural Primary Education Project Paper, the question of high drop-out rates in primary schools was investigated through a series of field studies over the course of a year. This study provided many insights on how rural families perceive formal education, and what they believe it should do for their children. The Population Research and Development project is designed to enlist the support of major employers, village organizations, public and private research organizations, and enlightened citizens in the development and implementation of well-planned, innovative programs to encourage small families. This effort will continue over two to three years, and should help to identify methods to more effectively promote family planning on a broad scale.

In addition to these project-specific efforts, USAID anticipates the completion of other studies within the next year* which will provide more information about the characteristics of Pakistan's poor than is currently known.

* Completion of some of these studies may be delayed by the current political disturbances in Pakistan.

These include:

- A series of income and employment studies by the Sind Regional Planning Organization and the Pakistan Institute of Development Economics (PIDE) in collaboration with Boston University;
- A Norwegian-assisted PIDE study on the sources of poverty in Pakistan;
- A PIDE study on the informal sector in Pakistan's major cities;
- A national nutrition survey.

Development of a more comprehensive analytical portrait of the poor majority, more up-to-date information on household income and expenditure is required. The last national survey was for 1971-72. The Statistical Division of the Government of Pakistan has decided to begin a multipurpose income and expenditure survey on a pilot basis. Unfortunately there have been some problems in moving toward implementation but it should be underway soon.

Future Focus

Over the longer term, a broad scale research effort needs to be undertaken to identify, clarify the status of, and better understand the socio-cultural dynamics of the poor in Pakistan. Over the next year USAID will be discussing with the Government of Pakistan and local research institutions how these research needs might best be met, and how AID technical and financial assistance might be used in this context.

Research projects of this nature might include:

1. A series of intensive and extensive studies to determine effective, meaningful indicators of poverty in Pakistan. These indicators should include measures of subsistence levels of living, inequality, and externalities (the cost to Pakistani society of its poor). Some relevant studies are underway, but more needs to be done to develop a complete and program-matically relevant picture of poverty in Pakistan.
2. Further analysis of the existing inadequate data, and further research at district levels and below is needed to determine

the geographic distribution of poverty in the country. Pinpointing the poorest areas is a necessary step toward designing assistance to fit specific target groups.

3. More needs to be known about the socio-cultural profile as well as economic nature of the poor to further understanding of the causes of and effective ways to alleviate poverty.

Surveys and longer term anthropological studies should focus on how the poor cope with their problems, how they relate to other social groups, what they perceive as the reasons for their poverty, what interventions they believe would help them become more productive.

- 1/ Alauddin, T. "Mass Poverty in Pakistan - A Further Study." Pakistan Development Review, Vol. XIV, No. 4, pp. 431-450
- 2/ Census of Agriculture, 1972. Agricultural Census Organization, Ministry of Food and Agriculture, Government of Pakistan, Lahore, n.d.
- 3/ ILO, Towards an Employment Strategy in Pakistan, Geneva, 1976.
- 4/ Naseem, S.M. "Mass Poverty in Pakistan: Some Preliminary Findings," Pakistan Development Review, Vol. XII, No. 4, pp. 317- 351.
- 5/ Nutrition Cell, Planning and Development Division, Government of Pakistan. Interim Report on First Step Analysis of National Micro-Nutrient Survey, Islamabad, May, 1977.
- 6/ Planning Commission, Government of Pakistan, Draft Fifth Five Year Plan, 1976-81, Islamabad, January 1976.
- 7/ Statistics Division Ministry of Finance, Planning and Development, Government of Pakistan. Household Income and Expenditure Survey, Karach, n. d.
- 8/ Statistics Division, Ministry of Finance, Planning and Economic Affairs, Government of Pakistan. Labour Force Survey, 1974-75, Karachi, n. d.
- 9/ Wasay, A. "An Urban Poverty Line Estimate," Pakistan Development Review, Vol. XVI, No. 1, pp. 49-57.

Socio-Economic Performance Criteria

References to Pakistan's socio-economic performance in terms of the five indicators relating to Section 102(d) of the Foreign Assistance Act -- small farmer productivity, infant mortality, population growth, income distribution, employment -- appear throughout this paper and numerous other Mission documents. Pakistan's progress in these areas needs to be monitored on both a macro and micro level. The PID to be submitted in July will represent a USAID and Government consensus on how the statistical deficiencies which hinder assessment of macro socio-economic progress might best be remedied. Micro level data collection and analysis is provided for in many individual projects, but project design and evaluation will be greatly facilitated by enhanced availability and quality of general macro-level statistics.

The following sections present a brief overview of the current status of statistics and performance in the five areas listed above.

A. Small Farmer Productivity

Conceptual Problems : Defining the Small Farmer

The definition of small farmer will not be dealt with here because an acceptable, operational definition has not been developed. The term is understood to refer to those farmers who are relatively less well off vis-a-vis more advantaged members of the farming community. However, any meaningful definition must measure this welfare in terms of income (cash and imputed for non-cash services) and access to social services. The definition enjoying widest use relies upon the size of operational holdings because this serves as a proxy for accumulated wealth and income. This one-dimensional definition is itself too gross, it must account for size of holdings, tenurial status and access to water (amount of irrigation water and/or amount of rainfall) for the definition to have any real integrity.

Data Problems ; Measuring Agricultural Productivity:

Agricultural productivity may be measured in terms of return to all of the combined factors of production (land, labor and capital) or in terms of a single factor. ^{1/} The limited availability and quality of agricultural

1/ Socio-Economic Performance Criteria for Development pp. 24-26

statistics makes assessments of progress over time hazardous. Even in the case of Pakistan's best agricultural statistics, data problems are severe: statistics on outputs are better than on inputs, and crop statistics (crops are much more important than livestock production) are better than livestock statistics. There are no regular national or sub-national crop statistics available on crop production by size of farm, tenurial status or irrigated vs rainfed acreage. Area yield and production estimates are available on an annual basis at the district, provincial and national level but the standard error of these estimates below the provincial level is very high. In the Punjab, where crop estimating capability is the best, the sample framework for estimates (until the current season when a new sample framework was designed with AID assistance) is obsolete and designed to generate a single estimate -- province wheat production. Yet it has been used to generate district level estimates for wheat production and provincial and district level estimates for other major crops. Estimates for the minor crops are even more uncertain. The methodology used to generate crop statistics in the other 3 provinces is believed to be below Punjab's standards.

Crop statistics appearing in the Census of Agriculture are more detailed but are available only at 10 year intervals. At best these statistics permit indirect inferences regarding small farmer productivity. Data on cropped area, cropping patterns, cropping intensity and acreage for major crops is broken down by size of farm, tenurial status and irrigated versus un-irrigated acreage. If one makes the well grounded assumption that yields on small farms are as high or higher than on larger farms, one may deduce that output per unit of land is higher for small farmers than for large farmers.

On the inputs side, data limitations are so severe as to make estimates of total or individual factor productivity for small farmers virtually impossible. Crop statistics by definition give output in terms of land units, but statistics on the value of the other inputs, labor and capital, associated with a unit of output are not available except in farm management studies. For the most part, these studies are small in scope and their applicability limited to small areas and/or specialized groups. They do not provide a basis for generalization. More detailed farm management studies having wider applicability need to be carried out regularly and in more locations representative of a variety of physical and social environments.

Performance: Progress and Commitment to a Small-Farm
Agricultural Productivity (SFAP) Strategy

Pakistan has over the last 5 years:

1. promulgated two land reform acts;
2. instituted the Banking Reforms Act of 1972 and undertook various reforms and experiments intended to improve small farmers' access to institutional credit;
3. revised agricultural land taxes from a regressive to a progressive structure;
4. recently declared its intention to introduce (for the first time) a progressive agricultural income tax;
5. nationalized many of the major agri-industries with hopes of improving the marketing services available to small farmers.

Despite these important initiatives it is difficult to assess either progress towards or commitment to the realization of these redistributive goals. A few of the most important policies deserve examination to illustrate this point.

1. The Green Revolution: The Green Revolution Technology (GRT) of high yielding, fertilizer responsive varieties and fertilizer were regarded as being neutral to farm size because of the divisibility of the inputs and the congruity of their use with traditional farming practices. Therefore, it was reasoned, small farmers would enjoy equal access to this technology and would benefit from a policy promoting GRT. Although it has been empirically verified that small farmers did adopt the technology rapidly and realized increases in both yields and net incomes, this is not in itself proof of commitment and progress towards Small Farmer Agricultural Productivity (SFAP) goals. The Government's commitment to the new technology was by its own explanation justified in terms of overall growth in agricultural output. Productivity rather than equity has been the goal used to justify the policy and public sector investments in promoting the Green Revolution Technology (GRT). The actual impact of the GTR on small farmers is still much debated. It is argued by some that while small farmer income improved in absolute terms, their relative welfare vis-a-vis large farmers deteriorated. The GRT made traditional agriculture profitable.

and in many cases inspired landlords to evict tenants and to mechanize their farms thereby retaining a greater portion of the agricultural surplus for themselves. Others argue that the increase in agricultural production has resulted in more employment and added income for landless laborers in the agricultural services and processing sectors as a result of forward linkages. To date, Pakistan has generated neither the data nor the analysis to shed light on this controversy about the impact of the GRT.

2. Land Reforms: In 1972 and again in 1977 the Government enacted land reform legislation. The main features of the reforms include imposing land holding ceilings, appropriating land in excess of these ceiling and redistributing it to landless tenant and farmers owing less than the "subsistence" holding. Landlord tenant relations were also restructured; tenurial rights to the land were secured and the cost of inputs was partially shifted to landlords. In principle, land reforms may be justified in terms of both equity and efficiency, i. e. a redistribution of resources improves not only wealth and income distribution and generates employment, but it also results in greater productivity through more efficient allocations of resources. But judging Pakistan's commitment to SFAP goals in terms of the recent land reforms is also difficult. Large scale redistribution of land to tenants and small farmers has not been effected. The land reform legislation itself does not provide for far reaching reform; ceilings are set high and partially defined in terms of individuals rather than families; the owner is allowed to discard his most marginal land; tractor and tubewell owners (larger, more affluent farmers) are allowed higher ceiling as a reward for their investment.

We conclude that the land reforms have made a real but limited contribution towards progress in achieving SFAP goals. Judged in terms of its potential redistributive impact, the enforcement of the 1972 reforms is disappointing. The amount of land expropriated has been considerably less than might have been claimed, had the reform been vigorously implemented. By February 1977, over 3 million acres had been resumed, and approximately 40% of this land had been distributed to 131,000 tenants who represent 6% of all tenants in Pakistan. Data simply does not exist to make any assessment of the land reform's impact on efficiency, i. e. small farmer agricultural productivity.

3. Credit Reforms: The record here suggests a commitment to developing improved institutional mechanisms for improving small farmer access to institutional credit. This is demonstrated by:

a) the Banking Reforms Act of 1972 which nationalized the commercial banks and made them more responsive instruments of public policy; the most salient feature of the policy is the commitment to channel more institutional credit to the agricultural sector and to target 70% of this increase in credit flows for small farmers;

b) the introduction of a pass book system intended to simplify lending procedures, lower overhead costs for both lender and borrower, and improve small farmers access to institutional credit;

c) experimentation with pilot programs intended to develop low-cost mechanisms for delivering institutional credit to small farmers.

Prior to these initiatives, access to and use of institutional credit was highly inequitable. A nationwide Rural Credit Survey conducted in 1972 documented this pattern. The study showed that large farmers fared better than small farmers, absentee landlords fared better than farmers, and owners fared better than tenants in obtaining the institutional credit. It is difficult to assess the progress that has been made to date. No comparable national survey has been undertaken which would permit an assessment of change over time. Other evidence is highly fragmentary. The Agricultural Development Bank apparently has increased lending for seasonal inputs to small farmers but continues to distribute the majority of their credit to medium and large farmers for major capital investments, particularly tractors and tubewells. In the case of the nationalized banks, the available information is very limited. A small study was recently conducted with USAID assistance. The data has not yet been analyzed. It is doubtful that the information on lending practices by size of holding was ever collected by the monitoring authorities, at least during the early years of the policy reform.

Because of plans to develop a major small farmer credit program (perhaps as much as \$105 million over a 4 year period starting in FY 79) USAID has considerable interest in making an assessment of both commitment to and progress towards achieving a more equitable distribution of institutional agriculture credit. Research is being undertaken to study these issues more closely. Pilot projects will also be tried in an effort to identify more viable institutional mechanisms for delivering productive credit to small farmers.

4. Other Major Program and Policy Areas: In many other areas the Government's policies and performance with respect to SFAP goals are ambiguous. Two years ago a program of rapid tractorization was embarked upon, and in May, 1977 the decision was taken to invest in a large, tractor manufacturing plant with an initial annual capacity of 10,000, 45-HP units. The social and economic consequences of this policy have aroused much controversy. Price policy is another area of ambiguity. Historically Pakistan has pursued a cheap food policy favoring urban consumers over agricultural producers. Only in the last two years has the Government begun to move towards a floor price policy for wheat, the most important agricultural commodity. The recent trend in the terms of trade between agricultural and urban sectors has not yet been systematically analyzed although there is some evidence that it has improved for the agricultural sector. A priori this can be expected to benefit large farmers more than small farmers.

Conclusions:

Both the data and the analytical capability in Pakistan will have to be improved before the Government and USAID can more clearly evaluate Pakistan's progress towards increasing small farmer agricultural productivity. An earlier assessment of Pakistan's policies and programs vis-a-vis a SFAP strategy appears in Airgram A-032, on "Congressional Mandate for Small Farmer Assistance". A discussion of USAID/Pakistan programming in light of the Government's small farmer strategy may also be found in this airgram.

B. Infant Mortality

A Central Government goal within the health sector is to extend modern health coverage in Pakistan from 20 or 25% of the population (1976-77) to 65% of the population over the next plan period (1977-83). As a result of the intended expansion of health coverage, the Government's target is to reduce infant mortality to 70/1000 by June 1983. The Government plans to achieve this expansion in health coverage and the concomitant reduction in the infant mortality rate largely through its new AID-supported Basic Health Services Project which will both train medical auxiliaries and construct rural health facilities. As one of five goal indicators of long-term changes in the health status of the population expected to result from implementation of the BHS project, USAID also projected that infant mortality would be reduced to 70/1000 by the end of Program Year 7 (1984).

The Mission felt justified in planning the BHS project despite the wide variation in current estimates of infant mortality as well as other indicators of health status because of the assumption that health profiles do not vary substantially among developing countries. In planning the project, the Mission assumed that the higher non-Government estimates were more likely to be accurate because of a tendency within the Government to under-estimate rather than over-estimate such indicators. It is not unreasonable to question the reliability of the Government's estimates of infant mortality since controversy surrounds the 1972 Census from which the life tables are constructed and this figure derived.

Government estimates of infant mortality have declined somewhat over the past several years. In planning documents Government estimates have declined from 115/1000 (1974-75) to 110/1000 (1976-77).* It is unclear why the Government has revised its estimates downward since there is no apparent evidence that infant mortality has in fact declined noticeably over so short a time frame.

Estimates prepared by other individuals and organizations generally tend to be higher than the Government's. For example, the United Nations and the Population Reference Bureau data suggest that the infant mortality rate in

* Planning Commission, Government of Pakistan, Working Papers for Fifth Plan (1977-83), Part II, October 1976.

Pakistan is around 142/1000.* The World Bank is currently using a figure of 130/1000. In connection with preparing project documentation for its Basic Health Services project, USAID assumed that infant mortality is higher than Government estimates and used a figure of 135-140/1000.

Discounting for a moment the Government's apparently very low estimate of infant mortality, the estimates of other organizations suggest that the rate of infant mortality does not compare favorably with those of other nations. The same source of United Nations and Population Reference Bureau estimates reports infant mortality in India at 139/1000 and uses a figure of 117/1000 for Egypt.

In part because of a desire to improve knowledge on infant mortality as well as other indicators of health status, the BHS project includes an effort to improve the data which will serve as a basis for planning a second phase of the project as well as for measurement of project impact. In Program Year 1 a baseline survey of health status in the project and control areas will be undertaken, and in Year 7 an evaluation is planned to assess program impact as well as a follow-up on the baseline survey which will include re-interviewing in the same areas. In addition, a continuous record system will be in operation in project areas throughout the life of the project which will record births and deaths as well as a wide range of other data. It is therefore, expected that as a result of implementation of the BHS project some improvement will be seen in the reliability of the data concerning infant mortality and other health status indicators, as well as an actual reduction in the infant mortality rate.

C. Population Growth

The current population growth rate of Pakistan is estimated to be 3.0 percent per year. This estimate represents a consensus of experts convened by the Planning Division of the Government in 1976. The consensus, in turn, is based upon various data sources including the 1972 Census; the 1973 Housing, Economic and Demographic Survey; the 1975 Pakistan Fertility Survey; and various other surveys carried out in earlier years. The estimate is a crude one. Most demographers in Pakistan would place the growth rate within a range which could be as high as 3.4 percent per year or as low as 2.7 percent.

* UN, Demographic Yearbook, 1963, 1967, 1969, and 1970; Population Reference Bureau, "1970 World Population Data Sheet" (Washington: Population Reference Bureau).

The Government is presently discussing a new dual registration study to be known as the second Population Growth Estimation (the first PGE was done in 1962-65). Whether or not a PGE II will be carried out is not certain. In the absence of such a survey, Pakistan will be forced to depend upon the ongoing Population Growth Survey (PGS), under the auspices of the Statistical Division, (which may underestimate the population growth rate), and to await the outcome of the next Census which will be carried out in 1981 or 1982.

Detailed analysis of the Government's problems and progress in population planning is found in the Multi-Year Population Strategy Paper (May 1977) and the Population Research and Development Project Paper now being compiled.

D. Income Distribution

The only systematic inquiry into incomes is the household income and expenditure survey, last conducted by the Statistical Division in 1971-72. The 1971-72 survey has a relatively small sample size (7,794 households), and its coverage was skimpy on the upper end of the income distribution. Many of the household heads are illiterate; few keep records of their transactions. The rich and many of the self-employed tend to understate their incomes, while the poor may overstate theirs. The data are, therefore, at best approximate.

The 1971-72 data showed that urban money incomes are on the whole higher than rural money incomes. When services are taken into account, the difference is even greater. The distribution of income is more skewed in urban than rural areas. The picture during the five years prior to the 1971-72 survey was not much different. The only significant change indicated by the data was that the percentage of both rural and urban people living below the minimum poverty line had decreased. However, the percentage of both groups living below a more liberally defined poverty line showed no downward trend.

Trends from 1971-72 are more difficult to access in the absence of a more up-to-date nation-wide income and expenditure survey. More recent surveys of specialized geographic areas or groups of workers have often produced conflicting results. Most observers tend to agree, however, that the rural-urban income gap has probably increased in recent years because of the relatively poor performance of the agricultural sector compared to urban-based sectors such as manufacturing.

The Government of Pakistan does not explicitly state that greater equality in income distribution is a national priority. Policy makers in fact tend to put more emphasis on rapid economic growth than on redistribution of

income. However, massive investments in agriculture and numerous programs to expand government services such as education and health care to the rural areas should narrow the gap between urban and rural incomes in the future.

A more detailed discussion of data requirements related to income distribution appears above in the Poor Majority discussion (pages 90-100).

E. Employment

The major source of data on employment in Pakistan is the Statistical Division's Labor Force Survey. Although the data suffer from problems similar to those encountered in the household income and expenditure survey, they do provide useful insights. A comparison of data from the 1971-72 and 1974-75 surveys shows the following general trends in employment:

- Job opportunities have increased less rapidly than population, particularly in rural areas.
- Overall labor force participation rates have declined.
- Unemployment rates are low in both years, but do not accurately reflect the employment situation in a country where less than a quarter of the labor force are employees or employers. The more important problem of underemployment is not reflected in the surveys.
- The employment picture in rural areas has deteriorated with stagnation in the agriculture sector where most of the labor force works. The decline in job opportunities in agriculture is evidenced by the increase in the proportion of the labor force in trade and services, and the sharp decline in the female participation rate.
- In urban areas the situation is more favorable, as could be expected from the increases in output in the more typically urban sectors of the economy such as manufacturing. Employment has kept pace with population growth, with the most rapid expansion taking place for wage and salary earners.

The Government is aware of the need to increase job opportunities, but the primary focus of policy makers is still on a growth pattern in which major investments carry a high value-added per man. A recent ILO Mission on

Employment Policy in Pakistan* reviewed the draft Fifth Plan to determine the implications for employment over the plan period. The ILO concluded that although employment could keep pace with the growth in the labor force, there is little prospect for substantially reducing the existing level of under-employment.

The ILO Mission presented several policy recommendations in its report, including the need for:

1. More comprehensive consideration of the employment impact in overall economic planning;
2. Policies for the control of population growth;
3. A reorientation of agricultural policies to give priority to the development of the barani areas in the North, and to water management in irrigated areas; also to a structural policy of optimal holding or farm size;
4. Some reorientation of industrial policy to place less emphasis on large scale public projects, and devote more resources to small-scale enterprises;
5. A reorientation of education policy toward basic schooling in rural areas.

Many of these suggestions are already being following by the Government-- education, agriculture, and family planning policies have been the focus of much discussion and change in recent years. In others, such as industrial policy, less progress has been made. To measure progress in the future, more data specifically related to the extent and causes of unemployment and underemployment need to be collected and analyzed.

* ILO Exploratory Employment Policy Missions
Towards an Employment Strategy in Pakistan
Geneva, 1976.