

PD-ABL-231

95057

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
Mission to Pakistan.

**PROJECT ASSISTANCE COMPLETION REPORT
PFD/GMC PROJECT ACTIVITIES**

**Agriculture Sector Support Program
A.I.D. Project No. 391 - 0492.
Project Implementation Letter (PIL) No. 35**

Prepared by

**M. GULZAR A. QAZI
Project Coordinator
84-J, L.C.C.H.S.
Lahore Cantt.**

July - August, 1994.

TABLE OF CONTENTS

	PAGE
List of Acronyms	
1. Basic Project Data	1
2. Project Objectives	2
3. Project Components	2
4. Inputs	2
5. Project Accomplishments	3
Opening of PLA	3
Administrative approval to implement the project.	3
Provision of GMC office building	4
Appointment of staff for GMC	4
GMC's training activities	4
Utilization of bulk handling equipment	6
Bulk handling and storage operations	7
Cooperation with UAF and other institutions	9
Research to increase the bulk storage capacity	10
Research for market acceptance of cleaned wheat	11
Procedure for procurement of goods & services	11
Plan for the year 1994-95	12
6. Lessons Learned	13

Tables:

Table - 1.

Table - 2.

Table - 3.

Table - 4.

Annexures:

"A". PIL # 35 with four letters for amendments in budget line-item.

"B". Sanction to the opening of PLA

"C". Administrative approval to implement the project and copy of PC-1

"D". Design for conversion of HT Godown from bag to bulk storage.

LIST OF ACRONYMS

ADP	Annual Development Program
ASSP	Agricultural Sector Support Program
FAQ	Fair Average Quality (Wheat Procurement Standards)
FSM	Food Security Management (Project)
GMC	Grain Management Cell
GOP	Government of Pakistan
HT	House Type (Godown)
KSU	Kansas State University (USA)
PARC	Pakistan Agricultural Research Council
PASSCO	Pakistan Agricultural Storage and Services Corporation
PFD	Punjab Food Department
PIL	Project Implementation Letter
PLA	Personal Ledger Account
PR	Provincial Reserve (Center)
STDT	Storage Technology Development and Transfer (Project)
UAF	University of Agriculture, Faisalabad.
USAID	United States Agency For International Development

PROJECT ASSISTANCE COMPLETION REPORT

1. BASIC PROJECT DATA

Title of the Project: Agricultural Sector Support Program (ASSP),
A.I.D. Project No. 391-0492.
Project Implementation Letter (PIL) No. 35

Project Number: ASSP No. 391-0492.- PIL No.35

Date Authorized: January 05, 1993.

Amount Originally Authorized : US\$ 40,000.00, equivalent to approximately Rs. 1 million.

Amount Obligated: US\$ 40,000.00, equivalent to approximately Rs. 1 million.

Commodities - Custody Transferred to PFD Cost not indicated.

Amount Reimbursed: i) Amount reimbursed upto Jan., 1994 = Rs 815,082.12
ii) Amount claimed by PFD for Feb. through May, 1994 = Rs. 78,925.00
iii) Amount being claimed for June, 1994= Rs. 105,184.65

TOTAL = Rs. 997,191.77

Project Assistance Completion Date (PACD): June 30, 1994.

Implementing Agencies:

1. Ministry of Finance and Economic Affairs
2. Ministry of Food Agriculture and Cooperatives
3. Punjab Food Department

2. PROJECT OBJECTIVES

The purpose of the project was to assist the Punjab Food Department (PFD) to sustain the Storage Technology Development and Transfer (STDT) Project activity of ASSP with special emphasis on the implementation of the Bulk Grain Handling and Storage System through the newly established Grain Management Cell (G.M.C.) within the PFD.

3. PROJECT COMPONENTS

The project components were defined as under:

- * Institutionalize the Bulk Grain Handling and Storage Management under the USAID\STDT project activity of ASSP.
- * Train PFD personnel in all respects of bulk handling including operation safety, equipment operation & maintenance, stored grain protection, and bulk accounting & record keeping.
- * Carry out research and tests of market acceptance of cleaned wheat at price differential sufficient to pay cleaning cost.
- * Cooperate with University of Agriculture Faisalabad (UAF), the private sector, and other public sector institutions in the conduct of training and research on bulk handling and storage system.
- * Set forth procedures for procurement of goods and services.

4. INPUTS

i) **Funds:** The PIL # 35 earmarked and committed U.S. dollars 40,000, approximately equivalent to Rs. 1 million, out of FY87 (\$11,000.00 DRA#391K606.10) and (\$29,000.00 DRA#391K606A.09) FY88 funds. The amount was charged to the "Other Costs" line item of ASSP. The funds were from the local currency cost portion of the USAID contribution to support the operational cost of the newly established GMC within PFD, but were not meant for salaries and related payments for regular PFD employees. USAID provided the money for one and a half years effective January 01, 1993 with the requisite that PFD would ensure to provide equivalent funds in the following and subsequent fiscal years, to make the GMC fully operational as a viable bulk handling and storage management unit of PFD. The illustrative budget is annexed with copy of the PIL No. 35 at Annex "A".

Subsequently on GOP's request, following four amendments were agreed by USAID: i) through Zakir/Aslam letter dated January 25, 1993 to decrease the "Training/Seminar" line item by Rs. 108,000 bringing the new total to Rs. 117,000 and increase the "Repair and Maintenance of Durable Goods" line item by Rs. 108,000 bringing the new total to Rs. 283,000. The amendment

was necessitated in view of the genuine and essential requirement to meet the cost of six technicians/operators, which was over-sighted while preparing the PIL, ii) through Swanson/Jamil letter dated August 18, 1993 to extend the contract staff for a period of three months. USAID also authorized PFD to shift Rs. 86,000, Rs. 36,000 and Rs. 10,000 respectively, from line items travel and transportation, Training and Seminars, and research activities to professionals in the budget shown in the PIL 35. The total amount remained the same, iii) through Swanson/Agha letter dated December 27, 1993 to shift Rs. 70,000 from line item "Travel and Transportation" to line item "Professionals" and iv) through Weller/Khalil letter dated March 24, 1994 to extend the contract of technical staff up to December 31, 1993 as a special case keeping in view the good performance of GMC. The over-all total of the budget remained un-changed. A copy of the four letters for amendments is attached to Annex "A".

ii) COMMODITIES

USAID transferred to PFD the custody of a portion of the STDT project commodities to facilitate PFD in making a start to implement the training, research and bulk handling activities related to the STDT project. The cost of the commodities was not indicated.

5. PROJECT ACCOMPLISHMENTS

i) Opening of Personal Ledger Account (PLA):

PFD opened PLA in the name Project Director GMC, Lahore after getting sanction through Government of Punjab Finance Department letter No.SO(TT)6(2)/93 Dated February 01, 1993 (Annex "B") and placed Rs. 500,000 in the PLA to meet the cost of the GMC activities as required under para C(2) of PIL # 35. The disbursements made by GMC for allowable costs as given in the budget annexed with PIL # 35, are being reimbursed by USAID.

ii) Administrative approval to the Implementation of the Bulk Grain Handling and Management Project.

Governor of the Punjab was pleased to accord administrative approval through Government of Punjab, Food Department order No. SOF-VIII-V (2)/93 dated July 17, 1993 (copy at Annex "C") to the implementation of the scheme titled Bulk Grain Handling and Management Project at a cost of Rs. 1.907 million (Rupees one million nine hundred and seven thousand only). A copy of the PC-1 is also at Annex "C". As specified in the PC-1, the time required for completion of the project was 24 months and the amount required for annual phasing of physical work was for year 1993-94 Rs. 1,000,000 and 1994-95 Rs.900,000. There was also provision for new appointment of technical staff comprising an Assistant Director Mechanical, a Mechanical Assistant and nine Mechanics/Drivers for carrying out the bulk handling activities after completion of the USAID technical assistance. Most of the formalities for recruitment of the new technical staff had been completed and it was expected that the technical staff would be appointed on regular basis during the current year. For the time being PFD managed to retain the STDT technical staff (one

consultant and 6 mechanics/operators) on temporary basis with the intention of absorbing the staff against the said vacancies.

An allocation of Rs. 500,000 was made during the last two months of the year 1993-94 which could not be utilized in that short period due to certain restrictions from the Government. Therefore PFD requested for re-allocation of Rs. 1,000,000 for the year 1994-95 and remaining amount of Rs 900,000 for the year 1995-96.

iii) Provision of GMC Office Building:

Since the office space in the Food Directorate and the Food Secretariat was fully occupied, PFD converted a HT godown in PR Center, Gulberg III, Lahore to a nice office building for the GMC. Adequate space was also provided in that building for the training and research activities. The cost of converting the HT godown to the office building was met out of the provincial budget.

iv) Appointment of Staff for GMC:

PFD appointed the staff exclusively for GMC operational activities as under:-

- a) The Secretary Food Government of Punjab appointed Ch. Muhammad Sharif as Project Director GMC in addition to his normal duties of Additional Director, Food Department, Government of Punjab.
- b) Two consultants: i) Mr. Shamsheer H. Khan, Training Specialist and ii) Mr. Arif Javaid, Mechanical Specialist, and six Operators/Mechanics were appointed by PFD as provided in the PIL No. 35, effective February 1993. The fee of the consultants/salary of the mechanics & operators and travel expenses of all the technical staff was reimbursed by USAID. The above technical members of the staff were fully qualified and experienced as they had been working with the KSU/STDT consultants till completion of the STDT project.
- c) PFD allocated some other support staff comprising a Food Technologist, a Head Analyst, two Office Assistants and two Watchmen to work for the GMC.

v) GMC's Training Activities:

The PFD could not transfer from its existing strength, any technical official with proper experience of the bulk handling system to the newly established GMC because no such official was available in the department. The two consultants and six mechanics/operators transferred by USAID from the STDT project under PIL # 35, were not enough to implement the bulk grain handling and storage system. Therefore it was considered advisable to train sufficient number of

the PFD officials so that the new technology of the bulk system could be handled safely through the trained personnel. Accordingly the following courses were conducted by PFD in the newly constructed GMC office building in Gulberg III, Lahore.

a) Master Trainers Training Course: One-week training course was conducted to train "Master Trainers" effective April 03 through April 08, 1993. The purpose of the training course was to develop the teaching and grain management skills of 10 PFD officials of the level of District Food Controllers and Storage officers who in turn could train other PFD managerial and operational personnel for procurement, handling, storage and preservation of grain with special reference to bulk wheat. Ten talented and qualified officials were selected by PFD but only eight of them could participate in the training course.

The opening ceremony of the Master Trainers Training Program was performed on April 03, 1993. Mian Muhammad Jamil, Secretary Food Punjab was the chief guest.

The training course concluded on April 08, 1993 and the closing ceremony was performed on the same day. Dewan Ashiq Hussain Bukhari, Minister for Food Punjab was the Chief Guest who also distributed certificates to the participants of the training course.

b) Basic Computer Training Course for Deputy Directors and Others: One-week Basic Computer Training Course effective August 21 through August 26, 1993 was conducted. The purpose of the Training Course was to provide basic concept to the Deputy Directors and other PFD officials to use the computers in their offices. The course was planned for 9 participants and was attended by the 9 participants.

c) Seminar on Bulk Grain Management: One-day Seminar on Bulk Grain Management was arranged by PFD at Hotel Services International, Shahrah-e-Quaid Lahore on September 25, 1993. The seminar was planned for about 30 participants but it was very encouraging to note that 80 persons attended.

Opening Session: Lt. General (Rtd) Professor Mohyudin, Minister for Food Punjab was the chief guest. The welcome address was given by Mr. Kamran Rasool, Secretary Food Punjab.

Technical Session: Mr. Kamran Rasool, Secretary Food Punjab chaired the Technical Session.

d) Demonstration on Pest Control Techniques: One-day demonstration was arranged by GMC at PR Center, Gulberg III, Lahore during June, 1993 for PFD staff located at Lahore and Faisalabad. It was a joint effort of GMC and UAF (represented by Mr. Sajjad Ahmad Sr. Research Officer, PARC/UAF). The purpose of the demonstration was to show the technique of

fumigating a stack of wheat bags under a sealed polyethylene cover. Twenty PFD officials from Lahore and Faisalabad participated in the demonstration.

e) Short Course on Paddy Handling for PASSCO Officials (Coordinated by GMC):

The course was organized by PASSCO in the GMC Building during October, 1993. The purpose of the course was to train the PASSCO officials to: i) identify various varieties of paddy before purchase and ii) refresh the techniques of handling and storage of Paddy after its procurement. The lectures were arranged by PASSCO officials. The course was attended by Seventy-five participants. GMC coordinated by providing all the training facilities including the lecture hall, the training materials and the training equipment.

f) Operational Trainers Training Course: One-week Training Course was conducted in the GMC building effective January 29 through February 03, 1994. The purpose of the training was to provide information and knowledge to the PFD officials up-to the level of Assistant Food Controllers (AFCs) so as to enable them to manage the bulk grain handling and storage activities and also train the operational personnel in their jurisdiction.

g) Short Course on Efficiency and Discipline Rules: Two-days course was conducted in the GMC building on March 29 and March 30, 1994. The purpose of the course was to acquaint the PFD officials working in the office as well as in the field, with the Efficiency and Discipline Rules so that they could take appropriate and timely actions during performance of their duties to maintain the discipline and achieve the targets. Twenty-one participants attended the course.

h) Field Staff Training Course: One-week course was conducted in the GMC building effective April 02 through April 07, 1994. The purpose of the course was to train the PFD field staff up-to the level of Food Grain Inspectors (FGIs) to enable them to perform the bulk operations in the field effectively. Fifteen participants attended the course. The abstract of the participants of the above GMC Training Courses and Seminar is given in Table - 1.

vi) Utilization of the USAID/STDT Bulk Handling Equipment:

The PFD tried to make proper use of the bulk grain handling equipment received from the USAID/STDT project. Since the equipment was mobile, it was shifted from one location to the other after completion of work at the first location and thus the idle time was curtailed. The equipment was mainly utilized for the following bulk operations:

a) Mechanization of Hex-Bins: Previously the Hex-Bins were not either used or utilized as a last resort for storing wheat because the 100 kg wheat bag had to be carried up through 52 steps manually with a crew of 35 laborers. Similarly the retrieval was also very difficult. The system was obviously slow and un-economical.

With the use of the bulk grain handling equipment which was run by a couple of operators, the filling and emptying operation of the bins became not only efficient but also economical. Therefore the Hex-Bins located in the proposed bulk operation areas, were properly used for storing wheat in bulk.

b) Retrieval of Wheat: The wheat was retrieved in bulk with the bulk grain handling equipment from the bulk storage facilities such as Open Bulk-Heads, Bini Shells, Hex-Bins and heaps of bulk wheat at farm and market places.

c) Loading the Trucks with Bulk Wheat: After retrieving wheat from the bulk storage facilities, the equipment was used to load the trucks with wheat for transporting the wheat in bulk to flour mills.

d) Delivering Wheat in Bulk to Flour Mills: The wheat-receiving-pit of some flour mills was located within the mill building and was not accessible to the trucks. Such flour mills were provided the grain handling equipment by PFD to get wheat in bulk from the bulk carriers and deliver it to the wheat-receiving-pit located inside the mill building.

vii) Bulk Handling and Storage Operations:

The PFD did not have an earlier chance to handle wheat in bulk. Therefore the following measures were taken for planning and implementing the bulk operations:

- * The bulk activities be implemented by GMC.
- * The existing PFD bulk storage facilities be utilized for storing wheat in bulk.
- * Those bulk storage facilities be included in the bulk storage program where a weigh-bridge was located in its premises or the near vicinity.
- * The bulk operations be not spread over large areas but limited to a few districts where the bulk wheat could be handled with the available equipment under effective supervision.
- * As the experience is gained, the scope of the bulk operations be gradually increased every year.
- * With the increase in the scope of bulk operations, additional bulk handling equipment be procured locally and additional PFD personnel trained.

Accordingly PFD/GMC planned to start the bulk handling and storage operations. The wheat stocks handled and stored in bulk during the wheat procurement year 1993 and the year 1994 were as under:

a) Wheat Procurement Year 1993:

* **Bulk Wheat Storage:** PFD stored the wheat in bulk in the districts of Jhang, Multan and Sahiwal. The target for bulk wheat storage was 25,000 MT but with the proper planning, the wheat actually stored in bulk by PFD/GMC was 75,000 MT ie. three times the target quantity. The detail of the wheat stored in bulk during the year 1993 is given in Table -2. The availability of the bulk carriers had been the biggest constraint to transport the wheat in bulk to the flour mills at long distances. After considering various possibilities, contracts were let out to carriage contractors in the private sector to transport wheat in bulk except for some quantity of wheat lying at Jhang which was entrusted to PASSCO to transport wheat from Jhang to Faisalabad by using its bulk trucks. As suggested by PFD, the private sector contractors tried ordinary 24-tons capacity 10-wheeler trucks for transporting the wheat in bulk without any significant modifications in the truck body. The experiment proved very successful because the wheat was retrieved at the flour mills in about 20 minutes by using a manual-drag operated by two persons only.

* **Sale of Wheat to Flour Mills in Bulk:** The wheat was sold in bulk to the flour mills as detailed in Table-3.

As is evident from the Table-3, the wheat was shifted in bulk except for the 7,000 MT wheat lying at Jhang. The reason for not shifting the said 7,000 MT wheat was that the stocks at Jhang were scheduled to be shifted to Faisalabad but the civil authorities had banned entry of the trucks in the Faisalabad Municipal limits during the day time. Therefore the full quantity of wheat could not be transported from Jhang to Faisalabad before harvest of the new wheat crop. PFD would sell the balance 7,000 MT wheat in bulk when the new wheat stocks would be issued to the flour mills.

b) Wheat Procurement Year 1994:

* **Bulk Wheat Storage:** Encouraged by the excellent results of the bulk operations during the last wheat procurement year, PFD set a target of handling and storing 100,000 MT wheat in bulk during the procurement year 1994. Against that target, PFD managed to handle and store 150,000 MT wheat in bulk, the detail of which is given in Table - 4.

The wheat stored in bulk exceeded the target of 100,000 MT and was almost twice the bulk wheat stored in the year 1993. Therefore the PFD/GMC performance had been very creditable during the year 1994 also.

Some HT godowns had been filled with the bulk wheat by the traditional bag-cum-bulk method. The purpose was to try the bulk wheat handling and storage operations in those areas where the bulk storage facilities did not exist.

* **Sale of Wheat to Flour Mills in Bulk:**

The PFD would start sale of wheat in bulk to the flour mills in the month of September or October, 1994 when the Flour Millers would be expected to purchase wheat from the PFD stocks after consuming their own wheat stocks raised during the wheat harvest season. However PFD took following decisions for sale of wheat in bulk to the flour mills:

- ♦ The wheat would be sold in bulk primarily to the local flour mills in the vicinity of each of the storage facility where the wheat had been stored in bulk.
- ♦ The remaining wheat surplus to the requirements of the local flour mills would be sold and transported to the flour mills at Lahore and Rawalpindi. Thus PFD would be able to address the constraints due to the long-distance transportation of wheat in bulk till the private sector is properly equipped with the bulk carriers.

viii) **Cooperation with UAF and Other Institutions:**

PFD extended cooperation in the conduct of training and research to UAF and other public sector institutions and private sector as under:

* **University of Agriculture, Faisalabad (UAF):**

a) Research in Grain Protection was conducted jointly by UAF and GMC on: i) Physical Quality of Grain and Insect Management in Bini Shells Storage and ii) Phosphine Dosage Determination for Effective Insect Pest Control under Polyethylene Covers. The research was supervised by Mr. Sajjad Ahmad Senior Scientific Officer PARC/UAF which was conducted in the PFD storage facilities managed by Mr. Altaf Akbar Assistant Food Controller PFD, Faisalabad. The research report is yet awaited.

b) A joint demonstration was arranged by GMC and UAF for PFD staff at Lahore and Faisalabad to show them the technique of fumigating a stack of wheat bags under a sealed polyethylene cover. UAF was represented by Mr. Sajjad Ahmad.

c) PFD coordinated with UAF in organizing one-day workshop on Grain Storage Pest Management and Fumigation for PFD staff working in Faisalabad, Toba Tek Singh, Jhang and Sahiwal districts, and Gujranwala division.

d) GMC had been inviting the UAF representatives to deliver lectures to the PFD officials participating in various training courses conducted in the GMC building, Lahore.

e) Ch. Muhammad Sharif, Project Director GMC is a member of the Editorial Committee of the UAF publication "GRAIN STORAGE MANAGEMENT NEWS LETTER".

*** PASSCO:**

GMC coordinated a short course on Paddy Handling for PASSCO officials in GMC building, Lahore so as to enable them to identify: i) various varieties of paddy before purchase and ii) refresh the techniques of handling and storage of Paddy after its procurement. The course was organized by PASSCO and PFD coordinated by providing all the training facilities including the lecture hall, the training materials and the training equipment.

*** Private Sector:**

a) The wheat-receiving-pit of some flour mills was located inside the mill building which was not accessible to the bulk carriers. Therefore GMC coordinated with such flour mills to provide and install the bulk grain handling equipment at those flour mills to get the wheat from the bulk carriers and deliver it to the wheat-receiving-pit located inside the mill building.

b) Due to the non-availability of the bulk trucks, the carriage contractors were facing difficulty to find a solution for long-distance transportation of wheat in bulk from the storage facilities to the flour mills. The GMC suggested to use ordinary 24-ton capacity 10-wheeler trucks which could be loaded mechanically with wheat in bulk at the storage facility and off-loaded at the flour mill location using a manual drag worked by two persons. The system worked very well and proved to be an achievement for addressing the bulk transportation constraint.

ix) Research to Increase the Bulk Storage Capacity:

In order to gradually increase the scope of the bulk operations beyond the existing bulk storage capacity, GMC converted a HT godown for bulk storage at PR Center Islamabad raising its bag-storage capacity of 1,000 MT to bulk-storage capacity of 1,500 MT. Thus the storage capacity of the HT godown was increased by 500 MT of wheat in bulk.

The design for the conversion of a HT godown for bulk storage is at Annex "D". Four hatches were provided at the roof-top by drilling holes in the roof. The location of the holes had been so designed that the surface slope of the bulk wheat filled into the godown from the roof-hatches, would not touch any wall of the godown at a height more than 5' - 6" because the walls were

strong enough to bear the lateral thrust of bulk wheat up to the said height. The wheat could be filled in and retrieved from the godown with the equipment already available with the PFD.

Instead of constructing new bulk storage facilities, the increase in the existing bulk storage capacity by converting HT godowns for bulk storage would accrue lot of savings because the conversion cost (detail at Annex "D") was hardly Rs. 30.00 per MT of the added bulk storage capacity as compared with the construction cost of new bulk facility ie Rs. 1,200 per MT of the storage capacity.

The above HT godown would be test-loaded with the bulk wheat and if the results are satisfactory according to the design, PFD would plan to convert other such HT godowns for bulk wheat storage.

x) Research for Market Acceptance of Clean Wheat at Price Differential sufficient to Pay Cleaning Costs:

The PFD program to sell clean wheat in bulk to the flour mills at price differential was discussed with the Flour Millers by the Project Director GMC. The PFD previous experience of such exercise during the STDY project activities was also explained to them. The Flour Millers were keen to purchase clean wheat in bulk from PFD and requested the Project Director GMC to intimate the price along with a sample of the clean wheat intended to be sold to them.

In order to commit the price differential to pay for the cleaning costs, average weight losses by screening had to be assessed. Therefore wheat had to be screened at different locations of the Punjab because the wheat quality differed from location to location and accordingly the screening losses could also differ. Since the large scale screening arrangements were not available with PFD, it was considered advisable to set aside the issue of selling clean wheat in bulk till the screening arrangements are made and in the mean time, concentrate on sale of normal FAQ wheat to the flour mills in bulk.

xi) Procedures for Procurement of Goods and Services:

The PFD's normal procedures, rules and regulations were adopted for the procurement of goods and services.

xii) Plan for the Year 1994 - 95:

PFD had not finalized the plan for the bulk activities for the year 1994-95 because the department had been fully occupied with the wheat procurement activities. However, GMC made a tentative program as under:

- a) Sale and delivery of the wheat stored in bulk to the flour mills in bulk.
- b) Procurement of additional grain handling equipment and weigh-bridges for increasing the scope of bulk handling and storage operations.
- c) Training another set of 10 Nos. Master Trainers.
- d) Training 100 PFD managerial and operational personnel.
- e) Basic Computer Training Programs for the PFD officials.
- f) Training PFD officials in Efficiency and Discipline Rules.
- g) A seminar on Bulk Grain Management.
- h) Research work:
 - i) Test-loading of the HT godowns converted for the bulk storage.
 - ii) Sale of clean wheat to flour mills on price differential sufficient to pay the cleaning losses and screening costs.
- j) Providing technical assistance to flour mills for receiving wheat in bulk.
- k) The handling and storage of 200,000 MT wheat in bulk during the wheat harvest year, 1995

6. LESSONS LEARNED:

- * The project which focuses on introduction of a new system based on modern technology in the public or private sector, would get a very favorable response if its implementation is recommended after creating sufficient awareness among the policy makers and the management personnel of the concerned organization through sufficient practical demonstrations of the designed project activities pertaining to different probable areas and the local conditions - "SEEING IS BELIEVING".
- * For testing, demonstration and/or implementing a new technology in the country, the equipment could be fully utilized if it was mobile because such equipment could be shifted from one location to the other after completion of the work at the first location and thus the idle time could be reduced.
- * The institutionalization of activities of a project including evolution of new systems in an organization, could best be managed through a separate cell established within the organization.
- * To start implementation of a new mechanized system, it would be advisable to concentrate over a limited scope of activities for effective supervision and maximum utility of the available equipment. With the gain in experience and confidence, the scope could be gradually increased.
- * The training of officials of an organization to implement the activities of a new technical system, could best be done through the Master Trainers. For this purpose a few qualified and talented officials of the organization could be selected and trained in that field as Master Trainers who in turn could train the other managerial and operational personnel of the organization.
- * On completion of a project focused on implementation of new systems involving modern technology in public sector, the financial and technical assistance would provide a very useful support to sustain the project activities.

**ABSTRACT OF PARTICIPANTS OF GMC
TRAINING COURSES AND SEMINAR**

COURSES	PARTICIPANTS NUMBERS
* Master Trainers Training Course	8
* Basic Computer Training Course for Deputy Directors and Others	20
* Seminar on Bulk Grain Management	80
* Demonstration on Pest Control Management for PFD Officials Located at Lahore and Faisalabad	20
* Short Course on Paddy Handling for PASSCO Officials (Coordinated by GMC)	75
* Operational Trainers Training Course	15
* Short Course on Efficiency and Discipline Rules	21
* Field Staff Training Course	<u>15</u>
TOTAL	254

**DETAIL OF WHEAT STORED IN BULK
DURING THE YEAR 1993**

LOCATION	STORAGE COMPLEX	TYPE OF STORAGE	BULK WHEAT STORED
JHANG	CHAK KURYANA JAMIABAD JHANG-II JHANG-I	BINI SHELL OPEN BULK HEAD OPEN BULK HEAD HEX BINS	25,000 MT
MULTAN	SILOS PR-1	STEEL SILOS HEX BINS	36,000 MT
KAROR	KAROR	HEX BINS	2,000 MT
KHANEWAL	KHANEWAL	HEX BINS	6,000 MT
SAHIWAL	SAHIWAL	HEX BINS	<u>6,000 MT</u>
TOTAL QUANTITY OF WHEAT STORED IN BULK			75,000 MT

DETAIL OF WHEAT SOLD TO FLOUR MILLS IN BULK

STORAGE LOCATION	QUANTITY STORED (MT)	ISSUED TO:	QUANTITY ISSUED (MT)	BALANCE (MT)
JHANG	25,0000	CESCENT FLOUR MILLS, FAISALABAD	5,000	
		SILOS FAISALABAD (for operational tests)	11,000	
		LOCAL FLOUR MILLS at JHANG (4 Nos: Sufi, Iqbal, Sabir and Farooq Flour Mills)	2,000	7,000
MULTAN	36,000	SUPREME FLOUR MILLS LAHORE SUNNY FLOUR MILLS LAHORE YAQOOMIA FLOUR MILLS LAHORE	14,000	
		SHIEKHUPURA NATIONAL FLOUR MILLS	5,000	
		LOCAL FLOUR MILLS at MULTAN (5 Nos: Hilal, United, Nawab, Abrar and Adnan Aslam Flour Mills)	17,000	NIL
KAROR	2,000	LOCAL FLOUR MILLS at MULTAN	1,800	
		SUNNY FSUNLOUR MILLS, LHR	96	
		SUPREME FLOUR MILLS, LHR	104	NIL
KHANEWAL	6,000	LOCAL FLOURS MILLS at KHANEWAL (4 Nos: Ahmad, Kabir, Iqbal and Pir Kabir Flour Mills)	6,000	NIL
SAHIWAL	6,000	SUPREME FLOUR MILLS, LHR.	1,776	
		LOCAL FLOUR MILLS at SAHIWAL	4,224	NIL
TOTAL	75,000		68,000	7,000

**DETAIL OF WHEAT STORED IN BULK
DURING YEAR 1994**

Location	Type of storage	Quantity	Total
1. Multan Division			
Multan Silos	Steel Silos	11,772.000	
Vehari	Bini Shells	9,209.975	
Vehari	Hex Bins	4,865.000	
Vehari	House Type Gowdons	3,639.400	
Khanewal	Hex Bins	6,108.000	
Abdul Hakim	House Type Gowdons	8,355.000	
Musa Virk	House Type Gowdons	17,983.000	
Arifwala	Bini Shells	5,607.000	
Arifwala	Hex Bins	4,663.800	
Kassowal	Hex Bins	1,925.000	
Kassowal	House Type Gowdons	6,271.000	
Chichawatni	Hex Bins	3,223.600	
Chichawatni	House Type Gowdons	3,661.300	
170/ 9-L	House Type Gowdons	4,726.700	
			92,010.775 MT
2. Bahawalpur Division			
Bahawalpur	Bini Shells	10,000.000	
			10,000.000 MT
3. Sargodha Division			
Sargodha PR	Hex Bins	2,039.000	
			2,039.000 MT
4. Faisalabad Division			
Faisalabad	Silos	8,530.677	
Jhang II	Open Bulk Head	7,812.300	
Gojra	Hex Bins	5,019.700	
Shorkot	Hex Bins	6,630.400	
Chak Kuriana	Bini Shells	9,698.400	
			37,691.977 MT
5. D.G. Khan Division			
Muzzafargarh	House Type Gowdons	9,289.800	
Muzzafargarh	Open Bulk heads	6,059.900	
			15,349.700 MT
Grand Total			1,57,091.452 MT

Annex "A".

- * Copy of PIL No. 35 (5 pages)
- * Copy of Four Letters for Amendments
in Budget Line-items (5 pages)

Cable : USAIDPAK
Telex : 54270 PK
Telephones : 824071-79

18, Sixth Avenue, Room 5,
Post Office Box 1028
Islamabad, Pakistan

OFFICE OF AGRICULTURE AND RURAL DEVELOPMENT

05 JAN 1993

Mr. S. Navaid Ali Nasri, Joint Secretary
Economic Affairs Division
Ministry of Finance and Economic Affairs
Government of Pakistan
Pak Secretariat Block C, Room 403
Islamabad.

Subject: Agricultural Sector Support Program (ASSP)
A.I.D. Project No. 391-0492
Project Implementation Letter (PIL) No. 35

Dear Nasri:

The purposes of this PIL are to:-

- a) Earmark and commit funds to cover the operational cost of the Grain Management Cell (GMC) established by the Punjab Food Department (PFD). This Cell has been established, in part, to institutionalize the bulk handling and grain management under the Storage and Technology Development Transfer (STDT) activity of ASSP. The GMC/PFD will:
 - I) Cooperate with the University of Agriculture, Faisalabad (UAF), the private sector, and other public sector institutions in the conduct of training and research on bulk handling and storage systems;
 - II) Train PFD personnel in all aspects of bulk handling, including operation safety, equipment operation and maintenance, stored grain protection, and bulk accounting and record keeping; and
 - III) Carry out research and tests of market acceptance of cleaned wheat at price differentials sufficient to pay cleaning costs.
- b) Set forth procedures for procurement of goods and services.
- c) Set forth the procedure to be followed for replenishment/reimbursement of funds to the GMC/PFD.

J492041 - \$11,000.00 DRA# 391K606.10
K492001 - \$29,000.00 DRA# 391K606A.09

A. Earmarking and Commitment

This PIL earmarks and commits U.S. dollars 40,000, approximately equivalent to Rs. 1 million, out of FY87 (\$11,000.00 DRA#391K606.10) and (\$29,000.00 DRA#391K606A.09) FY88 funds. These funds are from the local currency costs portion of the USAID contribution and are to be used for small value procurement of goods and professional services and other operational expenses. This amount will be charged to the "Other Costs" line items of ASSP. The funds will support the operational cost of the newly-established GMC under PFD, but will not include salaries and related payments for regular PFD employees. USAID will provide this money for one and a half years, effective from January 01, 1993 and the PFD should ensure that equivalent funds are provided in the following and subsequent fiscal years, to make the GMC fully operational as a viable bulk handling and storage management unit of PFD. The illustrative Budget is provided at Annex 1.

B. Procurement Procedures:

Local procurement of goods and services as described in USAID Handbook 1, Supplement B, Chapter 13 (appended herewith as Annex 2), will be the mode employed. USAID requirements are summarized below:

1. All purchase orders and other contracts shall include all applicable USAID mandatory clauses, as discussed in Handbook 11 "Country Contracting," Chapters 1 and 2 (Annex 3).

2. The GMC/PFD shall procure the required commodities. Suppliers of goods and services are to be selected with the maximum degree of competition practical, i.e., informal competitive procedures, whereby several potential suppliers are considered.

3. Price Requirements:

(i) The buyer shall pay no more than the lowest available price, including transportation. The term "reasonable price" means the price which satisfies this test.

(ii) The requirement that the buyer pay no more than the lowest available price will be satisfied if the buyer has followed sound procurement practice and accepts the most advantageous offer, price and other pertinent factors considered, such as quality of the goods and services, delivery time, transportation costs, payment terms, availability of spare parts, installation and repair services. When competitive offers are not available, as in the case of sole-source procurement, some form of cost or price analysis should be used to establish the reasonableness of price.

4. The GMC/PFD may procure goods originating in Free World countries designated by AID Geographic Code 935 if the value of each individual transaction does not exceed the equivalent of \$5,000. The list of relevant AID Geographic Codes is appended herewith as Annex 4. For larger transactions, the only authorized countries of source and origin are the U.S. or Pakistan.

5. Suppliers of services are to be selected on the basis of technical qualifications.

6. No services or commodities will be procured from government or semi-government entities, and AID will not reimburse identifiable local taxes, tariffs, or other impositions of the GOP and/or any of its subdivisions or agencies. USAID funds may not be used to finance the purchase of goods from non-Free World countries or for entertainment, decoration or luxury items.

7. Salary and allowance levels must be consistent with existing GOP policy.

8. Marking: The implementing agency should ensure that goods procured with USAID funds are marked with appropriate decals, and construction sites and other appropriate locations are identified with display signs indicating participation by the United States in the activity. USAID will be pleased to provide the decals to mark equipment.

C. Replenishment/Disbursement Procedures:

1. USAID will not disburse any funds under this PIL until USAID has conducted a financial capability assessment of the Grain Management Cell (GMC) and any material deficiency which may be identified in the assessment has been corrected.

2. The GMC/PFD will place approximately Rupees five hundred thousand (Rs 500,000) in a non-lapsable Personal Ledger Account (PLA) opened in the name of the Project Director, GMC within PFD, to meet the cost of GMC activities.

3. The Project Director, GMC will make disbursements from the PLA for allowable costs as given in Annex 1 attached to this PIL. The Budget is illustrative only, and expenditures for particular Budget line items are not restricted to the amounts shown. However, the totals for each of the expenditure categories can not be exceeded unless otherwise agreed to by USAID in writing.

4. On the last working day of each month, GMC will prepare a report showing expenditures for that period. The expenditure will be listed by Budget line items shown in the Budget in Annex 1. The report will be presented in the format provided in Annex 5. Each report should be promptly submitted by GMC/PFD to the USAID Mission Controller through the ASSP/STDT Project Officer at USAID/Islamabad, Pakistan.

5. Upon review and approval of each report by USAID, the amount of expenses incurred by GMC, which USAID approves from the above said report, will be replenished.

6. GMC will maintain separate books and records relating to the activities authorized in this PIL, in accordance with generally accepted accounting principles and practices. These records will show the receipts and use of USAID funds by which goods and services are acquired. These books and records will also be adequate to show the nature, basis and extent of replenishment, and compliance with applicable AID regulations in procurement of USAID-funded goods and services.

7. Upon request and at all reasonable times, GMC will allow authorized representatives of USAID to review books, records and other documents relevant to the implementation of the STDT component of ASSP and utilization of USAID-financed goods and services.

The procedures set forth in this PIL were developed in consultation with PFD. The Joint Secretary Food in Pakistan's Ministry of Food and Agriculture (MINFA), who is also an Additional Representative for the STDT component of ASSP, has appended his signature below to indicate MINFA concurrence in these procedures.

If you have any questions about the contents of this PIL, please do not hesitate to contact me or my staff.

Sincerely,

Anrold J. Radi
Anrold J. Radi
Chief

- Attachments: Annex 1: Illustrative Budget
- Annex 2: Chapter 18, USAID Handbook 1, Supp. E
- Annex 3: Chapters 1 & 3, AID Handbook 11
- Annex 4: AID Geographic Codes
- Annex 5: Format for Expenditure Report

M. Bashir
29/12/92

Mr. Mohammad Bashir
Joint Secretary Food Wing, MINFA

ANNEX 1

ILLUSTRATIVE BUDGET FOR COUNTRYSIDE AND RURAL DEVELOPMENT

(Pak Rs.)

15 JAN 1993

EXPENSE CATEGORY	AMOUNT
Professionals 1/	264,000
Travel and Transportation 2/	283,500
Repair and Maintenance of Durable Goods 3/	175,000
Training/Seminars 4/	225,000
Research Activities 5/	50,000
TOTAL	997,500
Converted to U.S. Dollars (\$1=Rs.25)	39,900

- 1/ It is presumed that 2 persons will work for six months (one @Rs.25,000/month and the other @Rs.19,000/month)
- 2/ It is presumed that 5 professionals will travel to various locations such as Chichawatni, Multan, Okara, Hafizabad, Lahore, etc. Three trips/pm/each are estimated (POL:500+Lodging:300+Per Diem:250=1,050/trip)
- 3/ Bulk handling equipment, including grain pumps, machines which will encounter wear and tear during the process of bulk procurement
- 4/ Three seminars of three days duration with 20 participants will be organized each year
- 5/ Purchase of lab test material, collection of samples from various godown sites and other research-related material

Train PPO personnel in all aspects of grain handling, including operational safety, maintenance and repair, and bulk procurement and storage.

of grain handling and storage facilities to pay maintenance costs.

and some new equipment for maintenance of grain handling facilities.

and some new equipment for maintenance of grain handling facilities.



901
4.2.93

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
MISSION TO PAKISTAN

CODE HEADLINE
FORM 5127011
EFFECTIVE DATE 01/01/79

18 - Sixth Avenue, Room 5,
Post Office Box 1028
Islamabad, Pakistan

OFFICE OF AGRICULTURE AND RURAL DEVELOPMENT

January 25, 1993

7/1/93
Daja Muhammad Aslam
Director Food
Government of the Punjab
Lahore

Subject: Agricultural Sector Support Program (ASSP) -
Project Implementation Letter (PIL) No. 35

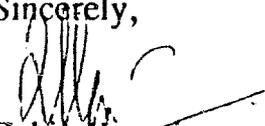
Dear Mr. Aslam:

This is in response to your letter No. FI(2)-69-92-93 dated January 19, 1993 regarding adjustment within budget line items of the subject PIL.

Keeping in view the genuine and essential financial requirement to meet the cost of technicians/operators, which was overlooked while preparing the PIL budget, this Mission concurs with your proposal to make necessary adjustments in the PIL budget. By way of this correspondence, this Mission agrees to decrease the "Training/Seminars" line item by Rs.108,000 bringing the new total to Rs.117,000 and increase the "Repair and Maintenance of Durable Goods" line item by Rs.108,000 bringing the new total to Rs.283,000.

Regards,

Sincerely,


Zakir Hussain
Project Officer

Cable : USAIDPAK
Telex : 54270 PK
Telephones : 824071-79

18 - Sixth Avenue, Ramna 5,
Post Office Box 1028
Islamabad, Pakistan

August 18, 1993

Mian Muhammad Jamil
Secretary, Food Department
Government of the Punjab
Civil Secretariat, Lahore

OSD
1786
29-8-93
P-225/c

Subject: Extension in Service Period

Dear Mian Jamil:

Please refer to letter No. SOF(I)3(9)/92 dated August 01, 1993. I am very pleased with the progress of the bulk procurement activities undertaken by the Punjab Food Department (PFD) in the current wheat season. I am also happy to note that PFD has procured 75000 (three times more than the target) metric tons of wheat through bulk handling. We understand that PFD has already approved the PCI for the institutionalization of the Grain Management Cell (GMC). We will appreciate it if PFD takes immediate steps in hiring GMC staff as soon as possible.

However, in the interest of bulk storage work, USAID has no objection in extending the contract staff for a period of three months effective per the August, 01, 1993 memorandum through October 31, 1993. USAID also authorizes PFD to shift Rs.86,000, Rs.36,000 and, Rs.10,000; respectively, from line items Travel and Transportation, Training and Seminars, and Research activities to Professionals in the budget shown in PIL 35 (Agricultural Sector Support Program - 391-0492). The total amount will remain the same and this shift will allow the GMC to meet the salary cost of the contract staff for the extended period of August 01 through October 31, 1993.

If you have any other questions, please feel free to contact me. I look forward to seeing you next time I am in Lahore.

Thanks.

SOF
29/8

Sincerely,
John B. Swanson
John B. Swanson
Chief, Office of Agriculture
and Rural Development

27 DEC 1993

Mr. Safdar Ally Agha, Joint Secretary
Economic Affairs Division
Ministry of Finance and Economic Affairs
Government of Pakistan (GOP)
Islamabad

Subject: Agricultural Sector Support Program (ASSP)
USAID Project No. 391-0492
Project Implementation Letter (PIL) No. 35-A

Dear Mr. Agha:

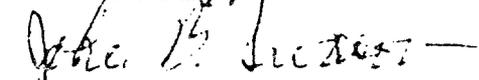
The purpose of this PIL amendment is to revise the line item amounts in the Budget attached to PIL No. 35, dated January 5, 1993. The total earmarking/commitment of \$40,000, however, will remain unchanged.

In view of the postponement of the intended augmentation of PIL No. 35, USAID agrees to the GOP's request to shift Rs. 70,000 from the line item "Travel and Transportation" to line item "Professionals". This will enable the Punjab Food Department (PFD), Directorate of Food, to meet costs for extending contract staff for another one month.

Other terms and conditions set forth in PIL No. 35 remain unchanged, except as mentioned in this amendment. A revised Budget is attached.

Should you have any question about the content of this PIL, please do not hesitate to contact me or my staff.

Sincerely,



John B. Swanson
Chief, Agriculture and
Rural Development

cc: Mr. Kamran Rasool
Secretary, Food Department
Government of Punjab
Civil Secretariat
Lahore

ILLUSTRATIVE BUDGET

(Pak Rs.)

Expense Category	Original (PIL # 35)	Increase/ Decrease	Revised (PIL#35-A)
Professionals	264,000	+ 70,000	334,000
Travel and Transportation	283,500	- 70,000	213,500
Repair and Maintenance of Durable Goods	175,000	0	175,000
Training/Seminars	225,000	0	225,000
Research Activities	50,000	0	50,000
TOTAL:	997,500	± 70,000	997,500
===== Converted to U.S. Dollars (\$1 = Rs. 25) =====	39,900	0	39,900
		Rounded:	\$40,000



UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
MISSION FOR PAKISTAN AND AFGHANISTAN

OFFICE OF AGRICULTURE AND RURAL DEVELOPMENT

PIL 35

March 24, 1994

Mr. Muhammad Khalil, Section Officer
Food Department, Govt of the Punjab
Civil Secretariat
Lahore

Subject: Extension in Service Period

Dear Mr. Khalil:

Please refer to your letter (No. SOF(I)3(9)/92) dated January 22, 1994 on the above subject and be advised that the attachment (budget) to original PIL (#35) envisages that the professionals' services will be required for a period of six months commencing from 1st January, 1993. However, keeping in view GMC's good performance, this Mission has agreed to extend the contract staff up to December 31, 1993, as a special case. Please note that this will be the final extension.

If you have any other questions, please feel free to contact me or Mr. Abdul Wasay.

Sincerely,

Dennis Weller
Chief, Agricultural
Sustainability,
Policy and Production
Division

28

Annex "B".

Sanction to the Opening of PLA
(2 pages)

To

The Project Director,
Grain Management Cell,
Punjab Food Directorate, Lahore.

NO. SO(TT)6(2)/93,
Dated Lahore, the 1st February, 1993.

Subject:- OPENING OF PERSONAL LEDGER ACCOUNT.

Sanction is hereby accorded under Rule 12.17(a) of the Punjab Financial Rules Volume-I to the opening of the following personal ledger account in the name of Project Director, Grain Management Cell, Punjab Food Directorate, Lahore.

- i) Name of the Account: PLA in the name of Project Director, Grain Management Cell, Punjab Food Directorate, Lahore.
- ii) Name of the District Accounts Office/Sub-Treasury where the account will be maintained. Treasury Office, Lahore.
- iii) Designation of two/one Officers/Officer authorised. The Project Director, Grain Management Cell, Punjab Food Directorate, Lahore.
- iv) Purpose. Handling the expenditure incurred on the Grain Management Cell.
- v) Head of Account and Source of feeding: Grant No. 33-21000
State Trading 31100
Food (Wheat, Rice & Sugar).
Through supplementary grant by the Finance Department.

2. The Personal Ledger Account shall be maintained in accordance with the provisions of Rules 12.19 and 12.20 of the Punjab Financial Rules, Volume-I which are reproduced below:-

"12.19 A Pass Book in P.F.R. Form 25 should be kept for each personal deposit account. It should be the duty of the Administrator of the fund to see that the Pass Book is sent to the Treasury Officer at least once a month and balanced. The Pass Book should remain in the personal custody of the Administrator and not of the official concerned either with the paying in or pay out of money or checking the account".

"12.20 The Treasury Officer is responsible for seeing that the entries are correctly made and at the end of the each month the entries on each side of the pass book are totalled and the balance struck and agreed with the treasury account. The book should then be signed by the Treasury Officer".

5. The Drawing Officers are required to keep the cheque books in their personal custody. Rule 2.13(c) of the Punjab Financial Rules Volume-I, lays down that:-

"Each cheque book must be kept under lock and key in the personal custody of the Drawing Officer, who, when relieved, should take a

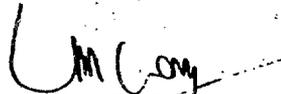
receipt for the correct number of cheques made over to the relieving Government account".

4. The sanction for release of funds for credit to the Personal Ledger Account will be issued by the Government from time to time. The sanctioning Officers should ensure that no overdrawals are made from the account. Besides, the operation of the FLA will be subject to the following conditions:-

- i) no withdrawals from PLAs are permissible as advance draws, or for en-bloc transfer of funds in commercial bank/DFIs (Development Financial Institutions).
- ii) withdrawals from FLAs shall only be permissible, if they are required to meet validly accrued liabilities/booked expenditure, duly pre-audited, where so required.
- iii) No cheques may be drawn for "Self" unless these are expressly meant for the recoupment of working balance where so authorised; and
- iv) all payments through FLAs should be invariably made through "Gross Cheques" in the name of valid payees only.

5. The instructions contained in this department's circular letter No. FT(11) 3-3/92 dated 10-12-92 may also be kept in view while operating the FLA.

6. The Personal Ledger Account shall be subject to audit in accordance with the rules.


(FARUKH HOSSAIN KHAN)
Under Secretary (Tech.Try)

Dist. No. FT(11) 3-3/93

Dated Lahore, the 12th February, 1993

- A copy is forwarded to the:-
- 1- Accountant General, Punjab, Lahore.
 - 2- ~~Director General, Punjab, Lahore.~~ (Inq) Officer Lahore.
 - 3- CC/24/00 Expenditure wing of the Finance Department with reference to letter No. FT(Exec) 1-3/93, dated 17.1.1993.

Intimation about opening of Personal Ledger Account may be sent to the Finance Department immediately.

Under Secretary (Tech.Try)

Annex : "C".

- * Copy of Administrative Approval to the Implementation of Grain Handling and Management Project

- * Copy of PC-1 (14 pages)

GOVERNMENT OF THE PUNJAB,
FOOD DEPARTMENT.

ORDER.

No: SDF- VIII- V (2)/93. The Governor of the Punjab is pleased to accord Administrative approval to the implementation of the Scheme titled Bulk Grain Handling and Management Project of the Punjab Food Department at a cost of Rs. 19.47 lac (Nineteen lac and seven thousand only).

2. The expenditure is debitable to the "Grant No: 42-Government Buildings- 9-314-343- Other Buildings-Food".

MIAN MUHAMMAD JAMIL.

for Secretary to Government of the Punjab,
Food Department.

Lahore,
the 17th July, 1993.

No: SDF- VIII- V (2)/93. Dated Lahore, the 19th July, 1993.

A copy is forwarded to the Director Audit (Works), Punjab, Lahore for information and necessary action.

(MUBARAK ALI QURESHI)
Section Officer Food-VIII.

No. & Date Recd.

A copy is forwarded for information and necessary action to:-

1. The Secretary to Government of the Punjab, Finance Department, Lahore.
2. The Director Food, Punjab, Lahore.
3. The Chief (Agri), Government of the Punjab, Planning and Development Department, Lahore.
4. The Chief (Co-ordination) Government of the Punjab, Planning and Development Department, Lahore.
5. The Section Officer-EMP (PSC), Government of the Punjab, Lahore. (Finance Deptt).
6. The Budget Officer-III, Govt. of the Punjab, Finance Department, Lahore.
7. The Budget Officer-IV Govt. of the Punjab, Finance Department, Lahore.

(MUBARAK ALI QURESHI)
Section Officer Food-VIII.

PC - I FORM
CODE NUMBER FOR PROJECT
TO BE FILLED BY THE PLANNING COMMISSION

PART 'A'

PROJECT DESIGN

- 1. NAME OF PROJECT: BULK GRAIN HANDLING AND MANAGEMENT
- 2. Authorities responsible for: Punjab food Department
 - i) Sponsoring.
 - ii) Execution .
- 3. Time required for completion of project (in months). 24 Months
w.e.f July 1993
- 4. a) plan provisions Annex. "A"
 - i) If the project is included current five year plan specify actual allocation. The project is proposed to be included in 8th five year plan.
 - ii) If not included in the current plan, how it is now proposed to be accommodated inter sectoral adjustment in allocation or other resources may be indicated. This project is proposed to be included in the 8th five year plan as well in ADP 1993-94
 - iii) If the project is prepared t be financed out of block provisions for a program indicated. -

Total Block Provisions	Amount already committed	Amount proposed Balance for the project. available
NIL	NIL	

b) If project is not in the plan what warrants its inclusion in in the plan.

Project is proposed in 8th five year plan as well as ADP 1993-94. This will enable the Dept. to introduce modern techniques in bulk grain handling. It would be a pilot project and its results would be introduced/implemented in future. It will reduce the cost of procurement , handling and storage of wheat.

(2)

- 5. Relationship of the project with the objectives of the sector, indicate the contribution of the project qualified, if possible, to the targets in the five year plan and name of other preparations which would form part of an integrated program within the sector.

The aim of the project is implementation of modern techniques in bulk grain handling. It would not only impart training to the food officials but also produce Master Trainers. It would reduce the cost of wheat , handling and enable the department to review the future policy about godown construction as bulk handling would increase the existing storage capacity.

6. Capital cost of project. Rs: 19,06,720

7. Annual recurring expenditures: 7, 42,000

8. Objectives of the project preferably in quantitative terms.

- 1. To institutionalize the STDT project activities in bulk handling, training and grain management.
- 2. To continue research, in grain handling , storage and protection to minimize the post harvest grain losses.
- 3. Train the all Food Department personnel at managerial and operational level. The training will be compulsory.
- 4. To process all internal ad external training programs through Grain Management Cell.
- 5. To train the PFD staff in all aspects of bulk handling, including operation, safety record keeping, and maintenance of machinery.
- 6. Develop guidelines for assisting Food Department clientele in converting to bulk handling methods.
- 7. Assist PFD in developing a long range plan for conversion to bulk handling.
- 8. To coordinate the international donors agencies for the improvement of grain handling and storage systems in the Department.

PREPARED BY (NAME & DESIGNATION)
Dr. Altaf Akbar FT

CHECKED BY (NAME AND DESIGNATION)
Mohammed Sharif (Add. Director Food)

PART ' B '

9. Location of Project (indicate)
place and administrative district
and attach map. Grain Management Cell
PR Center Gulberg
Food Dept. Lahore
10. Present storage facilities
available in the area to be
served by the project and the
requirements of storage for
the procured wheat. The existing
storage facilities
of the PFD will be
utilized for bulk
handling operations
training and
demonstrations.

11. DESCRIPTION OF PROJECT

(a) Give brief history proposed design feature and
justification of project.

In Pakistan wheat is stored in bags which is not only costly but handling is also inefficient. In all the advanced countries wheat is stored and handled in bulk right from Farm to the Flour Mills. Food Dept. intends to introduce bulk grain handling. Similarly there has been no research and training in Food Dept. As a result heavy losses occurred due to ineffective insect control measures and mismanagement as such training and research has also been included in this project.

Punjab Food Department handles wheat in gunny bags which are currently purchased at the price of Rs. 27.25 per bag. Food Department intends to handle wheat in bulk to save the cost incurred on purchase of gunny bags. PFD recovers Rs. 15.00 at the time of issue but Govt. sustains the net loss of Rs. 12.25 per bag. During next two years, project would help the Dept. to save an amount of about Rs. 2.5 million.

In addition the project would help PFD to manage its grain handling and storage system more efficiently. Cost of wheat can substantially be reduced by eliminating manual labor and adopting mechanized bulk handling system of grains. The PFD with the assistance of STDT-USAID has already demonstrated the bulk handling system at various places. There is demand from flour mills to issue the wheat in bulk. The STDT-USAID has allocated sufficient grain handling and training equipment to start the project.

(4)

(b) Administrative arrangements for:

i) **Implementation of project.**

Project Director in grade 19 has been posted from the existing strength of the Punjab Food Department.

ii) **Operation and Maintenance**

Asstt. Director mechanical would be appointed in grade 17 having experience in operation an maintenance of grain handling equipment along with supporting staff as per Annex : " B"

(c) **Give relationship of project with scheme in the same sector and in other sector, indicate if coordination with sectors have been achieved.**

It is a new and improved system to carry out the existing assignments of the Punjab Food Dept.

12. Give date when capital expenditure estimates were prepared. if prepared more than a year ago, confirm if they are still valid. 15-6-1993

13. Give summary of capital cost covering the whole of the investment period as indicated below. 19,06,720

	LOCAL	FEC	IMPORT	DUTIES	TOTAL
Land and land development				NIL	
Machinery				NIL	
Supplies				NIL	
Development costs				NIL	
Transport Vehicles.				NIL	

- Building residential.
- Building non-residential
- Establishment
- Contingencies.
- Interest during construction.

Rs. 3,20000 for fabrication of bulk handling equipment and mechanization.

(5)

14. **Basis of cost estimates** As per prevailing Govt
Give Details. Scheduled rates and
pay scales.

15. **Annual operation and maintenance
cost after completion of project.**

operation and maintenance of equipment and machinery will be
met out of incidental charges which would be much less then
savings.

	LOCAL	FEC	IMPORT	DUTIES	TOTAL
--	-------	-----	--------	--------	-------

a) **Project costs.** Annex: "B"

Material consumable stores

Description

Utilities

Contingencies (Maintenance repairs) N.A

Applicable

Extension work

Marketing

Interest

b) **Farm cost paid labor unpaid labor** Not Applicable

Fertilizer

Pesticide

Seeds

Transport

Charges for use of Machinery others

16. **Unit cost of each sub-head e.g** NIL
cost training facilities.

17. **Give expected benefits which would be
accrued after completion of project:**

By eliminating gunny bags and adopting mechanical handling there
will be saving of Rs. 3.2 million in 1993-94. Savings can be
increased every year to the extent of Rs. 49 Million if procurement
is made in bulk at all bulk storage facilities having storage
capacity of about 3.6 lac tones.

18. Give statement showing phasing of repayment of loss. Indicate department servicing capacity

- (1) of project
- (2) of loan receiving of organization. NIL

19. Annual phasing of physical work and planning of the project:

Amount required for 1993-94 Rs.	10,00000
Amount required for 1994-95 Rs.	9,06720

20. Foreign exchange expenditure: NIL

21.(a) Likely sources and amount of foreign exchange cost of project. NIL

(b) Present position regarding availability commitment of negotiations. NIL

22. Indicate sources and amount of rupees component of project:

ADP: 1993-94	Rs. 10,00000
ADP: 1994-95	Rs. 9,06720

23.a) Indicate any indirect results not mentioned earlier:

b) Revenue or reduction in expenses to Govt. local bodies:

i) 8 master trainers have been trained to assist in imparting training to the food officials of the Food Department during the project period.

ii) A quantity of 20,000 MT of wheat has been stored in bulk under this project which will be sold to the flour mills without bags. As a result an amount of Rs. 24,50,000 will be saved as subsidy to be given on gunny bags. In addition there will also be saving in handling charges amounting Rs.1,38800. The total saving would work out 25,88800 in one year i.e 1993-94.

Water Taxes
 Land Revenue NIL
 Income from supply of utilities
 Recoveries for beneficiaries.
 Other income (specify) reduction in subsidy.

(7)

- 24. (a) Approximate number and categories of job opportunities likely to be created indirectly as a result of:
 - i) Implementation
 - ii) Operation of project.

NIL

- (b) Economic life of components of project (building, Eqpt.)

life of the mechanical equipment would be 5 to 7 years. Savings in subsidies and reduction in storage costs/losses as a result of improved storage practices would be everlasting.
 research center .

PART 'C'PROJECT REQUIREMENT25. a) **Man Power**

1.	Professional Technical	1
2.	Administrative	-
3.	Executive and Managerial	-
4.	Clerical	-
5.	Sales	-
6.	Services	-
7.	Skilled	10
8.	Un-Skilled	-
9.	Others	-

b) **Likely shortage of man power by occupation** NIL

c) **Steps to be taken to ensure the availability of man power.**

There is no scarcity of manpower.

d) **Approximate number of persons required to be trained per year (Locally and Abroad) and kind of skills to be learnt.**

sixty persons will be trained every year.
protection.

e) **Give total capital outlay give the capital cost of mobilizing one worker for one shift.**

26. **Physical and other facilities, required for project.**

Item	Total to be provided from the project.
------	--

- a) Access Roads
- b) Railway sidings.
- c) Fuel and power
- d) Water and other utilities
- e) Education facilities by type
- f) Public Health requirements
- g) Housing by types
- h) Others

27. **Material Supplies and equipment requirements**
 Minimum total requirements for execution. to be completed only for major costing more than 10% of the total cost.

Most of the field bulk handling equipment and training aids audio visual aids will be given by STDT-USAID free of cost.

Item	Unit	Local	Foreign	Already
1. Materials				
2. Supplies and spares				
3. Equipment and Machinery				

A II

Materials, spares supplies and equipment for operation of the project.

Unit	Local quantity	Rate per Unit	Cost	Foreign Quantity	Rate per unit	Cost
1. Materials.						
2. Supplies and spares						
3. In case of imported material and equipment for execution, indicate.						
a)	justification for imports					
b)	proposed source/source of supply					

> ' /
(A ')

PLAN PROVISIONS

YEAR 1993-1994

TRAINING

TRAINING OF MASTER TRAINERS :

Eight Master Trainers have been trained in May 1993 by newly established Grain Management Cell. These Master trainers will further train the operational personnel as and when training programs are scheduled by the Grain Management Cell.

SHORT COURSES:

The routine short courses will be arranged and conducted under the Grain Management cell of the Department in 1993 -94. About 60 personnel will be trained every year.

TECHNICAL SEMINARS. /WORKSHOPS

About two technical seminars workshops will be conducted by the Grain Management Cell in collaboration with flour Millers or any other donor agency dealing with the grain handling and storage.

PRACTICAL DEMONSTRATIONS

The arrangements will be made for practical demonstrations on good storage practices like, Stacking of Model Ganjies in the open, Fumigation and monitoring of Effectiveness of the Fumigants, and spray and Inspection and house keeping etc.

NEWS LETTERS ON LATEST STORAGE TECHNIQUES.

A brief Monthly News Letter will be published under Grain Management Cell of the Punjab Food Department for circulation of educational material for the benefit of the field officers.

BULK HANDLING

1993-94

Procurement, Handling, Storage
OF BULK WHEAT: 20,000 MT

1. SAVINGS IN HANDLING COST:

a) Cost by manual handling @ Rs. 16.00 per Ton. Rs. 3,20,000
b) Cost by mechanical handling @ Rs. 9.06 per ton. Rs. 1,81,200

SAVINGS: 1,38,800

2. SAVINGS IN BAGS @ RS. 12.25 per bag: 24, 50,000

Total Savings: Rs. 25, 88, 800

3. MECHANIZATION OF STORAGE FACILITIES

Punjab Food Department has been able to get sufficient bulk handling equipment from STDT/USAID to introduce mechanization of existing storage facilities. This would include mechanization of hexagonal bins and house type storage facilities. The hex-bins facilities has been proved very tough to load with manual labor. This is the main reason that most of these facilities are not properly utilized. The STDT/USAID has conducted very successful trial of loading and un loading these facilities with portable bulk handling equipment. The bulk handling equipment now has been transferred to PFD after the termination of STDT/USAID project. The PFD intends to continue using portable bulk equipment to mechanize its storage facilities. Proposed program is given below.

MECHANIZATION OF HEXAGONAL BINS

Following places have been proposed for mechanization of Hexbins nad open bulkheads.

1. SAHIWAL
2. MULTAN
3. OKARA
4. RAWALPINDI
5. KHANEWAL
6. KAROR PACCA

CONVERSION OF HOUSE TYPE GODOWNS FOR BULK STORAGE

A trial for conversion of one house type godown will be conducted at Rawalpindi. The similar experiment has been done by STDT/USAID with PASSCO at Manga. The experiment proved very successful. The handling cost was reduced and the storage capacity was increased. This trial will help Punjab Food Department to reduce its incidental expenses.

COPY OF STDT-USAID STUDY ON CONVERSION REPORT PASSCO MANGA AT Annex ~~14~~ C

STATEMENT OF COST IN RS. FOR THE PROJECT
1-7-95 to 30-6-95

SALARIES AND ALLOWANCES OF ADDITIONAL FIELD STAFF. . .	4,99,720
WAGES FOR TEMPORARY OPERATORS/TECHNICIANS	1,60,000
FIELD TRAINING PROGRAMS/SEMINARS.	1,00,000
REPAIR AND MAINTENANCE OF EQUIPMENT	4,00,000
REPLACEMENT OF EQUIPMENT	2,50,000
FUEL CHARGES	1,50,000
POSTAGE AND TELEGRAPH/TELEPHONE	60,000
ICE AND COLD WEATHER CHARGES	40,000
OFFICE EXPENDITURE	1,25,000
PLUMBERS	8,000
CONCRETE AND SUPPLIES	4,000
RENT FOR OFFICE BUILDING	111,20,000
COMPUTER MAINTENANCE	30,000
PERIODICAL PUBLICATIONS	40,000
EXPENSE FOR MECHANIZATION OF T/TYPE GODOWNS IN PORTLAND	1,20,000
OTHERS	20,000
CONTRIBUTION OF BULK HANDLING UNIT.	2,00,000
Total:--	<u>19,05,720</u>

COST STATEMENT B.M. 2

STATEMENT SHOWING THE BREAKUP OF BASIC SALARY AND ALLOWANCE FOR THE PERIOD
 FROM 01-07-1992 TO 30-06-1995 IN RESPECT OF

SR. NAME OF POST B.S. NO OF POSTS 01000
 SANCTIONED BASIC PAY SPECIAL H.H.A. C.A. V.L. D.L. OTHER REGULAR
 NO. PROPOSED PAY PAY ALLOWANCES

Assistant Director 17 1 66880 - 31000 4640 - - -
 Mechanical 1

Mechanical Assistant 11 1 30500 - 13780 2300 - - 1440 210

Mechanical/Driver 04 9 198990 - 89550 20740 - - 840 12930 2130

TOTAL 298470 134550 27680 840 14400 24000

GRAND TOTAL 499720

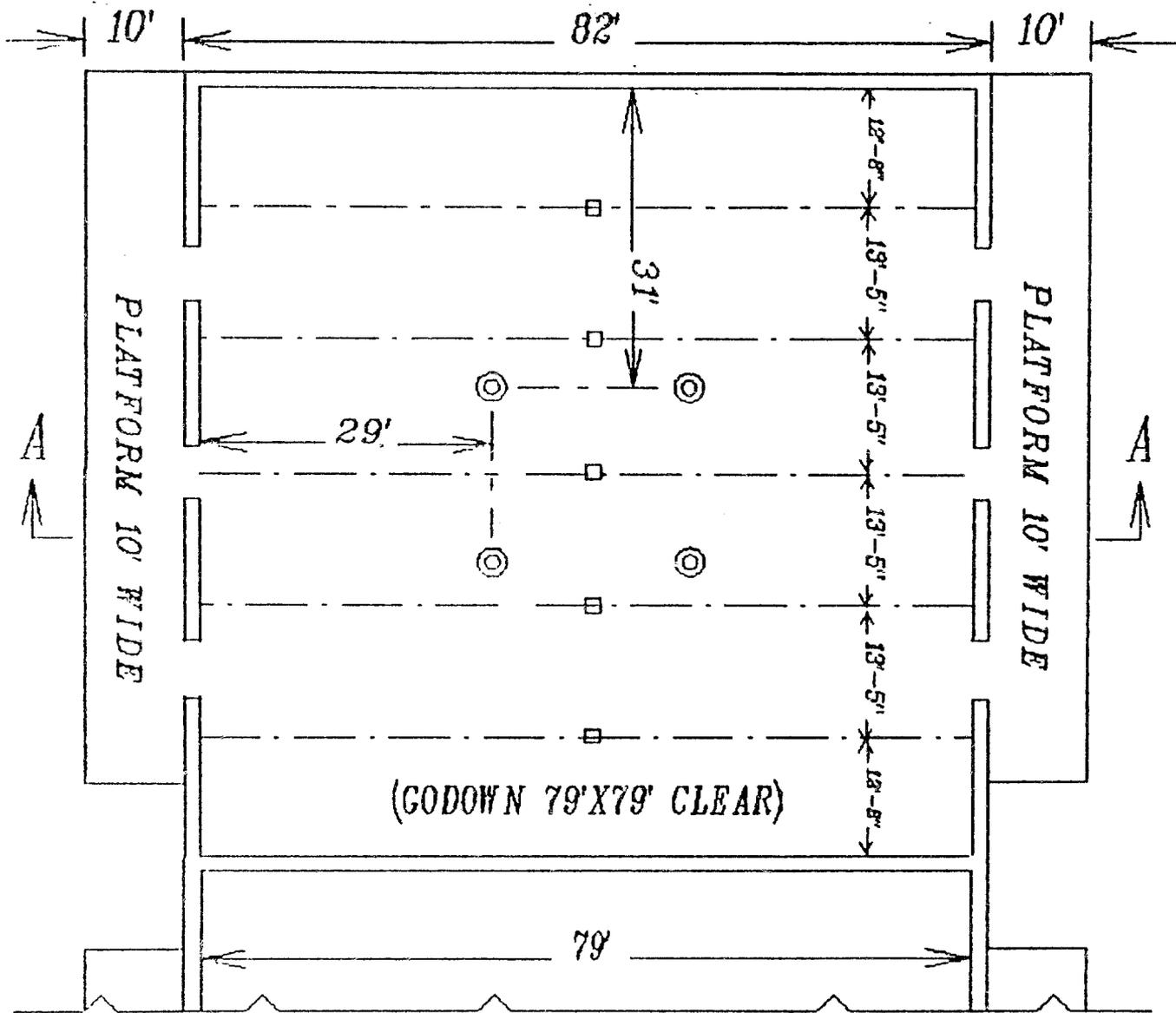
Annex :D".

- * Design for Converting HT Godown from Bag to Bulk Storage (two drawings)

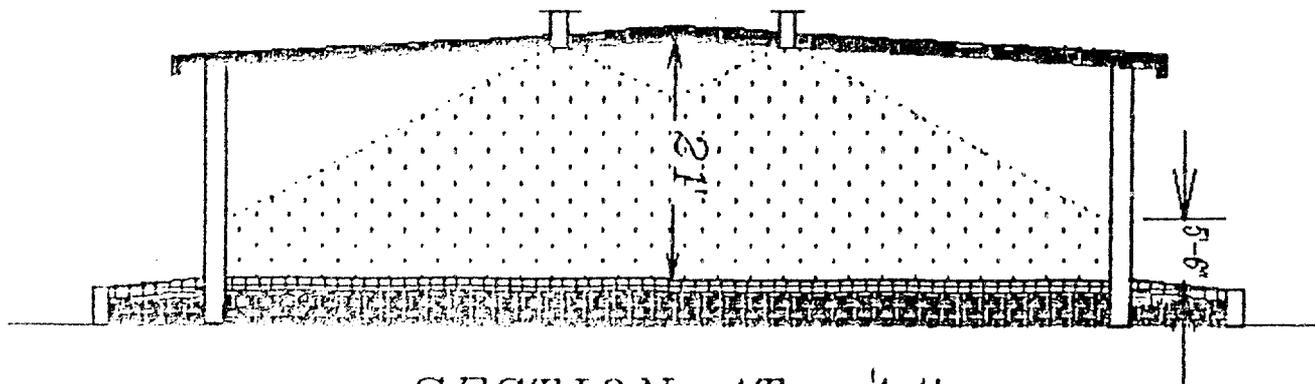
- * Saving due to Addition of Storage Capacity by Converting HT Godown from Bag to Bulk Storage (one page)

PUNJAB FOOD DEPARTMENT HT-GODOWNS

CONVERSION TO BULK STORAGE
BY PROVIDING ROOF HATCHES



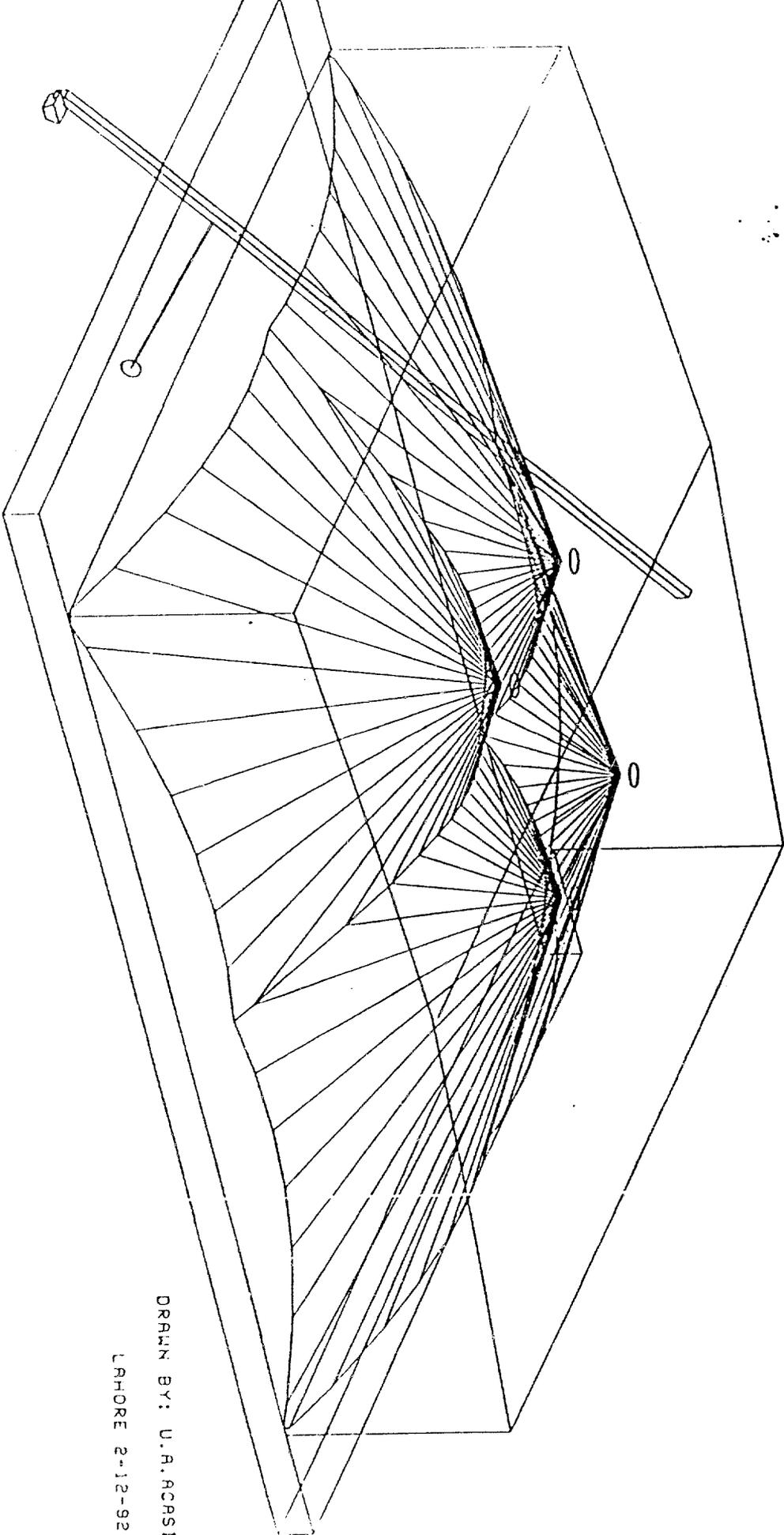
PLAN



SECTION AT 'AA'

STORAGE TECHNOLOGY DEVELOPMENT AND TRANSFER PROJECT
AGRICULTURE SECTOR SUPPORT PROGRAM
USAID PAKISTAN

es



DRAWN BY: U.R. ACASIO
LAHORE 2-12-92

PHANTOM VIEW OF PROPOSED CONVERTIBLE COOQUN OF PUNJAB FOOD DEPT.

**SAVING DUE TO ADDITION OF STORAGE CAPACITY
BY CONVERTING HT GODOWN FOR BULK STORAGE**

CAPACITY OF HT GODOWN FOR BAG STORAGE ...= 1,000 MT

**CAPACITY OF HT GODOWN AFTER CONVERSION
FOR BULK STORAGE** ...= 1,500 MT

**CAPACITY ADDED AFTER CONVERSION FOR
STORAGE** ...= 500 MT

**COST OF CONVERSING HT GODOWN FROM
BAG TO BULK STORAGE or ADDING 500 MT
BULK CAPACITY** ...= Rs.15,000

**THEREFORE COST OF ADDING STORAGE
CAPACITY BY CONVERTING HT GODOWN
FOR BULK STORAGE PER MT (15,000/500)** ...= Rs.30.00
per MT

**CONSTRUCTION COST OF NEW STORAGE
FACILITY IS Rs. 1,200 PER MT.**

**THEREFORE COST OF ADDING STORAGE CAPACITY BY CONVERTING
HT GODOWN FOR BULK STORAGE VIZ Rs. 30.00 PER MT IS 40 TIMES
(1,200/30) MORE ECONOMICAL THAN THE CONSTRUCTION COST OF
NEW STORAGE FACILITIES.**