

PD-ABM-552
98515

INFORMATION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR
ASIA AND THE NEAR EAST

FROM: JOHN S. BLACKTON, DIRECTOR, USAID MISSION FOR PAKISTAN
AND AFGHANISTAN

SUBJECT: CLOSE-OUT PLAN FOR PAKISTAN

JS Blackton

INTRODUCTION: Pakistan has an approved close-out plan which was developed when Pressler Amendment sanctions went into effect. The plan is fully consistent with the Administrator's plan for Mission close-outs. Hence, this Information Memorandum discusses the processes by which the plan was developed, reviewed and approved, and is being implemented. The memorandum and attachments address concerns highlighted in the guidance cables, including personnel draw-down, local currency management, and useful development units.

In accordance with the plan and subsequent understandings, program activities will end prior to 30 June 1995. All residual activities will be closed or transferred by 30 September 1995.

BACKGROUND: The Mission's close-out plan for the Pakistan Program was set forth in an Action Memorandum and its attachments and was approved by the AA/ENE on 3 April 1991. Cable guidance confirming the approval was transmitted per 91 STATE 109040, dated 5 April 1991.

A major attachment to the Action Memorandum for AA/ENE consisted of a discussion of the "useful units of assistance" that would be left behind for each project to ensure that the program's termination was "orderly." The useful units were to be meaningful, complete units of assistance, as opposed to "white elephants." All implementation from then on was to be limited to completion of the useful units only. An important parameter was that these useful units were to result from activities that had experienced substantial implementation progress prior to Pressler Amendment sanctions. Activities not yet under-way were simply dropped. In determining the useful units, it was also necessary to consider such factors as timing, feasibility, and legal implications of cancelling commitments such as contracts, grants and Letters of Commitment.

After selection of activities to be continued, the costs of bringing them to completion were determined. In determining the funding levels required to complete the useful units, Mission planners proposed the use of deob-reob to remove resources from those projects with activities that had not yet begun and therefore could not be implemented under Pressler Amendment guidelines, and direct those resources toward high priority activities that required additional funds to produce meaningful, complete, and

useful units. All reobligations were within the authorized Life of Project funding levels of the projects that received the funds. The reobs offered partial compensation for mortgage forgone because of the Pressler Amendment prohibition against new funding. The Mission was permitted a brief deob-reob window that ended 31 May 1991. The deob-reob plan was part of the approved close-out plan.

The Mission's proposed useful units for each project, including funding levels and termination dates required to complete these useful units, were all reviewed in Washington. The review process was led by those officers who were then in Washington on evacuation status because of the Gulf War. The Action Memorandum was approved by the then AA/ENE after it had been cleared by PPC, GC/ENE, FM, and State.

DISCUSSION:

A. General Approach to Close-out:

At the time the Pressler Amendment cut-off came into effect, the Pakistan portfolio had 27 projects at various stages of implementation. The pipeline was \$721 million at the inception of Pressler Amendment sanctions.

The close-out of the Pakistan portfolio is progressing smoothly, thanks in large part to the evolution of a system of on-going monitoring of expenditures, commitments, and implementation, as well as in-depth pipeline analyses. This tracking system has helped focus the project managers on careful advance planning to complete activities successfully by the Pressler Amendment-mandated completion dates. The total pipeline reduction in the last three and a quarter fiscal years has been about 77%, from \$721 million to \$163 million (as of 31 December 1993). The decrease included a net deobligation of \$70.7 million resulting from project terminations and in-depth pipeline reviews of selected projects. Nine projects have already been closed and eighteen are planned to be terminated by the end of calendar year 1994.

As many project termination dates near, problems attendant to sustaining project gains and post-project maintenance of infrastructure and equipment are becoming more acute. The Mission is trying to resolve or mitigate those problems and is generally finding solutions, through increased input by Government of Pakistan, support from NGOs, other donors, or a combination of these alternatives.

The Mission also submitted its schedule for close-out of personnel staffing, which was duly approved by the Bureau. This was, however, later accelerated when we experienced a reduction in FTEs. Another change effected subsequent to the initial close-out plan was the Mission reorganization and merger with the Office of the AID Representative for the Cross-Border Humanitarian Assistance

Program for War-Affected Afghans. This was approved by USAID/W effective 23 July 1993. USAID staff cut-backs began in June 1991. Cut-backs in Pakistani employees and contract staff began in December 1991, and successive reductions are occurring at about six-month intervals. The FY 1993 Foreign Assistance Appropriations Bill allowed Pakistan to deob unexpended project money for reobligation to operating expense to defray local severance expenses.

B. Administrative Issues and Management:

1. **Organization:** The close-out plan of the Pakistan Program of the USAID Mission for Pakistan and Afghanistan is based on a time-frame which allows for an orderly close-out of all bilateral projects while leaving behind meaningful units of assistance which will contribute to the long-term development of Pakistan.

On 23 July 1993, the Pakistan Mission organization and staff were merged with the Office of the AID Representative for the Cross-Border Humanitarian Assistance Program for War-Affected Afghans into a single organization called the USAID Mission for Pakistan and Afghanistan, which now supervises both programs. As a result of this reorganization, the personnel and property resources of both Missions were merged, with the exception of the Afghan Field Operations office (AFO).

2. **Staffing:** For the purposes of this paper, we have identified personnel who are devoting full or significant portions of their time to Pakistan Program functions or projects.

At present, there are 18 U.S. direct-hire, 1 PASA, 18 U.S. personal services contract, 2 third country national personal services contract, 17 foreign service national direct-hire, and 316 foreign national personal services contract employees on board. Of the 18 U.S. direct-hire employees, eight devote between one-fourth to one-half of their time to Afghan Program activities until that program is closed out at the end of FY-94. These officers include the Director, Controller, Contracts Officer, Executive Officer, Regional Legal Advisor, and Program Office staff. The Mission expects a more rapid draw-down of the FSN employees than given in the chart below. As the FSN employees near their end of assignment dates and find jobs they will submit termination notices. These employees may leave the Mission within the last six months of their assignment and receive full severance and supplementary severance benefits.

All programmatic activities will be completed by the end of the third quarter of FY-95. The last major exodus of staff, both American and host country nationals, will take place during May and June 1995. During the last quarter of FY-95, a small staff of 2 USDH and 10 FSNs will complete the remaining financial and administrative close-out activities.

A USDH Controller and four financial FSNs will be needed to clear residual financial activities, e.g., to make payments to vendors and to employees, to transmit financial reports, to close files or to transmit open/pending files (project, payment and audit), and to transfer the accounting station.

An Executive/contracting Officer along with six FSNs will dispose of remaining real, expendable and non expendable property, address outstanding claims, and return the office complex back to the Government of Pakistan. The FSN staff will be comprised of 1-Automation Data Specialist, 2-EXO/GSO/Procurement professionals, and 3-GSO support staff. During this two to three month period, USAID will request office space from the American Embassy. Pending activities will be transferred either to a regional support mission or USAID/Washington for follow-up after this period.

The staffing projections, at the end of each quarter, for the balance of the close-out period are as follows:

	<u>On Board Personnel Staffing</u>							
	<u>12/93</u>	<u>3/94</u>	<u>6/94</u>	<u>9/94</u>	<u>12/94</u>	<u>3/95</u>	<u>6/95</u>	<u>9/95</u>
USDH	18	17	14	10	9	9	2	0
PASA	1	1	1	1	0	0	0	0
USPSC	18	15	9	5	3	3	0	0
TCNPSC	2	2	2	1	1	1	0	0
FSNDH	17	17	13	11	10	10	0	0
FSNPSC	316	295	247	169	119	84	10	0
TOTAL:	372	347	286	197	142	107	12	0

In mid-1991 the Ambassador declared that the reduction in USAID FSN staffing levels constituted a major work force reduction, and consequently USAID/Washington approved a supplementary severance pay package for the FSN employees affected by the reduction-in-force program. The severance pay package consists of: (1) regular severance (termination benefits) pay, (2) supplementary severance benefits and (3) terminal leave benefits. The regular severance pay is four weeks basic pay for each complete year of creditable service, up to a maximum of 117 weeks pay. The supplementary benefits are (a) six months' gross pay plus (b) four weeks' basic pay for each complete year of creditable service, up to a maximum of 117 weeks pay. The Mission held a number of out-placement seminars for the FSN employees. Also, the Mission is pursuing a vigorous out-placement program to assist affected FSN employees in obtaining alternate employment. As a part of that program, the USAID Mission contacted a number of progressive employers, in Pakistan as well as in the neighboring Gulf states. The results have been very encouraging, as some of the prospective employers have shown keen interest in hiring those employees.

3. Real Property: The USAID Mission owns no real property in Pakistan. Since the inception of the economic assistance program in Pakistan in 1952, the Mission has been obtaining all of its real property requirements -- whether functional office space, warehouse space, or residential quarters -- through lease contract arrangements with owners, either on long-term or short-term leasing basis.

a. Office and Warehouse: The USAID building which houses the Mission offices in Islamabad, and the warehouse building, are provided by the Government of Pakistan to the USAID Mission on a long term lease arrangement. (The land is on lease for 99 years for which the USAID Mission pays a nominal rent; the local construction cost was paid by the Government of Pakistan from local currency Trust Funds, while the dollar cost of construction was paid by USAID). The Government of Pakistan retains title to these buildings. The lease contracts require USAID to transfer these buildings to the Government of Pakistan when it terminates its operations in Pakistan.

The USAID/Islamabad office building, consisting of 52,436 square feet of covered space, is used by both the Pakistan Program and Afghanistan Program personnel. Since the operating expenses of the building -- rent, utilities, and maintenance -- are paid by the Mission through local currency Trust Funds provided by the Government of Pakistan, the Afghanistan Program pays a proportionate share of those costs. After June 1994, when the Afghanistan Program closes out, the Pakistan Program of the Mission will pick up the entire cost.

The USAID office building and warehouse complex at Karachi is constructed on an 11-acre piece of land. It was obtained on lease by the USAID Mission in 1958 for a term of 30 years. The lease was extended twice beyond that date at five year increments. We intend to retain this property until 1995. This facility must be retained until close-out to provide storage space for USAID commodities and personnel freight shipments.

The USAID office building and warehouse at Peshawar are short-term leaseholds. Since the operating costs of these buildings are paid by the Mission out of local currency Trust Funds provided by the Government of Pakistan, the Afghanistan Program pays 37% of those costs. After June 1994, when the Afghanistan Program closes out, the Pakistan Program will pick up the entire cost through September 1994. This facility is scheduled to be closed by 30 September 1994 by which time all USAID-financed project activities in the North-West Frontier Province are expected to terminate.

In addition, the USAID Mission has on short-term lease 28 units which are used by USAID project personnel as offices and 3 units as warehouses. These units will be vacated and

returned to the owners between now and 30 June 1995 as and when the projects terminate. Under the terms of the lease agreements, the USAID Mission has an option to terminate these lease contracts by giving the owner 30 days advance notice.

The projected office buildings/warehouse portfolio between now and the end of FY 95 follows:

<u>Office Building and Warehouse Leases</u>								
	Actual							
	<u>12/93</u>	<u>3/94</u>	<u>6/94</u>	<u>9/94</u>	<u>12/94</u>	<u>3/95</u>	<u>6/95</u>	<u>9/95</u>
Office Building	3	3	3	2	2	2	2	0
Warehouse	3	3	3	1	1	1	1	0
TOTAL:	6	6	6	3	3	3	3	0

b. Residential Property: The USAID Mission maintains a portfolio of short-term leased properties to provide residential and transient (guest house) accommodation to USAID employees. As of 1 January 1994, the USAID Mission had 74 residential housing units which include institutional contractors' housing, and 4 staff houses. The USAID Mission management continuously reviews its housing portfolio, and, based on circumstances prevailing at that time, terminates the lease agreements on houses that will not be required by the Mission in the near future. Under the terms of the lease contract the USAID Mission has an option to terminate lease contracts on 30-days notice. This review will continue to be carried out until the last housing unit is terminated before the close-out. The following is the projected status of the USAID housing portfolio:

<u>Residential and Staff House Leases</u>								
	Actual							
	<u>12/93</u>	<u>3/94</u>	<u>6/94</u>	<u>9/94</u>	<u>12/94</u>	<u>3/95</u>	<u>6/95</u>	<u>9/95</u>
Residential Houses	74	65	37	15	8	8	3	0
Staff Houses	4	4	4	3	2	1	0	0
TOTAL:	78	69	41	18	10	9	3	0

4. Non-Expendable Property: The USAID Mission's non-expendable property is classified into two main categories: (1) Trust Funded, and (2) AID-Owned. The Trust Funded NXP has been purchased over time with rupees made available by the Government of Pakistan to the USAID Mission. AID-Owned NXP has been purchased

with U.S. Government appropriated funds (operating expenses). All AID-owned vehicles were purchased with operating expense dollar funds. The automated data processing equipment was purchased with both operating expense and Trust Funds.

The USAID's inventory of NXP, as of December 15, 1993, consisted of:

OE dollar funded non-expendable property	\$3,097,608
OE Trust Funded non-expendable property	\$ 962,352
OE dollar funded vehicles	\$ 729,426

In accordance with AID regulations, the property procured with Trust Funds must be either turned over to the host government or sold. We sell such property as it becomes surplus to our requirements and deposit the sales proceeds into the Trust Fund account.

The OE dollar-procured NXP, which is in good or new condition, is periodically being offered to other USAID missions at no cost other than the cost of packing, crating, handling and transportation. Since the beginning of the close-out program, we have circulated three such lists of new household equipment, which has been taken by New Delhi, Dacca, Manila, and the Newly Independent States.

As of 1 January 1994, the USAID Mission had a total of 51 passenger and non-passenger vehicles. These included 6 sedans, 12 station wagons, 16 Toyota Landcruisers, 2 commuter vans, 6 delivery vans, 5 pickups, 1 stepvan, 1 wrecker, 1 flat body truck, and 1 water tanker. The majority of these vehicles are more than four years old, and as such are not worth offering to other Missions. As the motor pool ages and our needs decrease, the vehicles have been placed on a disposal schedule over the next 18 months through local auction. The return for sale of "aged" vehicles on the local market brings in almost 70 to 80 percent of the acquisition cost. Proceeds from these sales are returned to the U.S. Government Treasury General Account.

The non-expendable property in our residences, presently occupied by U.S. and TCN employees, is disposed of as our staffing levels draw down. The residential furniture is locally-procured with Trust Funds. The residential equipment is offshore procured with OE dollar funds. This property is returned to the USAID warehouse as leases are terminated. The inventory is monitored regularly to determine disposition, thus avoiding building up an oversupply in the warehouse.

We conduct sales of surplus non-expendable property almost every month, depending upon the volume and quantity of such property in the warehouse. We will continue these sales on a regular basis until stocks are depleted by close-out.

C. Evaluation:

The Mission has, over time, conscientiously undertaken periodic evaluation of its projects. At this juncture, however, since we are in a close-out mode, we consider that an orderly presentation of documentation represents a far more sensible plan of action than embarking on a fresh series of final project evaluations. We will, instead, systematically pull together relevant documents, in a special effort, for transmission to CDIE so that the record of valuable experience is not lost. The documents that will be submitted will vary from project to project, but in general, the package will include evaluations, internal assessments, studies done by other donors, major reports submitted by T.A. contractors and grantees, other specific project-related studies, PACRs, and the last Purpose Level Monitoring reports. CDIE should consider complementing this initiative with a visit to the Mission in the spring or summer of 1994 to interview our project officers.

The Mission decided upon this course of action pursuant to a careful review that examined the rationale for evaluation of each project in the Pakistan portfolio. Generally, evaluation at this time was not seen as serving a practical purpose. However, our review noted two exceptions where evaluation may result in actionable recommendations with worldwide applicability. These studies would exceed our capabilities at close-out, but should be considered for USAID/W implementation:

1. A cross-sectoral look at NGO activities, focussing on the issue of sustainability of NGOs established from the top down, i.e., at the donor's initiative; and on the Trust for Voluntary Organizations, our modification of the endowment concept.

2. An examination of the Development Support Training Project, our major participant training activity, that would result in recommendations to OIT for streamlining procedures.

An overall program assessment may be of utility to the Agency, but does not seem appropriate as a field task for a closing mission with dwindling staff. CDIE may wish to pursue such an effort with its resources, since, with our package of documents at hand, such an assessment could very well be done as a Washington desk study.

D. USAID/W Activities Currently Active in Pakistan:

1. Buy-Ins: Only one buy-in remains active at this time. This is a buy-in to the Global Bureau/Health/HSD Applied Diarrhoeal Disease Research (ADDR) Project (936-5952). A sum of \$1,115,518 has been provided from the Pakistan Child Survival Project (391-0496). This activity will end on 30 June 1994.

2. Centrally Funded Activities:

i. FDC/FHA: American Schools and Hospitals Abroad (ASHA): This centrally-funded activity supports costs for the functioning of the Memorial Christian Hospital in Sialkot. It is scheduled to terminate in March 1994. A sum of \$570,000 has been provided for this activity.

ii. FDC/FHA: Matching Grant (MG): This centrally-funded activity provides funds for a matching grant to the Aga Khan Foundation in Karachi. This activity has a terminal date of June 1994. A sum of \$252,000 has been provided for this activity.

iii. PRE/H: IESC (940-0012): The grant to the International Executive Service Corps (IESC) totalling \$835,000 started in the late 1980's. Under this activity, IESC recruited retired American executives to share their skills with local business entrepreneurs, such as sugar and textile mills, dairy and food processors, and chemical firms. The activity concluded in early 1993.

iv. PRE/H: Housing Guarantee (HG) (391-HG-0507): The objective of the Housing Guarantee facility is to leverage policy reforms to establish a market-based housing system in Pakistan. The United States input consists of a \$40.0 million HG. The first tranche of \$25.0 million has already been provided. This assistance has leveraged significant policy reforms and additional reform initiatives are still in process. The second tranche of \$15.0 million is expected to be provided March/April 1994, upon the receipt of evidence that the Government has completed the required policy reforms. This date is well within the 30 June 1994 PACD of the Mission's companion Shelter Resources Mobilization Project (391-0507).

v. NUT: Women's & Infants' Nutrition (936-5117): This centrally-funded activity provided funds for training of seven Government of Pakistan (GOP) participants in Lactation Management. The training has been completed and the activity has now been closed. A sum of approximately \$9,500 has been spent.

vi. RES: Prostaglandin Metabolite in Blood & Water of Water Buffaloes (Research) (implemented by USDA): Mission has no connection to this centrally-managed activity. However, we understand that USDA has not provided planned funding to Pakistan Agriculture Research Council (PARC).

E. Problem Areas:

We will undertake quarterly reviews of the closeout process and flag problem areas for USAID/W as they occur.

ATTACHMENTS: We have attached to this Information Memorandum a series of tables and discussions of issues raised in the guidance cables. The following is a brief discussion of the attachments:

ATTACHMENT A: **PACD List:** We have attached a list of current approved Pressler termination dates of all USAID Pakistan projects and programs, by fiscal year and by office.

ATTACHMENT B: **Institutional Contractors' Terminal Dates:** (Table)

ATTACHMENT C: **Deob-Reob Table:** We have attached a table showing all of the deobligations and re-obligations that were effected during the FY91 deob-reob window permitted in accordance with Pressler guidelines.

ATTACHMENT D: **Pipeline Analysis with Deobligations:** (Table) This attachment shows all deobligations effected from FY 91 through FY 93.

ATTACHMENT E: **Financial Profile of Pakistan Portfolio:** (Table)

ATTACHMENT F: **Director's Narrative:** The Director's PIR narrative provides an assessment of the status of the portfolio as of 30 September 1993.

ATTACHMENT G: **Project Completion Alert System (PROCAS):** The Mission established the PROCAS to alert technical offices to complete essential project close-out actions within PACDS. PROCAS forms are provided to office chiefs and project officers for appropriate action when any project reaches three critical dates, i.e., one year, six months, and three months prior to its PACD. An example of a PROCAS notification form is attached.

ATTACHMENT H: **Procurement within One Year of PACD:** The Mission has ensured that procurements are completed in a timely fashion before the Pressler PACDs. Features of the Mission's system include cutoff dates for commitments involving procurements of goods or services and establishment of contract completion dates well within PACDs. The system was established by a Mission Order issued November 1991, revised 5 May, 1993 (attached).

ATTACHMENT I: **Local Currency:** This attachment is a discussion of local currency issues that offers some insights derived from our experience with local currency that continuing as well as closing Missions may find useful. Also, at the time of close-out, there

will still remain a number of pending actions on which the Mission needs guidance from USAID/W.

ATTACHMENT J: Useful Units: The descriptions of the approved useful units include, in addition to the unit descriptions, rationale for the selection of each unit.

USAID MISSION FOR PAKISTAN AND AFGHANISTAN

A. PAKISTAN PACDS BY FISCAL YEAR AND BY OFFICE

PROJ. #	TITLE	OFFICE	FY 91	FY 92	FY93	FY 94	FY 95	FY 96	FY 97
391-0491	FSM	ARD	06/30/91						
391-0468	ACE	ARD		05/11/92					
391-0479	BALAD	ARD		06/30/92					
391-0467	ISM	ARD				12/31/93			
391-0485	NWFAD	ARD				09/30/94			
391-0471	TADP	ARD				09/24/94			
391-0489	MART	ARD				08/07/94			
391-0488	TIPAN	ARD				08/29/94			
391-0481	FP&D	ARD					12/31/94		
391-0492	ASSP	ARD					03/31/95		
391-0480	RRM	ENG					12/31/94		
391-0510	BRP	ENG					12/31/94		
391-0472	MC II	SSP		09/30/92					
391-0469	PWP	SSP			06/30/93				
391-0496	CS	SSP				06/30/94			
391-0484	SMC	SSP				03/31/94			
391-0498	IEP	SSP				03/31/94			
391-0497	PED	SSP				09/05/94			
391-0474	DSTP	SSP					12/31/94		
391-0486	ECE	PEN		09/30/92					
391-0478	EP&D	PEN			07/30/93				
391-0514	PIE	PEN				12/31/93			
391-0507	SRM	PEN				06/30/94			
391-0494	PSP	PEN				09/30/94			
391-0473	RE	PEN					12/24/94		
391-0500	SDF	POD			09/29/93				
391-0470	PDIF	POD					12/31/94		

U:\MSALEEM\123DATA\GENERAL\PACD-PA - 11-01-93

LIST OF ACTIVE INSTITUTIONAL CONTRACTS, GRANTS, P.O., CO. AGREEMENTS

PROJECT NO.	PROJECT TITLE	PACD	CONTRACTOR	CONTRACT COMPLETION DATE	REMARKS
391-0471	TADP	9-24-94	Onan Corporation	2-11-94	
			Pak Suzuki Motor Company	3-13-94	
391-0489	MART	8-7-94	ICARDA	8-7-94	
			National Academy of Sciences	8-7-94	
391-0488	TIPAN	8-29-94	The Nielsen Wurster Group, Inc.	1-31-94	
			University of Illinois	7-31-94	
			Skidmore Owings & Merrill (SOM)	1-31-94	
			ENCORP, Inc.	8-16-92	The construction contractor has submitted a delay claim. USAID has hired an independment firm M/S Nielsen Wurster Group (NWG) to analys contractor's delay claim. USAID has yet to determine the final contract completion date.
391-0481	FP&D	12-31-94	Engineering Associates (JV)	8-8-94	
			Winrock International Institute (Forestry)	9-30-94	
			Ahmad Ullah & Sons	8-1-94	
			Winrock International Institute (Forestry)	9-30-94	
391-0492	ASSP	3-31-95	USDA	3-31-95	
			Robert K. Swanson	12-31-93	Extention of contract through February 1994 is under process.
			IFPRI	12-31-94	
391-0480	RRM	12-31-94	Associated Consulting Engineers (ACE)	11-30-94	
391-0510	BRP	12-31-94	Wilbur smith Associates	11-30-94	
			Husnain Construction Co.	10-28-94	
391-0496	CS	6-30-94	Harvard Institute for International Development	5-31-94	

PROJECT NO.	PROJECT TITLE	PACD	CONTRACTOR	CONTRACT COMPLETION DATE	REMARKS
391-0484	SMC	3-31-94	W. Woodward Pakistan (Pvt) Limited	1-31-94	
			Syed Mohammad Subhan	3-31-94	
391-0498	IEP	3-31-94	John J. Monagle	3-20-94	
			EDC Limited	2-28-94	
391-0497	PED	9-5-94	Academy for Educational Development (AED)	8-14-94	
			EGS Pvt. Ltd.	3-14-94	
391-0474	DSTP	12-31-94	Academy for Educational Development	12-18-93	Extention through 11-30-94 is under process.
			National Management Foundation	3-31-94	
391-0507	SRM	6-30-94	21st Century Consultancy	5-30-94	
391-0494	PSP	9-30-94	International Resources Group (IRG)	6-30-94	
			Price Waterhouse	6-30-94	
			First International Investment Bank	7-30-94	
391-0473	RE	12-24-94	Habib Rafiq (Pvt) Ltd.	10-22-93	Construction is complete and the buildings have been occupied by the end-user (WAPDA). Final payment to the construction contractor is presently being processed.
			Zelin K.F. Corporation (JV)	11-15-93	Contract extention through 1-15-94 is under process.
			EBASCO Overseas Corporation	5-31-94	
			Gibbs & Hill, Inc.	7-31-94	
			Zelin-KF Corporation	7-31-94	
			Suhail & Pasha Int'l Consultants	10-25-93	Extention of contract through 2-28-94 is under process.
391-0470	PDIF	12-31-94	The Asia Foundation	3-31-94	
			Coverdale Organization, Inc.	6-30-94	

PROJECT NO.	PROJECT TITLE	PACD	CONTRACTOR	CONTRACT COMPLETION DATE	REMARKS
391-0470	PDIF	12-31-94	Misbah Najmi & Associates	9-30-93	The contract date is being extended through 1-31-94 to provide supervision of testing and balancing of Mechanical/Electrical systems installed by the construction contractor. This is necessitated due to electric power not being available within the contract completion date.
			Habib Rafiq (Pvt) Ltd.	1-31-94	
			The Asia Foundation	3-31-94	
			Kirsten S. Russell	1-31-94	
			EGS Pvt. Ltd.	2-15-94	
			APWA	1-31-94	
			U.S. Geological Survey	2-14-94	
391-0000			Security and Management Services	12-31-94	
391-0000			Ford, Rhodes, Robson, Morrow	5-31-95	
391-0000			KMPG Taseer Hadi Khalid & Co.	5-31-95	
499-0002			National Democratic Institute	1-15-94	

PRESSLER DEOBLIGATIONS/REOBLIGATIONS
(Dollars Millions)

08 May 1991

PROJECT TITLE AND NUMBER	Deobligations/ Reobligations
AGRICULTURE AND RURAL DEVELOPMENT (ARD)	
Irrigation Systems Management (391-0467)	9.5
Agriculture Commodities & Equipment (391-0468)	(3.8)
Tribal Areas Development (391-0471)	(20.0)
Balochistan Area Development (391-0479)	(11.5)
Forestry Planning & Development (391-0481)	6.5
Northwest Frontier Area Development (391-0485)	6.7
Trans. & Integ. of the Provin. Agr. Network (391-0488)	12.0
Agricultural Sector Support Program (391-0492)	(19.0)
Food Security Management (391-0491)	(0.5)
PRIVATE ENTERPRISE AND ENERGY (PEN)	
Rural Electrification (391-0473)	1.5
Energy Planning & Development (391-0478)	(9.0)
Energy Commodities & Equipment (391-0486)	(1.0)
Private Sector Power (391-0494)	7.0
Shelter Resource Mobilization (391-0507)	2.0
SOCIAL SECTOR PROGRAM (SSP)	
Population Welfare Planning (391-0469)	5.5
Malaria Control-II (391-0472)	8.0
Development Support Training (391-0474)	8.5
Primary Education Program (391-0497)	26.0
Institutional Excellence (391-0498)	(2.0)
ENGINEERING (ENG)	
Balochistan Road (391-0510)	(76.1)
PROGRAM (PRO)	
Project Design & Implementation Fund (391-0470)	2.5
TOTAL	(47.2)

PAKISTAN PROGRAM DEOBLIGATIONS

PIPELINE ANALYSIS WITH DEOBLIGATIONS

PIPELINE AS OF OCTOBER 01, 1990: \$721,739,243

FY 91 DEOBLIGATIONS BY PROJECT: \$142,913,755

391-0413	ON FARM WATER MANAGEMENT	ESF/G	11,093
391-0468	AGRICULTURAL COMM & EQUIP	ESF/L	1,170,943
391-0468	AGRICULTURAL COMM & EQUIP	ESF/G	2,629,057
391-0471	TRIBAL AREA DEVELOPMENT	ESF/G	20,000,000
391-0475	PRIMARY HEALTH CARE	ESF/G	2,662
391-0478	ENERGY PLANNING & DEVELOPMENT	ESF/L	9,000,000
391-0479	BALUCHISTAN AREA DEVELOPMENT	ESF/G	11,500,000
391-0486	ENERGY COMMODITIES & EQUIP	ESF/L	1,000,000
391-0491	FOOD SECURITY MANAGEMENT	ESF/G	500,000
391-0492	AG SECTOR SUPPORT PROGRAM	ESF/G	19,000,000
391-0498	INSTITUTIONAL EXCELLENCE	ESF/G	2,000,000
391-0510	BALUCHISTAN ROAD PROJECT	ESF/G	76,100,000

PIPELINE AS OCTOBER 01, 1991: \$463,914,932

FY 92 DEOBLIGATIONS BY PROJECT: \$ 10,114,475

391-0468	AGRICULTURAL COMM & EQUIP	ESF/L	1,290,870
391-0468	AGRICULTURAL COMM & EQUIP	ESF/G	2,743,778
391-0473	RURAL ELECTRIFICATION	ESF/L	145
391-0475	PRIMARY HEALTH CARE	ESF/G	90,444
391-0475	PRIMARY HEALTH CARE	DA/G	108,313
391-0479	BALUCHISTAN AREA DEVELOPMENT	ESF/G	3,935,004
391-0486	ENERGY COMMODITIES & EQUIP	ESF/L	291,189
391-0486	ENERGY COMMODITIES & EQUIP	ESF/G	64,790
391-0491	FOOD SECURITY MANAGEMENT	ESF/G	1,042,583
391-0491	FOOD SECURITY MANAGEMENT	DA/G	297,358
907-1026	EARTHQUAKE REHABILITATION	DA/G	250,000

PIPELINE AS OF OCTOBER 01, 1992:

\$303,268,562

FY 93 DEOBLIGATIONS BY PROJECT:

\$ 13,405,674

391-0467	IRRIGATION SYSTEM MANAGEMENT	DA/G	1,874,700
391-0469	POPULATION WELFARE PLANNING	DA/G	730,506
391-0469	POPULATION WELFARE PLANNING	ESF/G	230,288
391-0471	TRIBAL AREA DEVELOPMENT	ESF/G	1,000,000
391-0472	MALARIA CONTROL	DA/G	1,217,613
391-0472	MALARIA CONTROL	ESF/G	84,286
391-0478	ENERGY PLANNING & DEVELOPMENT	ESF/L	912,899
391-0478	ENERGY PLANNING & DEVELOPMENT	ESF/G	310,000
391-0479	BALUCHISTAN AREA DEVELOPMENT	ESF/G	432,449
391-0480	ROAD RESOURCES MANAGEMENT	DA/G	50,000
391-0484	SOCIAL MARKETING OF CONTRACEP	DA/G	1,276,093
391-0485	NWFP AREA DEVELOPMENT	ESF/G	2,500,000
391-0486	ENERGY COMMODITIES & EQUIP	ESF/L	953,589
391-0486	ENERGY COMMODITIES & EQUIP	ESF/G	40,000
391-0491	FOOD SECURITY MANAGEMENT	DA/G	381,607
391-0492	AG SECTOR SUPPORT PROGRAM	ESF/G	150,000
391-0507	SHELTER RESOURCES MOBIL	ESF/G	200,000
391-0514	PRIVATE INVESTMENT EXPANSION	ESF/G	900,000
391-5542	PAK RESEARCH GRANT PROPOSAL	DA/G	159,693
398-0280	HUMAN RIGHTS	DA/G	1,951

PIPELINE AS OF OCTOBER 01, 1993:

\$175,376,227

391-0472	MALARIA CONTROL II	ESF/G	71,880
----------	--------------------	-------	--------

U:\OFMPUB\DOCS\PAKDEOB

USAID MISSION FOR PAKISTAN AND AFGHANISTAN

FINANCIAL PROFILE OF PAKISTAN PORTFOLIO

AS OF 12/31/93

(Dols. 000)

PROJECTS #	START DATE	PRESSLER PACD	LOP / OBLIGATIONS	CUMULATIVE COMMITMENTS	CUMULATIVE EXPENDITURES	PERCENT COMMITMENTS	PERCENT EXPENDITURES	PERCENT PRESSLER TIME LAPSED	PIPELINE
ISM 0467	06/05/83	12/31/93 a/	121,025	118,456	117,669	98	97	100 b/	3,356
ACE 0468	06/13/82	05/11/92	554,165	554,165	554,165	100	100	100	0
TADP 0471	09/25/82	09/24/94	26,000	23,349	20,092	90	77	94	5,908
BALAD 0479	08/30/84	06/30/92	29,133	29,133	29,133	100	100	100	0
NWFAD 0485	08/28/83	09/30/94 c/	52,411	51,021	49,331	97	94	93 d/	3,080
FP&D 0481	08/28/83	12/31/94	27,500	26,578	24,069	97	88	91	3,431
TIPAN 0488	08/30/84	08/29/94	55,500	51,812	50,723	93	91	93	4,777
MART 0489	08/09/84	08/07/94	33,000	32,199	30,617	98	93	93	2,383
FSM 0491	08/27/84	06/30/91	32,779	32,779	32,779	100	100	100	0
ASSP 0492	09/24/87	03/31/95	210,850	202,523	194,980	96	92	83	15,870
PRGP 5542	08/01/88	06/30/92	315	315	315	100	100	100	0
S. TOTAL: ARD			1,142,678	1,122,330	1,103,873	98	97		38,805
RE 0473	09/25/82	12/24/94	181,300	171,556	154,346	95	85	92	26,954
EP&D 0478	07/30/83	07/30/93	57,777	57,462	57,330	99	99	100	447
ECE 0486	08/30/84	09/30/92	97,648	97,647	97,648	100	100	100	0
PSP 0494	09/29/88	09/30/94	76,400	75,157	25,197	98	33	88	51,203
SRM 0507	08/16/89	06/30/94	3,800	2,522	2,172	66	57	90	1,628
PIE 0514	09/24/90	12/31/93	4,100	3,374	2,573	82	63	100	1,527
S. TOTAL: PEN			421,025	407,718	339,266	97	81		81,759
PWP 0469	08/10/82	06/30/93	72,489	72,207	72,031	100	100	100	458
MC-II 0472	05/19/82	09/30/92	59,626	59,626	59,626	100	100	100	0
PHC 0475	09/25/82	09/30/90	29,799	29,799	29,799	100	100	100	0
SMC 0484	03/31/84	03/31/94	26,724	26,114	24,616	98	92	98	2,108
CS 0496	08/29/88	06/30/94	17,000	16,491	15,862	97	93	91	1,138
DST 0474	04/07/83	12/31/94	103,000	98,352	93,842	95	91	91	9,158
PED 0497	06/06/89	09/05/94	77,000	75,096	65,173	98	85	86	11,827
IEP 0498	06/06/89	03/31/94	3,000	2,677	2,584	89	86	95	416
S. TOTAL: SSP			388,638	380,362	363,533	96	94		25,105
RRM 0480	06/18/87	12/31/94	14,050	11,402	10,452	81	74	86	3,598
BRP 0510	08/09/90	12/31/94	10,000	7,162	1,400	72	14	77	8,600
S. TOTAL: ENG			24,050	18,564	11,852	77	49		12,198
PDIF 0470	03/29/82	12/31/94	33,000	30,341	28,106	92	85	92	4,894
SDF 0500	09/29/88	09/29/93	30,000	30,000	30,000	100	100	100	0
S. TOTAL: PRO			63,000	60,341	58,106	96	92		4,894
GRAND TOTAL			2,039,391	1,989,315	1,876,630	98	92		162,761

a/ For the procurement of Warsak Pumps only. For all other activities: 06/04/93.

b/ For all other activities other than Warsak Pumps: 100%

c/ For NGO activities only. For all other activities: 08/09/93.

d/ For all other activities other than NGOs: 100%

DIRECTOR'S NARRATIVE

Period of April 1, 1993 - September 30, 1993

PAKISTAN

Section "A" - Portfolio Overview

The phase-out of the Pakistan portfolio under the Pressler Amendment continued to receive this Mission's utmost attention during the last six months. Out of 22 active projects at the start of the reporting period, three of the projects (Population Welfare Planning, Energy Planning and Development, and Special Development Fund) were successfully completed as scheduled. A total of four project evaluations and three Project Assistance Completion Reports were completed during the same period. This reduces the total number of active projects to 19. During the next six months, an additional three projects are scheduled to be completed.

The Mission has developed and employed sophisticated tools to ensure a smooth and orderly phase-out. Based on our experience to-date, the Mission has updated and improved its Close-out Manual which provides guidelines to the Mission's own project, as well as outside contract, personnel with regard to the phase-out of project activities and the demobilization of contractors/grantees. The evolution of a Project Completion Alert System (PROCAS), coupled with in-depth pipeline analyses, has greatly enhanced the Mission's ability to monitor and track progress of each project towards its completion in accordance with our overall close-out timetable. Moreover, during the recently completed individual project implementation reviews, the phase-out and contract demobilization as well as end-use checks of commodities were discussed as program-wide issues in order to ensure the identification and timely resolution of phase-out related issues. Finally, the possibility of funding by other donors and/or the Government of Pakistan (GOP) for the continuation of certain activities and the issue of sustainability of ongoing projects were given considerable attention during the review process. Mission managers felt that the rescission of funds will adversely effect our program's sustainability objectives.

When the Pressler Amendment was exercised, the Pakistan pipeline was \$721 million. As of the end of FY 93, the pipeline was reduced to \$175 million. During the past six months, the Mission expended \$72 million and, as a result of an in-depth pipeline review exercise, deobligated over \$13 million.

Section "B" - Positive Results

In the attached matrix, USAID has identified the following eight projects which are successfully progressing towards the accomplishment of the most important EOPs, are having a significant impact on the development problems they were designed to address, and for which implementation is progressing on schedule:

- Forestry Planning and Development (391-0481)
- Agriculture Sector Support Project (391-0492)
- Shelter Resources Mobilization (391-0507)
- Development Support Training (391-0474)
- Primary Education Development (391-0497)
- Project Development and Implementation Fund (391-0470)
- Special Development Fund (391-0500)
- Housing Guarantee Loan (391-HG-001)

These projects are briefly discussed below:

Forestry Planning and Development (FP&D): FP&D is considered a notable success because of its contribution in addressing one of Pakistan's most critical development needs, its positive impact on the natural environment, and its excellent potential for sustainability. During the reporting period, a donor conference was held to muster international support for forestry development. Both the ADB and the World Bank are planning to provide financing to continue and expand the project activities beyond 1994. Women continue to receive degree training at the Pakistan Forest Institute. The final batch of 13 women foresters will receive degrees in October 1994. Finally, a total of 19 additional grants to strengthen NGO programs in conservation and forestry activities were awarded during the reporting period.

Agriculture Sector Support Project (ASSP): This project has had three major components: Sector Grant (SG); Commodity Import Program (CIP); and Training and Technical Assistance (TATA). The implementation of the project is progressing as planned. Under the SG and CIP components, which have been completed, the Mission was successful in negotiating several GOP policy changes in the agriculture sector. Under the TATA component, the recently completed Economic Policy Analysis activity was well received by the GOP and is expected to continue to play an important role in the GOP policy formulation process. In addition, the Ag Data Collection activity was designed to project crop yields and help determine required imports and projected income. The GOP has found this information very valuable in formulating agricultural policy, and plans to continue funding this activity after the PACD. The large (over \$28 million) training program is on schedule and progressing satisfactorily in the

public as well as the private sectors.

Development Support Training (DST): Under the Development Support Training project, a majority of the senior-level GOP staff officials have received academic or technical training over the past ten years. The tremendous impact of this project is demonstrated by the fact that DSTP training participants are found in almost all of the important government offices throughout Pakistan. In addition, DSTP supported the establishment of the Lahore University of Management Science (LUMS), Pakistan's premier private business school, through the construction of a campus facility and provision of technical assistance in the start-up phase.

Primary Education Development (PED): A significant increase in GOP spending for primary education in two of the less developed provinces of the country, leveraged by a sector grant under the Primary Education Development Project, has resulted in steadily increasing enrollments in these provinces as well as an overall increase in the numbers of teachers and schools. Particularly encouraging is a doubling in the female enrollment ratio over the past five-year period. Improvements in the quality of instruction are becoming evident through the project's teacher training and curriculum development efforts.

The development of an Education Management Information System under the project has insured the availability of consistent and accurate basic education data. This system, together with comprehensive training of government counterparts in its use, has significantly strengthened the institutional capacity of the provinces to formulate and implement policy that will improve access, equity and quality of education.

Project Development and Implementation Fund (PDIF): This has turned out to be an excellent funding mechanism in support of the orderly phase-out of projects under the Pressler Amendment. In this regard, USAID/Washington's approval of a nine-month PACD extension, to December 31, 1994, has proven to be extremely helpful to the Mission.

Special Development Fund (SDF): Through the establishment of an independent Trust for Voluntary Organizations (TVO) the project has provided the largest base for support of NGOs in Pakistan. The TVO is organized in such a way that with the high level of funding already provided (\$30 million), it can continue working on a self-sustaining basis, without any further support from USAID. SDF is looked upon as a model by other donors who are interested in pursuing similar activities in Pakistan.

Shelter Resource Mobilization (SRM): This is the companion grant to an HG discussed below. The Shelter Resource Mobilization Program has successfully

promoted key GOP policy reforms which have resulted in opening up the commercial housing finance business - previously a government monopoly - to the private sector. Project personnel have provided training and technical assistance aimed at prospective entrants in this new market. These initiatives culminated in Citibank's entry into the market over a year ago, followed by a second new entrant in the past six months. The opportunity for profit is expected to sustain movement toward expansion in private commercial lending for housing after completion of the project.

Housing Guarantee Loan (HGL): The objective of the Housing Guarantee facility is to create an environment for policy reforms to establish a market-based housing system in Pakistan. The United States input consists of a \$40.0 million HGL. The first tranche of \$25.0 million has already been provided to the Government. This assistance has leveraged significant policy reforms and additional reform initiatives are still in process. The second tranche of \$15.0 million is expected to be provided around March/April 1994, upon the receipt of evidence that the Government has completed the required policy reforms.

We have upgraded the ranking of two of our projects, Transformation and Integration of Provincial Agricultural Network (TIPAN) and the Baluchistan Road Project (BRP), from "C" to "B" because of significant progress in implementation made during the reporting period. Despite earlier delays, a major construction effort supported under the TIPAN project is virtually complete, leaving the North-West Frontier Province a new first class physical plant for the Agriculture University. Concerns attendant to the future funding of operation and maintenance of the new facility remain, however. The previously stalled BRP passed an important milestone during this period with the long-awaited award of the construction contract and the initiation of construction work.

Other accomplishments for the reporting period include the following: The North-West Frontier Area Development Project scored important advances in the formation of a local umbrella NGO to stimulate beneficiary contributions toward maintaining works put in place by the project. An institution for which USAID assistance terminated during the period, the project-created Drug Abuse Prevention Resource Center, was picked up by the GOP, its importance recognized. The Energy Planning and Development Project, which was completed during the period, closed shortly after project-funded exploration discovered coal deposits in the Thar Desert of such magnitude that they are expected to contribute substantially toward meeting Pakistan's future energy needs. After a late start, the Private Investment Expansion Program, to be completed at the end of the calendar year, has assisted the GOP significantly in its efforts to improve investment flow and to modernize the equity market.

Section "C" - Significant Problems and Delays

Tribal Areas Development Project (TADP) 391-0471: This is the only project in the Pakistan portfolio which has been designated a "C" category project, signifying serious problems and delays. TADP has experienced serious pipeline problems, expending only 49% of its projected expenditures for the period, reflecting significant implementation delays, primarily due to the GOP's inability to establish a revolving fund to fund project activities. Moreover, the timely transfer of USAID advances to the provincial line agencies was also a problem. It appears that the Mission has succeeded in persuading the GOP to authorize the flow of funds directly from USAID to the line agencies; we will carefully monitor the performance of the GOP in this regard. TADP has, however, succeeded in conducting a tribal women's teacher training and curriculum development exercise in one of Pakistan's most conservative tribal areas, considered a major breakthrough for the project.

Social Marketing of Contraceptives (SMC) 391-0484: Considering the extremely conservative project environment, this project has made a major contribution towards promoting the use of condoms, a key project objective. However, progress in expanding condom usage over the base year has been impeded by the GOP's insistence on imposing a numerical cap on the quantity of project-subsidized condoms permitted to be sold on local markets. In addition, the inability of the government to line up another donor for the supply of condoms, and its apparent unwillingness to continue to support this activity beyond the PACD, do not bode well for the future of this program.

SECTION "D" - Pipeline Status

As of September 30, 1993, cumulative obligations were \$2.039 billion and total expenditures were \$1.864 billion, leaving a manageable pipeline of \$175 million. To date, the Mission has committed 98 percent and expended 91 percent of its total obligations. Expenditure projections have targetted \$102 million to be spent in FY 1994 and \$24 million in FY 1995. Deobligations are also expected to occur at the closeout of all ongoing projects. It is, therefore, estimated that most of the remaining pipeline will be utilized by December 31, 1994, the Pressler mandated date for closeout of the program. Beyond that date, the only remaining expenditures will be the Private Sector Power Project's Capitalization Fund (if rescission does not claim it) and a small amount under the ASSP Program.

During FY 1993, the Mission expended \$115 million against a targetted amount of \$172 million, meeting 66 percent of its projections. Total deobligations amounting to \$13.4 million (\$7.7 million ESF and \$5.7 million DA) were effected during FY 1993. Thus, with this deobligation of a little over \$13

million, combined with expenditures of \$115 million, the Mission was able to reduce its pipeline by \$128 million.

The Mission is continuing its efforts to monitor closely the financial situation of each ongoing project. At present, the Mission has eight projects on its problem pipeline list. The pipeline problems of these projects were discussed as issues in the November 1993 PIR meetings. The Mission is also monitoring, on a quarterly basis, actual vs. planned expenditures of each project. If a project fails to achieve 50 percent of its projected expenditures during a fiscal quarter, the cause for the failure is examined with the concerned project officer and corrective actions are proposed and implemented in order to avoid similar problems in the future. The Controller's office chairs accruals meetings with the concerned technical office and the Project Support Division. In these meetings, the estimated accruals are carefully reviewed and corrections made. These accruals meetings are held for each project before the close of each fiscal quarter. As a result of these meetings, the chances of over and/or under accruals are greatly minimized. Finally, excessive funds in the completed activities of the projects are identified for de-earmarking/de-commitment.

PROJECT COMPLETION ALERT SYSTEM (PROCAS)

PROJECT	OFFICE	OFFICIAL PACD	PRESSLER PACD	FUNDS (09/30/93)	
				UNCOMMITTED	PIPELINE
IEP	HRD	05/31/99	03/31/94	\$377,034	\$498,820
1 YEAR BEFORE PRESSLER PACD ACTIONS BEGINNING 04/01/93		6 MONTHS BEFORE PRESSLER PACD ACTIONS BEGINNING 10/01/93		3 MONTHS BEFORE PRESSLER PACD ACTIONS BEGINNING 01/01/94	
<ol style="list-style-type: none"> 1. Insure that contracting/ procurement procedures per M.O. PAK 3-9 are met. 2. Reassess schedule of activities to determine what can realistically be completed. 3. Review financial reports: de-commit/de-earmark excess funds to reprogram elsewhere in the project. 4. Initiate follow-up on all outstanding advances. 		<ol style="list-style-type: none"> 1. Review financial records with Project Accountant and Controller and de-commit and/or de-earmark all funds which will not be used. 2. Review procurements to ensure actions will be completed before M.O. PAK 3-9 cutoff dates. 3. Plan all project close-out actions, including disposition property and records. 4. Plan for final post contract audit if contract over \$500,000 as required by USAID and the FAR procedures. 5. Continue follow-up on outstanding advances. 		<ol style="list-style-type: none"> 1. Review final procurement actions to ensure timely completions. 2. Review financial records with Project Accountant and Controller and identify funds for de-obligation. 3. Ensure the adequate funds remain to cover final indirect cost rate agreements and any contract billings coming in after expiration of the contract but not later than deadline specified in the contract. 4. Project Officer to meet with O/CC Contracting Officer to assist with meeting close-out requirements. 5. Initiate preparation of project completion report which must be completed within six months of the expiration of PACD. 6. Ensure completion of Project Evaluation Summary (P.E.S.) report of the final project evaluation. 7. PDM to send a letter to EAD reminding the GOP of the ProAg requirement to utilize any AID-financed equipment in furtherance of project objectives after the PACD. 	

BEST AVAILABLE COPY

US AID MISSION TO PAKISTAN MISSION ORDER

ORDER NO: PAK-3-9
DATE: May 05, 1993
SUPERSEDES: PAK 3-9 dated November 1991
SUBJECT: Procurement within One Year of PACD

I. PURPOSE

The purposes of this Mission Order are to establish (1) guidelines for submitting contracting requirements in a timely manner, (2) requirements for commitment cut-off dates, and (3) requirements for contract completion dates.

II. DEFINITIONS AND POLICY

The Project Assistance Completion Date (PACD) is the date specified in Project Agreements (in the case of this Mission Order it refers to the Pressler Termination Date) by which all USAID-financed goods and services are to have been furnished for the project. Goods are normally considered to have been "furnished" when they are put in place or installed in the cooperating country. Services have been "furnished" when all work has been completed, including final reports, and the TA team has departed. Goods and services furnished after the PACD generally are not to be financed by USAID.

Funds are committed for USAID-direct procurements upon receipt of a signed copy of a contract, grant, cooperative agreement, purchase order, personal services contract (PSC), or modifications thereto.

Funds are committed for host country contracting actions, whether the action is a contract/small purchase for commodities or services, fixed amount reimbursement (FAR) arrangement, or PSC, or modifications thereto, with issuance of a Project Implementation Letter (PIL) to the Government of Pakistan (GOP) which approves the procurement action.

The need for procurement planning is particularly acute when a project is within one year of its PACD. That need is even greater in this Mission, where personnel resources are declining rapidly. Therefore, it is the policy of this Mission to discourage unplanned and last minute procurements as much as possible.

The guidelines set forth in this Mission Order will ensure that important procurements can be carried out, despite dwindling time and declining resources. The three sections which follow -- on submitting contracting requirements, commitment cut-off dates, and contract completion dates -- discuss the guidelines to be followed to assure complete and efficient contracting and procurement actions.

III. PROCEDURES

A. Submitting Requirements to O/CC

Following are guidelines for submitting contracting requirements to O/CC in general, and particularly within one year of the PACD. The guidelines apply to direct and host country contracting actions.

1. Services

- a. PIO/Ts requesting actions leading to contract awards or extensions should be received in O/CC a minimum of six months in advance of the planned award or extension date. That is, if your TA contract is expiring on November 1, 1994 and you want to extend it before it expires, your PIO/T should be received in O/CC by May 1, 1994 at the latest.
- b. PIO/Ts for small purchases (under \$25,000 estimated) should be received in O/CC three months in advance of the planned award date.

2. Commodities

- a. PIO/Cs which have earmarked more than \$250,000 should be received in CC/COM at least four months in advance of the planned award date.

- b. PIO/Cs which have earmarked less than \$250,000 should be received in CC/COM at least two months in advance of the planned award date.

B. Commitment Cut-Off Dates

To reduce the risk of committing funds to procure goods and services when there is not a reasonable likelihood that they will be furnished before the PACD, all PIOs for procurements within one year of the PACD must specify a certain date -- per the list below -- after which OFM will not commit funds for the procurement. In order to comply with this requirement, OFM will not earmark funds for procurements within one year of the PACD without evidence that the appropriate GOP counterpart has been advised of the commitment cut-off date. Likewise, in fairness to potential suppliers of goods and services, solicitation documents for procurements within one year of the PACD must include a statement that USAID reserves the right to terminate the procurement or withdraw its funding if funds are not committed by the stated cut-off date.

1. For commodities

Following is a list of commitment cut-off dates for various types of commodity procurements.

- a. Offshore procurement of specially manufactured items: no commitments within eight months of the PACD.
- b. Offshore procurement of all other commodities: no commitments within six months of the PACD.
- c. Local procurement of commodities which require installation and training: no commitments within six months of the PACD.

- d. Local procurement of all other commodities: no commitments within three months of the PACD.

2. For services

Following is a list of commitment cut-off dates for various types of services procurements.

- a. For direct contract awards and extensions: no commitments within six months of the PACD.
- b. For IQC delivery orders and delivery orders under centrally funded buy-ins managed by AID/W: no commitments within six months of the PACD.
- c. For delivery orders to be issued under USAID/Pakistan IQCs (e.g., PEN housing requirements): no commitments within three months of the PACD.
- d. For fixed-price purchase orders with local or offshore firms, short term PSCs, host country contracts or fixed amount reimbursement arrangements: no commitments within three months of the PACD.

C. Contract Completion Dates

As a final safeguard to ensure that goods and services are furnished - and therefore eligible for payment -- before the PACD, contracts for goods and services awarded after November 27, 1991, the date of this Mission Order, shall contain completion dates as follows.

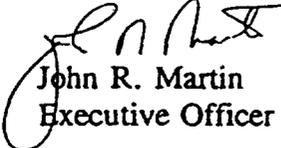
- 1. For offshore and local construction or services contractors 30 days before the PACD.

2. For U.S. personal services contractors 30 days before the PACD. FSN PSCs hired to work away from their address of record must have their personal effects shipped and their family transferred to their address of record 30 days before the completion of their contract.
3. For commodities 30 days before the PACD.

D. Waivers

The time periods included in section A (Submitting Requirements to O/CC) are guidelines and deviations from them do not require waivers. However, Project Officers are advised to discuss deviations with O/CC as much in advance of the procurement as possible.

Waivers of the requirements in sections B (Commitment Cut-Off Dates) and C (Contract Completion Dates) must be obtained from the Mission Director through an Action Memorandum cleared by O/CC, O/FM, O/PDM and EXO (if logistic support is part of the procurement). Such Action Memoranda should explain why the procurement had to be commenced so close to the PACD and what extra steps will be taken to ensure that the goods or services will be furnished before the PACD.


John R. Martin
Executive Officer

Distribution:
All Offices, All Posts
All Project Officers and Chiefs of Party
Pakistan Desk, AID/W

LOCAL CURRENCY STATUS REPORT

PL-480 Title I Programs

The Mission is currently monitoring local currency generated under four different PL-480, Title I Agreements signed between 1987 and 1990. These four agreements generated over \$275 million in local currency. The GOP has reported to the Mission that local currency, equal to the entire \$275 million has been deposited into separate accounts. In addition, the Mission and the GOP have programmed all but about \$5.5 million (calculated at the current exchange rate), which is currently being negotiated with the GOP. The Mission has also received reports on the uses of the local currency, certified by the Accountant General of Pakistan Revenues, through June of 1989. These certified reports are required under the agreement and there is usually a three-to-four year delay in transmission, reflecting the time taken by the GOP to compile and reconcile all its accounts -- of which PL-480 is just one component. However, the GOP has provided uncertified 'Statements of Deposit' of local currency during the the year in which they are generated.

Programming of local currency by USAID-GOP is traditionally done prior to shipment of commodities. The use of a presumptive exchange rate for conversion into rupees is the cause of the excess generations reported below, as the rupee inevitably falls in value. It also accounts for the lags in programming relative to the time of generations.

Agreement of June 25, 1987

The GOP needs to respond to the USAID proposal, dated November 22, 1993, for programming the excess generations of Rs.123,089,736, and to provide a 'Status of Receipts and Expenditures' report, certified by the Accountant General of Pakistan Revenues (AGPR) on the use of these funds.

Agreement of March 24, 1988

The GOP needs to provide to USAID a 'Status of Receipts and Expenditure' report, certified by the AGPR for the expenditure of excess generations of Rs.41,585,045. These funds were programmed for use during PFY 1991-92.

Agreement of September 22, 1988

The GOP needs to respond to the USAID proposal, dated November 5, 1992, for programming of the excess generations of Rs.7,362,015. In addition, the GOP needs to provide USAID a 'Status of Receipts and Expenditures' report, certified by the AGPR on the use of

Rs.1,527,362,015. Rs.1,520,000 were programmed for use during PFY 1989-90.

Agreement of March 15, 1990

The GOP needs to respond to the USAID proposal; dated November 11, 1992, for programming of the excess generations of Rs.36,263,024. The GOP also needs to provide USAID a 'Status of Receipts and Expenditures' report, certified by the AGPR on the use of Rs.1,636,263. Rs.1,600,000 were programmed for use during PFY 1990-91.

Public Sector Commodity Import Programs

The Mission is in a position to close out the Public Sector Commodity Import Programs. The GOP has provided comprehensive certified expenditure reports on the amounts generated under the ASSP, ACE and ECE programs. The utilization of these funds is consistent with the uses specified in the agreements.

Private Sector Commodity Import Programs

The Mission maintains its own record of local currency generations (loan repayments) under the ACE, ECE and ASSP, Private Sector Commodity Import Programs (PSCIP). We are still waiting for the GOP to respond to our request for confirmation on loan repayments, classified by program and by participating bank. An audit report prepared for USAID confirmed that local currency generations (repayments) under the PSCIP were deposited in a separate government account.

The GOP needs to respond to USAID's proposal to program Rs.139.5 million generated over the period PFY 1989-1992, in its Public Sector Development Programme (PSDP) for PFY 1992-93, and to provide a 'Status of Receipts and Expenditure' report, certified by the AGPR, on the use of these funds.

The Mission's local currency tracking system for PSCIPs has projected repayments upto PFY 1996-97 as follows:

RUPEE GENERATIONS BY PSCIPS
(In rupees)

Pakistan Fiscal Yr. (July 1 - June 30)	ACE	ECE	ASSP	TOTAL
1992-93	39,203,472	1,901,400	38,834,926	79,939,798
1993-94	59,151,559	14,293,455	0	73,445,014
1994-95	115,610,096	16,869,060	16,559,648	149,038,804
1995-96	10,657,182	7,763,216	198,404,609	216,825,007
1996-97	0	1,680,783	76,489,899	78,170,682
TOTAL	224,622,309	42,507,914	330,289,082	597,419,305

In view of the close-out date, USAID will propose programming of generations amounting to Rs.153.4 million over the two years, PFY 1993 and 1994.

ASSP Sector Grants

The GOP needs to respond to USAID's programming proposal of Rs.0.5 million, and also to provide a certified 'Status of Receipts and Expenditure' report for the utilization of this amount.

Primary Education Development (PED)

The Mission tracks the transfer of rupee funds (equivalent to the sector grant) from the federal government to the accounts of the provincial education departments of the NWFP and Baluchistan. The transfer of an amount of \$27.5 million is being monitored and relevant documentation from the GOP is expected shortly. Following release of the final tranche of \$7.5 million, the Mission will take steps to ensure that the equivalent local currency is transferred to the two provinces.

CLOSE-OUT ISSUES

1. All local currency except for the future generations under PSCIPs are expected to be programmed prior to close-out. There will be an additional Rs.444.0 million left to program under the PSCIPs, post close-out. Mission needs USAID/W guidance on how to manage these generations.

2. During the remaining time left for the program, the Mission expects to receive a number of certified expenditure reports. However, the Mission will not receive all the 'Status of Receipts and Generations' reports certified by the AGPR, prior to close-out. The Mission needs USAID/W guidance on how to follow-up on obtaining these reports after close-out.
3. It would be helpful if USAID/W could suggest modalities for relieving the Mission of local currency management responsibilities still pending after June 1995.

GENERAL ISSUES

Issue 1: Mission level of programming falls by-and-large in the 'General Sector Support' category. At the peak of disbursement, various programs were generating, on average, up to Rs.2.0 billion annually in local currency -- the equivalent of almost 3% of Pakistan's federal development budget. Yet programming of these funds just remained confined to ex-post attribution exercises. The only discernible advantage was the ability to protect sector allocations against mid-year discretionary cuts. Understandably, Mission technical offices evinced no more than a passing interest in the annual programming exercises, large amounts of rupee generations notwithstanding.

The only exception is the PED program, where the rupee currency is linked to the program itself. In other words, the rupee equivalent of the dollar grant is distributed among the provincial education ministries of Baluchistan and the NWFP and, therefore, tends to constitute an additionality.

Recommendation: A lesson learned from years of Mission local currency programming experience is that, when local currency generations significantly add to the host country's budgetary resources and when programming of these funds is mandated, Mission personnel should be involved at various stages of the host country's budget cycle. The value of this is demonstrably the greatest where a program includes a policy reform component. Mission collaboration with the host country in the budgetary process will ensure the necessary financial support for policy implementation. The ASSP program is a glaring example of the lack of such collaboration where GOP research programs, high on the USAID policy agenda, were consistently underfunded.

Issue 2: With regard to grant PSCIPs, the GOP earns rents in the form of principal and interest payments on moneys it loans out to banks. Second, principal repayments require programming while interest payments do not which seems arbitrary.

Recommendation: While not advocating the transfer of government rents to the banks, or to the private sector in the form of lower

interest rates, their use should be focussed on private sector activities and so charged in the agreement.

Issue 3: Under the PL-480 programs, local currency generations are estimated prior to shipment of the commodities and, thus, programming is undertaken on a presumptive basis. By the time shipments are concluded, currency depreciation results in excess generations which then need to be additionally programmed. This results in an administratively cumbersome iteration involving relatively small amounts.

Recommendation: Local currency generations should be estimated on the basis of forward (six-month) exchange rates. Any subsequent deviations from this rate -- whether positive or negative -- should be ignored.

USEFUL UNITS

IRRIGATION SYSTEMS MANAGEMENT PROJECT (0467)

	(Dols. Millions)
Previous PACD : 06/04/93	Previous LOP : 205.0
Pressler PACD : 06/04/93	Cum Obls 9/90 : 113.4
Extended Official PACD: 12/31/93	
Extended Pressler PACD: 12/31/93	De-obs/Obs : 9.5
	Pressler LOP : 122.9

STATUS:

- Rehabilitation of 14,000 km of canals and 3,500 of drainage schemes from phase I is nearly complete. New work scheduled for Phase II will be canceled or taken over by other donors;
- TA for IIMI multi-donor component (World Bank, ADB, Dutch government) is in place and research is underway;
- Institutionalization of equipment management and maintenance system underway as is overhaul of key equipment;
- Institutionalization of O&M for canals and drains underway, as is a pilot project using new O&M system.

UNITS:

- Complete a scaled back O&M component in support of the irrigation systems, including also development of lower-cost maintenance approach to complement O&M systems work;
- Institutionalization of field oriented research. Studies leading to demand irrigation as opposed to continuous flow completed as result of TA to the multi-donor component of the International Irrigation Management Institute (IIMI) activity;
- Institutionalization of an equipment maintenance and management system;
- Finish the rehabilitation of portions of the irrigation system already started in phase I or II;
- Complete training to support the above activities and complete an evaluation of the impact of canal and drain rehabilitation.

RATIONALE: (White elephant)

- The completion of the O&M activity for canals and drainage structures will provide a capability to protect \$100 million invested in rehabilitation of these structures. Continuation of this system will obviate the need for expensive rehabilitation in the future;
- Completion of the O&M activity for equipment will protect our \$30 million investment in equipment and the equipment management component will assure its efficient use.

AGRICULTURAL COMMODITIES & EQUIPMENT PROGRAM (0468)

(Dols. Millions)

Previous PACD : 04/12/92

Previous LOP : 565.0

Pressler PACD : 04/12/92

Cum Obls 9/90 : 562.0

Extended Pressler PACD: 05/11/92

De-obs/Obs : (3.8)

Pressler LOP : 558.2

STATUS:

- CIP fully obligated and near fully committed.

UNITS:

- Complete procurement of commodities under outstanding Letters of Credit;
- Procurement of commodities to support Development Units of other agriculture projects.

RATIONALE: (Prudent management)

- Completion of procurement actions for which financing is provided under L/Credit.

TRIBAL AREAS DEVELOPMENT PROJECT (0471)

Previous PACD : September 24, 1997
Pressler PACD : September 24, 1994 *

(Dols. Millions)
Previous LOP : 47.0
Cum Obls 9/90 : 47.0
De-obs/Obs : 20.0
Pressler LOP : 27.0

* Not officially adjusted.

STATUS:

- Basic infrastructure, agriculture and institutional development activities underway. Infrastructure comprises schools, access roads and irrigation structures for beneficiaries who have given up poppy growing;
- Major road construction not started.

UNITS:

- Completion of basic infrastructure, agriculture and institutional development activities which are currently underway.

RATIONALE (U.S. Interests)

- Completing crucial contribution to anti-narcotics effort in traditional opium-growing areas addresses U.S. interests in drug abatement efforts;
- Wrap-up of on-going activities represents prudent management action.

BALUCHISTAN AREA DEVELOPMENT PROJECT (0479)

Previous PACD : 12/31/91
Pressler PACD : 12/31/91
Extended Pressler PACD: 06/30/92

(Dols. Millions)
Previous LOP : 45.0
Cum Obls 9/90 : 45.0
De-obs/Obs : 11.5
Pressler LOP : 33.5

STATUS:

- Multiple small development activities are underway in Baluchistan tribal areas, including road maintenance system, small agricultural activities and small irrigation systems.

UNITS:

- A secondary road network opening the project area to development and providing access to markets;
- A sustainable road maintenance system;
- Small development activities underway are completed.

RATIONALE:

- (Terminating project/white elephants) Activities underway will be completed as scheduled for December 1991 PACD.

FORESTRY PLANNING & DEVELOPMENT PROJECT (0481)

	(Dols. Millions)
Previous PACD : 08/30/93	Previous LOP : 35.0
Pressler PACD : 08/30/93	Cum Obls 9/90 : 21.0
Extended Official PACD: 12/31/94	De-obs/Obs : 6.5
Extended Pressler PACD: 12/31/94	Pressler LOP : 27.5

STATUS:

- Approximately 1600 private sector seed nurseries have been developed under the project. Now that nursery stock has reached harvesting height, activity has recently started to develop a stand-alone private marketing mechanism for these products.
- Studies have been undertaken (some completed) concerning watershed management. In particular, the issue of use of forest products for fuel in the northwest area where these are the sole source of fuel has been addressed.

UNITS:

- Private sector marketing system for the full range of forest products, from private sector nurseries will be in place;
- Findings from the studies on watershed management and use of forest products for fuel are consolidated, and environmental management recommendations are prepared for GOP policy makers and other donors.

RATIONALE:

- (White elephant) Our investment in a sustainable, environmental rehabilitation activity through the establishment of private sector nurseries cannot be realized if a marketing system for their seedlings and trees, and a system for marketing farmer-grown forest products is not in place; the on-farm forest tree production network will fall apart;
- (Prudent management) Substantial investments to date in analyzing sustainability of forest resources cannot be realized if findings are not consolidated and recommendations developed.

NORTHWEST FRONTIER AREA DEVELOPMENT PROJECT (0485)

	(Dols. Millions)
Previous PACD : 08/09/93	Previous LOP : 63.0
Pressler PACD : 08/09/93	Cum Obs 9/90 : 48.2
Extended PACD : 09/30/94	De-obs/Obs : 6.7
	Pressler LOP : 54.9

STATUS:

- A combination of non-AID funded enforcement activities and AID's poppy elimination/substitution activities resulted in the complete eradication of 8,000 acres of poppy cultivation in the Gadoon project area;
- Plans for replicating this success in the Kala Dhaka area have been initiated.

UNITS:

- Complete plans for Kala Dhaka Area Development Program;
- Continue assistance to the Drug Control Program (formerly UNFDAC) project in the Dir area;
- Continue technical assistance to the Drug Abuse Prevention Resource Center program to enable it to become an efficient independent organization;
- Complete on going infrastructure activities using funds already committed for activities already underway;
- Complete the incorporation of beneficiaries' involvement in project activities, leading to beneficiary contributions toward sustaining and protecting project investments.

RATIONALE: (Prudent management)

- The additional funding will enable us to consolidate and institutionalize some of the very substantive achievements we have made in this project to bring about an orderly wind down and conclusion to on-going activities.

TRANSFORMATION AND INTEGRATION OF THE PROVINCIAL
AGRICULTURE NETWORK (TIPAN) PROJECT (0488)

Previous PACD : 08/29/94
Pressler PACD : 08/29/94

(Dols. Millions)
Previous LOP : 55.5
Cum Obs 9/90 : 43.5
De-obs/Obs : 12.0
Pressler LOP : 55.5

STATUS:

- Expansion of the physical plant of the agricultural universities in Peshawar is half completed;
- Seventy MS and seventy Phd candidates are in training;
- TA is in place and is developing curriculum, training university personnel in strategic planning, and developing mechanisms to integrate university research with private sector needs.

UNITS:

- Complete expansion of physical plant of the Agricultural University of Peshawar;
- Complete long-term training of 140 participants currently in training;
- Complete technical assistance for curriculum development, strategic planning and research integration activities;
- Complete the reorganization of personnel, budgeting and administrative systems of the universities.

RATIONALE:

- (White Elephant) Failure to complete any of the above elements would result in a university in which we have already committed \$40 million, yet which is not completely functional.

MANAGEMENT OF AGRICULTURE RESEARCH
AND TECHNOLOGY (MART) PROJECT (0489)

	(Dols. Millions)
Previous PACD : 08/07/94	Previous LOP : 38.0
Pressler PACD : 08/07/94	Cum Obs 9/90 : 33.0
	De-obs/Obs : 0
	Pressler LOP : 33.0

STATUS:

- This project underwent a major redesign and cutback of 5.0 million in LOP, leaving only near term efforts to promote private sector-led, market oriented research;
- Grant underway with National Academy of Science to bring stressed lands (lands becoming saline and waterlogged) back into full production;
- Establishment of private sector linkages for the National Agriculture Research Center (NARC), the Arid Zone Research Institute (AZRI), and the Pakistan Agriculture Research Council (PARC) are underway;
- Market oriented, sustainable technology development and transfer activities being implemented and beginning to produce expected results.

UNITS:

- Completion of long-term training for 70 participants and a re-entry program to assure productivity of graduates;
- Completion of applied research components, aimed at sustaining production on stressed lands, completed by the National Academy of Sciences;
- Private sector linkages of NARC, PARC and AZRI completed helping assure efficient research, responsive to private sector requirements;
- Completion of technical assistance developing public/private sector linkages and mechanisms to tie public sector research to private sector requirements and to ensure sustained technology transfer.

RATIONALE:

- (Prudent management) The remaining pipeline would allow completion of our on-going activities to promote efficient private sector led research, in which we have already expended \$20.0 million in this project and \$30.0 million in the previous project (Strengthening of Agriculture Research 1974-84).

AGRICULTURE SECTOR SUPPORT PROGRAM (0492)

(Dols. Millions)

Previous PACD : 09/30/95
Pressler PACD : 06/30/94 *
Extended Pressler PACD: 03/31/95 *

Previous LOP : 300.0
Cum Obls 9/90 : 230.0
De-obs/Obs : (19.0)
Pressler LOP : 211.0

* Not officially adjusted.

STATUS:

- Priority agribusiness structural reforms are underway, including reduction of import barriers and trade restrictions, improved wheat and fertilizer pricing and consolidation of key institutional reforms essential for continued agricultural policy development to promote agribusiness.

UNITS:

- Completed Area Sample Frame maps to provide updated satellite data on land use. The data would form the basis for agriculture planning and policy making;

- A GOP unit capable of conducting economic analysis and providing policy options to decision makers;

- Private sector agribusiness capability to successfully compete with parastatals, and to compete in such areas as the European export market for fresh fruits and vegetables, and the domestic wheat market;

- An Agribusiness Cell within the Ministry of Agriculture to promote private sector agribusiness investment.

RATIONALE:

- (Prudent management) Winding down, at logical stopping places, of ongoing activities in which we have already invested substantial funds. Additional cash transfers for policy reform will not be made.

RURAL ELECTRIFICATION PROJECT (0473)

Previous PACD : 09/24/95
Pressler PACD : 12/24/94 *

(Dols. Millions)
Previous LOP : 212.0
Cum Obs 9/90 : 179.8
De-obs/Obs : 1.5
Pressler LOP : 181.3

* Not officially adjusted.

STATUS:

- Technical supervision of 900 mw multi-donor Guddu Power Plant construction near completion and procurement initiated for cathodic protection equipment to protect completed \$100 million USAID investment in the facility;
- Energy loss reduction and efficiency improvement activities are in-process for the electrical power distribution system and the Distribution Training Institute is under construction;
- Reforms identified by USAID advisors for privatization of distribution functions are being undertaken by the GOP.

UNITS:

- Completion of 900 mw Guddu Power Plant, including installation of cathodic protection equipment to prevent corrosion of previously provided facilities and evaporative cooling power augmentation;
- Institutionalization of the energy loss reduction system, to help assure self-sustainability, including completed mapping of national power distribution system;
- Distribution Training Institute completed and in operation;
- Initial privatization steps taken on distribution.

RATIONALE: (White elephant and prudent management)

- Plant construction is properly completed, and anti-corrosion equipment installed, to protect \$100 million investment in power generation equipment;
- Reduction of power distribution energy losses is required to realize benefits of investment in power generation facilities; TA is required to meet accountability requirements for construction activities and to assure sustainability of loss reduction program; and completed maps of power distribution system provide a basis for effective maintenance of the system;
- A long-term investment in TA/policy dialogue for privatization of distribution functions has recently paid off in GOP policy shifts. Continuation of limited assistance will complete our policy work in this area.

ENERGY PLANNING AND DEVELOPMENT PROJECT (0478)

Previous PACD : 07/30/93
Pressler PACD : 07/30/93

(Dols. Millions)
Previous LOP : 96.0
Cum Obs 9/90 : 68.0
De-obs/Ob : (9.0)
Pressler LOP : 59.0

STATUS:

- TA and training activities are underway in three areas in support of energy planning and conservation;
- Funding in pipeline of \$10 million for energy efficiency commodities has not been committed.
- Audit of Oil and Gas Development Corporation (OGDC) and coal briquettes emissions activities are underway.

UNITS:

- Energy Wing carries out integrated energy planning/studies and the National Energy Conservation Center (ENERCON) helps develop self reliance in Pakistan's public and private sectors to implement energy conservation;
- Geological Survey of Pakistan, with U.S.G.S technical assistance, complete basic coal resource assessments;
- U.S.-funded audit of oil and gas sector organization (OGDC) is implement;
- The Directorate General, Petroleum Concessions (DGPC) is strengthened to carry out the issuance of petroleum concessions in a more efficient and comprehensive manner.

RATIONALE:

- (White elephant/prudent management) Multiple studies and assessments underway in energy preservation need to be completed or work already initiated will be wasted;
- (Prudent management) U.S.G.S. engagement in coal resource analysis is irreplaceable; over 10 years of their involvement would be wasted if assessments not completed;
- (U.S. interest) Restructuring OGDC in line with audit findings may position U.S. private firms for investments in the oil and gas sectors; and will complete U.S. commitment to the multi-donor effort at restructuring and privatization.

ENERGY COMMODITIES AND EQUIPMENT PROGRAM (0486)

Previous PACD : 03/31/92
Pressler PACD : 03/31/92
Extended Pressler PACD: 09/30/92

(Dols. Millions)
Previous LOP : 100.0
Cum Obls 9/90 : 100.0
De-obs/Obs : (1.0)
Pressler LOP : 99.0

STATUS:

- Completion of all funding under this CIP in Letters of Credit, plus funding of a long pending procurement.

UNIT:

- Completion of procurement of U.S. commodities under outstanding L/Cs and L/COMs to suppliers and those PILs and PIOs which have been issued and their amendments, provided orders can be placed prior to the Terminal Date for Disbursement Authorization and in sufficient time for delivery/acceptance prior to the Terminal Disbursement Date.

RATIONALE:

- (U.S. interest) Completion of procurement actions for which financing is provided under L/COMs will open and secure markets in Pakistan for U.S. suppliers of energy commodities and equipment;
- (Prudent management/U.S. interest) The process of withdrawing and de-obligating funds from L/COMs is cumbersome, and could cause serious problems for participating private banks and U.S. businesses which have transactions in process;
- (Prudent management) The uncommitted procurement to be honored was, due to technical problems, bid twice. The bidders went to great cost and trouble to submit their proposals, twice. Bids have been opened and commitment of the funds is imminent. Failure to honor this procurement would almost certainly result in political and legal complications.

PRIVATE SECTOR POWER PROJECT (0494)

Previous PACD : 09/30/98
Pressler PACD : 09/30/94 *

(Dols. Millions)
Previous LOP : 170.0
Cum Obls 9/90 : 69.4
De-obs/Obs : 7.0
Pressler LOP: 76.4

* Not officially adjusted.

STATUS:

- USAID is providing TA to the GOP to help it develop the necessary policies, systems, and staff capabilities to execute this project including the analysis of complex investment proposals related to the construction of three major electrical generation projects funded by USAID and other donors and support for GOP efforts to privatize its electric power supply system;
- Financing is in place for power project capitalization fund.

UNITS:

- Support (\$51.0 million in loans) to U.S. companies, through this project's capitalization fund, to construct and operate power generation facilities. These funds will be matched by \$153.0 million from the private firms;
- Completion of cost shared project development and support and establishment of a capability in Pakistan to do feasibility studies for and analyses of proposals from other donors for these energy projects with a value of over \$2.0 billion.

RATIONALE:

- (White elephant/U.S. interest) The inputs of this project are crucial to the success of the overall, multi-donor, mixed-credit, undertaking as it is USAID's TA that will assure efficient project analysis and studies. These inputs will meet our commitments to U.S. sponsors for AID financing;
- (U.S. Interest) U.S. firms that will benefit from USAID's capitalization fund have, in expectation of receiving this assistance, been developing power generation projects and packaging their investments. For AID to pull out now would have a major impact on the U.S. investors as well as confidence in the overall project. This is the only opportunity for the Mission to take part in a mixed credit with the EXIM Bank.

PRIVATE INVESTMENT EXPANSION PROGRAM (0514)

	(Dols. Millions)
Previous PACD : 08/30/97	Previous LOP : 35.0
Pressler PACD : 12/31/93 *	Cum Obs 9/90 : 5.0
	De-obs/Obs : 0
	Pressler LOP : 5.0

* Not officially adjusted.

STATUS:

- Although the PIE project was only recently initiated (September 1990) there is a continuum of activities, analyses and extensive policy negotiations that began in the early design and implementation stages of the PIE project. Specific activities and analyses begin under PDIF, ASSP and PIE relate to privatization, financial market development, and deregulation of investment.

UNITS:

- Complete formulation of the GOP privatization strategy;
- Complete pilot privatizations: 15 firms and financial institutions privatized; one major privatization in conjunction with the IFC;
- Plans for stock market restructuring formulated;
- Investment code completed for deregulation of foreign investments in Pakistan;
- First phase of export promotion strategy completed.

RATIONALE: (Prudent management)

- The ongoing analyses, training and technical assistance relate directly to the sweeping private sector reforms installed by the new Nawaz Sharif government. The initiation of PIE was contingent upon the GOP fundamentally changing its posture vis a vis state ownership of enterprises, direct foreign investment and the regulatory environment. The proposed contribution of PIE will be critical to maintaining and accelerating the newly generated momentum in the direction of privatization, deregulation and liberalization. No major programs under the originally planned \$180.0 million sector grant have been initiated nor are they proposed.

SHELTER RESOURCE MOBILIZATION PROGRAM (0507)

Previous PACD : 06/30/94
Pressler PACD : 06/30/93
Extended Pressler PACD: 06/30/94

(Dols. Millions)
Previous LOP : 5.0
Cum Obs 9/90 : 2.0
De-obs/Obs : 2.0
Pressler LOP : 4.0

STATUS:

- This project provides TA support for \$60 million in Housing Guarantees already in place, and an additional \$40 million which were obligated in FY 1990 and are awaiting public solicitation of loan funds. (The GOP has already met policy reform conditions for \$25 million of the \$40 million.)

UNIT:

- Provision of adequate technical assistance and training to support the on-going Housing Guaranty program of up to \$40 million in loans.

RATIONALE: (Prudent management)

- TA is required to assure that the housing program/activities generated by U.S. guaranteed loans are properly managed and accounted for.

POPULATION WELFARE PLANNING PROJECT (0469)

	(Dols. Millions)
Previous PACD : 08/10/92	Previous LOP : 74.0
Pressler PACD : 08/10/92	Cum Obls 9/90 : 67.9
Extended Official PACD: 06/30/93	De-obs/Obs : 5.5
Extended Pressler PACD: 06/30/93	Pressler LOP : 73.4

STATUS:

- The project has initiated activities to move away from public provision of family planning services towards involvement of PVOs/NGOs;
- Procurement of contraceptives to be provided in final year of project is under contract.

UNITS:

- Completion of on-going PVO/NGO activities (e.g., in-country training of PVO/NGO management and field teams) that are being carried out through NGOs and other private organizations such as the Asia Foundation, the Pathfinder Fund, the Association of Voluntary Surgical Contraception, the Centre for Development and Population Activities, and the NGO Coordinating Council;
- Completion of on-going assistance to the National Institute for Population Studies (NIPS), Voluntary Surgical Contraception (VSC) and training for Ministry of Health staff in family planning;
- Completion of all on-going critical activities associated with the Demographic and Health Survey, operations research, population communication, RAPID, and feasibility assessment of local production of contraceptives.

RATIONALE: (Prudent management)

- A.I.D. assistance is essential to bring PVOs to the point where they will be able to assume responsibility for critical population activities; and to ensure availability of contraceptives during the period prior to which private distribution channels are operational. A.I.D. inputs absent, actions underway towards privatization of family planning services will suffer severe retrogression; and, the full range of family planning services, including contraceptives, will cease to be available to 50 percent of family planning acceptors.
- Completion of procurement actions under contract, including accountability monitoring, is prudent.

MALARIA CONTROL II PROJECT (0472)

	(Dols. Millions)
Previous PACD : 09/30/92	Previous LOP : 66.0
Pressler PACD : 09/30/92	Cum Obs 9/90 : 53.0
	De-obs/Obs : 8.0
	Pressler LOP : 61.0

STATUS:

- The project has had a tremendous impact on the incidence of malaria (a decrease of 90 percent has been achieved);
- Technical performance (i.e., actual insecticide application techniques) has achieved an acceptable level;
- A passive case detection system is being developed to improve the effectiveness of insecticide application.

UNITS:

- Spraying continues for two additional spraying seasons to sustain the current incidence level;
- Complete development of the passive case detection system.

RATIONAL: (Prudent management)

- The provision of insecticides for two additional spraying seasons coupled with the passive case detection system concept will achieve a sustainable level of malaria control for Pakistan. Prior experience indicates that if sustainable levels are not achieved that the incidence rates could increase 10-fold.

SOCIAL MARKETING OF CONTRACEPTIVES PROJECT (0484)

	(Dols. Millions)
Previous PACD : 09/30/93	Previous LOP : 45.0
Pressler PACD : 09/30/93	Cum Obs 9/90 : 28.0
Official PACD Extended: 03/31/94	De-obs/Obs : 0.0
Pressler PACD Extended: 03/31/94	Pressler LOP : 28.0

STATUS:

- \$22.0 million has been committed to promote private sector involvement in family planning; however, their participation is still fragile.

UNITS:

- Premium brand of condoms marketed on a financially sustainable basis;
- Market structure in place for oral pills and condoms for urban areas;
- Pakistani firms marketing the contraceptives;
- Technical capability in place for Pakistani firms to continue successful marketing and advertising of oral pills and condoms.

RATIONALE:

- (Prudent management) Consolidation of marketing efforts/targets is critical to sustain efforts achieved to date and to realize the benefits of the \$22.0 million already invested, particularly since the approved follow-on project will not be implemented. The additional funding will provide the support and time required to eliminate subsidies of condoms, and provide the private sector with the skills necessary to successfully market family planning devices.

CHILD SURVIVAL PROJECT (0496)

Previous PACD : 06/30/94
Pressler PACD : 09/30/93 *
Extended Pressler PACD: 06/30/94

(Dols. Millions)
Previous LOP : 62.0
Cum Obls 9/90 : 17.0
De-obs/Obs : 0.0.
Pressler LOP : 17.0

* Not officially adjusted.

STATUS:

- A long delay caused by a procurement protest on the project's TA contract resulted in a serious delay in project implementation. Nonetheless a series of activities are currently underway;
- Development of an in-service training program for health workers underway;
- Research for persistent diarrhea and acute respiratory infections has been initiated;
- Health financing studies have been initiated;
- Procurement is underway to support this project's activities. Contracts have been let for procurement of cold chain equipment, syringes/needles as well as contracts with AED and MSH.

UNITS:

- Completion of health financing studies on cost recovery and management;
- Completed research on persistent diarrhea and acute respiratory infections;
- Provision of commodities for the immunization program to maintain activities while another donor is identified;
- Establishment of an in-service training program for health personnel for the effective prevention and treatment of major life threatening diseases of infants and children. This would take the place of the current practice of less effective ad hoc training;
- Completion of ongoing communications and health information system activity.

RATIONALE: (Prudent management)

- This scenario will allow for an orderly, early termination of existing activities.

DEVELOPMENT SUPPORT TRAINING PROJECT (0474)

	(Dols. Millions)
Previous PACD : 12/31/94	Previous LOP : 119.0
Pressler PACD : 12/31/94	Cum Obs 9/90 : 94.5
	De-obs/Obs : 8.5
	Pressler LOP : 103.0

STATUS:

- Estimated 850 Pakistani participants in U.S. or with departure dates;
- Construction plans completed and approved for private sector Lahore University of Management Sciences campus; private sector matching funds pledged and three quarters of USAID and matching payments made; GOP has signed papers giving approval for construction; and site preparation has been initiated.

UNITS:

- Monitoring of estimated 850 Pakistani participants through completion of their studies in U.S.;
- Campus to be completed for Lahore University of Management Sciences (LUMS).

RATIONALE:

- (End of project) Funding is provided to monitor students in pipeline - no new starts - through completion of their training;
- (White elephant) Maintaining \$2.5 million to complete campus construction assures U.S. investment in institution-building and training of faculty/staff will not be lost; avoids jeopardizing permanence of the only significant, private sector institution of higher education in Pakistan, and protects the \$7.5 million in payments already made by USAID towards LUMS' total construction cost of \$10.0 million;
- (U.S. interest) Completion of the LUMS campus meets the U.S. part of three-way commitment involving both Pakistani private sector and government in providing matching funds and land, respectively.

PRIMARY EDUCATION DEVELOPMENT PROGRAM (0497)

	(Dols. Millions)
Previous PACD : 06/05/99	Previous LOP : 280.0
Pressler PACD : 09/05/94 *	Cum Obs 9/90 : 51.0
	De-obs/Obs : 26.0
	Pressler LOP : 77.0

* Not officially adjusted.

STATUS:

- The provinces of Balochistan and Northwest Frontier are completing the second year of a three year infrastructure development effort to revolutionize their primary education systems (especially related to female education);
- Over 3,000 primary schools are in the process of construction;
- Preparatory work for the construction, including a school census and school mapping activities, have been completed;
- Both provinces have initiated accelerated teacher training programs for females that are in addition to their regular teacher training programs.

UNITS/RATIONALE: (White elephant/Prudent management)

- At the end of three years 50 percent of the primary school age girls will be literate;
- The difficult policy change of de-politicizing the selection of school sites has been accomplished. Private sector firms have been selected, hired and begun work to oversee, manage and implement this construction effort;
- The second major component that is critical to increase female education is the training of female teachers. Contracts have been signed and programs begun that depend upon USAID funding. In three years the provinces will triple their number of female teachers if USAID funding continues;
- We have agreed, in collaboration with UNDP, to assist with the establishment of a national education management information system. We have helped establish one third of the system and will fund the remainder of the system as planned;
- USAID/Pakistan has committed to partially fund the start up costs of a private sector education foundation in each participating province. For the first time, the provincial governments are actively promoting the establishment of private schools through the mechanism of an educational foundation.

INSTITUTIONAL EXCELLENCE PROJECT (0498)

Previous PACD : 05/31/99
Pressler PACD : 09/30/92 *
Extended Pressler PACD: 03/31/94*

(Dols. Millions)
Previous LOP : 30.5
Cum Obls 9/90 : 5.0
De-obs/Obs : (2.0)
Pressler LOP : 3.0

* Not officially adjusted.

STATUS:

- The assessment of higher educational institutions and identification of linkages with technology and private industry is underway;
- A cooperative agreement has been signed with Mid-West Universities Consortium for International Activities (MUCIA) for project implementation.

UNIT:

- Complete the assessment of higher educational institutions and identification of linkages with technology and private industry. Since we will be terminating the IEP Cooperative Agreement with MUCIA in June 1991, extra effort from all parties will be required to complete the assessments.

RATIONALE:

- The \$3.0 LOP will allow for completing the assessment and closing out the cooperative agreement with MUCIA.

ROAD RESOURCES MANAGEMENT PROJECT (0480)

	(Dols. Millions)
Previous PACD : 12/31/94	Previous LOP : 43.0
Pressler PACD : 12/31/94	Cum Obs 9/90 : 14.1
	De-obs/Obs : 0
	Pressler LOP : 14.1

STATUS:

- Rehabilitation of selected road segments in Sindh Province has been initiated;
- TA is in place to establish a system of road maintenance and procedures/guidelines for financing maintenance: both activities to be carried out with important private sector involvement.

UNIT:

- Complete rehabilitation of 212 kilometers of paved roads and 32 kilometers of improved earthen roads in Sindh Province and the system to assure maintenance and continued financing of that maintenance.

RATIONALE:

- (Prudent management) Bring this component of the program to an orderly close, and assure sustainability of maintenance in the affected area.

BALUCHISTAN ROAD PROJECT (0510)

	(Dols. Millions)
Previous PACD : 12/31/96	Previous LOP : 90.0
Pressler PACD : 06/30/94 *	Cum Obs 9/90 : 86.1
Extended Pressler PACD: 12/31/94 *	De-obs/Obs : (76.1)
	Pressler LOP : 10.0

* Not officially adjusted.

STATUS:

- 45 kilometers of the old Baluchistan road have been torn up in preparation for the new road.

UNIT:

- Repair 45 kilometer of road to bring it back to original condition and construct a 12 kilometers section to connect it to an existing 40 kilometers paved road built by the Government of Baluchistan, to complete this development unit.

RATIONAL: (White elephant/U.S. interest)

- As we are terminating this project, we cannot leave the existing road in worse condition than we found it.

PROJECT DESIGN AND IMPLEMENTATION FUND (0470)

	(Dols. Millions)
Previous PACD : 03/31/92	Previous LOP : 33.0
Extended Official PACD: 03/31/94 *	Cum Obs 9/90 : 30.5
Pressler PACD: 03/31/94	De-obs/Obs : 2.5
Extended Pressler PACD: 12/31/94	Pressler LOP : 33.0

* Extended during AID/W formulation of Pressler guidelines.

STATUS:

- Miscellaneous PD&S activities for project monitoring and support and evaluation are underway and anticipated;
- Initial phase Democratic Initiatives activities are underway under a Cooperative Agreement with the Asia Foundation.

UNITS:

- Contracting for monitoring, support, evaluation and other implementation support are available as required during program close-out;
- Asia Foundation Democratic Initiative activities to be completed. This activity provides training and equipment to Pakistan's National Assembly, Senate and Provincial Assemblies.

RATIONALE: (Prudent management)

- PDIF serves as Mission PD&S fund which is needed for management of close-out plan;
- Completion of activities underway under the Cooperative Agreement with Asia Foundation (PVO) is a prudent action.

SPECIAL DEVELOPMENT FUND (0500)

Previous PACD : 09/29/93
Pressler PACD : 09/29/93

(Dols. Millions)
Previous LOP : 30.0
Cum Obs 9/90 : 30.0
De-obs/Obs : 0
Pressler LOP : 30.0

UNIT:

- Grants to support meritorious project proposals received from NGOs/PVOs and pertaining to the social sectors, particularly women-in-development and participatory community development activities. (This is not additional dollar funding; reflects Pakistani rupee funds to be disbursed by Trust for Voluntary organizations.)