



**Governing Council
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Item 5 (b) of the provisional agenda

COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

FOURTH COUNTRY PROGRAMME FOR PAKISTAN

Note by the Administrator

I. PROCESS OF THE PROGRAMMING EXERCISE

1. At the end of 1985, an in-depth evaluation of the third country programme was carried out jointly by the Economic Affairs Division and the United Nations Development Programme (UNDP) field office, covering the period 1982-1985. In the process of this assessment, all major projects financed by UNDP during the last programming cycle were thoroughly reviewed and conclusions for the improvement of programme and project management were drawn. In early 1986, an assessment of priorities for future technical assistance was carried out with the support of an outside consultant. In this needs assessment process, the Resident Representative held discussions with the Economic Affairs Division, the Ministry of Planning, and with all heads of provincial Planning and Development Departments. As a result, a new orientation was developed for the fourth country programme, with a strong emphasis on supporting investment programmes.
2. The Resident Representative then presented a note to the Government proposing the new strategy for the UNDP technical assistance programme for the next programming cycle, with a list of possible new projects. The note resulted in a new round of intensive discussions with the Government authorities, in which more than 300 project proposals were reviewed for possible UNDP funding. Further sectoral review missions were carried out by the Food and Agriculture Organization of the United Nations (FAO), the United Nations Industrial Development Organization (UNIDO) and the International Labour Organisation (ILO) for, respectively, agricultural, industrial and manpower development.

* Re-issued for technical reasons

3. In view of the large volume of aid to Pakistan, repeated consultations took place with representatives of all major donors, including representatives of the United States of America, Canada, the Federal Republic of Germany, Japan, the United Kingdom, the Netherlands, Switzerland, Sweden, the Asian Development Bank (AsDB) and the World Bank. Comments from UNDP headquarters were considered during two visits to Pakistan by the Division Chief responsible for the Pakistan programme.

4. Following these consultations, the first draft of the fourth country programme was prepared jointly by the Economic Affairs Division and the UNDP field office. This draft country programme was reviewed and accepted by the Ministry of Planning and the Programme Review Committee of UNDP headquarters in November 1986 with only minor adjustments.

II. THE FOURTH COUNTRY PROGRAMME

5. The fourth country programme for Pakistan follows the general strategy that was developed in the aforementioned consultations between UNDP and the Government. In identifying the thrust of the UNDP technical assistance programme, three main elements had to be taken into account:

(a) The development objectives of the Government as laid down in the sixth Five-Year Plan and the new four-year economic and social programme that was initiated after the lifting of martial law in 1985;

(b) The role and contribution of UNDP to Pakistan's development efforts in view of the large inflow of foreign assistance; and

(c) the availability of qualified national manpower in Pakistan.

6. The new objectives for the fourth country programme reflect the concern of the Government to better utilize the large foreign aid inflows through strengthening its capability to identify, appraise and implement large-scale development schemes. In choosing UNDP to provide the necessary technical assistance, the Government has taken into consideration the multilateral and grant character of its technical assistance programme. Consequently, the fourth country programme will concentrate on technical assistance projects that are aimed at: (a) pre-investment activities; (b) technical support for the implementation of public investment programmes; (c) the strengthening of development institutions; and (d) the development of the necessary human resources to effectively implement and sustain the public investment programme.

7. As such, one of the main characteristics of this new programme will be close linkage with public development programmes that are financed by multilateral and bilateral donor agencies. During the discussions with the Government and donor agencies that preceded the finalization of the country programme document, these linkages were established on a project-by-project basis. As a result, the fourth country programme will be in a unique position to substantively increase the impact of its technical assistance projects.

8. The Administrator welcomes this strategy. He believes that the linkage between the country programme objectives and the Government investment programmes will help ensure that the projects included in the country programme respond effectively to priority concerns of the Government, as reflected in the intention of the Government to commit a substantial amount of its own resources, including external loans and credits, to the areas in question. The Administrator is also convinced that this strategy will help the Government make fuller use of the \$2 billion of external assistance that is available annually, especially considering that many projects are still in the pipeline and that there has been a cumulative shortfall in disbursements of \$500 million in the past three years. Thus, although the UNDP share of external assistance to Pakistan is less than 1 per cent, it is expected to play a catalytic role in helping to mobilize and efficiently utilize far larger sums from other sources. For example, a \$2.7 million UNDP/ILO project will underpin a \$100 million vocational training programme, in which the Canadian International Development Agency (CIDA), the Federal Republic of Germany, the European Economic Community (EEC) and the World Bank will also participate. Similarly, a \$4 million UNDP/FAO project will complement a \$66 million AsDB-supported cotton development project. Other projects will support investments through interventions at earlier stages in the investment cycle. This will include sectoral analyses and pre-investment studies; examples in this area are an investment plan for the water resources sector and the preparation of a master plan for the management and development of watershed areas.

9. Projects have been selected for inclusion in the country programme according to their consistency with the programme objectives. The sectoral balance in the programme is therefore to be seen as a reflection of the sectoral balance among the investment programmes that the country programme projects are supporting, rather than as a balance determined a priori. Nevertheless, it may be of interest to note that the two dominant sectors in the country programme are water resources and agriculture, each of which accounts for about 22 per cent of programmed resources. Sectors of lesser importance, but none the less significant, are industry, technical training and urban development. Projects of importance in terms of protecting and improving the environment can be found in both the water resources sector (watershed management) and the urban development sector. The latter covers projects designed to improve water, sewage and other services in Karachi, Peshawar and secondary cities in Sind.

10. In contrast to earlier country programmes, the objectives of the fourth country programme are not sector-oriented. Consequently, the programme is open to project proposals from any sector as long as they fall within the conceptual framework. Programmed reserves are available for this purpose: the sum of \$4 million has been earmarked against each of the four programme objectives mentioned in paragraph 6. An unprogrammed reserve of \$4.6 million has also been included. Following the new emphasis the Government places on social development, the Administrator expects that more project proposals will be prepared in this sector in the course of programme implementation.

III. MANAGEMENT OF THE COUNTRY PROGRAMME

11. Based on the assessment of the third country programme, some important conclusions have been drawn for the management of the fourth programme. The number of small-scale activities will be drastically reduced: as compared to the former programme cycle, which included a total of 117 projects, the new country programme includes so far only 31 large-scale projects. The average project size will increase from approximately \$600,000 to about \$1.2 million. This will make the management of the programme easier and reduce unnecessary overhead.

12. Pakistan has a substantial number of well-trained and experienced people. To tap this resource, the new country programme places strong emphasis on technical assistance projects that are jointly executed by national and international consultants. Furthermore, UNDP will finance a project with the Ministry of Planning to strengthen the existing national consultancy sector aimed at increased participation in development schemes financed through national and foreign resources.

13. Since the programmed and unprogrammed reserves, taken together, amount to \$20.6 million, or about 27 per cent of available resources, it has been agreed that a comprehensive review will be organized in 1988, at which time the implementation of the programme will be carefully examined and recommendations will be made with regard to the use of the reserves. The Administrator proposes to report to the Council, at its June 1989 session, on this mid-term review.

IV. RECOMMENDATION OF THE ADMINISTRATOR

14. The Administrator recommends that the Governing Council approve the fourth country programme for Pakistan.



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