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Report No. P-6443-PAK

**MEMORANDUM AND RECOMMENDATION
OF THE
PRESIDENT OF THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
TO THE
EXECUTIVE DIRECTORS
ON A
PROPOSED CREDIT
IN THE AMOUNT EQUIVALENT TO SDR16 MILLION
TO THE
ISLAMIC REPUBLIC OF PAKISTAN
FOR A
PUNJAB FOREST SECTOR DEVELOPMENT PROJECT**

MAY 30, 1995

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CURRENCY EQUIVALENTS
(April 1995)

Rupee 1.00 = US\$0.032
US\$1.00 = Rs 31.20

FISCAL YEAR

July 1 to June 30

WEIGHTS AND MEASURES

Metric Unit		British/US Equivalent
1 centimeter (cm)	=	0.39 inch
1 meter (m)	=	39.37 inches
1 kilometer (km)	=	0.62 mile
1 hectare (ha)	=	2.47 acres
1 square kilometer (km ²)	=	0.386 square miles
1 cubic meter (m ³)	=	35.32 cubic feet
1 liter (l)	=	0.264 gallon (USA)
1 kilogram (kg)	=	2.205 pounds
1 metric ton (m ton)	=	2,205 pounds

PAKISTAN

PUNJAB FOREST SECTOR DEVELOPMENT PROJECT

Abbreviations and Acronyms Used

ABAD	Agency for Barani Area Development
ADB	Asian Development Bank
CCF	Chief Conservator of Forests
CCF(PD)	Chief Conservator of Forests (Project Director)
CF	Conservator of Forests
CIDA	Canadian International Development Agency
CO	Community Organization
FAO	Food and Agriculture Organization of the United Nations
FSMP	Forest Sector Master Plan
FY	Fiscal Year
GIS	Geographic Information System
GOP	Government of Pakistan
GOPunjab	Government of Punjab
IDA	International Development Association, World Bank
IGF	Inspector General of Forests, GOP
IUCN	International Union for the Conservation of Nature
NCS	National Conservation Strategy
PARC	Pakistan Agricultural Research Council
PFD	Punjab Forest Department
PFI	Pakistan Forest Institute
PFRI	Punjab Forest Research Institute
UNDP	United Nations Development Program
USAID	United States Agency for International Development

PAKISTAN

PUNJAB FOREST SECTOR DEVELOPMENT PROJECT

CREDIT AND PROJECT SUMMARY

Borrower: Islamic Republic of Pakistan

Beneficiary: Punjab Forestry Department

Amount: Credit: SDR16 million; US\$24.87 million equivalent

Terms: Standard, with 35 years' maturity

Project Goal: The main goal of the project is to promote sustainable land use in rural areas of Punjab by redirecting public sector involvement towards the expansion of agro-forestry production systems and the rehabilitation of degraded range and scrub land.

Financing Plan: See Schedule A.

ERR: 14 percent

Poverty Category: Program of Targeted Interventions. The project would be targeting the poor and the proportion of the poor among project beneficiaries would likely be larger than their proportion in the overall population. On the basis of recent poverty studies, about one third of the rural population in Punjab falls near or below several measurements of the poverty line. Most of these rural poor are farm households cultivating small areas of land and have not had equal access to assistance provided by previous farm forestry campaigns, which have generally benefitted the largest land holders. It is therefore likely that over one third of the direct beneficiaries of the farm forestry component would come from poor rural households. Also, the social range and scrub forest component aims by design to improve the incomes of poor, rural households reliant on livestock grazing.

Staff Appraisal Report: Report No. 13589-PAK

Map: IBRD 26496

**MEMORANDUM AND RECOMMENDATION OF THE PRESIDENT
OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION
TO THE EXECUTIVE DIRECTORS
ON A PROPOSED CREDIT
TO THE ISLAMIC REPUBLIC OF PAKISTAN
FOR A**

PUNJAB FOREST SECTOR DEVELOPMENT PROJECT

1. I submit for your approval the following report and recommendation on a proposed development credit to the Islamic Republic of Pakistan for SDR 16.00 million, the equivalent of US\$24.87 million, on standard IDA terms with a maturity of 35 years to help finance a project for Punjab Forest Sector Development. The project concerns protection and extension of the Province of Punjab's forest resources.

2. **Country/Sector Background.** Pakistan is one of the poorest countries in natural forest coverage in South and East Asia. Its population is approximately 126 million and is growing at about 3 percent a year. Since independence (1947) the population has more than tripled, and by the year 2000 Pakistan could reach approximately 150 million people. The province of Punjab, occupying 20.6 million ha of the upper Indus plain, has more than half of the country's population. Of its estimated 68.8 million residents, 46.7 million are rural. Punjab's climate ranges from arid to semi-arid, but year-round cropping is possible in most of the province; however, water supply is a limiting factor. Extensive irrigation networks have enabled the development of a substantial agricultural sector and the maintenance of large, concentrated populations along water ways. Away from irrigation networks, there are broad areas in the province, however, where numerous, smaller communities are considerably dependent upon opportunities to plant rain-fed crops and to graze livestock. In Punjab, more than in other areas of Pakistan, the combination of high population densities and overgrazing have led to indiscriminate exploitation of its forest resources. The cumulative impact of this exploitation has led to a growing recognition of the need for action to protect and develop forest resources in Punjab for: natural resources and watershed protection; income generation for farmers; and production of timber and fuelwood.

3. Most of the area under the control of the Punjab Forest Department (PFD) is degraded scrub and range land, and timber plantations. A critical feature of the problem of natural resource management in Pakistan is that resource degradation is not caused by a few, large-scale enterprises, but by the unchecked activities of numerous small cultivators or graziers who, because of their numbers, small landholdings, social independence and isolation, are difficult to influence. Much of the pressure on forests can be attributed to continuing land clearance for agriculture, forest encroachment for grazing and expanded pasture and illegal felling of trees for timber.

4. **Issues.** Punjab's farmland and plantations produce almost half of the wood used in Pakistan for fuel and in industry: the expansion of agriculture has certainly had an impact on natural forest resources, but it has also begun to provide other opportunities for wood production, which, if supported, developed and sustained, can provide new prospects for the forest sector. Recent progress in the adoption of farm forestry has been significant through a series of government interventions. Subsidized seedlings and guaranteed procurement by PFD of privately produced seedlings have contributed to the successful demonstration of the technical feasibility of farm forestry in the province. However, it is generally recognized that these public sector interventions have inhibited the production in quantity of quality planting materials while bureaucratic arrangements for the distribution of seedlings have stifled broad-based, popular participation and sustainable development of the sector. Other practices affecting the private collection and distribution of wood supplies have also distorted incentives for many small farms and entrepreneurs to participate in the production and marketing of farm-produced wood and wood products. Although the system of wood trading and transport appears to be competitive and efficient overall in Pakistan, the system of transit taxes and other restrictions applied to hauling wood products, for example, show considerable variation depending upon location.

5. The Government of Punjab is convinced that an overall sectoral approach is needed in forestry to realize the potential of its natural resources. The recently adopted Forest Sector Master Plan (FSMP) calls for a two-pronged strategy of protecting and rehabilitating existing forest resources as well as developing alternative sources of wood. The strategy for additional wood supply relies on agroforestry production systems and the introduction of tree plantation around farmers' fields. This approach has already been demonstrated in on-going farm forestry projects in Punjab and elsewhere. Punjab has a tremendous potential for farm forestry. As to the protection of existing forest resources, Punjab has on-going projects for the management of its remaining coniferous and riverain forests, but needs assistance in rehabilitating scrub forests and rangeland that cover more than one third of Punjab, where land productivity could be significantly increased, and in demonstrating the feasibility of alternative models of plantations management, with private sector participation, to promote the environmental role of plantations.

6. The main institutions are the provincial Forest Department and, at the federal level, the Office of the Inspector General of Forests. For forestry research, the Pakistan Forest Institute (Peshawar) is the principal national research institution on forestry and range management. Overall performance of the forest sector is poor because of: weak institutions, particularly in their support to social forestry; inappropriate policies, for example, those concerning land use and permits for cutting and the transport of privately-grown trees; government involvement in seedling production; the disruptive effect of seedling subsidies upon the equitable and efficient development of farm forestry; and inadequate technical know-how and capabilities in key areas, including agroforestry production systems, sustainable grazing systems, and the quality of tree planting material.

7. The Pakistan Forest Institute (PFI) has a number of research projects in the provinces and collaborates with other research institutions such as the Pakistan Agricultural Research Council (PARC). GOP's strategy is to retain the central role for PFI while promoting linkages with provincial research centers. Punjab is one of the provinces (with Sindh, and AJK) that has a provincial research entity -- the Punjab Forestry Research Institute (PFRI) located in Gutwala, near Faisalabad. Established in 1982, PFRI is a relatively young institution.

8. **Project Objectives.** The objective of the project is to improve the performance of the forestry sector in Punjab, entailing the natural, financial and human resources operating in the sector. In particular, the project will: (i) broaden the productive base of wood through the expansion of farm forestry and promoting private sector participation in plantation management; (ii) introduce community-based rehabilitation and management of scrub forests and rangelands; and (iii) strengthen local public and community institutions managing the sector in Punjab.

9. **Project Description.** The proposed operation would have the following components: (a) **Institutional Support (US\$2.35 million)** including: (i) improving the human resources available to the forest sector by providing technical assistance and training; (ii) improving the research facilities of PFRI by providing equipment, training, technical assistance and operating funds; and (iii) strengthening PFD's capacity to monitor and evaluate sector development under the project; (b) **Farm Forestry (US\$23.94 million)** involving: (i) facilitating the transfer of technology needed to expand private sector participation in the development of sustainable supplies of wood and wood products through strengthening the extension capability of the Forest Department with vehicles, equipment, training, and operating funds; (ii) facilitating the transfer of information needed to broaden farmer participation in wood markets by providing the PFD with facilities, technical assistance and operating funds; (iii) improving the availability of superior planting material by providing PFRI with funds to undertake research on seed quality and to establish model nurseries; and (iv) undertaking adaptive research by providing operating funds to conduct species/variety trials and improve silvicultural practices on farm lands; (c) **Social Range and Scrub Forests (US\$4.12 million)** entailing (i) rehabilitating and improving about 21,400 ha of range and scrub forests in Pothwar (10,200 ha) and Thal (11,200 ha); (ii) introducing participatory planning and management systems for public range and scrub forest lands through Community Organizations (COs) established in about 100 villages clustered around selected public reserves (68 villages in Pothwar, 32 in Thal); (iii) testing mechanisms for cost recovery to sustain range and scrub improvement; (iv) providing training and support to PFD staff and farmers to promote a farmer oriented, participatory approach to range management; and (v)

supporting applied research on fodder trees and shrubs, range systems ecology, feed quality, and related social and economic themes; and (d) **Timber Plantations (US\$3.34)**, a pilot component entailing: (i) studies for inventorying biodiversity in Punjab's timber plantations and their current land use to define models for sustainable private sector involvement in plantation management; and (ii) demonstration of multipurpose plantation management for promotion of their environmental conservation role.

10. The project has an estimated cost of US\$33.75 million equivalent with a foreign exchange component of US\$11.46 million (34 percent of total project costs). IDA's proposed Credit of SDR16.00 million (US\$24.87 million equivalent) would finance approximately 74 percent of project of costs, including 100 percent of foreign exchange costs and about 60 percent of local costs. The remaining project costs would be financed by GOPunjab. Schedule A shows a breakdown of project costs and the financing plan, while Schedule B shows amounts and methods of procurement and disbursements, and the disbursement schedule. Schedules C and D provide a timetable of key processing events and the status of Bank Group operations in Pakistan. The Staff Appraisal Report, No 13589-PAK, dated May 30, 1995, is being circulated separately. Out of the proposed Credit, the GOPunjab has proposed to use up to US\$300,000 (or 1.25% of the total Credit) for advance procurement under all categories of expenditure. **Retroactive financing** will allow early start-up of project activities and maintain the momentum achieved during project preparation. All retroactive financing is for eligible expenditures between January 1, 1995 and the date of Credit Agreement signing.

11. **Implementation.** The Punjab Forest Department would be the main implementing agency for the project with the Secretary serving as overall manager. Under the Secretary, one Chief Conservator of Forests/Project Director (CCF/PD) will be responsible for the day-to-day affairs of the project's implementation. Many staff are already available to fill positions below the Chief Conservator, but some incremental staff, including support staff will need to be provided. The farm forestry incremental staff positions, except those for some nucleus technical staff, will be discontinued at the completion of the project. For overall project implementation, a small Administration Unit will be established in the office of the CCF/PD. It will assist the CCF in making procurement of goods and equipment, account keeping, audits, preparing half-yearly reports and processing disbursement applications. Monitoring and evaluation for the project will be carried out by the existing CF(M&E) who reports directly to the Secretary of Forestry. The office of the CF(M&E) will be strengthened by a few additional staff.

12. **Sustainability.** In farm forestry, the policy changes agreed with GOPunjab will facilitate contractual agreements between the private wood industry and farm tree growers. In particular, the project will eliminate regulations and taxes on harvesting and transporting trees grown on private farms, and will phase out government intervention in seedling production. By redirecting the government's intervention towards research and targeted extension work, the project will increase the productivity of farm forestry. The combined project interventions at policy and investment levels will lead to a more market-driven farm forestry sub-sector that has hitherto relied on significant government subsidies. In range and scrub land management the introduction of joint natural resources management between the forest department and local communities will lead to increased returns to individual farmers and ensure the continuation of COs beyond the project implementation period. The project should lead to a net improvement of PFD's budgetary conditions. At the end of the project implementation period, the recurrent costs introduced by the project that will have to be borne by PFD amount to about US\$350,000 --about one percent of PFD's annual budget. Moreover, the program of subsidies and nurseries phase-out should lead to savings of about US\$2 million per year, thus significantly contributing to the improvement of overall fiscal conditions.

13. **Lessons from Past IDA Involvement.** The proposed project includes features and lessons learned from earlier natural resource management projects in Pakistan and elsewhere. The main features include: (i) developing and changing policies to reduce distortions in natural resource values and costs caused by market and policy failure; (ii) establishing programs to improve data bases and knowledge concerning natural resource use, degradation and rehabilitation; (iii) involving local communities in project design and implementation, and strengthening their organizations and skills to participate in the management of natural resources; (iv)

strengthening government institutions so that they have the capability to work with local communities, and to administer efficiently and fairly the natural resources for which they are responsible; and (v) using adaptive research and pilot programs to solve socio-technical problems concerning natural resource use.

14. **Rationale for Bank Involvement.** Current projects such as the Pakistan Environmental Protection and Resource Conservation Project (Cr. 2383-PAK) and the Balochistan Natural Resource Management Project (Cr. 2584-PAK) show that IDA can have a catalytic role in solving problems of policy formulation and implementation and in facilitating the coordination of a number of donors operating in the area of environmental protection and management. This is a role that IDA can also constructively fulfil in assisting the Punjab forest sector. The present project would be the first comprehensive approach to forest sector development in Pakistan, as recommended by the Bank's forestry policy, and would be in line with IDA's demonstrated strong commitment to support GOP in natural resources protection in Pakistan.

15. **Country Assistance Strategy.** The project is fully consistent with the country assistance strategy discussed by the Board on March 31, 1994. The strategy focuses on two closely linked development goals: poverty reduction and reducing constraints to sustained growth. To address poverty reduction, the Bank Group's approach stresses the improvement of inadequate basic social services and weak social indicators. To support the growth objective, which will help with the income-related aspects of poverty reduction, Bank efforts include: structural reform -- with an emphasis on public finance issues and improving the enabling environment for the private sector; removal of constraints on agricultural productivity and protection Pakistan's natural resources base. The project would follow this strategy in increasing the sustainable productivity of forest resources through: (i) expanding the role of the private sector in agroforestry, seedling production and forest resources use; (ii) reorienting government operations to support this private sector role through appropriate regulation, community extension, research and training; and (iii) increasing the role of users in the management of natural resources. The project is consistent with Pakistan's Forest Master Plan and National Conservation Strategy.

16. **Agreed Actions.** GOPunjab will initiate an in-depth study of forestry institutions in the province with a view to updating sector development objectives and ensuring that public forestry institutions are in line with the achievement of the goals. GOPunjab will reduce its involvement in the regulation of farm tree harvesting and marketing by removing taxes and permits currently limiting farmers involvement in farm forestry. PFD will implement the agreed programs for the transfer of commercial nursery production to the private sector and the phase out of government subsidies to farm forestry seedling production over four years. Implementation of the first step in subsidies phase-out is a condition of project effectiveness. PFD will introduce participatory forestry management systems in the range and scrub areas allowing for joint decision-making with local communities on issues of planning, implementation, and benefit sharing.

17. **Poverty Category.** Recent poverty data show that about one third of the rural population in Punjab falls near or below the poverty line. Most of the rural poor are farm households cultivating small areas of land and have not had equal access to assistance provided by previous farm forestry campaigns, which have generally benefited the largest landholders. This project would direct the messages and services of the extension activities under the farm forestry component to cater primarily to this group. It is therefore expected that over one third of the direct beneficiaries of farm forestry would come from poor rural households. The primary objective of the range/scrub component is to improve the incomes of poor rural households reliant on livestock grazing.

18. **Environmental Aspects.** The project falls within the environmental Category B. The environmental aspects were appraised during project development with the participation of environmental NGOs and local rural communities. This project specifically aims at improving the environment by: (i) assisting farmers in the increase of forest resources in one of the most forest-deficient areas of Pakistan; (ii) promoting agroforestry production systems that reduce soil erosion and enhance soil fertility; (iii) rehabilitating degraded scrub forests; (iv) introducing participatory systems of sustainable rangeland management; and (v) inventorying the plantations' biodiversity to facilitate conservation. Project investments include monitoring of the impact of project activities on fragile hilly areas to ensure that any increase in productivity does not lead to land degradation.

19. **Participatory Approach.** The preparation of the social range/scrub forest component had substantially benefited from the active participation of rural communities in the Pothwar and Thal through the use of a team of local sociologists. The project will implement this component through the joint management of forest resources by COs (to be developed under the project) and government (PFD) staff. The formal recognition of COs and the sharing (with PFD) of the production of rehabilitated range/scrub forest areas will encourage continued beneficiary participation. The preparation of the farm forestry component incorporated the experiences with participatory mechanisms of previous farm forestry projects in Punjab. To sustain farmers' participation in this component, the project will transfer seedling production from public to private nurseries and will involve local beneficiaries in the review and implementation of farm forestry research and extension activities.

20. **Benefits.** The primary benefits of the project would derive from increased rural production (mainly in farm forestry and livestock), on-farm soil conservation and productivity, employment and income; improved productivity and environmental quality of forest lands; and improved public sector efficiency in the forest sector and development opportunities through local community participation. The investments in farm forestry research, tree improvement and extension are expected to increase mainly the quality of forest raw materials. The project is expected to have a dampening effect on environmental degradation in scrub forests, rangelands and other forest areas through the rehabilitation of wasteland and pasture development. These activities would reduce grazing pressure on natural forest areas and enable natural grass and forest cover to re-establish itself and provide vegetative growth which would improve the resource base in the project area. By design, the strategy and efforts of the social range and scrub forests aim to alleviate rural poverty. The plantations pilot component should lead to a rational, financially autonomous management system with optimum level of private sector participation.

21. **Risks.** One source of risk is the present weakness of the PFD in areas critical to the project's success. In particular, attaining the project's overall objective of efficient private/public interaction in forest resources management requires a degree of accountability, competence in strategic planning and service-oriented culture that is presently lacking. By funding training, technical assistance, and demonstration activities, the project will strive to improve PFD's capacities in this area through the implementation of long-term human resource development plans and a change in the incentive systems within the sector institutions so that market-driven policies of sector development are favored by government staff. In farm forestry, the primary risks are: (i) the possibility that the implementation of the phase-out programs for seedling subsidies and government nurseries might be delayed, which would mean a continued stimulus of wood supplies that is weakly attentive to the demand for various types of wood; (ii) the probability that the present capacity of wood-based industries would be unable to absorb all of the short-rotation production; and (iii) the resulting decrease in wood prices would discourage farmers from planting trees. The project would address these risks by: (i) broadening the base of wood production, thus decreasing the risk and impact of market destabilization; (ii) obtaining prior government action to phase out subsidies and public sector nurseries in stages -- with completion of the first stage as a condition of project effectiveness; and (iii) monitoring of market signals and the impact of project activities to further the project's overall objective of a market-driven forestry sector in Punjab.

22. **Recommendation.** I am satisfied that the proposed Credit would comply with the Articles of Agreement of the Association, and recommend that the Executive Directors approve it.

Richard H. Frank
President *ad interim*

Attachments

Washington, D.C.
May 30, 1995

PAKISTAN**PUNJAB FOREST SECTOR DEVELOPMENT PROJECT****Estimated Costs and Financing Plan****A. Project Cost Estimates**

Component	(Rs million)				(US\$ million)				% FX
	Local excl. Duties/Taxes	Foreign	Duties/ Taxes	Total	Local excl. Duties/Taxes	Foreign	Duties/ Taxes	Total	
Institutional Support	55.29	27.88	4.30	87.47	1.50	0.73	0.12	2.35	31
Farm Forestry	445.93	297.43	123.13	866.49	12.06	8.31	3.57	23.94	35
Scrub/Rangelands	107.81	33.83	9.01	150.65	2.90	0.96	0.26	4.12	23
Plantations	68.92	51.12	-	120.04	1.88	1.46	-	3.34	44
Total	677.95	410.26	136.44	1224.65	18.34	11.46	3.95	33.75	34

FX = 'foreign exchange'

B. Financing of Project Costs (US\$ million)

Component	Government	IDA	Total
Institutional Support	0.48	1.87	2.35
Farm Forestry	7.29	16.65	23.94
Scrub/Rangelands	0.69	3.43	4.12
Plantations	0.42	2.92	3.34
Total	8.88	24.87	33.75

PAKISTAN

PUNJAB FOREST SECTOR DEVELOPMENT PROJECT

Procurement Arrangements

Category	Procurement Method (US\$ million)			
	International Competitive Bidding	Local Competitive Bidding	Other	Total
A. Civil Works	---	3.75	0.95	4.70
	(-)	(3.10)	(0.85)	(3.95)
B. Vehicles & Equipment	5.86	0.31	0.26	6.43
	(2.72)	(0.26)	(0.20)	(3.18)
C. TA, Training, Studies and Marketing Services				
- Institutional Development	---	---	1.79	1.79
	(-)	(-)	(1.77)	(1.77)
- Project Preparation/Evaluation/Supervision	---	---	0.65	0.65
	(-)	(-)	(0.64)	(0.64)
- Training	---	---	5.77	5.77
	(-)	(-)	(5.75)	(5.75)
- Studies/Marketing Services	---	---	3.30	3.30
	(-)	(-)	(2.92)	(2.92)
D. Recurrent Costs				
- Incremental Salaries	---	---	4.84	4.84
	(-)	(-)	(2.92)	(2.92)
- Incremental Operating Costs	---	---	6.27	6.27
	(-)	(-)	(3.74)	(3.74)
Total	5.86	4.06	23.83	33.75
	(2.72)	(3.36)	(18.79)	(24.87)

Notes: Figures in parentheses are the respective amounts financed by IDA; ICB=International Competitive Bidding; LCB=Local Competitive Bidding; Other= force account, international and local shopping, consultant services, training and project management expenditures, and contributions by communities.

PAKISTAN

PUNJAB FOREST SECTOR DEVELOPMENT PROJECT

Proposed Disbursements

Category	Amount (US\$ million)	% of Expenditures to be Financed
Civil works	2.14	80%
Afforestation and field works	1.52	90%
Vehicles, equipment and materials	2.85	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
Consultants' Services	4.80	100%
Training	5.18	100%
Incremental staff and operating costs	6.00	80% of expenditures in FY 96 and FY 97, 60% in FY 98 and FY 99, and 40% in FY 2000 and thereafter
Unallocated	2.38	
Total	24.87	

Disbursements ^{1/}							
Bank FY	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02
Annual	3.70	6.46	5.01	3.92	2.63	2.05	1.10
Cumulative	3.70	10.16	15.17	19.09	21.72	23.77	24.87

^{1/} Excluding duties and taxes.

PAKISTAN

PUNJAB FOREST SECTOR DEVELOPMENT PROJECT

Timetable for Key Processing Events

(a) Time to Prepare	One year
(b) Prepared by	GOPunjab, in collaboration with the Bank Group and with financial support from the Japanese Government. The Bank, while acting as executing agency of a project preparation Trust Fund which the Bank and the Japanese Government established, engaged and managed a consultant team that assisted GOPunjab prepare the project.
(c) First IDA mission	January 1993
(d) Appraisal Mission Departure	June 26, 1994
(e) Negotiations	April 3-7, 1995
(f) Planned Date of Effectiveness	August 1995
(g) List of Relevant PCR and PPARs	Integrated Hill Farming Development Project, Pakistan (PCR No. 6577); Hazara Forestry Pre-investment Project, Cr. 751-PAK, Pakistan (PPAR No. 6577); Watershed Management and Erosion Control Project, Philippines (PCR No. 9906); Upper Magdalena Pilot Watershed Management Project, Colombia (PCR No. 8481); Forestry Project, Portugal (PCR No. 9212); Kandi Watershed and Area Development Project, India (PCR No. 8366).

THE STATUS OF BANK GROUP OPERATIONS IN PAKISTAN
A. STATEMENT OF BANK LOANS AND IDA CREDITS
(As of March 31, 1995)

Loan No	Fiscal Year	Borrower	Purpose	Amount (US\$ million) (less cancellations)					
				Bank	IDA	Undisbursed			
65 Loans and 83 credits have been fully disbursed				3080.71	2189.63				
Of which SECALs, SALs and Program Loans /a				1084.57	130.00				
Cr. 1532-PK	1985	Republic of Pakistan	Left Bank Outfall Drain – Stage 1	150.00	113.98				
Cr. 1670-PK	1986	Republic of Pakistan	Second Vocational Training	40.20	27.58				
Cr. 1821-PK	1987	Republic of Pakistan	Third Primary Education	134.11	27.34				
Ln. 2814-PK	1987	Republic of Pakistan	Fourth Highways	152.00	7.97				
Ln. 2839-PK	1987	Republic of Pakistan	Small Industries III	54.00	34.17				
Ln. 2842-PK	1987	Republic of Pakistan	Refinery Energy Conservation	21.00	11.56				
Cr. 1888-PK	1988	Republic of Pakistan	Second Irrigation Systems Rehab	79.50	31.92				
Cr. 1895-PK	1988	Republic of Pakistan	Punjab Urban Development	90.00	40.40				
Cr. 1936-PK	1988	Republic of Pakistan	National Oilseed Development	16.30	7.72				
Ln. 2973-PK	1988	Republic of Pakistan	National Oilseed Development	9.80	9.80				
Ln. 2982-PK	1988	Republic of Pakistan	Private Sector Energy Development	150.00	60.87				
Ln. 3019-PK	1989	Republic of Pakistan	Industrial Investment Credit III	148.00	15.02				
Cr. 1987-PK	1989	Republic of Pakistan	Karachi Water & Sanitation II	125.00	47.77				
Ln. 3147-PK	1990	Republic of Pakistan	Power Trans. Ext. & Reinforce.	162.00	85.25				
Cr. 2078-PK	1990	Republic of Pakistan	Rural Electrification	37.00	5.37				
Ln. 3148-PK	1990	Republic of Pakistan	Rural Electrification	123.00	116.09				
Cr. 2102-PK	1990	Republic of Pakistan	Sindh Primary Education	112.50	81.53				
Cr. 2153-PK	1990	Republic of Pakistan	Agriculture Credit	1.50	1.55				
Cr. 2154-PK	1990	Republic of Pakistan	Agriculture Research II	57.30	53.63				
Ln. 3241-PK	1990	Republic of Pakistan	Transport Sector Investment	184.00	82.09				
Ln. 2884-1-PK	1991	Republic of Pakistan	Cement Industry Modern.	47.28	19.33				
Ln. 3252-PK	1991	Republic of Pakistan	Corp. Restruct. & Systems Expan.	130.00	29.98				
Ln. 3252-1-PK	1991	Republic of Pakistan	Corp. Restructuring Suppl.	60.00	59.70				
Cr. 2228-PK	1991	Republic of Pakistan	Rural Water Supply & Sanitation	136.70	127.81				
Ln. 3318-PK	1991	Republic of Pakistan	Microenterprise	26.00	19.24				
Cr. 2240-PK	1991	Republic of Pakistan	Family Health	45.00	43.98				
Cr. 2245-PK	1991	Republic of Pakistan	Third On-Farm Water Management	47.30	5.56				
Ln. 3327-PK	1991	Republic of Pakistan	Third On-Farm Management	36.30	31.16				
Cr. 2257-PK	1991	Republic of Pakistan	Second SCARP Transition	20.00	18.68				
Ln. 3335-PK	1991	Republic of Pakistan	Karachi Port Modernization	91.40	53.36				
Cr. 2354-PK	1992	Republic of Pakistan	Middle Schooling	115.00	117.54				
Cr. 2383-PK	1992	Republic of Pakistan	Env. Prot. & Res. Co.	29.20	29.54				
Ln. 3500-PK	1992	Republic of Pakistan	Domestic Energy Resources	177.62	123.86				
Cr. 1987-1-PK	1993	Republic of Pakistan	Karachi Water & Sanitation II	91.90	103.31				
Cr. 2410-PK	1993	Republic of Pakistan	East. Sadiqia So Phase	54.20	55.99				
Cr. 2464-PK	1993	Republic of Pakistan	Family Health II	48.00	50.13				
Cr. 2468-PK	1993	Republic of Pakistan	1992 Flood Damage Restoration	100.00	86.16				

THE STATUS OF BANK GROUP OPERATIONS IN PAKISTAN
A. STATEMENT OF BANK LOANS AND IDA CREDITS
(As of March 31, 1995)

Loan No	Fiscal Year	Borrower	Purpose	Bank	Amount (US\$ million) (less cancellations)	
					IDA	Undisbursed
Cr. 2482-PK	1993	Republic of Pakistan	Balochistan Primary		106.00	103.70
Cr. 2512-PK	1993	Republic of Pakistan	North Pakistan Resource		28.80	28.77
* Cr. 2542-PK	1994	Republic of Pakistan	Public Sector Adjust		100.00	0.04
Cr. 2558-PK	1994	Republic of Pakistan	Sindh Special Development		46.80	51.07
Cr. 2584-PK	1994	Republic of Pakistan	Baluchistan Natural		14.70	15.92
Cr. 2593-PK	1994	Republic of Pakistan	Social Action Program		200.00	163.23
Ln. 3764-PK	1994	Republic of Pakistan	Power Sector Development	230.00		230.00
Ln. 3808-PK	1995	Republic of Pakistan	Fin Sec Deepen & Intermission	216.00		216.00
Ln. 3812-PK	1995	Republic of Pakistan	Pvt Sec Egy Dev II	250.00		246.34
Cr. 2687-PK	1995	Republic of Pakistan	NWFP Primary Education		150.00	161.81
Cr. 2688-PK	1995	Republic of Pakistan	Population Welfare Program		65.10	70.01
Total				5349.11	4431.74	/b
of which has been repaid				1262.84	241.74	
Total now outstanding				4086.27	4190.00	
Amount sold					33.09	
of which has been repaid					33.09	
Total undisbursed					3123.83	
					=====	

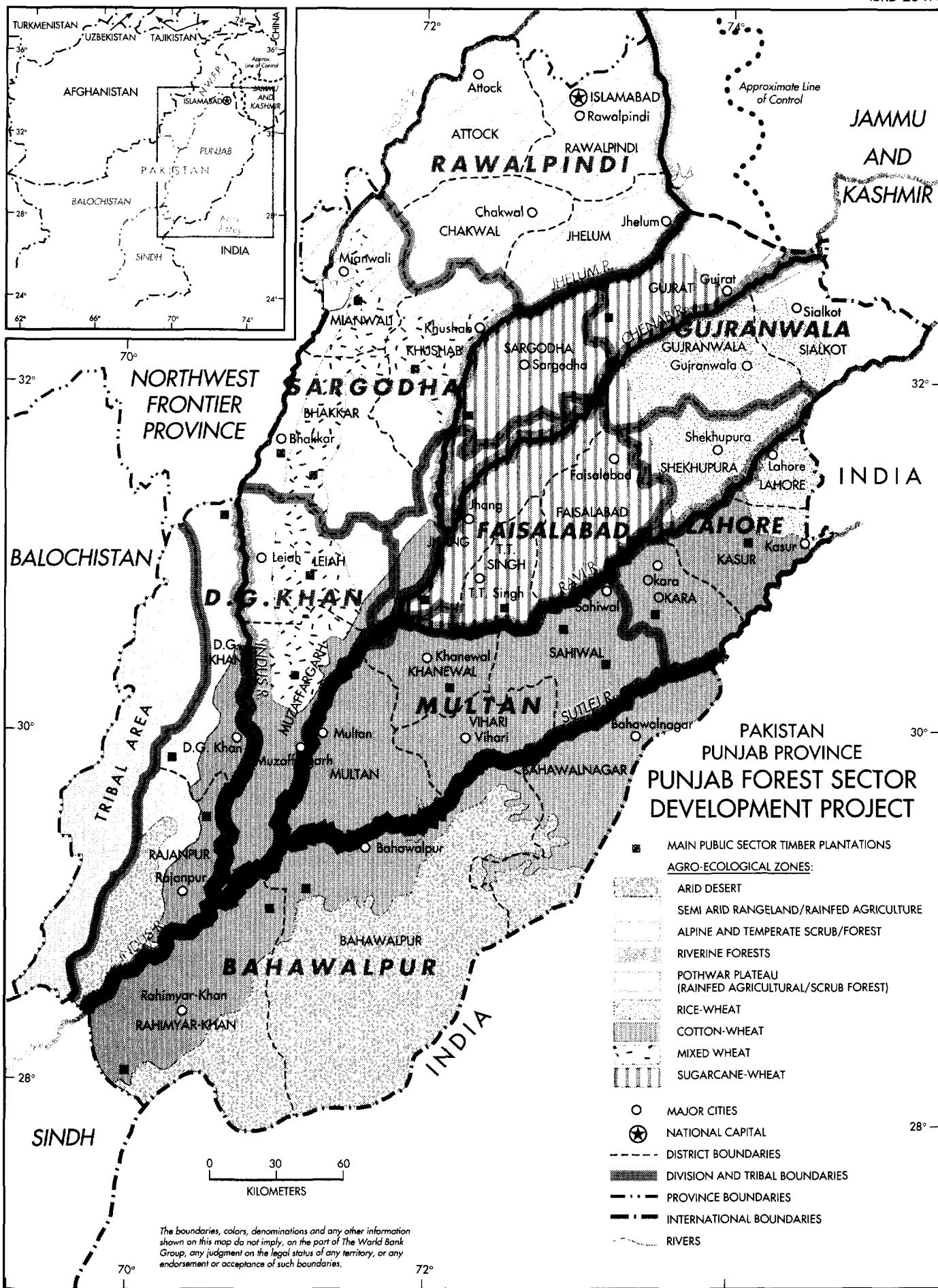
/a Approved during or after FY80.

/b IDA Credits beginning with the 6th Replenishment are denominated in SDRs, and are shown in US\$ equivalents at the time of negotiations. Disbursed amounts are computed at the exchange rate applicable at the date of this statement.

* SAL, SECAL or Program Loan.

THE STATUS OF BANK GROUP OPERATIONS IN PAKISTAN
B. STATEMENT OF IFC INVESTMENTS
(As of March 31, 1995)

Date	Borrower	Purpose	Amount (\$millions)		
			Loan	Equity	Total
1958	Steel Corp. of Pakistan	Iron & Steel	0.63		0.63
1959	Adamjee Industries Ltd.	Textiles	0.75		0.75
1961/65	Gharibwal Cement Ltd.	Cement	4.76	0.42	5.18
1963/64/75/87/89/92	PICIC	DFC		4.10	4.10
1965/80/82/87/88/91	Packages Limited	Timber, Pulp and Paper	40.91	3.85	44.76
1965	Crescent Jute	Textiles	1.83		1.83
1967	Pakistan Paper Corp.	Timber, Pulp and Paper	4.84	2.02	6.86
1969/89	Dawood Hercules	Fertilizer	18.30	2.92	21.22
1979	Fauji Foundation	General Manufacturing	1.78		1.78
1979	Attock Refinery Ltd.	Energy	7.50	0.86	8.36
1979	Milkpak Ltd.	Food and Agribusiness	1.90	0.40	2.30
1979/82	Pakistan Oilfields Ltd.	Energy	7.00	1.19	8.19
1980	Premier Board Mills Limited	Timber, Pulp and Paper	2.70		2.70
1981	Habib Arkady Ltd.	Food and Agribusiness	3.15	0.16	3.31
1982	Asbestos Cement Ind. Ltd.	Industrial Equipment and	4.02		4.02
1983/85	Pakistan Petroleum Ltd.	Energy	25.30	1.56	26.86
1985	National Development Loans	Capital Markets	17.99	0.37	18.36
1986/92	Mari Gas Company Ltd.	Energy	44.48		44.48
1987/89	Thatta Block Exploration	Petroleum		6.80	6.80
1988	Fecto Cement Limited	Cement and Construction	18.58		18.58
1988	Millat Tractors Limited	Industrial Equipment and	4.90		4.90
1989	Shams Textiles Mills Ltd.	Textiles	2.76		2.76
1989	Suraj Cotton Mills Ltd.	Textiles	2.76		2.76
1989	Hala Spinning Ltd.	Textiles	3.26	0.66	3.92
1990	Pak. Suzuki Motor Company	Automotive and Accessories	18.65		18.65
1990	Rupali Polyester	Textiles	22.38	2.00	24.38
1990/92	FIIB	Capital Markets		1.50	1.50
1991	Exxon Chemicals Pak. Ltd.	Fertilizer	36.77	10.41	47.18
1991/95	Pak Ind'l Leasing Corp (PILCO)	Capital Markets	15.00	0.54	15.54
1991	Prudential Discount Guarantee	Financial Services		0.40	0.40
1992	EIM, The Fund	Capital Markets		0.76	0.76
1992	EIL	Capital Markets		0.24	0.24
1992	International Housing Finance	Capital Markets	7.14	0.47	7.61
1992	J.S. Stock Brokerage	Capital Markets		0.86	0.86
1992	Rupafil Limited	Synthetic Textiles	16.67	0.31	16.98
1993	Sarah Textiles	Textiles	6.00	1.48	7.48
1993	Central Depository Companies	Capital Markets		0.25	0.25
1993	Muslim Commercial Bank	Capital Markets	15.00		15.00
1993	Pakistan Services Limited	Tourism	12.00	3.00	15.00
1994	Crescent Greenwood Ltd.	Textiles	16.10	3.10	19.20
1994	Fauji Cement	Cement	24.00	5.00	29.00
1994	Regent Knitwear Ltd.	Textiles	15.49		15.49
1994	Hoechst Pakistan Ltd.	General Manufacturing	-0.03		-0.03
1994	PACRA (Credit Rating Agency)	Capital Markets		0.19	0.19
1994	BRR Capital Modaraba	Capital Markets	10.00		10.00
1994	ORIX Leasing Pakistan Ltd.	Capital Markets	12.50		12.50
1994	Atlas BOT Lease Co. Ltd.	Capital Markets	10.00		10.00
1994	Pakistan Ind'l. Comml. Leasing	Capital Markets	5.00		5.00
1994	First Leasing Corp.	Capital Markets	5.00		5.00
1994	Maple Leaf Cement Factory	Cement	30.00	5.20	35.20
1994	Mohib Textile Mills Ltd.	Textiles		2.45	2.45
1995	D.G. Khan Cement Company	Cement	25.00	4.98	29.98
1995	Kohinoor Energy Limited	Industrial Services	25.00	6.30	31.30
1995	Premier Container Terminal	Industrial Services	12.00	1.50	13.50
1995	General Tyre	Automotive and Accessories	17.70	2.74	20.44
Total Gross Commitments			577.47	78.99	656.46
Less Cancellations, Termination Exchanges Adjustments, Prepayments and Sales Writeoffs and Sales			187.51	22.34	209.85
Total Commitments now held by IFC			389.96	56.65	446.61
Total Undisbursed			202.37	20.15	222.52



The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

IMAGING

Report No: P- 6443 PAK
Type: MOP