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INTERNATIONAL DEVELOPMENT ASSOCIATION

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Report No. P-1433-PAK

REPORT AND RECOMMENDATION

OF THE

PRESIDENT

TO THE

EXECUTIVE DIRECTORS

ON A

PROPOSED CREDIT

TO

THE ISLAMIC REPUBLIC OF PAKISTAN

FOR

THE FOURTH KARACHI PORT DEVELOPMENT PROJECT

May 3, 1974

CURRENCY EQUIVALENTS

US$ 1	=	Rs. 9.9
Re. 1	=	US$0.101
Rs. 1 million	=	US$101,000
Rs. 1 billion	=	US$101.0 million

FISCAL YEAR

July 1 - June 30

INTERNATIONAL DEVELOPMENT ASSOCIATION

REPORT AND RECOMMENDATION OF THE PRESIDENT TO THE EXECUTIVE DIRECTORS ON A PROPOSED CREDIT TO THE ISLAMIC REPUBLIC OF PAKISTAN FOR THE FOURTH KARACHI PORT DEVELOPMENT PROJECT

1. I submit the following report and recommendation on a proposed development credit to the Islamic Republic of Pakistan for the equivalent of US$16.0 million on standard IDA terms to help finance a project for the development of the Port of Karachi. The proceeds of the Credit would be relent to Karachi Port Trust (KPT) for 25 years, including 5 years of grace, with interest at 7-1/4 % per annum.

PART I - THE ECONOMY

2. The most recent economic report "Economic Situation and Prospects of Pakistan" (392-PAK, dated April 1, 1974) was distributed to the Executive Directors on April 19, 1974. A country data sheet is attached as Annex I.

3. The economy of Pakistan (the former West Pakistan) grew rapidly during the Second Plan (1960-65), with GDP increasing at 6.7% per annum. This high growth was spearheaded by an industrial growth of 13.1% per annum. However, agriculture grew by only 3.7% per annum. West Pakistan's overall economic growth slowed down somewhat during the Third Plan (1965-70) to about 6% per annum. The industrial growth rate fell to 7.6%, but agricultural output grew at 5.6% annually with the aid of new high-yielding wheat and rice varieties, reducing, but not eliminating, the food deficit.

4. Though it is hardly apparent in these figures, Pakistan's economic development began to encounter a number of difficulties after 1965. Import restrictions and other direct controls introduced at that time became permanent as the shortage of foreign exchange and budget resources persisted, owing to higher defense expenditure, rising foreign debt service, and decreased nonproject foreign aid. Both net capital inflow and domestic savings declined, and investment fell from about 22% of GDP in 1964/65 to about 17% in 1969/70, and to only 11% in 1971/72. The slowdown in industrial growth, along with urban population growth rates of more than 5%, led to a rapid rise in urban unemployment. In rural areas, it was the larger farmers of West Pakistan who got most of the benefits from the new "green revolution".

5. The economy underwent severe strains during 1970/71 and 1971/72, reflecting both political events and a prolonged drought which virtually halted the increase in agricultural output. In 1972/73, however, the economy showed signs of revival. With a recovery in industrial production and a record wheat crop of 7.4 million tons, GDP is estimated to have grown by about 6%. Devaluation in May 1972 has been successful in making Pakistani exports more competitive in international markets, in increasing incentives to produce for the local market, and in bringing about a much more liberal system of import control. In 1972/73, exports rose by 36%, and the State

Bank's foreign exchange reserves, net of IMF position, doubled to US$360 million in the year ended June 1973, although they declined to US$331 million at the end of February 1974. For 1973/74 exports are projected to rise by at least 30 percent in current prices, although the volumes of the principal export commodities (cotton, cotton yarn, cotton textiles and rice) are all expected to decline. The trade gap is expected to widen considerably and net foreign exchange reserves to decline by $100-150 million. However, this worsening of the balance of payments reflects particularly the ravages of last August's floods on agricultural production and inventories, and the trade deficit is projected to be as much as $250 million less in 1974/75 than in 1973/74.

6. The floods which occurred after the monsoon last year were a set-back for the reviving economy, which the Government expected to grow by 8% in 1973/74. The floods caused damage to standing crops of cotton, rice, sugar and animal fodder. There were also substantial losses of wheat stocks and cattle, and damage, in some areas, to farm equipment, homes, transport, telecommunications and canal networks. Nevertheless, intensive efforts to repair flood damage, replant damaged acreage, and otherwise maximize output are expected to result in a 5 to 6% growth rate. A mission from the Bank and the United Nations visited Pakistan last October to assess the flood damage and the need for external aid. Based on its report, a credit for flood rehabilitation was approved on March 12 this year.

7. The major problems now facing Pakistan are to stimulate output and employment, to control inflation, to increase public and private saving and investment, and to improve the distribution of income. Despite reasonably rapid growth in 1972/73, the domestic supply of essential consumption goods is still inadequate. Together with the increased income resulting from the strong rise in exports, this has been an important factor behind the rapid rise in prices. Wholesale and consumer prices increased 20% or more in 1972/73 reflecting both these domestic pressures and sharp increases in international prices for Pakistan's principal exports (cotton, cotton textiles, and rice) and imports. Since attempts to contain inflation through increased subsidies and price controls were having but limited success, the Government last summer took strong measures to curb demand. The flood caused a sharp increase in prices in August and September but since then the cost of living index has been rising at considerably less than the pre-flood rate.

8. The present high prices of Pakistan's major exports may well decline, with adverse effects on the balance of payments and public finances. Recorded investment in real terms has not increased in the current year, but there is evidence that unrecorded investment in small-scale industry and agriculture has been substantial. If the necessary saving and investment are forthcoming, Pakistan's growth prospects are good. Exports seem limited more by supply constaints rather than lack of demand.

9. Water from Tarbela Dam will probably be available from the end of 1974 and the increasing participation of small and medium-scale farmers in the "green revolution" could mean that agricultural growth in the next

5 years will at least match the 5.6% annual rate of the 1965-70 Third Plan period. Capital goods, light engineering goods, and agro-based industries also have good growth prospects. The recent rise in the oil price will obviously be a constraint on Pakistan's growth but the economy does have certain strengths which make it less vulnerable to the oil shortage than most developing countries. Electric power production is derived roughly equally from hydro resources and natural gas, with only a very small proportion based on oil. Furthermore, new hydro-power will soon become available; by 1976, hydro-electric power generation is expected to be double its 1973 level, which will add about 50% to total output. Pakistan's exports are expected to increase in 1974/75 by more than the added costs of petroleum imports. Provided therefore that Pakistan can obtain foreign capital and generate sufficient domestic savings to finance the necessary investment, there are reasonable prospects that economic growth could average about 7% annually over the next several years.

10. Pakistan's external public debt at the end of December 1972 amounted to US$4.8 billion equivalent, of which US$870 million was undisbursed. Pakistan's debt service, as presently scheduled, would rise from US$180 million in 1972/73 to about US$400 million by 1975/76. This rapid increase reflects the debt rescheduling operations which were arranged in May 1972 and June 1973; it would mean a rise in the debt service ratio from 18% in 1972/73 to around 30% in 1975/76. However, it is not likely that Pakistan will be called upon to repay as much as this; countries which are members of the Pakistan Consortium have agreed that, after July 1, 1974, Pakistan will not be asked to service debts on account of projects visibly located in Bangladesh. Moreover, Consortium countries have agreed to consider providing further debt relief to Pakistan on a long-term basis. The Bank has prepared a study on this subject and the matter is now under consideration by the Consortium.

11. While such relief would certainly ease Pakistan's debt burden, it will still be desirable for assistance to Pakistan to be on terms as concessional as possible. For this reason, the major part of the Bank Group aid to Pakistan is provided by IDA. However, some Bank lending to Pakistan is justified. Until December 1973, when the Bank approved a $25 million loan for industrial investment, no Bank loans had been made since June 1970, and consequently, the volume of Bank loans disbursed and outstanding has been declining over the past few years. On March 31, 1974, it amounted to $296 million equivalent, or less than 8% of Pakistan's total external public debt. Including undisbursed balances, Pakistan's debt to the Bank and IDA now represents about 22% of its external public indebtedness; by 1980 this ratio might increase to about 24%. The share of the Bank Group in total debt service is now about 17% and is expected to decrease to about 10% in 1980.

PART II - BANK GROUP OPERATIONS IN PAKISTAN

12. The Bank and IDA made 31 loans and 38 development credits to Pakistan (total for East and West) between the start of operations in 1952 and June 30, 1971. The Bank and IDA had committed $1.2 billion to the country, about one-half of which was provided by the Bank and one-half by IDA. Of this amount, one loan and 19 development credits, totalling US$4.7 million and US$168.1 million, respectively (net of cancellation), were for projects located wholly within what was then East Pakistan and another 10 loans and 8 development credits involved expenditures in both East and West Pakistan.

13. In August 1972, Bangladesh became a member of the Bank and IDA, and it was agreed that Bangladesh would take over liability for credits made for all projects in its territory, which were not completed. Accordingly, 11 such credits in an aggregate amount of US$151.4 million have since been made to Bangladesh. Of this amount, US$44.1 million has been used for the notional repayment of amounts disbursed under the corresponding previous credit agreements with Pakistan. Bangladesh has recently agreed to enter discussions with all members of the Pakistan Consortium concerning the assumption of liability for debts on account of projects visibly located in Bangladesh. The Bank, too, has started discussions with Bangladesh with a view to the taking over by Bangladesh of liability for the remaining amounts which were fully disbursed for the benefit of what is now Bangladesh under Bank loans and IDA credits to Pakistan.

14. Of the US$1.2 billion lent to Pakistan (East and West), West Pakistan received about 72%. During its long association with Pakistan, the Bank/IDA has been involved in almost all sectors of the economy. Until 1972, 38% of the total commitments were for the public services, 29% for agriculture, 22% for industry, 10% for industrial imports, and 1% for education. Lending for public services amounted to some US$325 million and included loans and credits for railways, electric power, gas pipelines, Karachi Port, highways, telecommunications and water supplies. A large part of the lending for agriculture was for Indus Basin projects. The lending for industry has been mostly through the Pakistan Industrial Credit and Investment Corporation (PICIC). For all the projects for which loans and credits are now being disbursed, construction is now going ahead satisfactorily. The principal problems being encountered are that the rates charged by the public services have not kept pace with the inflation and hence some utilities are not earning the returns which they need, and that some borrowing agencies have financial problems arising from the loss of assets in the former East Pakistan. Annex II contains a summary statement of Bank loans and IDA credits as of March 31, 1974 and notes on the execution of ongoing projects.

15. Lending operations will in future have two main objectives. The first is to continue to improve the institutions which are responsible for the principal public services which have benefitted from Bank Group lending in the past, namely, the Port of Karachi, the Telegraph and Telephone Department, the Water and Power Development Authority, the Pakistan Railways, and

the Sui Northern Gas Pipelines Company. In most of these, institutional improvements are being made with technical assistance financed by the Bank and in some cases, major reforms are likely in the near future. The second objective is to expand lending operations in other fields and, for this purpose, a number of missions have visited Pakistan, or will shortly do so, in order to examine the problems and possibilities of preparing projects in other sectors. A mission to review the drainage and irrigation sector has just returned and has identified a number of projects in the field of irrigation, salinity control and land reclamation. Another mission has been studying the results of a UNDP-sponsored technical assistance project for a master plan for the city of Karachi. Other missions which will visit Pakistan in the next few months will study the Government's plans for rural development and for the encouragement of small industries. Bank Group assistance will also be continued for the industrial sector by financial assistance for the Pakistan Industrial Credit and Investment Corporation (PICIC) and the Industrial Development Bank of Pakistan (IDBP).

16. For the current fiscal year, two operations have already been approved, a Bank loan of US$25 million for industrial investment to be administered by PICIC, and a credit of US$35 million for rehabilitation after the flood of August 1973. A loan of US$35 million for the Multan Fertilizer project is scheduled for consideration by the Executive Directors on May 7. The proposed credit will complete the lending program for this fiscal year. A project for telecommunications is under consideration for FY 1975, and projects for highway improvement, for the expansion of the natural gas transmission system and for seed multiplication are being prepared. Over the longer term, the Bank Group's lending program for Pakistan will include increasing emphasis in the area of irrigation and drainage, livestock, rural development and credit in the agricultural sector; assistance to the new National Development Finance Corporation, as well as continued support for PICIC and IDBP; and urban projects with emphasis in Karachi and Lahore.

17. In addition to its lending operations, the Bank will continue to serve as Chairman of the Pakistan Consortium. The next meeting of the Consortium will be held in Paris on May 14 and 15, at which the new economic report prepared by the Bank will be considered.

18. IFC has made nine investments in Pakistan for a total of US$28 million, of which US$20.7 million was by way of loans and US$7.3 million by equity participations. (They are shown in Annex II.) About US$14 million remains outstanding. The enterprises assisted by IFC include three in the field of pulp and paper products, two in textiles, and one each in steel, cement and fertilizers. IFC is also a shareholder of PICIC.

PART III - THE TRANSPORT SECTOR IN PAKISTAN

19. The main traffic flows in Pakistan connect the thickly populated area around Lahore with the port and industrial area of Karachi some 700 miles to the south, with the industrial and agricultural areas around Lyallpur, Sargodha and Kushab to the west and with the administrative center

of Rawalpindi and Islamabad to the northwest. All these main routes are served by rail, road and air transport and by a natural gas pipeline system based on the Sui and Mari fields.

20. Pakistan Western Railways (PWR) is Government-owned and operated and constitutes one of the largest organizations in the country. For many years the railways provided the main means of mechanized transport; however, an increasing proportion of transport is being carried by road, and railway traffic has shown little overall growth. Freight traffic in ton-miles is now divided about equally between road and rail. PWR's operations have been studied in 1970/71 by consultants, financed under a Bank loan, who have made recommendations for improvements in management and operations which PWR intends to implement with the consultant's assistance.

21. Motorized road traffic is growing at about 10% a year and is the principal means of transport in urban areas. While truck transport has been free of significant Government regulations for more than a decade, bus regulation was liberalized only in 1970. Since then, there has been an increase in the number of buses in operation and a substantial improvement in service. Animal-drawn traffic remains important in rural areas. The overall condition of the road system ranges from fair to poor; total length is about 48,000 miles, of which about 33,000 miles are unimproved.

22. Air transport is provided by the Government-owned Pakistan International Airlines which operates international and domestic services. The number of passengers carried on West Pakistan domestic routes showed an average annual growth rate of 11% from 1962-71.

23. Pakistan's merchant marine in 1972 consisted of some 57 vessels, about 600,000 dwt, which carried about 8% of the country's overseas trade (15% if petroleum is excluded); the National Shipping Corporation accounted for about half the ships and 75% of the goods carried; except in 1971-72, its operations have been profitable.

24. This basic structure of the domestic transport system has not been changed by the events of the past two years, but important changes are taking place in the pattern of Pakistan's international aviation and shipping operations which are developing new route patterns. Also, overland traffic to the Middle East and Europe is beginning to develop.

25. Public development expenditures for transport reflect the increased emphasis being given to highways, which were allocated 42% of such expenditures in 1972/73, and, according to the recommendations of a Bank-assisted Transport Coordination Study, this pattern should continue for at least the next five years. The study also indicates that the railway system operates inefficiently. The railways have received a substantial amount of external aid (Rs. 1,200 million over the past ten years) for capital expansion, but the growth of traffic has been slower than expected. Improvements in railway operational efficiency have a higher priority than additional investments in the near future.

PART IV - THE PROJECT

26. The Bank Group has been associated with the development of Karachi Port for almost 20 years. Bank loans of US$14.8 million and US$17.0 million were made in 1955 and 1964 to assist earlier development programs. The loan for the first project was fully disbursed in 1962. The second project was delayed by difficult foundation conditions and later by the Indo-Pakistan wars and labor troubles. The difficulties have now been brought under control and the berths are in use, although a transit shed and some ancillary works remain to be completed. All foreign currency expenditures are expected to be made before the revised Closing Date of June 1974. An engineering credit of US$1.0 million was made in 1970 for studies in preparation for the Third Karachi Port Project, for which a credit was approved on June 28, 1973 (Credit 422-PAK) and became effective on December 14, 1973.

27. The total of imports and exports passing through the Port of Karachi has grown from 5.8 million tons in 1964 to 10.3 million tons in 1973. The port is intensively used, with a berth occupancy of almost 100%, made possible, in part, through double-banking of ships and at the expense of substantial ship waiting time. The Third Karachi Port Project consists of the construction of four additional general cargo berths and the reconstruction of a road bridge in the port area and will complete the development of the general cargo berths in the present port area. However, additional general cargo berths required by 1979 will require development of the so-called "Western Backwater" of Karachi Port. A feasibility study undertaken with UNDP financing indicated that the Western Backwater could also be used for deep-drafted bulk carriers. However, the Government is also considering the desirability of developing additional port facilities for bulk materials, such as oil and iron ore, at Phitti Creek, ten miles to the east of Karachi. A prefeasibility study of this site has been made by a Japanese technical assistance team; but, since the cost of developing a wholly new port will be substantial, a proper evaluation of relevant technical and economic factors is needed before such a major decision is taken. The Government is undertaking the necessary studies.

28. The port has three oil berths. One berth built in 1910 is very dilapidated, and all three have very limited alongside depths of water, so that imports of crude oil tend to be carried in small, old tankers with low discharge rates. The proposed project will provide a new oil berth to replace the dilapidated pier and to meet the expected future growth in oil traffic until about 1981; it is based largely on the recommendations of consultants appointed under the 1970 engineering credit. It was appraised in August 1973, and negotiations took place in Washington in March 1974. The Government of Pakistan was represented by Mr. A.M. Mufti, Economic Minister of the Pakistan Embassy and the Karachi Port Trust by Admiral Hasnain, Chairman of the Board, Mr. Aftab Alam, Engineer-in-Chief, and Mr. Z. Zaidi, Chief Accounts Officer.

29. The Appraisal Report (No. 303-a-PAK) on the proposed project is being distributed to Executive Directors separately. A project summary is attached as Annex III.

30. The Port of Karachi is managed by a body corporate known as the Trustees of the Port of Karachi (KPT) - a Board consisting of eleven trustees representing shipowners, shippers, labor, and the Government, including a chairman appointed by the Government. The chairman is responsible for day-to-day port operations. The KPT is a generally efficient organization, with adequate authority to carry out its responsibilities. Some improvements in its organizational structure and its accounting system were suggested by management consultants retained under the 1970 Engineering Credit and KPT is expected to implement a new management and cost accounting system, and to make changes in the organizational structure, by June 1975.

Project Description

31. The project consists of the construction of an oil berth capable of accommodating 75,000 dwt oil tankers, complete with oil handling facilities, and equipment for fire-fighting and for containing and removing any spillage occurring during the unloading process. The berth will initially be dredged to 44 ft. alongside to accommodate 45,000 dwt tankers at all stages of the tide; the project includes the purchase of a trailing-suction hopper dredger. In addition, the present 29 ft. deep approach channel will be deepened in two stages, first to 37 ft. (35/40,000 dwt tankers) by contract dredging and, when this is completed, KPT will further deepen it to 40 ft. (45,000 dwt tankers) using the trailing-suction hopper dredger, the purchase of which forms part of the project. KPT will also deepen alongside one of the existing berths so that it can handle 35,000 dwt tankers. A section of the approach channel will be dredged to 45 ft. (75,000 dwt tankers) to study the feasibility of maintaining the channel at that depth. Appropriate navigational aids are included in the project, which also provides for technical assistance for operating and maintaining the new dredger and assessing results of the test dredging. Consultants will supervise the civil works, contract dredging and dredger construction. To ensure the utilization of the expanded port oil berth facilities, Pakistan has agreed to guarantee the proposed expansion by the oil companies of their respective tankage and pipeline facilities (Section 3.04 of the Development Credit Agreement).

Cost and Financing of the Project

32. The total cost of the project is estimated at Rs. 236.5 million (US$23.9 million equivalent), and the foreign exchange component is about Rs. 162.0 million (US$16.4 million equivalent) of which Rs. 158.4 million (US$16.0 million equivalent) would be financed by the proposed credit; the balance of foreign exchange, Rs. 3.6 million (US$0.36 million equivalent) incurred by KPT in operating the new dredger for the maintenance and further dredging of the approach channel from 37 to 40 ft. under the Project will be met by KPT. The estimates for civil works, which include a 10% allowance for physical contingencies and an allowance for price increases of 20% on

foreign currency costs and 29% on local currency costs, are based on final engineering studies. All contracts for civil works, equipment and dredging, together with procurement of the dredger, will be awarded on the basis of international competitive bidding. Evaluation of bids for civil works will include a 7-1/2% preference for eligible domestic contractors. Details of the cost estimates, which include customs duties, and estimated disbursements are shown in Annex III.

33. The project is a part of KPT's investment program through 1983, which amounts to US$155.3 million equivalent and includes the ongoing and proposed Bank Group projects, the construction of six berths in the Western Backwater estimated to cost US$70.0 million, and other capital expenditure amounting to US$23.2 million. About 42% of the funds required for this program will be met from KPT's own resources, 2% from grants, and the remaining 56% from borrowing.

34. The financial position of KPT is sound and, provided port charges are maintained at adequate levels, it should have no difficulty in meeting all operating expenses and debt service requirements, and in providing its required contribution to the financing of the investment program. To this end, KPT has agreed to maintain a rate of return of not less than 4% on net fixed assets from 1976 through 1981 and 7% from 1982 onwards, and has undertaken to adjust its tariff structure by July, 1975, so as to include the introduction of charges related to berth occupancy time (Project Agreement, Sections 4.05 and 4.06).

35. The proposed IDA credit would be made to Pakistan which would relend the proceeds to KPT for a term of 25 years, including a 5-year grace period, with interest at 7-1/4% per annum.

Economic Justification

36. The dilapidated condition of the existing 25,000 dwt capacity Oil Pier No. 3 makes its replacement a matter of urgency. A berthing accident could, at any time, destroy the pier, thus depriving the port of one-third of its present capacity for berthing oil tankers. This could result in serious ship delays and a rapidly escalating cost to the Pakistan economy in the form of demurrage fees and higher freight charges, as well as a shortage of petroleum products, which would have far-reaching effects on the economy. The proposed project, therefore, would have very great, although unquantifiable, benefits in the form of assured capacity to handle forecast oil traffic until about 1981. In the absence of any significant new discoveries in the domestic oilfields, the proportion of crude oil requirements supplied by imports will continue to increase with the demand for petroleum products. Consumption of middle distillates, the most important of the refined products, is forecast to increase at 8% per annum. The forecast assumes that the escalating cost of crude oil will have only a limited impact on consumption and that balance of payments considerations will not result in Government action to restrict imports.

37. In addition to the foregoing unquantifiable benefits, the project would yield substantial benefits in the form of lower ocean freight costs by permitting the use of larger tankers for petroleum imports and exports; it would also avoid the capital cost of two smaller oil piers (for 25,000 dwt tankers) which would otherwise be necessary before 1978 and, possibly, of a third by 1983. These benefits yield a return of 23% on the total project cost. Port services will be priced so as to recover the project costs and to earn a reasonable return on invested capital, thereby ensuring that an adequate proportion of the project's benefits accrue to Pakistan rather than to foreign shipowners.

Ecology

38. The dredging spoil resulting from deepening the entrance channel will be dumped in an approved area which has been used for this purpose by KPT over a considerable period without detrimental effects on the ecology. The provision of floating collars for containing any spillage and means of removing it are included in the project.

PART V - LEGAL INSTRUMENTS AND AUTHORITY

39. The draft Development Credit Agreement between the Islamic Republic of Pakistan and the International Development Association, the draft Project Agreement between KPT and the Association, the Recommendation of the Committee provided for in Article V, Section 1(d) of the Articles of Agreement and the text of a Resolution approving the proposed Development Credit are being distributed to the Executive Directors separately.

40. Features of the Development Credit Agreement and of the Project Agreement of special interest concerning the expansion of private oil handling facilities and the financial undertakings of KPT are referred to in paragraphs 31 and 34, respectively, of this report.

41. I am satisfied that the proposed credit would comply with the Articles of Agreement of the Association.

PART VI - RECOMMENDATION

42. I recommend that the Executive Directors approve the proposed credit.

Robert S. McNamara
President

Attachments
May 3, 1974

COUNTRY DATA - PAKISTAN

AREA	POPULATION	DENSITY
806,530 km2	63.8 million (mid-1972)	79 Per km2 208 Per km2of arable land

SOCIAL INDICATORS

	PAKISTAN /a		Reference Countries		
	1960	1970	India 1970	Turkey 1970	France 1970
GNP PER CAPITA US$ (ATLAS BASIS) /1	81	129	110	310	3,100
DEMOGRAPHIC					
Crude birth rate (per thousand)	51	43	38 /b	40	17
Crude death rate (per thousand)	24	16	16 /b	13	12
Infant mortality rate (per thousand live births)	140	115	120-140 /b	153 /c	15
Life expectancy at birth (years)	49	52	49	55	72
Gross reproduction rate /2	..	3.7	2.9	2.9	1.2
Population growth rate /3	2.7	2.8	2.3	2.5	0.9 /d
Population growth rate - urban	4.8	4.6	3.5	4.1	2.4 /e
Age structure (percent)					
0-14	42	45	42	42	24
15-64	53	51	55	54	63
65 and over	5	4	3	4	13
Dependency ratio /4	1.6	1.9	1.2 /f	1.0 /g	0.9 /h
Urban population as percent of total	22	28	20	38	70 /e
Family planning: No. of acceptors cumulative (thous.)	..	..	..	282	..
No. of users (% of married women)	..	..	..	4.4	..
EMPLOYMENT					
Total labor force (thousands)	13,985	17,616	221,000 /i	15,830	20,439 /j
Percentage employed in agriculture	60	55	71 /b	66	15 /j
Percentage unemployed	..	..	..	6.0	2.1 /j
INCOME DISTRIBUTION					
Percent of national income received by highest 5%	..	..	..	..	..
Percent of national income received by highest 20%	..	..	..	..	..
Percent of national income received by lowest 20%	..	..	..	..	..
Percent of national income received by lowest 40%	..	..	..	..	..
DISTRIBUTION OF LAND OWNERSHIP					
% owned by top 10% of owners	46.2	..	..	..	..
% owned by smallest 10% of owners	0.4	..	..	..	..
HEALTH AND NUTRITION					
Population per physician	7,490	4,500	4,000 /b	2,220	750
Population per nursing person	14,930	9,290	4,150 /k	1,630	260
Population per hospital bed	2,080	2,060	1,830 /l	490	110
Per capita calorie supply as % of requirements /5	..	..	84 /l	110 /m	120
Per capita protein supply, total (grams per day) /6	..	..	48 /l	78 /m	103
Of which, animal and pulse	..	..	15 /l	22 /m	66
Death rate 1-4 years /7	..	..	..	..	0.9
EDUCATION					
Adjusted /8 primary school enrollment ratio	28 /n	44 /n	79 /q	77 /j	120 /h
Adjusted /8 secondary school enrollment ratio	15 /o	17 /o	28 /q	25 /q	70 /h
Years of schooling provided, first and second level	10 /p	10 /p	12	13	12
Vocational enrollment as % of sec. school enrollment	1.4	1.6	6 /r	14	23 /h
Adult literacy rate %	17	..	36 /b/s	46 /r	..
HOUSING					
Average No. of persons per room (urban)	..	..	..	2.4	0.9 /j
Percent of occupied units without piped water	..	..	..	..	7 /j
Access to electricity (as % of total population)	..	..	..	37	99 /j
Percent of rural population connected to electricity	..	..	..	..	98 /j
CONSUMPTION					
Radio receivers per 1000 population	6 /t	22 /t	21	87	314
Passenger cars per 1000 population	1.4 /u	2.1 /u/v	1.1	4.0	253.0 /h
Electric power consumption (kwh p.c.)	25 /w	112 /w	100 /h	245	2,781
Newsprint consumption p.c. kg per year	..	..	0.3	2.0	12.0

Notes: Figures refer either to the latest periods or to the latest years. Latest periods refer in principle to the years 1956-60 or 1966-70; the latest years in principle to 1960 and 1970. Only significantly different periods or years are footnoted separately.

/1 The Per Capita GNP estimates for years other than 1960 are at market prices, calculated by the same conversion technique as the 1972 World Bank Atlas.

/2 Average number of daughters per woman of reproductive age.

/3 Population growth rates are for the decades ending in 1960 and 1970.

/4 Ratio of under 15 and 65 and over age brackets to those in labor force bracket of ages 15 through 64.

/5 FAO reference standards represent physiological requirements for normal activity and health, taking account of environmental temperature, body weights, and distribution by age and sex of national populations.

/6 Protein standards (requirements) for all countries as established by USDA Economic Research Service provide for a minimum allowance of 60 grams of total protein per day, and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are somewhat lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey.

/7 Some studies have suggested that crude death rates of children ages 1 through 4 may be used as a first approximation index of malnutrition.

/8 Percentage enrolled of corresponding population of school age as defined for each country.

/a West Pakistan only; /b 1971 estimate; /c 1967; /d 1963-70, /e Over 2,000 population; /f 1971, ratio of population under 15 and 65 and over to labor force in age group 15-59; /g Ratio of population under 15 and 65 and over to total labor force; /h 1969; /i 1971, A.I.D. estimate of labor force in age group 15-59. IBRD report gives a figure of 180.4 million based on the 1971 population census. The difference is due to changes in the definition of a worker. In the 1971 census persons were classified only on the basis of their main activity, irrespective of whether or not they did any economic work; /j 1968; /k 1966; /l 1968/69; /m 1964/66; /n Primary school level grade 1 through 5; /o Secondary school level grade 6 through 10; /p Up to matriculate (10th grade); /q Estimate which includes overage students; /r 1965; /s Population of 10 years and over based on 1% sample data of 1971; /t Data relate to radio licenses issued; /u Data based on number of motor cars, jeeps, station wagons and motor taxis registered; /v 1968, based on IBRD population estimate of 57 million; /w Data relate to electricity generated and hence include station use and transmission losses also.

PAKISTAN - ECONOMIC DEVELOPMENT DATA
(Amounts in millions of U.S. dollars)

NATIONAL ACCOUNTS	Actual 1960	1965	1970	Projected 1973	1975	1978	1960-1965	1965-1970	1970-1975	1973-1978	1960	1970	1978
	3-Year Average at 1967-1969 Prices & Exchange Rates						Average Annual Growth Rates				As Percent of GDY		
Gross Domestic Product	4877.6	6660.6	9067.2	10194.3	11476.4	14059.0	6.4	6.4	4.8	6.7	98.6	100.8	97.9
Gains from Terms of Trade (+)	69.1	101.9	-71.8	204.9	233.5	308.6	.	.	.	.	1.4	-0.8	2.1
Gross Domestic Income	4946.7	6762.5	8995.4	10399.2	11709.9	14367.6	6.5	5.9	5.4	6.6	100.0	100.0	100.0
Import (incl. NFS)	621.0	1067.3	1016.0	1173.0	1395.0	1661.6	11.4	-1.0	6.5	7.2	12.6	11.3	11.6
Exports " (import capacity)	323.9	529.4	679.9	828.2	971.7	1331.2	10.3	5.1	7.4	9.9	6.5	7.6	9.3
Resource Gap	297.1	537.9	336.1	344.8	423.3	330.4	.	.	.	.	6.0	3.7	2.3
Consumption Expenditures	4423.9	5946.9	7943.7	9579.4	10683.0	12514.2	6.1	6.0	6.1	5.4	89.4	88.3	87.1
Investment " (incl. stocks)	819.9	1353.5	1387.8	1164.4	1450.2	2183.8	10.6	0.5	0.9	13.4	16.6	15.4	15.2
Domestic Savings	522.8	815.6	1051.7	819.8	1026.9	1853.4	9.3	5.2	-0.8	19.6	10.6	11.7	12.9
National Savings	516.9	788.8	1009.3	884.9	1088.7	1912.6	8.8	5.7	1.5	17.9	10.4	11.2	13.3
MERCHANDISE TRADE	Annual Data at Current Prices										As Percent of Total		
Imports													
Capital Goods	..	..	..	..	..	..							
Fuels and intermediate goods	..	..	..	..	..	..							
Consumption Goods	..	..	..	..	..	..							
Total Merch. Imports (cif)	488.6	804.7	772.7	960.9	1155.2	1481.7	10.5	-0.8	8.4	9.0	100.0	100.0	100.0
Exports													
Primary Products	..	..	..	..	..	..							
Manufactured Goods	..	..	..	..	..	..							
Total Merch. Exports (fob)	255.7	382.4	544.8	650.0	856.3	1250.2	8.4	7.3	9.5	14.0	100.0	100.0	100.0
Tourism and Border Trade	..	..	..	..	..	..							
Merchandise Trade Indices	Average 1967-69 = 100												
Export Price Index	91.20	94.06	87.08	125.15	131.49	141.60	0.62	-1.53	8.6	2.5			
Import Price Index	104.67	70.68	99.75	95.09	99.90	107.58	-7.55	7.13	0.0	2.5			
Terms of Trade Index	87.13	133.09	87.30	131.62	131.62	131.62	8.84	-8.08	8.5	0.0			
Exports Volume Index	57.03	82.70	127.26	105.65	132.52	179.60	7.72	9.00	0.81	11.20			
VALUE ADDED BY SECTOR	Annual Data at 1967-69 Prices and Exchange Rates						Average Annual Growth Rates				As Percent of Total		
Agriculture	2030	2442	3217	3407			3.7	5.6			45.3	38.2	
Industry and Mining 4/	674	1249	1796	1996			13.1	7.6			15.0	21.3	
Service	1778	2523	3409	3874			7.3	6.2			39.7	40.5	
Total	4482	6214	8422	9277			6.7	6.2			100.0	100.0	
PUBLIC FINANCE 3/ (Central Government)	..	..									As Percent of GDP		
Current Receipts	..	..	1154	1744							..	12.2	
Current Expenditures	..	..	928	1134							..	9.8	
Budgetary Savings	..	..	226	610							..	19.6	
Other Public Sector 1/	..	..	-90	-272							..	-0.9	
Public Sector Investment 2/	..	..	642	584							..	6.8	

CURRENT EXPENDITURE DETAILS (As % Total Current Expend.)	Actual 19	19	Prelim. 19	Est. 19	Proj. 19
Education	..	..	..	..	..
Other Social Services	..	..	..	..	..
Agriculture	..	..	..	..	..
Other Economic Services	..	..	..	..	..
Administration and Defense	..	..	..	..	..
Other	..	..	..	..	..
Total Current Expenditures					

DETAIL ON PUBLIC SECTOR INVESTMENT PROGRAM	US $ million At end 19 First Plan (19 /	P and ER % of Total - 19 /)
Social Sectors	..	..
Agriculture	..	..
Industry and Mining	..	..
Power	..	..
Transport and communications	..	..
Other	..	..
Total Expenditures		

SELECTED INDICATORS (Calculated from 3-year averaged data)	1960-1965	1965-1970	1970-1975	1973-1978
Average ICOR	3.0	2.8	1.9	2.0
Import Elasticity	2.0	-0.15	2.6	0.5
Marginal Domestic Savings Rate	16.1	10.6	-0.9	20.0
Marginal National Savings Rate	15.2	9.9	1.8	20.0

FINANCING		
Public Sector Savings		
Program aid counterpart		
Foreign Project Aid		
Total Financing		

LABOR FORCE AND OUTPUT PER WORKER	Total Labor Force: In Millions 1960	1970	% of Total 1960	1970	1960-70 Growth Rate	Value Added Per Worker (1967-69 Prices & Exc. Rates): In U.S. Dollars 1960	1970	Percent of Average 1960	1970	1960-70 Growth Rate
Agriculture	8.3	9.6	59.6	54.8	1.5	244	335	74.8	70.1	3.2
Industry	2.2	3.4	16.0	19.4	4.3	306	528	95.0	110.4	5.6
Service	3.1	4.2	22.2	23.6	3.0	574	812	178.2	169.8	3.5
Total	13.6	17.2	97.8	97.8	2.3	322	478	100.0	100.0	4.0
Unallocated	0.3	0.4	2.2	2.2	-	-	-	-	-	-
Total	13.9	17.6	100.0	100.0	2.3	322	478	100.0	100.0	4.0

. not applicable - nil or negligible
.. not available -- less than half the smallest unit shown

1/ Savings of the provincial Government and autonomous bodies.
2/ Combined investment of Central and provincial Governments and autonomous bodies.
3/ At current prices and constant exchange rates of Rs. 4.762 per US $. Data for 1972/73 are budget estimates.
4/ Includes manufacturing, mining and quarrying, construction, electricity, gas, water and sanitary services.

BALANCE OF PAYMENTS, EXTERNAL ASSISTANCE AND DEBT

(amounts in millions of U.S. dollars at current prices)

	Actual/1 1969/70	1970/71	19	19	Estimated/e 1972/73	Projected/e 1973/74	1974/75	1975/76	1976/77	1977/78	1987/88	Avg. Annual Growth Rate 1974-1978
SUMMARY BALANCE OF PAYMENTS												
Exports (incl. NFS)					931	1,200	1,271	1,392	1,502	1,627	3,476	6.2
Imports (incl. NFS)					1,018	1,600	1,785	1,961	2,166	2,397	6,232	8.4
Resource Balance (X-M)					-87	- 400	- 514	- 569	- 664	- 770	-2,756	
Interest (net) /2					- 98	- 113	- 126/3	- 131/3	- 134/3	- 136/3	- 167/3	4.7
Direct Investment Income					- 20	- 20	- 21	- 22	- 23	- 23	- 32	3.6
Workers' Remittance					130	130	136	142	147	152	205	3.8
Current Transfers (net)					31	30	30	30	30	30	30	-
Balance on Current Accounts					- 44	- 373	- 495	- 550	- 644	- 747	-2,720	
Private Direct Investment					10	10	10	10	10	10	10	-
Official Capital Grants					21	20	20	20	20	20	20	-
Public M&LT Loans												
Disbursements					344	410	400	400	400	400	400	..
-Repayments /2					89	162	272/3	286/3	300/3	246/3	277/3	10.9
Net Disbursements					255	248	128	114	100	154	123	
Other M&LT Loans												
Disbursements					-	-	-	-	-	-	-	
-Repayments					10	10	10	10	10	10	10	-
Net Disbursements												
Capital Transactions n.e.i.					- 6							
Change in Net Reserves					+152							
GR [illegible]												
[illegible]					21							
Public M&LT Loans												
IBRD					-							
IDA					95							
Other					-							
Other Multilateral					39							
Governments					346							
Suppliers					-							
Financial Institutions					-							
Bonds					-							
Publi[illegible]					-							
Total [illegible]					501							

DEBT AND DEBT SERVICE	Actual/1 19	19	19	19	Estimated 1973
Public Debt Out. & Disbursed/4					4,151
Interest on Public Debt					98
Repayments on Public Debt/2					89
Total Public Debt Service					187
Other Debt Service (net)					10
Total Debt Service (net)					197
Burden on Export Earnings (%)					
Public Debt Service					17.6
Total Debt Service					18.6
TDS+Direct Invest. Inc.					21.4
Average Terms of Public Debt					
Int. as % Prior Year DO&D					2.6
Amort. as % Prior Year DO&D					2.4
IBRD Debt Out. & Disbursed					316.0
" as % Public Debt O&D					7.6
" as % Public Debt Service					29.0
IDA Debt Out. & Disbursed					443.1
" as % Public Debt O&D					10.6
" as % Public Debt Service					2.4

EXTERNAL DEBT	Actual Debt Outstanding on Dec. 31, 1972/5 Disbursed Only	Percent
World Bank	328	8.4
IDA	366	9.4
Other Multilateral	11	0.3
Governments	2,891	73.8
Suppliers	241	6.2
Financial Institutions	76	1.9
Bonds	-	-
Public Debts n.e.i	-	-
Total Public M&LT Debt	3,913	100.0
Other M&LT Debts		
Short-term Debt (disb. only)		

. not applicable
.. not available
... not available separately but included in total

e staff estimate
- nil or negligible
-- less than half the smallest unit shown

/1 Available data include Bangladesh and it would be misleading to show these.
/2 Modified by short-term debt relief and rescheduling.
/3 Reduced by 15 percent on account of projects visibly located in Bangladesh.
/4 End of Period.
/5 Includes debt contracted on account of Bangladesh prior to December 1971.

THE STATUS OF BANK GROUP OPERATIONS IN PAKISTAN

A. STATEMENT OF BANK LOANS AND IDA CREDITS
(as at March 31, 1974)

Loan or Credit Number	Year	Borrower		Amount (less cancellations) US$ Million Bank	IDA	Undisbursed
Fifty-five loans and credits fully disbursed[/a]				393.8	291.2	-
266	1960	Pakistan	Indus (Multipurpose)	90.0	-	17.3
50	1964	Pakistan	Education	-	8.5	2.1
376	1964	Karachi Port	Port Development	17.0	-	2.1
548	1968	Pakistan	Tarbela (Multipurpose)	25.0	-	25.0
145	1969	Pakistan	Telecommunications	-	8.7	0.5
590	1969	PICIC	Industrial Development	40.0	-	2.7
621	1969	Pakistan	Western Railway	14.5	-	6.0
157	1969	Pakistan	Agricultural Bank III	-	30.0	6.0
177	1970	Pakistan	Industrial Development (IDBP)	-	20.0	10.8
696	1970	SNGPL	Sui Northern Gas III	19.2	-	1.0
186	1970	Pakistan	Telecommunications II	-	15.0	5.0
206	1970	Pakistan	Engineering Education	-	4.0	3.8
213	1970	Pakistan	Power Distribution	-	23.0	19.0
396	1973	Pakistan	Industrial Import Program II	-	45.0	4.0
422	1973	Pakistan	Karachi Port III	-	18.0	17.4
961	1974	Pakistan	Industrial Investment[/b]	(25.0)	-	(25.0)
466	1974	Pakistan	Flood Rehabilitation[/b]	-	(35.0)	(35.0)
TOTAL				599.5	463.4	122.7
of which has been repaid				249.1	1.5	
Total now outstanding				350.4	461.9	
Amount sold			22.3			
of which has been repaid			22.2	0.1	-	
Total now held by Bank and IDA[/c]				350.3	461.9	
Total Undisbursed				54.0	68.7	122.7

/a Includes the disbursed portion of loans and credits wholly or partly for projects in the former East Pakistan except for these portions of credits which have been notionally repaid out of credits reactivated for Bangladesh.

/b Not yet effective, and amounts in parentheses are not included in total.

/c Prior to exchange adjustments.

B. STATEMENT OF IFC INVESTMENTS (as at March 31, 1974)

Year	Obligor	Type of Business	Amount in US$ Million Loan	Equity	Total
1958	Steel Corp. of Pakistan Ltd.	Rolled Steel Products	0.63	-	0.63
1959	Adamjee Industries Ltd.	Textiles	0.75	-	0.75
1962-1965	Ismail Cement Industries Ltd.		5.25	0.42	5.67
1963-1969	PICIC	Development Financing	-	0.49	0.49
1965	Crescent Jute Products	Textiles	1.95	-	1.95
1965	Packages Ltd.	Paper Products	2.31	0.84	3.15
1967	Pakistan Paper Corp. Ltd.	Paper	3.20	2.02	5.22
1969	Dawood Hercules Chemicals Ltd.	Fertilizers	1.00	2.92	3.92
1969	Karnaphuli Paper Mills Ltd.	Pulp and Paper	5.60	0.63	6.23
	Total Gross Commitments		20.69	7.32	28.01
	Less: Cancellations, Terminations, Repayments and Sales		13.37	0.91	14.28
	Total Commitments Now Held by IFC		7.32	6.41	13.73

C. Projects in Execution 1/

Loan No. 266 — Indus Basin: US$90 Million Loan of September 19, 1960; Closing Date: December 31, 1975

All major project items (except Tarbela Dam) have been completed. Some minor remedial works have still to be finished and settlement remains to be made on a number of claims. Further disbursement of this Loan (mainly for Tarbela Dam), which was interrupted in 1971 by agreement with the United States in order to disburse first the loan contribution of the United States to the Indus Basin Development Fund, has now resumed. Work on the Tarbela Dam project is proceeding on schedule. The original Closing Date of September 30, 1973, has been extended to December 31, 1975.

Cr. No. 50 — Education: US$8.5 Million Credit of March 25, 1964: Closing Date: June 30, 1975

The project suffered initial delays due to administrative difficulties, shortages of building materials, lack of local funds, the 1971 war and, more recently, extensive floods. The pace of implementation has improved but problems of equipment procurement and shortages of building materials remain. All construction contracts have been awarded, of which about 76% are completed. Equipment installed at the agricultural university represents about 80% of the total allocated. The project is expected to be completed by the new Closing Date.

Loan No. 376 — Karachi Port: US$17.0 Million Loan of March 14, 1964; Closing Date: June 30, 1974

The execution of this project has been delayed substantially. The total cost of the project has increased from the original estimate of US$37.5 million to US$47.0 million but there has been no change in the foreign exchange component of US$17.0 million. This increase has not materially affected the economic justification of the project. The project was first delayed by difficulties with the original design of the wharves. In 1967 work had to be suspended and the wharves redesigned. Later, it was found that more extensive soil investigation was necessary, which meant further delay. The war in 1971 and labor troubles also contributed to the delay. The difficulties now appear to have been brought under control and the works are now approaching completion. The dredging operations, although more than 90% complete, are still behind schedule but are now being expedited. The original Closing Date of March 31, 1969, was extended first to June 30, 1972, and then to June 30, 1974, the current date.

1/ These notes are designed to inform the Executive Directors regarding the progress of projects in execution, and in particular to report any problems which are being encountered, and the action being taken to remedy them. They should be read in this sense, and with the understanding that they do not purport to present a balanced evaluation of strengths and weaknesses in project execution.

Loan No. 548 — Tarbela Dam; US$25.0 Million Loan of July 10, 1968; Closing Date: December 31, 1977

The Loan is intended for residual financing, and no disbursements are expected until FY 1976. Good progress is being maintained on the project. On September 29, 1973, the Indus River was diverted through tunnels on schedule to enable the final stage - the construction of the closure section of the dam - to be undertaken. The main civil works contractors have submitted substantial claims on account of labor costs, inflation and the 1972 devaluation of the Rupee which are being considered by a special Government committee.

Cr. No. 145 — Telecommunications; US$16.0 Million Credit of March 6, 1969; Closing Date: December 31, 1974

Cr. No. 186 — Telecommunications; US$15.0 Million Credit of May 22, 1970; Closing Date: December 31, 1975

There have been delays in implementing both these credits. The original proposals allowed for the expenditure under the two credits of about US$11.3 million in the former East Wing and US$19.7 million in the West. US$5.2 million of the undisbursed balance of Credit 145-PAK was cancelled in November, 1972 after a telecommunications project to Bangladesh was approved. The Closing Date of 145-PAK was extended from the original date of December 31, 1972 to December 31, 1974. The Closing Date of Credit 186-PAK has been extended from December 31, 1973 to December 31, 1975; and the credit proceeds have been reallocated to reflect the increased costs of imports resulting from the realignment of currencies. This will also allow GOP more time for the reorganization of the Pakistan Telephone and Telegraph Department, the introduction of an effective accounting system and the completion of installation of equipment under the Credits.

Loan No. 590 — Development Finance Company - PICIC; US$40.0 Million Loan of March 21, 1969; Closing Date: September 30, 1975

This Loan has been fully committed. The original Closing Date of March 31, 1974, has been extended to September 30, 1975, to enable disbursements to be made for the last sub-project.

Loan No. 621 — Railways; US$14.5 Million Loan of June 26, 1969: Closing Date: December 31, 1975

Progress on (a) the renewal and improvement of track and bridges, and (b) rehabilitation and improvement for workshops and depots has been satisfactory. However, the proposal for the expansion of the marshalling yard at Samasata has been dropped and the first phase of a new marshalling yard at Pipri has been included instead. The change was based on a feasibility study conducted by consultants (SOFRERAIL, France), who indicated that a new yard at Pipri would be economically and operationally preferable. The original Closing Date of December 31, 1972, has been extended by three years to December 31, 1975, to allow time for Pipri yard to be built and the balance of the loan has been reallocated. PWR has also reappointed the consultants for a period of 18 months.

Cr. No. 157 — Agricultural Development Bank: US$30.0 Million Credit of June 26, 1969; Closing Date: December 31, 1974

Disbursements under this Credit are very much behind the original schedule. Delays in issuing import licenses and slowness in lending for tubewells because of difficulties in providing electrical connections were originally responsible for this delay. The original Closing Date of June 30, 1972, was first extended to June 30, 1974 and then to December 31, 1974.

Cr. No. 177 — Development Finance Company - IDBP: US$20.0 Million Credit of February 11, 1970; Closing Date: December 31, 1977

Although IDBP has restored its organizational effectiveness, the loss of the former East Pakistan had far-reaching repercussions on its financial position. Pending a satisfactory solution of this problem, and to enable IDBP to resume lending to industry, the unwithdrawn amount of the credit has been converted into a Government owned fund administered by IDBP as an agent of the Government. The original Closing Date of December 31, 1974, has been postponed to December 31, 1977.

Loan No. 696 — Gas Transmission: US$19.2 Million Loan of June 29, 1970; Closing Date: December 31, 1974

The 1971 war has delayed execution of this project and also caused a small increase in its cost (less than 3%). The project was substantially completed in July 1973, but to enable disbursements to be made for retention payments and some equipment procurement, the original Closing Date of June 30, 1973, has been extended to December 31, 1974.

Cr. No. 206 — Engineering Education: US$4.0 Million Credit of June 29, 1970; Closing Date: December 31, 1976

Construction of the College started in February, 1974. Civil works and equipment procurement will probably be completed before the Closing Date but the staff development program has been slow to start and may extend beyond that time. The cost of the civil works is expected to increase from Rs 16 million to Rs 31 million. But due to the devaluation of the rupee, the credit amount will be sufficient to meet IDA's share of this increase. However, the Government will need to provide an additional Rs 6.7 million to make up its share.

Credit No. 213 Power Transmission and Distribution: US$23.0 Million Credit of August 14, 1970; Closing Date: December 31, 1975

Implementation of the project is now proceeding much more satisfactorily. Contracts to the value of about US$17.0 million equivalent have been placed. Orders for remaining equipment are expected to be placed soon. The first consignments of equipment are beginning to arrive in Pakistan. Some difficulty has been experienced in acquiring the necessary sites for substations and the delivery of six 30MVA transformers has had to be delayed. WAPDA is making every effort to speed up acquisition proceedings. The original Closing Date of December 31, 1974 has been postponed to December 31, 1975.

Cr. No. 398 Industrial Import II: US$45.0 Million Credit of June 15, 1973: Closing Date: September 30, 1974

Disbursements will be completed by the present Closing Date of September 30, 1974.

Cr. No. 422 Third Karachi Port: US$18.0 Million Credit of July 19, 1973; Closing Date: June 30, 1979

Credit was made effective on December 14, 1973.

Loan No. 961 Industrial Invesment: US$25.0 Million Loan of January 31, 1974; Closing Date: June 30, 1978

This loan became effective on April 3.

Cr. No. 466 Flood Rehabilitation: US$35.0 Million Credit of March 18, 1974; Closing Date: June 30, 1975

Not yet effective.

PAKISTAN-KARACHI PORT IV
CREDIT AND PROJECT SUMMARY

Borrower:	Islamic Republic of Pakistan
Beneficiary:	Trustees of the Port of Karachi
Amount:	US$16.0 million equivalent
Terms:	Standard
Relending Terms:	25 years, including 5 years grace, with interest at 7-1/4%.

Project Description: Part A - Items to be financed by the proposed credit:

(a) construction of a new oil berth to accommodate 75,000 dwt tankers; dredging alongside to a depth of 44 ft (45,000 dwt tankers);

(b) immediate contract dredging of the approach channel to a depth of 37 feet (about 35/40,000 dwt tankers); test dredging a section of the approach channel to 45 ft. depth;

(c) purchase of a 2,000 m^3 capacity dredger for maintaining the approach channel and deepening it to 40 ft (45,000 dwt tankers);

(d) provision and installation of hose handling equipment and common user pipelines within the port limits; fire-fighting equipment; navigational aids; and floating collars and other spillage control and disposal facilities;

(e) consulting services for supervision and technical assistance to KPT for training of local staff in operation and maintenance of the dredger, and to assess results of the test dredging.

Part B - Items to be financed by KPT:

(a) Increasing the alongside depth of one existing oil berth to 38 ft;

(b) deepening the approach channel from 37 ft to 40 ft depth with the dredger provided under Part A.

Estimated Cost:

	US$ Million		
	Local	Foreign	Total
Part A			
Civil works for the new oil berth and navigational equipment	1.58	2.32	3.90
Dredging 37 ft approach channel	0.93	3.40	4.33
Provision of hose handling equipment and pipelines	0.27	0.55	0.82
Provision of 2000 m^3 capacity maintenance dredger	1.87	6.00	7.87
Engineering services and technical assistance	0.15	0.61	0.76
Contingencies	1.63	3.12	4.75
Sub-total	6.43	16.00	22.43
Part B			
Dredging (to 40 ft) the approach channel to the new oil berth with the dredger provided under Part A and increasing the alongside depth of an existing oil berth	1.09	0.36	1.45
Total	7.52	16.36	23.85

Financing Plan: IDA will finance the foreign exchange component of Part A of the Project; all local currency costs, and foreign exchange cost for Part B, will be financed by K.P.T.

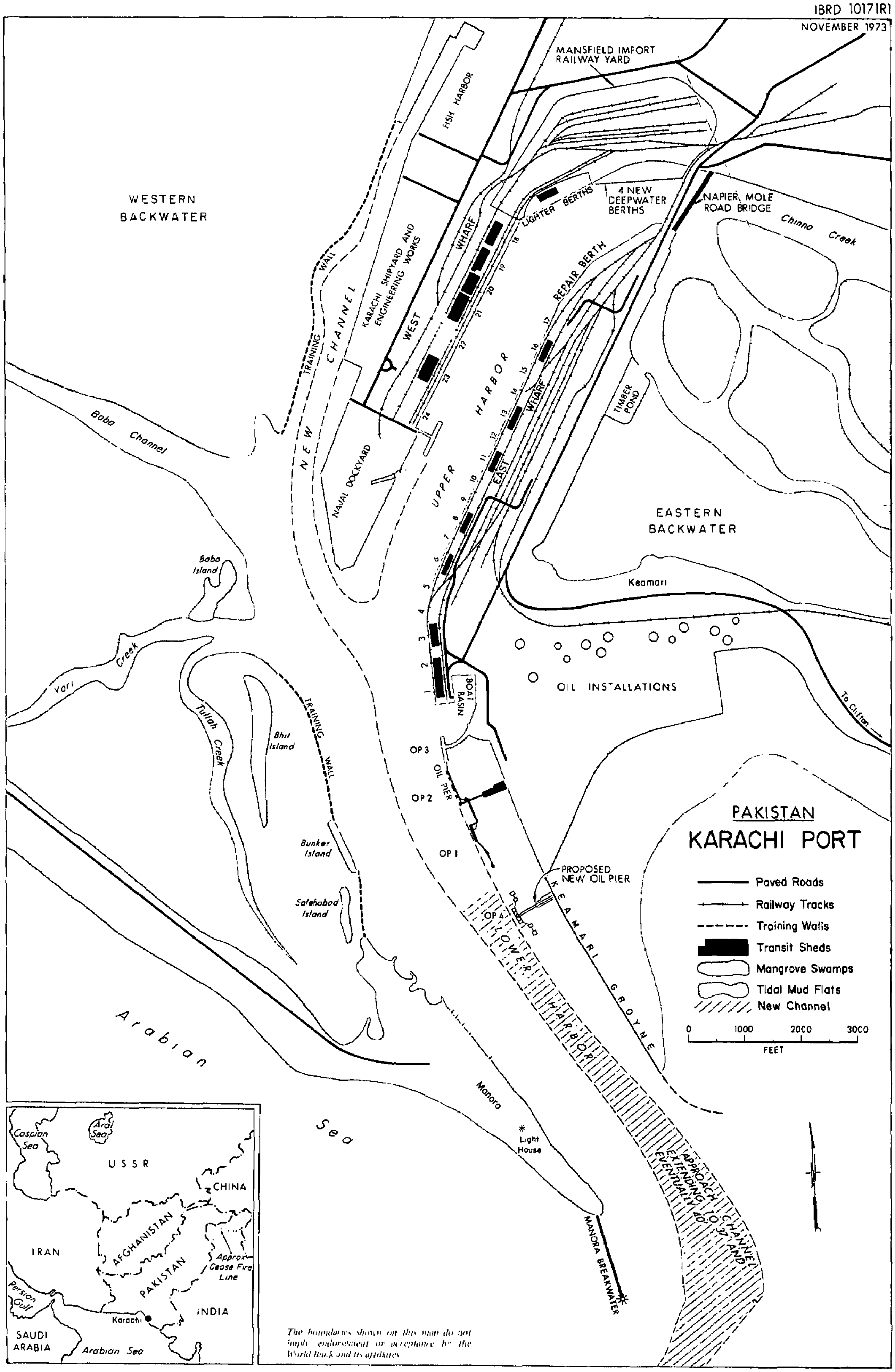
Estimated Disbursements:

	US$ Million				
	FY1975	FY1976	FY1977	FY1978	FY1979
Annual	1.7	7.3	6.1	0.6	0.3
Cumulative	1.7	9.0	15.1	15.7	16.0

Procurement Arrangements: Contracts for civil works, equipment, dredging (other than that in Part B of the project to be undertaken by KPT itself) and procurement of the dredger will be awarded on the basis of international competitive bidding. Eligible domestic civil works contractors will be entitled to a 7-1/2% preference.

Technical Assistance:	To train KPT staff in operating the new dredger, which is a type new to the KPT fleet, and assess results of the test dredging.
Economic Rate of Return:	The economic rate of return on the total project is estimated to be 23%.
Appraisal Report:	303a-PAK, April 24, 1974.

IBRD 10171R1
NOVEMBER 1973



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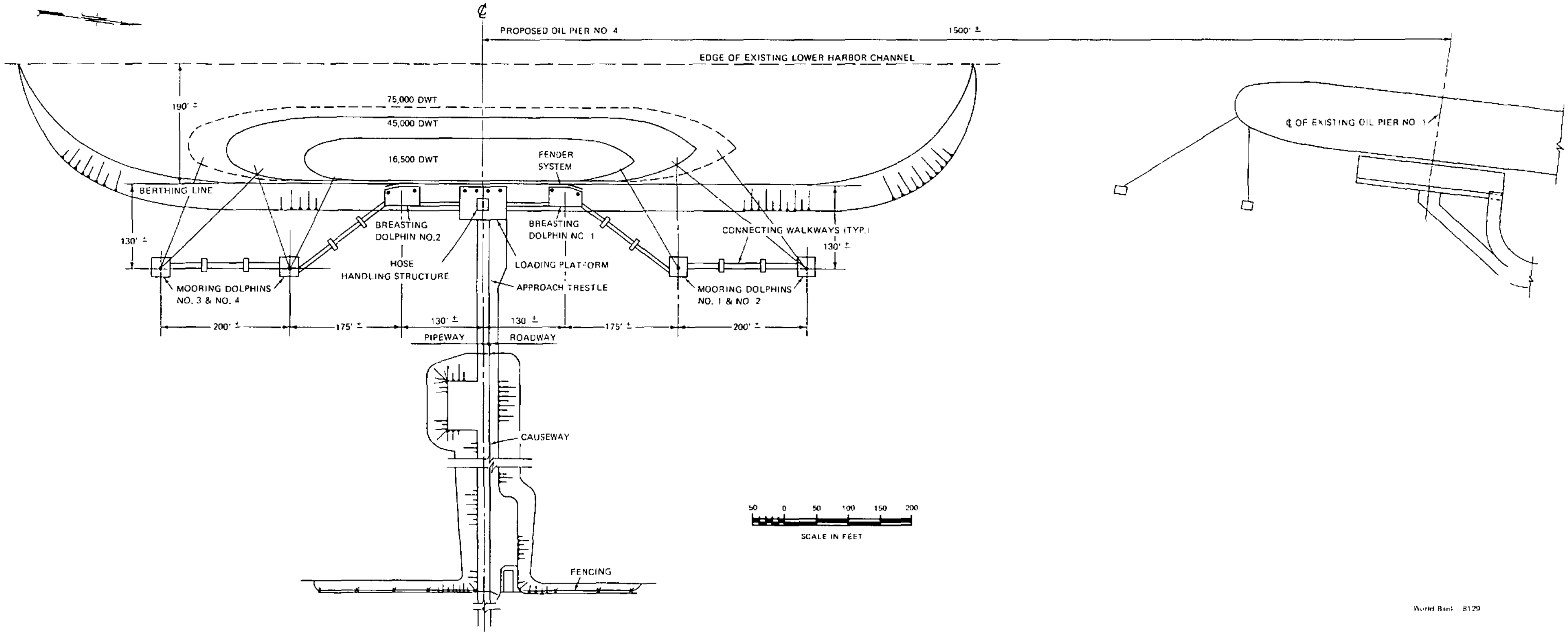
PAKISTAN
FOURTH KARACHI PORT PROJECT

OIL BERTH NO. 4
GENERAL PLAN



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