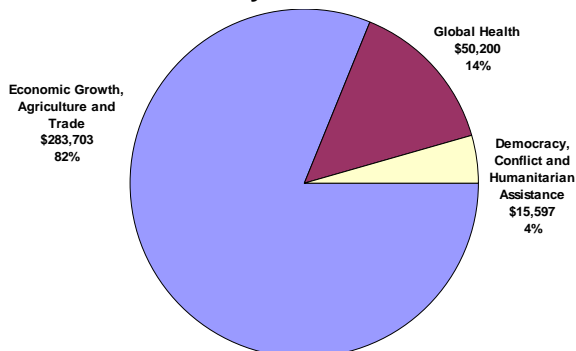
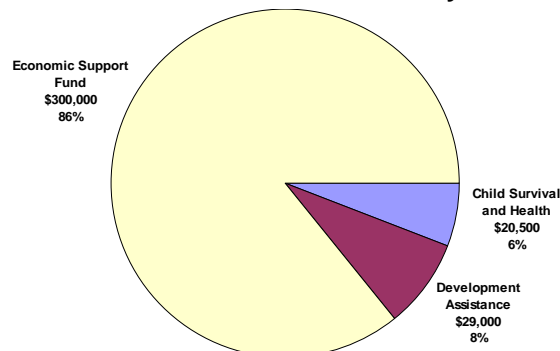


Pakistan

FY 2006 Assistance by Sector



FY 2006 Assistance by Account



Objectives and Budget

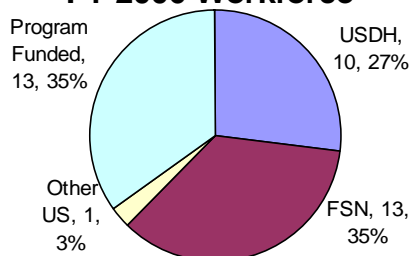
Objective	SO Number	FY 2004	FY 2005	FY 2006
Primary Education and Literacy	391-003	28,000	66,673	66,703
Democracy and Governance	391-004	11,200	13,227	15,597
Emergency Economic Assistance	391-005	200,000	200,000	200,000
Economic Growth	391-006	10,200	17,000	17,000
Basic Health	391-007	25,600	50,700	50,200
Total (in thousands of dollars)		275,000	347,600	349,500

Excludes P.L. 480. See Program Annex.

Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	1,588	1,754	2,074
USDH Salaries & Benefits	1,136	1,395	1,425
Program Funds	555	591	591
Total (in thousands of dollars)	3,279	3,740	4,090

FY 2006 Workforce



Mission Director: Lisa Chiles

Pakistan

The Development Challenge: Pakistan is of unquestioned strategic importance to the United States. With 159 million people, it is home to the world's second largest Muslim population. Pakistan has been a key cooperating nation in U.S.-led counterterrorism efforts in South Asia, and over the past year has made progress in improving relations with its neighbor to the east, India, in the conflict over Kashmir, and with Afghanistan, its neighbor to the west. In its endeavor to develop its own economy and restore full democracy, Pakistan faces daunting challenges: poverty, low literacy, little foreign investment, sectarian strife, and terrorism. A stable, democratic, economically thriving Pakistan is vital to U.S. interests in South Asia. The 9/11 Commission Report recommended that the United States "should be willing to make the difficult long-term commitment to the future of Pakistan."

Following the military overthrow of an elected government in 1999, national elections in October 2002 partially restored civilian government, with a National Assembly, four Provincial Assemblies, and a Prime Minister. The President is also the Chief of Army Staff. However, the legitimacy of the elections and continued control by a pro-military alliance continue to be the subject of concern. Civil society is emerging as a mechanism of citizen voice and accountability in a climate where feudal, tribal, and military authorities have long dominated, but much more needs to be done. The legislative and judicial branches of government also need considerable strengthening to be fully functioning democratic institutions.

The Musharraf Government, with support from the United States and other donors in the form of debt relief, pulled Pakistan from the brink of bankruptcy in 2001. With strong financial leadership by Finance Minister Shaukat Aziz (who became Prime Minister in August 2004), Pakistan has shown the political will for macro-economic and fiscal reform. Real gross domestic product (GDP) growth accelerated from 2.9% in 2002 to 6% in 2003 and 2004, led by strong manufacturing growth, increased exports, and moderate service-sector and agricultural growth. However, progress in macro-economic reforms has not directly led to a decrease in poverty which remains widespread, particularly in agriculture, which constitutes roughly 25% of GDP but accounts for 50% of rural employment.

The current government also completed a Poverty Reduction Strategy and set ambitious targets for achievements in education, health, judicial reform, and the alleviation of poverty. Pakistan's literacy rate, among the world's lowest, greatly hampers its ability to become a modern, moderate state and to expand its economic base. Literacy averages 49% nationwide, but in remote tribal areas of the country can be as low as 0.5% for women. It is estimated that more than six million school age children are out of school. Because of the dearth of good public schools, hundreds of thousands end up in schools teaching only religious subjects (madrassahs). Public sector spending on education has increased slowly as the country emerges from its financial crisis, but is still low, around 1.9% to 2.2% of GDP. Continued high fertility rates -- well above four births per woman -- and the large number of youth mean that demand for schools, health care, water and sanitation services, and jobs will place increasing strains on Pakistan's fundamentally weak service delivery systems in the coming years.

The USAID Program: The Program Data Sheets provided below cover the four objectives for which USAID is requesting FY 2005 and FY 2006 funds. These four objectives concentrate on efforts to improve quality of education, increase reproductive health and health care services for women and children, build democratic governance, and increase rural incomes and create employment. These objectives not only address Pakistan's fundamental social and economic challenges, but also exemplify the long-term commitments needed to establish the United States as a reliable partner and ally to this strategically important nation. FY 2005 funds will be used to implement the ongoing programs of education reform, reproductive health and health care services, democratic governance, and increased rural incomes and employment. FY 2006 funds will be used to continue these ongoing efforts. The specific activities to be funded by FY 2005 and FY 2006 appropriations are described in more detail in the following Program Data Sheets.

Other Program Elements: The USAID South Asia Regional Initiative for Energy (SARI/E), managed by USAID in India, promotes regional cooperation between Bangladesh, India, Nepal, and Sri Lanka on common energy issues, including energy security and rural electrification. Pakistan, along with

Afghanistan, became eligible participants late in 2004. The Global Health Bureau funds a program to promote birth spacing in Pakistan. ANE regional funds support cooperation between Afghanistan and Pakistan in independent media programs.

Other Donors: USAID is jointly financing several programs with other donors. These include partnerships with the Japanese to reconstruct 130 schools in the Federally Administered Tribal Areas (FATA); with the United Kingdom and the United Nations to raise the quality of and expand access to reproductive health services; with the United Kingdom to improve management of public healthcare resources and services at the provincial and district levels; and with the United Nations Development Program (UNDP) to improve community infrastructure, services, and participation in local governance. In addition, USAID and Switzerland are financing the launch of Transparency International/Pakistan to bring attention to corruption issues.

The United States, Japan, and the United Kingdom are Pakistan's three largest bilateral donors. Multilateral donors and their principal areas of focus include the Asian Development Bank (health, education, access to justice, roads and energy), the World Bank (health, microfinance, education, civil service reform, governance), and the UNDP (governance, election support). China has been the most consistent donor since the 1970s (primarily military assistance) and is perceived to be a close ally due to their unwavering political support over the past 30 years.

Pakistan PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Child Survival and Health Programs Fund	15,645	25,600	21,000	20,500
Development Assistance	34,500	49,400	29,000	29,000
Economic Support Fund	188,000	0	297,600	300,000
ESF - FY 04 Supplemental	0	200,000	0	0
PL 480 Title II	6,792	13,067	0	0
Total Program Funds	244,937	288,067	347,600	349,500

STRATEGIC OBJECTIVE SUMMARY

391-003 Primary Education and Literacy				
DA	21,500	28,000	20,573	19,403
ESF	0	0	46,100	47,300
391-004 Democracy and Governance				
DA	8,000	11,200	2,427	3,597
ESF	0	0	10,800	12,000
391-005 Emergency Economic Assistance				
ESF	188,000	0	200,000	200,000
ESF - FY 04 Supplemental	0	200,000	0	0
391-006 Economic Growth				
DA	5,000	10,200	6,000	6,000
ESF	0	0	11,000	11,000
391-007 Basic Health				
CSH	15,645	25,600	21,000	20,500
ESF	0	0	29,700	29,700

Mission Director,
Lisa Chiles

Data Sheet

USAID Mission:	Pakistan
Program Title:	Primary Education and Literacy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	391-003
Status:	Continuing
Planned FY 2005 Obligation:	\$20,573,000 DA; \$46,100,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$19,403,000 DA; \$47,300,000 ESF
Year of Initial Obligation:	2002
Estimated Year of Final Obligation:	2006

Summary: USAID's education program provides the training, technical assistance, and infrastructure needed to enable education officials, citizens, and the private sector to deliver and maintain high quality education programs throughout Pakistan. The program improves classroom instruction in public and community schools in Pakistan's most impoverished areas: Sindh and Balochistan provinces and in the Federally Administered Tribal Areas (FATAs) that border Afghanistan. USAID is also making higher education more accessible to the poor, and ensuring secondary school students have useful work skills.

Inputs, Outputs, Activities:

FY 2005 Program: Improve the Quality of Basic Education (\$18,934,000 DA; \$22,250,000 ESF). Capacity building and support for systemic education sector reform at both the national and district level will continue to be the principal program focus in FY 2005. School Improvement Plans will be developed and implemented in nine target districts (in rural areas of Balochistan and Sindh provinces) benefiting 3,600 teachers and 221,000 children. School reconstruction and refurbishment will continue in the FATAs that border Afghanistan. National policies for literacy, information communications technology, and early childhood education will be developed and implemented. A national teacher education strategy will be designed and 15,000 teachers and/or administrators will be trained. Public/private partnerships for schools will be encouraged. Principal grantees and contractors: Research Triangle Institute, Academy for Educational Development, Children's Resources International, The Aga Khan Foundation, and Associates in Development.

Improve Institutions of Higher Education (\$1,639,000 DA; \$18,800,000 ESF). To increase the capacity of higher education institutions and expand the human capital base in Pakistan, USAID will provide 550 merit-based scholarships for Pakistanis to study business and agriculture at the country's leading universities and 100 merit-based scholarships for Pakistanis to obtain Masters degrees in the United States; expand primary and secondary school teacher training; establish an independent examination board for university aspirants; and renovate a recently denationalized college which will become a center of academic excellence in Pakistan. Science and technology exchanges with leading U.S. institutions will be used to strengthen Pakistan's research capability in key development areas. Principal grantees include: United States Educational Foundation, the Government of Pakistan's Higher Education Commission, Aga Khan University, and Forman Christian College.

Improve Quality of Workforce (\$5,050,000 ESF). Responding to the private-sector's frustration at the lack of skills that secondary school graduates possess, this new activity will help introduce work-related curricula and provide secondary school students with intensive training aimed at developing a cadre of employable youth. Emphases will include essential English, applied math and information-communications-technology (ICT) skills, work habits and attitudes, and interpersonal and teamwork skills, thus enabling students to enter on career track jobs or continue in job-related technical training or higher education with better fundamental skills. Principal grantee: To be selected.

FY 2006 Program: Improve the Quality of Basic Education (\$17,076,000 DA; 17,300,000 ESF). USAID will continue to implement and monitor the basic education programs described above. The number of target districts in Balochistan and Sindh will increase from 10 to 30, which will represent more than 25%

of Pakistan's 116 districts. Construction work on 50 additional Federally Administered Tribal Areas' schools will begin. The early childhood education methodology will be implemented in two schools in each district of the country. Principal grantees and contractors are Research Triangle Institute, Academy for Educational Development, Children's Resources International, The Aga Khan Foundation, and Associates in Development.

Improve Institutions of Higher Education (\$2,327,000 DA; \$25,000,000 ESF). Four hundred and fifty in-country scholarships will be awarded. In-country teacher training and professional development will continue and expand to include an additional 300 primary and secondary teachers and approximately 125 more candidates will be awarded graduate-level scholarships to study in the United States. A follow-up, in-country program will be launched for all alumni. Principal grantees: United States Educational Foundation - Pakistan, Higher Education Commission, Aga Khan University, Forman Christian College, and a grantee to be selected.

Improve the Quality of Workforce (\$5,000,000 ESF). USAID will continue to improve the skill mix of secondary school and unemployed youth to improve employment prospects. Principal grantee: To be selected.

Performance and Results: More than 1,798 communities in the ten target districts in Balochistan and Sindh have developed school improvement plans and 256 schools have completed the improvements identified in those plans, such as boundary walls to separate the classrooms needed to increase girls' enrollment. Nearly 16,000 classroom teachers, 1,900 school administrators and 2,089 community school management committees have been trained. Primary and secondary school reconstruction has begun in the FATAs, situated along the border with Afghanistan. USAID's program in early childhood education has outperformed expectations: Two grantees, one working in rural areas of Balochistan and the other in major urban areas, have proven the effectiveness of training teachers in early childhood education. In these target classrooms, attendance is 10% higher, on average, compared to classrooms without early childhood education programs. Most importantly, the Ministry of Education has adopted the program for expansion country-wide.

USAID has also achieved early success in its national literacy program. More than 200 literacy centers were opened and nearly 7,500 people have completed courses and are now literate. An additional 20,000 will complete their studies in 2005. Nearly 110 teachers and school administrators completed a six-month training program (for mathematics, science, and English-as-a-Second Language) at leading teaching institutions in the United States. Results are uniformly positive. Teaching approaches and skills have improved, as have their understanding and appreciation of the United States. With USAID encouragement eight Pakistani corporations contributed \$345,000 to improve 70 public schools benefiting nearly 10,000 students, and a computer company donated \$147,000 for equipping computer labs at two provincial teacher colleges and nine teacher resource centers.

The Education indicator for Public-Private Partnerships is not cumulative. The Mission exceeded the FY 2004 and FY 2005 target last year. Consequently, USAID will revise the target upwards to reflect the private sector's positive response to this activity

US Financing in Thousands of Dollars

Pakistan

391-003 Primary Education and Literacy	DA	ESF
Through September 30, 2003		
Obligations	31,500	5,567
Expenditures	2,548	1,034
Unliquidated	28,952	4,533
Fiscal Year 2004		
Obligations	27,417	0
Expenditures	13,671	4,532
Through September 30, 2004		
Obligations	58,917	5,567
Expenditures	16,219	5,566
Unliquidated	42,698	1
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	20,573	46,100
Total Planned Fiscal Year 2005		
Obligations	20,573	46,100
Proposed Fiscal Year 2006 NOA		
Obligations	19,403	47,300
Future Obligations	0	0
Est. Total Cost	98,893	98,967

Data Sheet

USAID Mission:	Pakistan
Program Title:	Democracy and Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	391-004
Status:	Continuing
Planned FY 2005 Obligation:	\$2,427,000 DA; \$10,800,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$3,597,000 DA; \$12,000,000 ESF
Year of Initial Obligation:	2003
Estimated Year of Final Obligation:	2006

Summary: USAID's program to support Pakistan's progress toward more democratic, responsive, and transparent governance includes technical assistance and training to: (1) strengthen national and provincial legislative governance; (2) create a more vibrant and active civil society; (3) develop more democratic political parties; (4) encourage a more assertive broadcast media; and (5) support devolution of power to local government. Core activities are designed to build the capacity of national and provincial parliaments and their members, develop advocacy skills in civil society organizations, nurture "tomorrow's leaders" of political parties, strengthen university-level journalism programs, and support the Government's plan to give provincial and local governments greater authority in managing public sector resources.

Inputs, Outputs, Activities:

FY 2005 Program: Strengthen Democratic National and Provincial Governance Institutions (\$2,427,000 DA; \$2,100,000 ESF). In year two of this three-year activity, USAID will develop and institutionalize a training curriculum for members of national and provincial parliaments. Assistance will also be provided to continue the parliamentary intern program, strengthen the parliamentary committee system, and modify parliamentary rules and procedures to improve public access to legislative processes. Resource centers to help members of parliament research legislation will be established in national and provincial assemblies. Civil society organizations will be trained to increase their effectiveness in parliaments' law-making and oversight processes. Pilot activities on civil-military relations will begin as part of the Mission's overall strategy to mitigate conflict in Pakistan. Principal Grantee: World Vision.

Support Democratic Local Government and Decentralization (\$4,500,000 ESF). USAID is supporting the Devolution Trust for Community Empowerment - a Pakistani initiative to help citizens provide feedback to local government and to prioritize and present their social and economic needs to local officials. This initiative is managed by the United Nations Development Program. USAID will continue funding the District Innovation Program, which provides grants that encourage local communities, the private sector, and government to collaborate on small-scale, community-development projects, and will extend a similar program into the Federally Administered Tribal Areas. Support for devolution will focus increasingly on those districts where other USAID-supported programs are active, addressing governance issues to improve local education and healthcare services. Principal Grantee: National Rural Support Program, National Commission on Human Development, and Government of Pakistan.

Improve Justice Sector/Legal Framework (\$3,000,000 ESF). In anticipation of the 2007 national elections, USAID will strengthen the election commission oversight capacity, in particular the application of election laws, impartial regulation of political parties, and administration of elections. Principal Grantee: To be selected.

Support Democratic Political Parties (\$500,000 ESF). USAID will continue to support this initiative to modernize and democratize political parties. This activity improves parties' internal governing structures and processes and encourages emergence of a new generation of party leaders. Training of political party members, with all parliamentary parties represented, will enhance leadership skills. Principal Grantee: National Democratic Institute.

Establish and Ensure Media Freedom and Freedom of Information (\$200,000 ESF). USAID will help develop journalism departments at two leading universities: Peshawar University and Fatima Jinnah University (the latter a women's university). The program will also train Afghan journalists at Peshawar University. USAID is also providing technical assistance to support the government's initiatives to promote a freer and more independent media. Principal Grantee: Internews.

Strengthen Civil Society (\$500,000 ESF). To support the development of Pakistan's network of nongovernmental organizations (NGOs), USAID will provide financial management training to 40 local organizations. Principal Grantee: Aga Khan Foundation.

FY 2006 Program: Strengthen Democratic National and Provincial Governance Institutions (\$3,597,000 DA; \$2,000,000 ESF). FY 2006 will be the final year of this initiative. A follow-on program will be designed in FY 2005. USAID will continue to support capacity and systems development in national and provincial parliaments to strengthen legislatures' ability to make laws, conduct oversight functions, and respond to constituencies' concerns. Pilot activities may continue to mitigate civil-military conflict. Principal Grantee: World Vision.

Support Democratic Local Government and Decentralization (\$5,400,000 ESF). Support to the devolution process may shift further to increase the impact of USAID's assistance by addressing governance issues to improve local education and healthcare services. Principal Grantee: National Rural Support Program, National Commission on Human Development, and Government of Pakistan.

Improve Justice Sector/Legal Framework (\$4,000,000 ESF). Institutional support may continue to strengthen the election commission in its capacity as the oversight authority that ensures the correct application of election laws, regulation of political parties, and implementation of elections. Principal Grantee: To be selected.

Support Democratic Political Parties (\$600,000 ESF). USAID will continue to support this initiative to modernize and democratize political parties. This activity improves parties' internal governing structures and processes and encourages emergence of a new generation of party leaders. Training of political party members, with all parliamentary parties represented, will enhance leadership skills of participants. Principal Grantee: National Democratic Institute.

Performance and Results: Significant progress was made in 2004. Nineteen discussion forums for national and provincial parliamentarians were held on issues of their choosing: World Trade Organizations, parliamentary rules and procedures, foreign policy process, parliamentary committee system, and understanding the budget - all prototype courses for the upcoming parliamentary training curriculum. Parliamentarians visited both India and the United States, with each trip providing ideas that are now being promoted for adaptation in Pakistan. Parliament's first-ever legislative internship program was launched in 2004 and brought an outstanding cadre of Pakistan's finest young men and women to the world of public service for a summer. Parliamentarians increased their outreach to citizens by participating in 14 television discussion programs. More than 80 grassroots community events were organized in some of Pakistan's poorest and most conservative communities to give civil society the opportunity to discuss sensitive topics of concern to Pakistan society, including India-Pakistan relations, domestic violence, honor killing, religious tolerance, and poverty. The first radio station to be established at a Pakistani university began broadcasting in 2004. A cadre of women was trained as radio journalists and produced radio programs on social issues such as violence against women and reproductive health. The USAID devolution program created 108 partnerships in 18 districts involving community groups, local government, and the private sector in implementing priority development projects.

US Financing in Thousands of Dollars

Pakistan

	DA	ESF
391-004 Democracy and Governance		
Through September 30, 2003		
Obligations	8,000	3,742
Expenditures	0	1,313
Unliquidated	8,000	2,429
Fiscal Year 2004		
Obligations	11,200	0
Expenditures	5,624	1,648
Through September 30, 2004		
Obligations	19,200	3,742
Expenditures	5,624	2,961
Unliquidated	13,576	781
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	2,427	10,800
Total Planned Fiscal Year 2005		
Obligations	2,427	10,800
Proposed Fiscal Year 2006 NOA		
Obligations	3,597	12,000
Future Obligations	0	0
Est. Total Cost	25,224	26,542

Data Sheet

USAID Mission:	Pakistan
Program Title:	Emergency Economic Assistance
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	391-005
Status:	Continuing
Planned FY 2005 Obligation:	\$200,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$200,000,000 ESF
Year of Initial Obligation:	2003
Estimated Year of Final Obligation:	2005

Summary: The overall goal of U.S. assistance to Pakistan is to support peace and stability in South Asia over the long-term and fight terrorism. Continued, broad-based economic progress is essential to maintain and enhance Pakistan's political and economic stability. The aftermath of the September 11, 2001, events in the United States, and the Government of Pakistan's overt support to the United States in its efforts to eliminate terrorism has had a tremendous economic impact on Pakistan. The drop in revenue due to the war severely affected the Government of Pakistan's budget, particularly its ability to sustain spending in key social development areas like health, education, and the construction of critical local infrastructure (rural farm-to-market roads, small-scale irrigation, and potable water systems).

Inputs, Outputs, Activities:

FY 2005 Program: Improve Economic Policy and Governance (\$200,000,000 ESF). USAID will provide a grant to the Government of Pakistan to enable Pakistan to invest against growth and macroeconomic stability objectives as well as human capital and private sector development objectives. The program will support the Government of Pakistan during this time of economic hardship and political strain associated with its participation in the war on terror. The budget support will be provided through a cash transfer agreement. Principal Grantee: Government of Pakistan.

FY 2006 Program: Improve Economic Policy and Governance (\$200,000,000 ESF). USAID will provide continued assistance to the Government of Pakistan in FY 2006 for budget support. Principal Grantee: Government of Pakistan. USAID/Islamabad has requested that this SO be extended through FY 2006.

Performance and Results: The FY 2004 ESF funds were utilized to help the Government of Pakistan meet critical foreign exchange needs and to repay debts to multilateral institutions. The availability of U.S. dollars to meet these costs enabled the Government of Pakistan to reallocate domestic resources within its budget to specific poverty reduction and social development activities.

US Financing in Thousands of Dollars

Pakistan

391-005 Emergency Economic Assistance	ESF
Through September 30, 2003	
Obligations	800,000
Expenditures	800,000
Unliquidated	0
Fiscal Year 2004	
Obligations	200,000
Expenditures	0
Through September 30, 2004	
Obligations	1,000,000
Expenditures	800,000
Unliquidated	200,000
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2005 NOA	
Obligations	200,000
Total Planned Fiscal Year 2005	
Obligations	200,000
Proposed Fiscal Year 2006 NOA	
Obligations	200,000
Future Obligations	0
Est. Total Cost	1,400,000

Data Sheet

USAID Mission:	Pakistan
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	391-006
Status:	Continuing
Planned FY 2005 Obligation:	\$6,000,000 DA; \$11,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$6,000,000 DA; \$11,000,000 ESF
Year of Initial Obligation:	2003
Estimated Year of Final Obligation:	2007

Summary: USAID's program to increase rural incomes and create employment in Pakistan aims, through training, technical assistance, and capacity building to increase access to credit among underserved populations, increase agricultural productivity for farmers in Balochistan, and improve competitiveness of small- and medium-size (SME) businesses.

Inputs, Outputs, Activities:

FY 2005 Program: Strengthen the Financial Sector's Contribution to Economic Growth (\$2,000,000 DA; \$5,250,000 ESF). USAID will continue to support the expansion of microfinance services into rural areas of Balochistan and Sindh provinces. The program is expected to reach an additional 100,000 clients in 2005. USAID's work to diversify the range of services benefiting the poor will continue, with increased emphasis on new and larger loan products as well as micro-leasing services. Principal grantees: KhushhaliBank, the Pakistan Poverty Alleviation Fund, and a grantee to be selected.

Improve Private Sector Growth (\$3,000,000 DA; \$3,750,000 ESF). USAID, working with the Government of Pakistan's Small and Medium Enterprise Authority, will fund several activities to increase the competitiveness of key Pakistani industries. These activities include developing sector strategies that capitalize on technology, human resources, and professional marketing; dialogue with the Government to remove investment constraints; creating sustainable financing instruments for SMEs; and technical assistance and training to increase Pakistani trade in regional and global markets. USAID will increase assistance to micro- and small entrepreneurs with new activities to raise rural incomes. These activities will focus on creating producer-to-market linkages, improving marketing, introducing new processing technologies, providing skills training, and support for business development services at the grassroots level.

An activity managed by the U.S. Department of Commerce will strengthen the Pakistan Intellectual Property Rights Organization, raise awareness among the public about intellectual property issues, and train judges on intellectual property rights enforcement practices.

Principal grantees or implementers include Robert Nathan Associates (competitiveness initiative), the U.S. Chamber of Commerce, the Pakistan Poverty Alleviation Fund, and the U.S. Department of Commerce.

Increase Agricultural Productivity (\$1,000,000 DA; \$2,000,000 ESF). USAID will help farmers in Balochistan acquire and adopt low-technology, arid agriculture farming practices suitable for a region devastated by years of drought. The activity will provide technical assistance, training, and grant support to test and disseminate better seeds, improve on-farm water practices, introduce high-value crops, improve livestock management, and encourage small scale processing activity.

A second activity will support the Peshawar University as it strives to become a leading regional training center in agriculture, particularly for fledgling Afghan agriculture institutions. Activities include training faculty, providing textbooks, and facilitating exchanges between Pakistan and Afghanistan faculty. Principle grantees: United Nations Food and Agriculture Organization and the University of Illinois.

FY 2006 Program: Strengthen the Financial Sector's Contribution to Economic Growth (\$4,000,000 DA). USAID will expand its microfinance activities to new geographical areas and entrepreneurs. Principle Grantees: Pakistan Poverty Alleviation Fund and a grantee to be selected.

Improve Private Sector Growth (\$1,000,000 DA; \$11,000,000 ESF). The competitiveness activity will be expanded to include work with the gems and jewelry, information-communications-technology, and horticulture sectors. Additional emphasis will be placed on developing the capacity of key institutions, including the Small and Medium Enterprise Development Authority (SMEDA) and universities, to support private sector expansion. Principal grantees: Nathan Associates, the U.S. Chamber of Commerce, the Pakistan Poverty Alleviation Fund, and the U.S. Department of Commerce.

Improve Agricultural Productivity (\$1,000,000 DA). USAID will continue to support arid agriculture and agricultural university programs. Principle Grantee: UNFAO and University of Illinois.

Performance and Results: Micro-finance activities posted substantial results in their first year of implementation. More than 80,000 loans were disbursed in rural areas of Balochistan and Sindh, approximately 30% of which went to women. Additionally, USAID mentored five organizations in developing credit products to address the credit needs of larger enterprises. Loans from these organizations averaged more than \$750, proving a vital resource for small business. More than \$800,000 in credit has been made available through these organizations.

In its first three months of implementation, the competitiveness activity concluded more than 15 workshops with Pakistani industry and senior government officials and successfully formed ten "sector working groups." These groups are actively formulating strategies, with the Government of Pakistan's full support, to increase their productivity and competitiveness.

US Financing in Thousands of Dollars

Pakistan

	DA	ESF
391-006 Economic Growth		
Through September 30, 2003		
Obligations	5,012	0
Expenditures	12	0
Unliquidated	5,000	0
Fiscal Year 2004		
Obligations	10,200	0
Expenditures	2,648	0
Through September 30, 2004		
Obligations	15,212	0
Expenditures	2,660	0
Unliquidated	12,552	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	6,000	11,000
Total Planned Fiscal Year 2005		
Obligations	6,000	11,000
Proposed Fiscal Year 2006 NOA		
Obligations	6,000	11,000
Future Obligations	0	0
Est. Total Cost	27,212	22,000

Data Sheet

USAID Mission:	Pakistan
Program Title:	Basic Health
Pillar:	Global Health
Strategic Objective:	391-007
Status:	Continuing
Planned FY 2005 Obligation:	\$21,000,000 CSH; \$29,700,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$20,500,000 CSH; \$29,700,000 ESF
Year of Initial Obligation:	2003
Estimated Year of Final Obligation:	2007

Summary: Pakistan lags behind its South Asia neighbors in almost all key health areas: maternal and infant mortality, meeting family needs for safe, affordable family planning methods, and control of infectious diseases such as polio, tuberculosis, hepatitis, including a concentrated HIV/AIDS epidemic in some high-risk groups. In response to overwhelming need and weak public institutions, USAID is working with government and the private sector to increase the quality and availability of basic and reproductive healthcare services and to promote appropriate health behaviors and use of health services. In FY 2004, USAID began programs that will improve health system capacity to manage human and financial resources at the provincial, district and community level, reduce the spread and impact of major infectious diseases, and improve maternal, newborn and child health.

Inputs, Outputs, Activities:

FY 2005 Program: Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$11,000,000 CSH). USAID will promote social marketing of family planning and other family health services and products. Under the Social marketing program, thousands of pharmacists, physicians, nurse/mid-wives, and other health care providers will be trained in up-to-date procedures and safety precautions, and communication experts will prepare and disseminate radio, television, and cassettes for public education. Principal grantees: Key Social Marketing and GreenStar.

Build Health Systems Capacity (\$3,800,000 CSH). Technical assistance and training will build capacity of district health teams to manage health programs. This initiative directly supports devolution, national objectives to improve health sector performance, and will be used for program support and monitoring and evaluation. With these funds, USAID plans to also commission a national Demographic and Health Survey for Pakistan. Principal Grantee: Technical Assistance Management Agency.

Improve Child Survival, Health, and Nutrition (\$1,800,000 CSH; \$15,700,000 ESF). Technical training and assistance, facility renovation, and service upgrades to improve mother and child birth outcomes and increase child survival. The Maternal and Newborn Health Initiative (MNHI) will focus on hospital and community activities in four districts, and prepare the way for extending the program to other districts in FY 2006 and beyond. Principal Contractor: John Snow International.

Prevent and Control Infectious Diseases of Major Importance (\$4,400,000 CSH; \$14,000,000 ESF). The concentrated outbreak of HIV/AIDS revealed in a groundbreaking study released in late FY 2004, highlights the importance of an immediate strategic response. CSH funds of \$0.9 million are programmed for prevention of HIV/AIDS among high-risk groups and for care and treatment of persons living with AIDS. Also, the campaign to eradicate polio has requested \$2.0 million CSH for national immunization days and continued surveillance. CSH funds of \$1.5 million will be dedicated to fight TB through the extension of DOTS (Directly Observed Treatment Strategy) to the remaining districts of the country. A new program to increase surveillance and response for infectious diseases (e.g. hepatitis, tuberculosis) is planned for startup in FY 2005, as is a new water and sanitation activity to provide safe drinking water through community-run systems in thousands of villages throughout the country. Principal Grantee and Contractor: Family Health International, UN World Health Organization and a grantee to be selected.

FY 2006 Program: Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$9,900,000 CSH). USAID will continue to promote social marketing of family planning and other family health services and products. In FY 2006, this program will extend social marketing into new target areas and continue the transition toward making available a wider array of health services for the family. Principal grantees: Key Social Marketing and GreenStar.

Build Health Systems Capacity (\$4,300,000 CSH). Technical assistance and training will continue to strengthen management of health programs in district and provincial health departments. USAID will also fund program support, monitoring, and evaluation and a national health survey to help monitor program progress and results. Principal Grantee: Technical Assistance Management Agency.

Improve Child Survival, Health, and Nutrition (\$2,100,000 CSH; \$15,400,000 ESF). Technical assistance, training, medical equipment, facility upgrades, and health education will improve mother and newborn care as well as family planning and child health services in additional districts in Pakistan. Principal contractor: John Snow International.

Prevent and Control Infectious Diseases of Major Importance (\$4,200,000 CSH; \$14,300,000 ESF). Technical assistance and training for local NGOs will enable them to extend HIV/AIDS awareness and create behavior change in reducing HIV transmission in the high-risk target group. USAID will continue the infectious disease control initiative which, in FY2006, will focus on cost-effective interventions to reduce disease transmission in health clinics, hospitals, and laboratories. USAID will continue its initiative to provide safe drinking water in thousands of villages. Principal Contractor/grantee: To be selected.

Performance and Results: Social marketing sales of contraceptives and health products accelerated in FY2004, surpassing performance targets. Couple-years of protection sold by USAID-funded organizations grew to 2.2 million, up from 1.9 million a year earlier. Today, nearly one in three couples using family planning are served by the Social Marketing Organizations supported largely by USAID. Progress was also made toward the eradication of polio and in extending improved tuberculosis case management throughout the country. Polio and TB surveillance systems were strengthened and the performance indicators showed steady improvement.

As the evidence accumulated during FY 2004 to show that a concentrated HIV epidemic is emerging, USAID and its partners refocused the HIV/AIDS program to focus on most at-risk groups (e.g., injecting drug users), and six local NGOs launched HIV/AIDS prevention activities with USAID support. A new, multi-donor supported intervention began this past year to provide technical assistance aimed at improving district and provincial management of health programs: the contractor deployed more than 68 consultants to tackle key management and technical shortcomings in ten target districts. Ten district hospitals, representing all four provinces, were also selected for intensive health care service and facilities upgrades for mothers, newborns and infants.

US Financing in Thousands of Dollars

Pakistan

	CSH	ESF
391-007 Basic Health		
Through September 30, 2003		
Obligations	20,223	0
Expenditures	931	0
Unliquidated	19,292	0
Fiscal Year 2004		
Obligations	25,600	0
Expenditures	9,709	0
Through September 30, 2004		
Obligations	45,823	0
Expenditures	10,640	0
Unliquidated	35,183	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	21,000	29,700
Total Planned Fiscal Year 2005		
Obligations	21,000	29,700
Proposed Fiscal Year 2006 NOA		
Obligations	20,500	29,700
Future Obligations	0	0
Est. Total Cost	87,323	59,400