



# Technical Assistance Report

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Project Number: 39003  
December 2005

## Technical Assistance Islamic Republic of Pakistan: Balochistan Economic Report

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 1 December 2005)

Currency Unit	–	Pakistan rupee/s (PRe/PRs)
PRe1.00	=	\$0.0167
\$1.00	=	PRs59.72

## ABBREVIATIONS

ADB	–	Asian Development Bank
BDF	–	Balochistan Development Forum
BER	–	Balochistan economic report
BRMP	–	Balochistan Resource Management Program
EA	–	Executing Agency
PRSP	–	poverty reduction strategy paper
SME	–	small- and medium-sized enterprise
TA	–	technical assistance

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Targeting Classification</b>	–	General intervention
<b>Sector</b>	–	Law, economic management, and public policy
<b>Subsector</b>	–	Economic management
<b>Themes</b>	–	Sustainable economic growth, inclusive social development, private sector development
<b>Subthemes</b>	–	Promoting economic efficiency and enabling markets, developing urban areas, fostering physical infrastructure development

## NOTE

In this report, "\$" refers to US dollars.

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## I. INTRODUCTION

1. The provincial governments in Pakistan have recently implemented reforms to reduce poverty, develop the social sectors, and achieve good governance. The policy dialogue in the provinces in the past 2 years has been supplemented by a comprehensive study of economic performance and growth potential, as presented in provincial economic reports. The government of Balochistan has accordingly requested the Asian Development Bank (ADB) for technical assistance (TA) to support the preparation of an economic report analyzing the Balochistan economy in depth and proposing a strategy for the sustainable growth and development of the province over the long term. Like the economic reports for Punjab and Sindh, the Balochistan economic report (BER), as proposed, will be prepared by ADB in collaboration with the World Bank. The BER will build on previous analytical and policy papers of the provincial government (such as the multiple indicators cluster survey and the Balochistan poverty reduction strategy paper [PRSP]) and donors (such as the participatory poverty assessment funded by the Department for International Development of the United Kingdom<sup>1</sup>), and provide direction and a strategy for stimulating sustainable economic growth. The report will also use insights from ADB's operational and analytical work in the last few years, including the Balochistan Resource Management Program (BRMP) TA,<sup>2</sup> which produced several technical studies for the province.<sup>3</sup>

2. A fact-finding mission visited Quetta, the capital of Balochistan, from 28 September to 1 October 2005, and held extensive discussions with the provincial government and civil society organizations.<sup>4</sup> This paper discusses the TA activities and their expected outcome, outputs, and impact, as well as the implementing and financing arrangements. The TA framework is in Appendix 1.<sup>5</sup>

## II. ISSUES

3. Balochistan is the largest province of Pakistan, covering 44% of the country's area, but is home to only 5% of the country's population. Its strengths lie in its wealth of natural resources, the vast rangeland, the coastal belt with 750 km of as yet undeveloped coastline, and rich mineral and hydrocarbon deposits. But this enormous resource potential remains untapped, and Balochistan lags behind other provinces in economic development. Average household incomes are low, as there is little industrial activity and employment opportunities outside agriculture and mining are limited. According to the Balochistan PRSP, poverty could be as high as 47%.

4. Economic growth in Balochistan, has stagnated in the past decade because of limited investment and capital accumulation. The last drought (1997–2002) decimated the livestock population, and rural incomes have been hit the hardest. Lacking a coordinated economic policy and a viable strategy for economic development, the province has seen no significant investment in productive streams (such as minerals, agribusiness, and fisheries) and human resource development. Fiscal and financial mismanagement has led to deterioration in the

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<sup>1</sup> Government of Balochistan. 2003. *Between Hope and Despair: Pakistan Participatory Poverty Assessment – Balochistan Report*. Quetta: Planning and Development, Government of Balochistan.

<sup>2</sup> ADB. 2003. *Technical Assistance to the Islamic Republic of Pakistan for Preparing the Balochistan Resource Management Program*. Manila (TA 4230-PAK).

<sup>3</sup> The compendium studies for the BRMP TA on poverty, labor reforms, public service delivery, fiscal and financial management, and water management are now being published.

<sup>4</sup> The World Bank mission for the BER also visited Quetta on these dates.

<sup>5</sup> The TA first appeared in *ADB Business Opportunities* (internet edition) on 26 June 2005.

public service delivery infrastructure. Also, the unit cost of public service delivery in the province is high, as population density is only 19 per square kilometer (against the national average of 166). As a result, Balochistan's human development indicators, including gender disparity, are much worse than the national average. Female literacy is 16% (versus 32% for Pakistan), while maternal mortality is 600 per 100,000 live births (versus 350 for Pakistan).

5. The BRMP,<sup>6</sup> approved in 2004, is expected to improve resource mobilization, expenditure efficiency, and service delivery by the government. Building on these fiscal management reforms, the BER will assess the constraints on growth and investment in key sectors and provide a cohesive economic strategy, identifying growth poles that will give the province the required momentum to sustain economic growth and reduce poverty, in line with the objectives of the Balochistan PRSP.

6. **Mining and Minerals.** Thirty-nine minerals, of the recorded 50, are now being mined in the province. In FY2003 this sector yielded revenues of almost PRs1 billion. The discovery of large copper deposits in the Chagai district, coupled with the coal and iron ore production in the province, can generate significant additional income for the provincial government.

7. **Agriculture and Livestock.** Over half the labor force is employed in agriculture. A critical issue, however, is the scarcity of water, which is worsened by frequent droughts, inefficient use of water as a result of a flat-rate tube-well subsidy, and overextraction. The loss of 43% of the livestock population in the last drought has deepened poverty in the province.

8. **Coastal Development and Fisheries.** The Balochistan coastline, at 750 km, makes up 70% of Pakistan's coastline but contributes only 30% of Pakistan's landed catch. Ship harbors at both Gawadar and Pasni lack supporting infrastructure and services, and an estimated 30% of marine catch is wasted owing to the lack of modern processing facilities. By integrating the development of the coastal highway and the Gawadar port, the economic strategy can create linkages that support development and add value to the fishing sector and the local economy.

9. **Growth Leverage from Mega Investment Projects.** The government is investing a very large amount to develop Gawadar port into a strategic economic hub. The geographic location of the port makes it an ideal gateway to Afghanistan and the landlocked Central Asian republics. Other major infrastructure projects are also being planned, among them, the 533 km Mekran coastal highway and PRs3.8 billion investments in roads, railway extension, and similar projects. Such projects, if integrated with provincial economic policy, can stimulate economic activity and generate growth and employment in the province.

10. The government of Balochistan realizes that, without a sound assessment of the provincial economy, it is difficult to monitor the progress of current programs or to design new ones. Balochistan is one of two provinces in Pakistan (the other is Punjab)<sup>7</sup> where ADB has developed a comprehensive assistance program that includes key governance initiatives. The BRMP is the most comprehensive public resource management program to be implemented in the province. Similarly, the upcoming Balochistan Devolved Social Services Program will address social sector development issues in the rural areas, and the Balochistan Water Resources and Rural Infrastructure Development Project to be processed in 2006 will deal with

<sup>6</sup> ADB. 2004. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to the Islamic Republic of Pakistan for the Balochistan Resource Management Program.* (Loan 2107/8/9-PAK, for \$133 million, approved on 25 November 2004).

<sup>7</sup> ADB. 2003. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to the Islamic Republic of Pakistan for the Punjab Resource Management Program.* (Loan 2030-PAK, for \$200 million, approved on 04 December 2003).

poverty alleviation and improving rural livelihoods. Given ADB's focus on this least developed of Pakistan's provinces, there is an urgent need for ADB to support the development of an accurate picture of Balochistan's economy and social sectors and to improve the basis for policy formulation in the province.

### III. THE TECHNICAL ASSISTANCE

#### A. Impact and Outcome

11. The desired impact of the TA is to improve policy formulation in Balochistan by providing a cohesive strategy for stimulating economic activity and accelerating growth and development.

12. The TA will primarily support technical studies, facilitate policy dialogue, and assist the government of Balochistan in organizing the annual Balochistan Development Forum (BDF) in April 2006 and March 2007. The envisioned economic report will provide statistical and analytical insights into the provincial economy. At the request of the government, the social, productive, and infrastructure sectors will be covered. A database of economic statistics and social sector indicators on Balochistan will be created, and the provincial gross domestic product will be calculated. The intermediate output will be the BDF in April 2006, where a policy vision paper stating Balochistan's immediate and medium-term economic development goals will be presented. The paper will be based on an analysis of economic and human development trends and a preliminary estimate of provincial accounts. The final output of the TA will be the BER, to be presented at the BDF in March 2007. In summary, the TA will provide the necessary resources and expertise to assist the government of Balochistan in (i) developing a social and economic statistics database, including estimates of provincial output; (ii) designing a provincial economic development strategy; and (iii) facilitating policy dialogue among the federal and provincial governments, business and civil society, and donors.

#### B. Methodology and Key Activities

13. In the first 4 months of the TA, statistical and economic data on the province will be collated, provincial income statistics developed, and the policy vision paper prepared. Building on the insights from this exercise and the direction provided by the vision paper, the subsequent analyses will highlight the constraints on the economic development of Balochistan, conduct a comprehensive sectoral analysis, and propose a strategy for economic development and poverty reduction. The main integrating theme of the BER will be the formulation of a cohesive strategy to target sustainable, widespread growth.

14. ADB will lead the preparation of the report and provide technical expertise in (i) small- and medium-sized enterprise (SME) and private sector development; (ii) urban economies and urban sector development; (iii) Gawadar port development, economic geography, and transport networks; and (iv) fiscal and financial management. The World Bank will provide technical expertise in (i) agriculture, livestock, water, and irrigation; (ii) mining and the oil and gas sector; and (iii) public service delivery and poverty reduction. The proposed policies will be aimed at cross-sectoral growth and integrated economic development. The focus of ADB's area of responsibility will be as follows.

15. **Generating Income and Employment.** The report will highlight key growth poles for the region. Certain sectors, such as the SME sector, mining, agribusiness, and fisheries, could generate incomes and employment. The BER will review the key barriers to private sector

development in these sectors and identify viable initiatives to stimulate private investment and capital accumulation.

16. **Developing SMEs and Private Enterprise.** ADB will provide technical expertise to (i) identify the financial, regulatory, and institutional constraints on SMEs; (ii) conduct a structural analysis of the SME sector, supported by a quantitative survey of small-scale industries, and stratify the sector by scale and industry; (iii) highlight subsectors with high potential for growth and private sector investment; and (iv) propose an integrated strategy to promote SME development and employment generation.

17. **Developing the Urban Sector.** ADB experts will assess the potential of urban growth centers in Balochistan. They will look at the nexus between regional development (for instance, agribusiness in northern Balochistan, mining in Chagai district, cross-border trade through Chaman, and the Gawadar port development along the coast) and investment in infrastructure and roads. To arrive at the urban strategy, the experts will (i) analyze major cities and townships in Balochistan and assess their potential to function as urban growth nodes; (ii) design a strategy to integrate regional economic development with urbanization; (iii) assess the socioeconomic impact of urban growth and migration on the provincial economy; and (iv) design an urbanization policy to support urban development and facilitate the growth of service infrastructure for regional economic industries.

18. **Improving Fiscal and Financial Management.** Sector specialists will build on the work of the BRMP and update the framework for efficient public revenue and expenditure management by (i) conducting a microanalysis of fiscal and financial trends, and (ii) developing provincial income estimates to guide the analysis.

19. **Maximizing the Economic Impact of Large-Scale Investment Projects.** Technical experts will review the impact of the Gawadar port development and other mega infrastructure projects on the provincial economy. They will (i) assess the potential of Gawadar to become a regional trade and investment hub; (ii) identify profitable avenues for cross-border trade and recommend policies to facilitate and develop exports; (iii) propose measures to support the creation of markets and export avenues for the minerals, fisheries, livestock, and other key sectors; and (iv) develop a strategy for the use of Gawadar and supporting transport infrastructure for participatory and cohesive development in the local and provincial economy.

### **C. Cost and Financing**

20. The total cost of the TA is estimated at \$375,000 equivalent—\$100,000 in foreign exchange costs and \$275,000 equivalent in local currency costs. The Government has requested ADB to finance \$300,000, covering the entire foreign exchange cost and \$200,000 of the local currency cost. ADB will finance this amount on a grant basis from its TA funding program. The Government will finance the balance of the local currency cost, equivalent to \$75,000, by providing office space, counterpart staff support, and logistics for workshops and consultations. Details of the costs and financing plan are in Appendix 2.

### **D. Implementation Arrangements**

21. The Planning and Development Department will be the Executing Agency (EA) for the TA, and the chief economist will be the TA project director. A steering committee, chaired by the additional chief secretary, will oversee TA activities from a policy perspective, and give guidance

to the project director. The committee will comprise key stakeholders in the provincial government, private sector, and civil society. The preparation of the BER will also involve broad-based consultations: the vision paper and drafts of the technical studies will be presented at workshops attended by civil society, the business sector, and other stakeholders.

22. The World Bank will set aside \$300,000 in its 2005 and 2006 budget for the preparation, publication, and dissemination of the BER. There will be periodic multipartite reviews (by ADB, the World Bank, government of Balochistan, and consultants) to review the progress of implementation. These reviews will include joint missions fielded by ADB and the World Bank to discuss the outputs with the government at different stages of report preparation.

23. The TA is expected to be implemented over 18 months, from January 2005 to June 2007. The implementation of the TA will require individual consultants who will provide 35 person-months of consulting services—8 person-months for international consultants and 27 person-months for local consultants. The international team leader will provide joint leadership and direction to the ADB consultants and World Bank sector experts, give advice in the preparation of the BER, coordinate and review the consultants' work, and develop the overall theme of the report. The ADB sector specialists will have expertise in four broad categories: (i) SME and private sector development; (ii) urban economies and urban sector development; (iii) Gawadar port development, economic geography, and transport networks; and (iv) fiscal and financial management. A project coordinator reporting to the team leader and the Pakistan Resident Mission (PRM) of ADB will establish linkages between TA components; facilitate coordination between the World Bank, the EA, and PRM; and assist in the implementation of the TA. The TA will also finance the participation of a statistical expert at Quetta, who will provide technical support to the government of Balochistan to strengthen provincial capacity and the quality of data generation. The consultants will be engaged by ADB according to the *Guidelines on the Use of Consultants by the Asian Development Bank and Its Borrowers* and other arrangements satisfactory to ADB for the selection and engagement of consultants. The outline of the terms of reference for the consultants is in Appendix 3.

#### **IV. THE PRESIDENT'S DECISION**

24. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$300,000 on a grant basis to the Government of Pakistan for the Balochistan Economic Report, and hereby reports this action to the Board.

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<b>Impact</b> To contribute to more effective and informed development planning in Balochistan	Provincial growth rate of 6% per year  Reduction of poverty incidence by at least one third by 2008	Regional statistics, and household and income expenditure surveys	<b>Assumption</b> <ul style="list-style-type: none"> <li>• Provincial government has the political will for reform</li> </ul> <b>Risk</b> <ul style="list-style-type: none"> <li>• Realignments occur among key political stakeholders</li> </ul>
<b>Outcome</b> Development of a comprehensive picture of socioeconomic conditions in Balochistan, including the current status of key sectors of the provincial economy	Regular preparation of provincial GDP and income accounts  Regular organization of Balochistan Development Forums  Continued planning and implementation of medium-term development strategy	Regular meetings of the steering committee  Quarterly reports and reviews, and regular consultant evaluations  Midterm review and technical assistance (TA) completion report	<b>Assumption</b> <ul style="list-style-type: none"> <li>• Key officials of Balochistan government have continued strong commitment</li> </ul> <b>Risks</b> <ul style="list-style-type: none"> <li>• Stakeholder consultations are inadequate</li> <li>• Capacity to implement the strategy is weak</li> </ul>
<b>Outputs</b> 1. Database of provincial statistics on Balochistan  2. Vision paper for BDF 2006  3. Balochistan economic report	First draft report ready by February 2006  Final report ready by March 2006 for the Balochistan Development Forum  Technical studies completed by August 2006  First draft ready by October 2006  Final report ready by January 2007	Balochistan Bureau of Statistics, multiple indicators cluster survey, Balochistan development statistics, and surveys done under the TA  TA review missions and internal ADB review of report  Oversight by steering committee  Complete technical studies	<b>Assumptions</b> <ul style="list-style-type: none"> <li>• Enough resources are provided on time</li> <li>• Coordination with World Bank team is maintained</li> </ul> <b>Risks</b> <ul style="list-style-type: none"> <li>• Government of Balochistan cannot provide adequate and accurate data and information, or counterpart support in the form of human or administrative resources</li> <li>• Consultants' reports do not meet the required standard</li> <li>• Steering committee does not take effective ownership of the report</li> </ul>
<b>Activities with Milestones</b> 1.1 Data collection and national accounts – March 2006  2.1 Vision paper – April 2006 2.2 Balochistan Development Forum (BDF) – April 2006 2.3 Concept paper for technical studies: for submission and use in workshops – June 2006  3.1 Final drafts of technical studies: for submission and use in workshops – August 2006 3.2 Balochistan economic report – January 2007 3.3 BDF – March 2007			<b>Inputs</b> <ul style="list-style-type: none"> <li>• ADB TA funding of \$300,000</li> <li>• Counterpart funding by Government of Pakistan of \$60,000 in kind</li> <li>• ADB staff inputs</li> </ul>

ADB – Asian Development Bank, GDP – gross domestic product, TA – technical assistance

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. Asian Development Bank (ADB) Financing<sup>a</sup></b>			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	70.0	0.0	70.0
ii. Domestic Consultants	0.0	100.0	100.0
b. International and Local Travel	30.0	5.0	35.0
c. Reports and Communications	0.0	10.0	10.0
2. Training, Seminars, and Conferences	0.0	20.0	20.0
3. Surveys	0.0	20.0	20.0
4. Miscellaneous Administration and Support Costs	0.0	20.0	20.0
5. Contingencies	0.0	25.0	25.0
<b>Subtotal (A)</b>	<b>100.0</b>	<b>200.0</b>	<b>300.0</b>
<b>B. Government Financing</b>			
1. Office Accommodation and Transport	0.0	40.0	40.0
2. Remuneration and Per Diem of Counterpart Staff	0.0	20.0	20.0
3. Others	0.0	15.0	15.0
<b>Subtotal (B)</b>	<b>0.0</b>	<b>75.0</b>	<b>75.0</b>
<b>Total</b>	<b>100.0</b>	<b>275.0</b>	<b>375.0</b>

<sup>a</sup> Financed by ADB's technical assistance funding program.  
Source: ADB estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. At the request of the government of Balochistan, the Asian Development Bank (ADB) is providing technical assistance (TA) for the preparation of a comprehensive study on the economic performance and growth potential of the province, to guide the government in formulating its development priorities for the immediate and long term. This report will be prepared in collaboration with the World Bank.

2. Consultants will be engaged for 35 person-months—international consultants for 8 person-months and domestic consultants for 27 person-months. The terms of reference for each position are outlined below. ADB may further refine or modify the terms of reference at the start of the TA. The technical studies will follow the structure in section E to ensure consistency and coverage of the most critical issues. The consultants' output will be prepared and submitted according to the schedule provided in the design and monitoring framework.

### A. Team Leader (international, 6 person-months)

3. The international consultant should have at least 20 years' experience in policy dialogue and economic development in developing countries, particularly Pakistan, as well as experience in senior advisory positions in international financial and development institutions. The consultant will lead the ADB and World Bank teams working on the economic report and ensure that a single integrated report is prepared. Specifically the consultant will do the following:

- (i) Provide overall leadership and supervise the work of all consultants and sector experts working on the report.
- (ii) Coordinate the work and roles of all participants, and ensure that the assigned tasks supplement one another rather than overlap.
- (iii) Ensure that stakeholders are thoroughly consulted through discussions with government, civil society, and the private sector.
- (iv) Have primary responsibility for the design and quality of the vision paper and the report and advise the team on strategic matters involving the report.
- (v) Provide oral or written comments on all the background technical studies prepared for the report, and work with the authors to improve the quality of the technical papers.
- (vi) Work with the managers of the study on the structure and theme of the report and, if necessary, prepare summary inputs of the background notes to be included in the final report.
- (vii) Integrate the individual technical studies into a cohesive economic report and take responsibility for the final report.
- (viii) Assist in the dissemination of the final report.

### B. Project Coordinator (domestic, 18 person-months)

4. The project coordinator will be responsible for the overall implementation and management of the TA. This will entail the following specific tasks:

- (i) Support ADB in identifying and recruiting consultants to prepare the report.
- (ii) Ensure that adequate work plans are prepared for the TA consultants' inputs, support and supervise the technical and consultative activities of the consultants,

and provide monthly (or as otherwise directed) reports to the head of the Country Policy Operations Unit of ADB's Pakistan Resident Mission on the progress of the TA and any issues that may arise.

- (i) Ensure that close working relations are established between TA activities and the departments of the government of Balochistan concerned.
- (ii) Ensure that regular dialogue is maintained between the consultants and representatives of executing and implementing agencies associated with the TA.
- (iii) Organize regular joint meetings and consultations to ensure that communication and coordination is maintained between the ADB and World Bank teams.
- (iv) Prepare a consolidated final report on the TA implementation.
- (v) Participate in missions to prepare, supervise, and evaluate the TA.
- (vi) Assist in the dissemination of the final report.
- (vii) Assist the team leader and BER task managers as needed.

### **C. Statistical Expert** (domestic, 3 person-months)

5. The consultant will assist the government of Balochistan and ADB with the preparation of statistics. The specific tasks of this consultant will be as follows:

- (i) Evaluate existing data generation units, reports, and outputs.
- (ii) Provide technical support to assist the government of Balochistan in improving the quality of data generation and analysis.
- (iii) Strengthen statistical collection and data generation by the provincial bureau of statistics and other agencies.
- (iv) Assist the Balochistan bureau of statistics and other statistical agencies in preparing data for the BER technical studies.

### **D. Sector Experts**

#### **1. Transport Sector and Regional Integration** (international, 2 person-months)

6. An important component of this study will be an assessment of the economic opportunities presented by the Gawadar port development and the establishment of road, rail, and air transport links to the region. The consultant will carry out a technical study of the proposed development and infrastructure projects. The specific tasks of this consultant will be the following:

- (i) Prepare a technical study of the proposed infrastructure projects in the region, particularly Gawadar port, roads, and other transport infrastructure.
- (ii) Analyze the potential for Gawadar to serve as an engine for growth and recommend key policies for export and market development for key sectors of the provincial economy.
- (iii) Assess the potential of Gawadar to become a strategic regional hub for trade and investment, given the geopolitical situation.
- (iv) Use international experience to recommend the direction of public policy to support Gawadar port development.
- (v) Assess the adequacy of other transport infrastructure to support the economic and social development of Balochistan.
- (vi) Provide a technical report on the sector and its issues.

- (vii) Assist the team leader and BER task managers as needed.

**2. SME Development and Private Sector Development** (domestic, 2 person-months)

7. An important component of this study will be the evaluation of economic opportunities provided by key cities and city clusters through improvements in the investment climate and regulatory framework in urban areas. The consultant will study urban land markets, regulations, and institutional arrangements for SME development. The specific tasks of this consultant will be as follows:

- (i) Conduct a structural analysis in Quetta and stratify SMEs according to scale and type of business.
- (ii) Assess the current business and investment climate and identify the key financial, institutional, and regulatory constraints.
- (iii) Provide a technical report on the sector and its issues.
- (iv) Assist the team leader and BER task managers as needed.

**3. Urban Sector Development** (domestic, 2 person-months)

8. The study will look at the potential for integrating regional economic development with urbanization policies to stimulate the creation of vibrant urban sectors. The consultant will study potential urban growth points and will carry out the following specific tasks:

- (i) Analyze major cities and townships in Balochistan and assess their growth potential.
- (ii) Assess potential growth points for urban development, in particular Chaman, Gawadar, Pasni, or other urban centers that can benefit from regional development and integration with the provincial economy.
- (iii) Assess the socioeconomic impact of urban growth and migration on the provincial economy.
- (iv) Recommend policies for provincial urbanization, to support urban development and complement regional economic development.
- (v) Provide a technical report on the sector and its issues.
- (vi) Assist the team leader and BER task managers as needed.

**4. Financial Management** (domestic, 2 person-months)

9. The consultant will prepare a technical study on the fiscal and financial issues facing the government of Balochistan. This will involve the following specific tasks:

- (i) Prepare a technical report on Balochistan's public finances, updating the financial management analysis of the province.
- (ii) Prepare a macro analysis of fiscal trends in Balochistan over the last decade, with a breakdown of revenue and heads of expenditure.
- (iii) Recommend policies for resource mobilization and efficacy of expenditures, to create fiscal space for development expenditure.

- (iv) Design a medium-term fiscal framework for Balochistan including medium-term projections of revenue and expenditure, deficit financing, and contingent liabilities.
- (v) Prepare a policy matrix and participate in missions as required to ensure incorporation of actions to improve fiscal and financial management by addressing issues identified in (i) above.
- (vi) Provide a technical report on the sector and its issues.
- (vii) Assist the team leader and BER task managers as needed.

## **E. Proposed Structure of Technical Studies**

10. It is particularly important that the summaries for the reports and papers address all the following points:

- (i) What are the salient characteristics of the sector or area under examination? The aim is to provide a setting against which the identification of the issues makes clear and convincing sense.
- (ii) What are the three or four most critical issues in the sector or area? These issues could either be challenges or opportunities related, as far as possible, to questions of growth, poverty reduction, and service delivery, which are the focus of the report. The idea is to prioritize.
- (iii) What are the main constraints on the resolution of the problems or the realization of opportunities? The analysis in this section should, as far as possible, distinguish between financial, physical, institutional (including legal), and human resource constraints. Other constraints in particular sectors or areas should also be discussed.
- (iv) What is the government doing to resolve these problems? This section should assess the government's actions and the consistency of policies. Policies in the same package should reinforce, and not neutralize, one another.
- (v) How can the province solve its problems and benefit from its opportunities? The recommendations should clearly state the desired actions; identify the agency, federal or provincial, that should perform the action; and indicate a feasible time frame (short, medium, or long-term) for carrying out the policies. The recommendations should be anchored in precedent or in "best practice," i.e., what other countries or provinces of Pakistan have done in similar circumstances.