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Executive Summary

Pakistan’s economy maintained its momentum towards a higher growth trajectory in FY15/16. Continuation of economic reforms and enabling environment were the key factors behind this success. Higher spending on infrastructure along with low interest rates and improvement in security situation provided a boost to domestic demand. Improvement in energy supply helped enhance industrial performance. Macroeconomic indicators remained stable with revival in domestic demand and large scale manufacturing, expansion in industrial sector, significant growth in services, construction and electricity generation. The GDP registered a growth of 4.7 per cent -- highest in the last eight years -- well above the 4.0 percent growth realized last year, but less than 5.5 percent growth target for the year.

The growth of agriculture sector was negative due to depressed commodity prices, pest attacks and heavy rains during the *kharif* season. These factors caused heavy losses on the cotton crop, which was 29.0 percent less than the last year. The performance of other crops was also not encouraging either. As a result, crop sector posted a negative growth of 6.25 percent, which led to a decline of 0.19 percent in overall agriculture sector for the first time since 2000-2001. The livestock sector, accounting for 58.5 per cent of the agriculture sector, grew by 3.63 percent in FY15/16, compared with 3.99 percent last year.

The industrial sector recorded a growth of 6.8 percent, which was not only higher than 4.81 percent growth achieved in FY14/15, but also surpassed the annual target of 6.4 percent. The reasons for strong industrial growth include: (i) stable macroeconomic environment; (ii) low interest rates; (iii) rise in infrastructure spending; (iv) improved energy supplies; and (v) better security conditions. Investment in CPEC-related projects has also created demand for construction and allied industries. Construction activity grew by 13.1 percent against 6.24 per cent during FY14/15. This also played a key role in supporting large-scale manufacturing (LSM) due to its strong forward and backward linkages.

Performance of Services sector remained broad based, as all components contributed positively. The Services sector recorded an exceptional performance by growing at 5.71 percent, which was higher than 4.3 percent in FY14/15. This is the highest growth during the last ten years. The contribution of services sector has reached 59.2 per cent of the GDP. Major contribution for the services sector growth came from wholesale and retail trade and general government services.

While the share of services sector in overall GDP has gradually increased from 56.9 percent in FY09/10 to 59.2 percent in FY15/16, the export of services has stagnated at US$ 5.5 billion for the past 5 years. This highlights a major structural imbalance, i.e., the dominant sector which has been growing strongly is not adding to export receipts for the economy.

CPI inflation was recorded at 2.86 percent for the FY15/16. This was significantly lower than 4.53 percent inflation recorded in FY14/15. Low oil prices, better supply of perishables, restricted monetary expansion and a stable exchange rate have supported a low inflation rate. Sensitive Price Indicator and Wholesale Price Indicator also recorded low indices.

Fiscal consolidation remained on track as the budget deficit as per cent of GDP continued to fall for the fourth consecutive year. Helped by high growth in tax revenues and a stringent control over current expenditures, the budget deficit declined to 4.9 percent of GDP, from 5.3 percent recorded during the last year. The overall tax-to-GDP ratio has increased to 13.3 percent of GDP from 11.0 percent in FY14/15. The FBR tax collection recorded a strong growth of over 20 percent, and surpassed the annual target for the first time since FY09/10. This improvement was largely attributed to: (i) new tax measures, especially aimed at enhancing the scope of differential taxation structure for return filers and non-filers; (ii) additional measures to make up for the revenue shortfall (including regulatory duties on a number of items); and (iii) various other tax measures including changes in duty structure on petroleum products. Current expenditures were restricted at the last year's level. This created space to prioritize development spending, which grew by 20 percent as against 14 percent growth recorded in FY14/15.

Strengthening of the external account, underway for the past two years, continued in FY15/16. The overall current account deficit changed from USD 2.71 billion in FY14/15 to to USD 3.26 billion in FY15/16. The current account deficit was higher though it was comfortably financed by financial inflows. In net terms, the foreign exchange inflows were higher than outflows, which led to accumulation of foreign exchange reserves to an all time high level. Exports continued to fell down which declined 8.8 percent.

Poverty reduction is a multi-dimensional issue. It requires people-centered development approach and policies, social safety net programme and a mix of fiscal, monetary and economic reforms aiming to promote pro-poor growth. High and sustainable economic growth is one of the powerful tools for poverty reduction.

Different methodologies for calculation of poverty indices are in vogue in different countries of the World. Pakistan has been traditionally following calorie based poverty estimation since decades. The methodology used in the past was not able to accurately capture the poverty index in Pakistan, as its estimated poverty witnessed sharp decline, which was rather contrary to the situation on ground. The government formed a Technical Committee to revisit the methodology and poverty estimates procedure. The Technical Committee made following observations: (a) the poverty line and the basket estimated in 2001 on the basis of 1999 data has become outdated; (b) the official methodology does not fully comprehend the variation in consumption patterns, especially in non-food segment; and (c) the updation of poverty line by using CPI is likely to create an urban bias which was distorting the poverty situation. Based on these considerations, a new poverty line based on Cost of Basic Needs was adopted. Although the new basket of commodity contains the similar intake, i.e., 2350 calorie per adult equivalent of per day, yet the basket was revised for non-food items, as is the practice in most developing countries. This methodology captures need of non-food items better. This includes items like clothing, shelter and education. The revised methodology estimates a new poverty line, based on the cost of basic needs. The old methodology which had calculated poverty incidence at 12.5% in FY13/14, has now been estimated at 29.5 with the revised methodology. Using the estimated population for FY13/14, around 55 million people were found living below poverty line.

The poverty estimates were back casted up to 1998-99 using the new methodology. The poverty estimate for 1989-99 was calculated at 57.9 per cent. These estimates show that poverty has gone down by 28.4 percentage point during a period of 15 years. Urban poverty has gone down at an accelerated pace as against the rural poverty. Urban poverty during these fifteen years came down from 44.5 per cent to 18.2 percent as against the rural poverty which fell down from 63.4 percent to 35.6 per cent.

In Pakistan despite reduction in absolute poverty, income inequality has grown. The gini co-efficient has increased from 0.35 in 1987-88 to 0.41 in FY13/14. Now Pakistan's richest 20% consume 7 times more than the poorest 20%. Disparities are evident in Pakistan across different regions, rural -urban divide and among gender groups, where women's contribution as unpaid family work is unaccounted for.

The Government of Pakistan with assistance from Oxford Poverty and Human Development Initiative (OPHI) and UNDP developed Multi-Dimensional Poverty Index (MPI) which estimates multiple aspects of deprivation in health, education and standard of living. These three dimensions include 15 indicators – 3 reflect deprivations in education, 4 in health and 8 in standard of living. The MPI was calculated by using the PSLM data. Using the PSLM data for FY12/13, the MPI was calculated at 40.5 per cent. The MPI was back counted up to FY04/05. The deprivation level in FY04/05 was calculated at 55.2. This also shows that over a period of 8 years the deprivation level (MPI) has gone down by around 15 percentage point. MPI also shows declining pattern similar to the poverty headcount. The urban MPI has gone down from 24.0 to 9.3 while rural MPI fell down from 70.3 to 54.6 during the same 8 years. Another added feature of MPI is that it also captures MPI at district level. The ranking of districts was done based on MPI. This provides opportunity to the federal and provincial governments to pay more attention to low-ranked districts. MPI may be used to channel more funds towards under developed regions and rural areas for raising social and economic infrastructure and increasing the access of poor to income and assets.

The Government's poverty reduction strategy has been paying dividends in terms of improvement of poverty situation in Pakistan. Prudent financial management, low inflation, high growth rates, higher expenditure on PRSP sectors and social security net programme have been instrumental in reducing poverty incidence. However, there are big differences in rural and urban poverty scenario and inter and intra provincial regional disparities. Bridging the gap between developed and undeveloped regions require concerted efforts with political stability, bipartisan support, better governance and service delivery and higher investment in social services and social safety net.

Higher expenditure on people-centered and poverty related sectors is one of the powerful tools of poverty reduction strategy. In an effort to reduce poverty from the country, the Government has been spending higher resources on social safety net and on those sectors that benefit the poor. In FY15/16 total expenditure incurred on 17 pro-poor sectors stood at Rs. 2,695 billion, which reached 9.1 percent of GDP. This compares with PRSP expenditure of Rs. 2,275 billion in FY14/15, which was 8.3 percent of GDP. The expenditure in FY15/16 is higher by Rs 420 billion or 18.5 percent over the last year. The total Federal expenditure has increased by 17.5 percent from Rs. 762.4 billion in FY14/15 to Rs. 895.8 billion in FY15/16. The Provincial governments have also incurred higher expenditure on PRSP which has been estimated at Rs 1,798.8 billion during FY15/16, as against Rs 1,512.2 billion in FY14/15, showing an increase of around 19 per cent. Punjab has witnessed highest increase of 27 per cent over one year.

Highest expenditure increase has been recorded in Roads and Highways sector, which increased by Rs 207 billion during FY15/16. Expenditure on Education has increased by Rs 64 billion and on Health Rs 37 billion. Expenditure on Education has increased from 2.18 percent of GDP in

FY14/15 to 2.24 per cent in FY15/16. Similarly, there was also increase in Health expenditure from 0.84 per cent of GDP to 0.91 percent in FY15/16. Education sector enjoys the highest proportionate share of 24.6 per cent in PRSP expenditure, while share of Health sector is around 10 per cent. Subsidies are being reduced which is evident from its proportionate share of 16 per cent in FY15/16, which was about 20 per cent one year before. Both current and development expenditures recorded sizeable increase during the year. Development expenditure recorded an increase of 25.3 percent while current expenditure went up by 14.4 percent during the year. In FY14/15, current expenditure was 60.6 per cent of the total PRSP expenditure, while share of development expenditure was 39.4 percent. The share of current expenditure during FY15/16 has declined by 2.1 percentage point, with the same percentage point increase in development expenditure.

Expenditure on education was increased by 10.7 per cent during FY15/16. Highest increase of 18.1 per cent was recorded in Professional and Technical Colleges and Universities. Primary and Secondary education recorded increase of 7 per cent and 11 percent, respectively.

Health sector expenditure was increased by 15.9 per cent. Highest increase of 17.8 per cent was recorded in sub-sector ‘General Hospitals and Clinics’. This sub-sector accounts for 74 per cent of total Health sector expenditure.

Social Safety Net programme in the form of direct cash transfers and other services include both budgetary and non budgetary programmes. Budgeted social safety net programme include Benazir Income Support programme (BISP), Pakistan Bait-ul-Mal (PBM) and Social Security & Welfare. While Zakat, Employees Old-age Benefit Institution (EOBI) and Workers Welfare Fund (WWF) constitute the non-budgetary part of social safety net programme. Microfinance by specialized financial institutions is another tool that provides micro financial services to the needy poor.

The budgeted safety net programme registered a growth of 6.6 per cent from 143.2 billion in FY14/15 to 152.6 billion in FY15/16. Non-budgeted disbursements increased from 21.1 billion to 31.8 billion, registering an increase of 50 per cent. Total Safety Net programme including budgeted and non-budgeted expenditures has been increased from Rs 164.4 billion to Rs 184.4 billion, showing a growth of 12 per cent. BISP disbursements increased to Rs 100.9 billion, which is about 10 per cent higher than the previous year.

There was also sizeable increase in number of beneficiaries during the year. Beneficiaries of all programmes have increased from 6.3 million in FY14/15 to 7.0 million in FY15/16, showing an increase of 11 per cent. The budgeted programme beneficiaries increased from 5.135 million to 5.844 million. Highest increase was recorded in PBM, where number of beneficiaries increased by 66.9 per cent. BISP also registered increase in number of beneficiaries by 12.8 per cent.

Non-budgeted social safety net disbursements by all the institutions were increased during the year. Zakat programme disbursements have increased by 31 per cent, EOBI disbursements by 43 per cent, and WWF by 173 per cent.

Financial Inclusion plays a pivotal role in promoting inclusive growth through enhancing livelihoods and enterprise activities. Under this programme finances are provided to the needy people for small and house-hold businesses. Pakistan's efforts in this regard have been recognized internationally. In 2011 and 2012, Pakistan's microfinance regulations were ranked best in the world by the Global Microscope Report. During FY15/16 micro credit of Rs 152.5 billion was provided to 4.24 million people, against Rs 94.5 billion to 3.47 million beneficiaries in FY14/15. This gives an increase of 61 per cent in disbursement of credit and an increase of 22 per cent in number of poor benefited from this programme.

During the year 401additional branches were launched by micro credit providers, taking the total number of branches to 3,130. Average loan size was also increased from Rs. 31,563 to Rs 35,931.

Other tools of micro finance include micro saving and micro insurance. During the year FY15/16 both of these tools registered positive growth. Amount of micro saving during the year increased to Rs 77 billion from Rs 53 billion one year before. The number of micro savers also increased from 13.2 million in FY14/15 to 15.8 million in FY15/16. Similarly, sum insured under micro insurance increased from Rs 73.5 billion (FY14/15) to Rs 128.9 billion (FY15/16), registering an increase of over 75 per cent in a year. The number of policy holders has also increased by 30 per cent during the year.

Sustained progress was recorded in Education and Health sector output indicators enshrined with prudent policies and reforms, improved governance and better expenditure management. The Gross Enrollment Ratio at primary level has improved from 91% in FY14/15 to 97% during FY15/16. The boys' gross enrollment has now reached 105%, while that of girls' at 90%. The country is heading quickly towards achieving universal primary enrollment. There is also improvement in enrollment at middle and secondary school level. Girls' enrollment in both these schools is also rising. Literacy rate (10+ years) has reached 60% in FY15/16 from 58% one year before. Youth Literacy rate (15-24 years) has been stable at 72%.

Basic facilities at public schools are continuously improving. Following facilities have been recorded at primary public schools: water supply reached to 67% schools after improvement in 4 percentage points; toilet facility extended to 67% schools after accounting for 2.3 percentage point improvement in one year; 53% schools provided with electricity; and 71% schools given boundary walls.

In Health sector, life expectancy has improved to 69.6 years – 70 years for women and 69.3 years for men. LHW services along with immunization coverage to infants and pregnant women are on target.

Household Income and Expenditure Survey (HIES) FY15/16 indicates that income and expenditure by all five income groups (quintile 1 to 5) has substantially increased when compared with HIES FY13/14. During FY15/16 monthly income and per capita consumption expenditure of the lowest quintiles, Q1 and Q2, in both rural and urban areas show increase over estimates of HIES FY13/14. Increase in expenditure on energy, education and health by quintile 1 and 2 during the two survey periods indicate improvement in life of the lowest income groups.

The Sustainable Development Goals (SDGs) were adopted by United Nations General Assembly in its 70th Session, which are successors to the Millennium Development Goals (MDGs). The federal and provincial governments have already committed to set up SDG Support Units, which aim to coordinate activities at both national and provincial levels. These support units will work to deliver five main outputs: (i) mainstreaming the SDGs in national policies and plans; (ii) data and reporting; (iii) inclusive budgeting processes and expenditure tracking; (iv) monitoring and evaluation of progress against indicators; and (v) innovation.

The Federal Government has been deliberating the issue with Pakistan Bureau of Statistics for initiating institutional arrangement for monitoring of progress based on different surveys. A Technical Committee was formulated to review availability of data to monitor progress on 241 indicators and how they could be aligned with the SDGs framework with improvement in the national statistical system. This Committee is assisted by four sub-committees by clubbing 17 goals in four broad categories. Various meetings were held and representatives of academia, civil society, UN systems and government officials from federal and provincial governments participated in these meetings. The SDG goals and Targets are closely associated with the PRSP initiative. These goals will help accelerate the pace of development in PRSP sectors which would witness higher allocations and expenditures, better governance and reforms to facilitate achievement of output and outcome indicators.

The growth prospects are positive for FY16/17. With the revival of industrial sector, improvement in energy supply, better crop prospects and improvement in security situation, GDP growth for 2016-17 is targeted at 5.7 percent. This includes contributions from agriculture (3.5 per cent), industry (7.7 per cent) and services sector (5.7 percent). Investment is targeted at 17.7 per cent of the GDP to help achieve the targets of sustained, indigenous and inclusive growth. The fixed investment is expected to grow at 16 per cent of the GDP. The national savings, as a percentage of the GDP, is targeted at 16.2 percent. Public Sector Development Programme, CPEC initiatives and all policies are geared toward achieving these targets. Continuation of people-centered development amid reforms and improved governance, higher pro-poor expenditures, enhanced investment in social safety nets and buoyant financial inclusion would help underpinning the poverty reduction drive and improvement in the life of teeming millions.

Introduction

In November 2001, Interim-Poverty Reduction Strategy Paper (I-PRSP) was initiated by the Government of Pakistan. It was a comprehensive strategy, which linked social and poverty related expenditures with the attainment of key social and human development outcomes.

In December 2003, the Government adopted a strategy to reduce poverty and restore economic stability by launching Poverty Reduction Strategy Paper-I (PRSP-I) which was a broad policy framework outlining the road map for accelerating economic growth and poverty reduction in Pakistan. PRSP-I comprised of four pillars:

i. Accelerating economic growth while maintaining macroeconomic stability
ii. Improving governance
iii. Investing in human capital
iv. Targeting the poor and vulnerable

In December 2008, the government launched a multifaceted drive for poverty reduction in the form of 'Poverty Reduction Strategy Paper-II (PRSP-II)'. The strategy was based on 9 pillars:

1. Macroeconomic Stability & Real Sector Growth
2. Protecting the Poor and the Vulnerable
3. Increasing Productivity & Value Addition in Agriculture
4. Integrated Energy Development Programme
5. Making Industries Internationally Competitive
6. Human Development for the 21st Century
7. Removing Infrastructure Bottlenecks through Public Private Partnerships (PPPs)
8. Capital and Finance for Development
9. Governance for a Just and Fair System

Ministry of Finance, PRSP Secretariat since 2003 has been preparing Annual Progress Report on the PRSP initiatives. First PRSP Progress Report was published in 2002-03. The present Report for FY15/16 is 14th annual report in succession.

The Annual PRSP Report FY15/16 contains six chapters:

Chapter 1: Trends in Macroeconomic Indicators

Chapter 2: Poverty Estimates in Pakistan
Chapter 3: Pro-poor Budgetary Expenditure
Chapter 4: Protecting Poor and the Vulnerable
Chapter 5: Monitoring the PRSP Intermediate (Output) Indicators
Chapter 6: Progress on Sustainable Development Goals

In Chapter-I progress of key macroeconomic indicators like growth rates, inflation, fiscal development and external sector performance has been given for the year FY15/16. The progress has been compared with the previous year.

Chapter-2 shows estimates of people below poverty line. There was an important development during the previous year when the poverty estimation methodology was revisited by a tem of experts to capture more authentic poverty headcount in Pakistan. The new methodology of calculating poverty headcount has been explained in the Chapter. Second issue discussed in this Chapter relates to income distribution. The Gini coefficient has been discussed with historical trend. Another development which relates to estimation of poverty and deprivation relates to calculation of Multi-Dimensional Poverty Index (MPI) in Pakistan. The estimation of deprivation level through MPI across different provinces and districts has been discussed in this Chapter.

Chapter-3 contains the expenditure on pro-poor sectors during FY15/16 and its comparision with the previous year. The expenditures for17 pro-poor sectors is taken from civil accounts received from Federal AGPR and all the four provincial AG offices. PRSP Secretariat generates three quarterly and one annual report on PRSP expenditures.

Chapter-4 discussed the efforts made on social safety net programme to provide cash and other services support to the poor and vulnerable. It captures budgeted and non-budegeted disbursements made to different social safety net programme.

Chapter-5 gives progress report on output and outcome indicators on social sectors, especially on women and children's development and education, health and environment sectors.

Chapter-6 gives an update on the newly launched Sustainable Development Goals (SGDs), which were recently adopted by UN General Assembly and Pakistan has initated work on thier implementation. The goals and targets set under SGDs relate to reduction of poverty, elimination of hunger, quality education and health facilities, empowermewnt of women and children, sustainable and affordable energy, conservation of water, senitation faciliites, environmental and climate change, sustaianble and inclusive economic growth, etc.

Chapter 1: Trends in Macroeconomic Indicators

The recovery in economic growth continued during FY15/16. Macroeconomic indicators remained stable with revival in domestic demand and large scale manufacturing, expansion in industrial sector, significant growth in services, construction and electricity generation. The GDP registered a growth of 4.7 percent -- highest in the last eight years. Economy could not achieve the targeted growth rate of 5.5 percent due to negative growth of agriculture sector. This was because of the decrease in cotton, rice and maize production. However, Industrial Sector recorded a growth of 6.80 percent and services sector grew by 5.71 percent to help achieve 4.7 per cent GDP growth. Selected economic indicators are given at Table 1.1.

Table 1.1 Pakistan Selected Economic Indicators		
	FY14/15	**FY15/16**
		Growth rate (percent)
Real GDP	4.4	4.71
Agriculture	2.53	(-) 0.19
Industry	4.81	6.80
Services	4.31	5.71
Household Consumption Expenditure	3.23	7.05
Consumer Price Index (CPI)	4.53	2.86
		As percentage of GDP
Current Account Deficit	1.0	1.1
Fiscal Deficit	5.3	4.6
Gross Fixed Investment	13.9	13.6
Gross National Saving	14.5	14.3
Public Debt (FRDL Act definition)	63.2	66.5
Source: Pakistan Economic Survey FY15/16/SBP Annual Report FY15/16		

1.2 Services Sector has emerged as the most significant driver of economic growth and contributing a major role in augmenting and sustaining economic growth in the country. The share of Services Sector increased from 56.6 percent of GDP in FY08/09 to 59.2 percent in FY15/16.

1,3 Gross Fixed Investment slightly declined from 13.9 percent of GDP to 13.6 per cent in FY15/16, missing the target of 16.1 percent. Similarly, Gross National Saving slipped slightly from 14.5 percent of GDP to 14.3 per cent. Fiscal Deficit showed a sign of improvement -- recording a decline from 5.3 percent to 4.6 percent of GDP. Current Account Deficit deteriorated slightly from 1.0 to 1.1 percent of GDP, while Public Debt (FDRLA definition) increased from 63.2 percent to 66.5 percent of GDP.

1.1 Agriculture

1.4 Agriculture sector is a vital component of Pakistan's economy as it ensures food security for the people, generates exportable surplus for the international trade, supports industrial sector with raw material, and provides employment opportunities for the rural population. This sector contributed 19.8 percent in GDP and it remains the largest employer absorbing 42.3 percent of the country's total labor force. The agriculture sector growth mostly depends on favorable weather conditions.

1.5 Performance of the agriculture sector deteriorated in FY15/16, with significant shortfall in target of cotton production. The sector registered a negative growth of 0.19 percent in the FY15/16. Crop sector witnessed an overall decline of 6.25 percent while major crops fell by 7.18 percent. Other crops registered a small decline of 0.31 percent. Performance of Agriculture Sector is given at Table 1.2.

Table 1.2 Agriculture Growth Percentages (Base = 2005-06)

	FY14/15	FY15/16
Agriculture	**2.53**	**-0.19**
Crops	**1.04**	**-6.25**
Major Crops	-0.52	-7.18
Minor Crops	3.09	-0.31
Cotton Ginning	7.24	-21.26
Livestock	**3.99**	**3.63**
Forestry	**-10.43**	**8.84**
Fishing	**5.75**	**3.25**

Source: Pakistan Economic Survey FY15/16

1.6 The Livestock sector having contribution of 58.55 percent in Agriculture, recorded a positive growth of 3.63 percent during FY15/16 as compared to 3.99 percent growth during the last year. The Fishing sector having contribution of 2.17 percent in agriculture value addition, recorded a growth of 3.25 percent compared to 5.75 percent growth of last year. Forestry sector having contribution of 2.06 in the agriculture value addition, posted a growth of 8.84 percent this year as compared to the negative growth of 10.43 percent last year.

1.2 Industry

1.7 During FY15/16 the industrial sector contributed 21.02 percent in GDP and recorded a growth of 6.8 percent as compared to 4.81 percent last year. Industrial growth has surpassed the target of 6.4 percent, which demonstrates signs of industrial revival. Industrial sector growth for the FY14/15 and FY15/16 is given in Table 1.3.

Table 1.3: Industrial Sector Growth rates (in percentage)

	Share in GDP FY15/16	Growth in FY14/15	Growth in FY15/16
Industry	**21.0**	**4.81**	**6.80**
Mining & quarrying	2.9	3.97	6.8
Manufacturing	13.6	3.90	5.00
Large scale	10.9	3.29	4.61
Small scale	1.8	8.22	8.21
Slaughtering	0.9	3.35	3.63
Elect gen & dist. and gas dist.	1.9	11.98	12.18
Construction	2.6	6.24	13.10

Source: Pakistan Economic Survey FY15/16

1.8 Industrial sector has four sub-sectors: (i) mining & quarrying; (ii) manufacturing; (iii) electricity generation, distribution and gas distribution; and (iv) construction. Manufacturing sector has three sub-sectors: (i) large scale manufacturing; (ii) small scale manufacturing; and (iii) slaughtering. Manufacturing sector recorded a 13.6 percent share in GDP, while large scale manufacturing held 10.9 percent share. Industrial sector registered a growth of 5.00 percent during FY15/16 against a target of 6.1 percent and growth of 3.90 percent during FY14/15.

1.9 All the three sub sectors of Manufacturing witnessed positive growth, while small scale manufacturing showed highest growth of 8.21 percent. Large scale manufacturing recorded a reasonable growth of 4.6 percent during FY15/16, which is better than 3.29 per cent during previous year. Construction sector recorded a growth of 13.10 percent against the growth of 6.24 percent last year. This sub-sector has crossed the growth target of 8.5 percent. Mining and quarrying has recorded a growth of 6.80 percent against the growth of 3.97 percent last year. The mining and quarrying sector surpassed its target of 6 percent for FY15/16. Electricity Generation & Distribution and Gas Distribution registered a growth of 12.18 percent during this fiscal year against the target of 6 percent.

1.3 Services

1.10 Performance of Services sector remained broad based, as all components contributed positively. The share of Services sector has reached 59.2 percent of the GDP, with Wholesale & Retail Trade and Transport, Storage & Communication being the major contributors with 18.3 per cent and 13.3 per cent share, respectively. Services sector grew by 5.71 percent as compared to 4.31 percent during last year. The highest contributors in Services sector were General Government Services (11.13 per cent) and Finance and Insurance (7.84 per cent). Finance and insurance attained a growth of 7.8 percent against a target of 6.5 percent; Transport, Storage and Communication grew by 4.1 percent, lagging behind its target of 6.1 percent; Wholesale and Retail Trade missed the target of 5.5 per cent and managed to grow at 4.57 percent due to short-of-target performance by the agriculture sector; Housing services achieved the targeted growth of 4 percent, maintaining the same pace over three years in a row; and Other Private Services grew by 6.64 per cent. Performance of Services sector is given at Table 1.4.

Table 1.4 Growth rates in Services Sector (In percentage)

	Share in GDP	Growth in FY14/15	Growth in FY15/16
Services	**59.2**	**4.31**	**5.71**
Wholesale and retail trade	18.3	2.63	4.57
Transport, storage and communication	13.3	4.85	4.06
Finance and insurance	3.3	6.48	7.84
Housing services	6.7	3.99	3.99
General government services	7.6	4.82	11.13
Other private services	10.1	5.96	6.64

Source: Pakistan Economic Survey FY15/16

1.4 Inflation

1.11 Inflation during FY15/16 was contained at 2.86 percent, which is lowest during last ten years. Maintaining lower inflation is one of the key policy options for bailing out the poor segments of society. It is an important tool of poverty reduction strategy. The government has been keen to pursue policy mix for targeting low inflation rate. A combination of prudent fiscal and monetary policies along with other policies during the last few years has made it possible to keep the inflation to lower rates. Low oil prices, better supply of perishables, restricted monetary expansion and a stable exchange rate have supported a low inflation rate. The Food inflation was also brought down from 2.63 percent to 0.97 per cent. Core Inflation also witnessed reduction from 6.54 per cent to 4.17 per. Inflation situation during the two comparison years is given in Table 1.5.

Table 1.5: Percent Change in Price Indices

Index	FY14/15	FY15/16
CPI	4.53	2.86
SPI	1.74	1.31
WP1	-0.30	-1.05
Source: Pakistan Economic Survey FY15/16		

1.12 Reduction was recorded in all three price indices during FY15/16: Consumer Price Index (CPI) was reduced from 4.53 to 2.86; Sensitive Price Index (SPI) from 1.74 to 1.31; and, Wholesale Price Index (WPI) from (-) 0.3 to (-) 1.05.

1.13 National Price Monitoring Committee (NPMC), in its regular meetings, has kept a constant watch over prices and the supply of essential commodities. Provincial Governments also took proactive measures during the year to maintain price stability through better price check.

1.5 Fiscal Balance

1.14 The fiscal sector of the economy has witnessed a notable improvement on account of contained expenditures and increased revenues. The budget deficit has witnessed a substantial decline from 8.2 percent of GDP in FY13/14 to 5.3 in FY14/15 in response to the efforts taken by the government to reduce power subsidies and other expenditure cuts together with raising tax revenues. During FY15/16 the fiscal deficit was further contained at 4.9 percent of GDP against the target set at 4.3 per cent. The fiscal deficit for FY16/17 is planned to be further brought down to 3.5 percent of GDP. Table 1.6 shows key fiscal indicators.

Table 1.6: Fiscal Indicators as Percentage of GDP		
	FY14/15	**FY15/16**
Overall Fiscal Deficit	**5.3**	**4.3**
Total Expenditure	**19.6**	**19.4**
Current Expenditure	16.1	15.0
Development Expenditure	4.1	4.5
Total Revenue	**14.3**	**15.1**
Tax Revenue	11.0	12
Non-Tax Revenue	3.3	3.1
Source: SBP Annual Report-Statistical Supplement FY16		

1.15 The overall tax-to-GDP ratio increased from 11.0 percent of GDP in FY14/15 to 13.3 percent of GDP during FY15/16. FBR tax collection increased from 9.4 percent of GDP to 11.3 percent of GDP. Total revenue increased from 14.3 percent to 16.2 percent of GDP. However, non-tax revenues declined from 3.3 percent of GDP to 2.9 percent of GDP. Both current and development expenditures increased during FY15/16 over the last year.

1.6 External Account

1.16 The overall current account deficit changed from USD 2.71 billion to USD 3.26 billion. Trade deficit was USD 18.37 billion during FY15/16 as against USD 17.19 billion during the same period last year. Exports declined from USD 24.1 billion to USD 22.0 billion. Imports also declined from USD 41.3 billion to USD 40.3 billion.

1.17 External Account situation is depicted in Table 1.7.

Table 1.7 Summary of External Accounts (July to June)		
	FY14/15	**FY15/16**
	Million US dollars	
Current Account balance	**-2,709**	**-3,262**
i) Trade balance	**-17,191**	**-18,370**
Exports	24089	21977
Imports	41280	40347
ii) Services account Balance	**-2,963**	**-2,850**
iii) Income Account Balance	**-4,595**	**-5,346**
Worker's Remittances	18,720	19,917
International Reserves	18,699	23,098
Exchange rate (period average) (Rs/US$)	101.29	104.24
Source: SBP Annual Report-Statistical Supplement FY16		

1.18 Services account balance slightly improved from -2.96 billion USD to -2.85 billion USD. This year Worker's Remittances continued its upward growth trajectory. During FY15/16, the remittances reached US$ 19.9 billion (7.01 per cent of GDP) as compared to 18.7 billion (6.91 per cent of GDP) in FY14/15.

1.19 The country's total foreign exchange reserves reached the highest level of US$ 23.1 billion by end June 2016 as compared to US$ 18.7 billion in end June 2015. Exchange rate on 30th June 2016 was Rs.104.65 per US Dollar as compared to Rs 101.73 per US Dollar at end June 2015.

1.7 Economic Outlook

1.20 The growth prospects are positive for FY16/17 with revival of industrial sector, improvement in energy supply, better crop prospects and improvement in security situation. GDP growth for 2016-17 is targeted at 5.7 percent with contributions from agriculture (3.5 per cent), industry (7.7 per cent) and services (5.7 percent). Investment is targeted at 17.7 per cent of the GDP in order to realize the targets of sustained, indigenous and inclusive growth. The fixed investment is expected to grow at 16 per cent of the GDP. The national savings, as a percentage of the GDP, is targeted at 16.2 percent. Public Sector Development Programme, CPEC initiatives and all policies are geared toward achieving these targets.

Chapter 2: Poverty Estimates in Pakistan

2.1 New Methodology for Poverty Estimates

The global poverty substantially declined between 1990 and 2012, driven in a large part by China's progress. In Pakistan the typical procedure of calculating poverty continued till FY07/08. However, in the wake of global financial crisis and domestic economic meltdown, the government found it difficult to accept quick reduction in official poverty estimates based on old methodology. The poverty estimate of 12.4 percent for FY10/11 furthered the skepticism. The data and methodology behind poverty figures were extensively contested. It highlighted the fact that data on poverty was inherently political as well as technical, so they need to be accepted widely by the stakeholders.

2.2 To deal with this challenge the government formed a Technical Committee in 2012 to review the official methodology of poverty estimation. The Committee after several rounds of discussion and deliberations pointed out following short-comings in the official methodology.

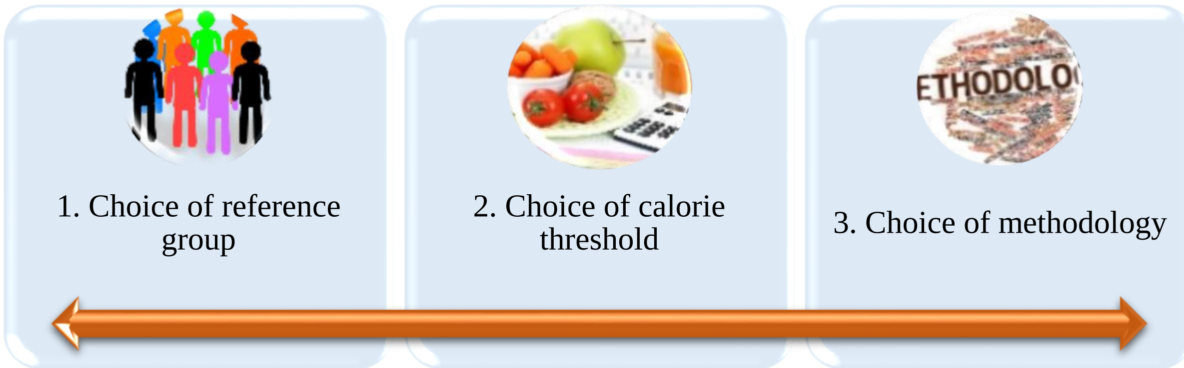
1. **The Poverty line and basket estimated in 2001 on the basis of 1999 data became outdated and no more fully reflects changes in income and consumption patterns of society.**

2. **The official methodology does not fully comprehend the variation in consumption patterns especially in non-food segment.**

3. **The updation of poverty line by using CPI is likely to create an urban bias which is distorting the poverty situation.**

The New Poverty Line:

2.3 The above observations led to resetting the poverty line so that the new poverty line may reflect the consumption patterns and capture the socioeconomic changes that took place over the last two decades. These decisions were about:



(i) Revised Reference Group:

2.4 The revised reference group covers households that lie in the 10th to 40th percentile of the distribution of per adult equivalent consumption expenditure which means it excludes the bottom and the top of the distribution-in line with best practice. This does not mean that lowest 10 percent are excluded from the poverty estimation. The reference group selection is primarily done to set a higher welfare standard for poverty estimation. This sets a more representative benchmark for poverty estimation.

(ii) Choice of Calorie Threshold

2.5 The caloric standard is kept constant at 2,350 calories per adult equivalent per day to maintain consistency of the normative standard.

(iii) Poverty Headcount Review for FY13/14 using new Methodology

2.6 Pakistan has determined its poverty line and poverty estimation methodology in 2001 based on the consumption data of 1998-99. Headcount poverty in Pakistan is estimated using Pakistan Household Integrated Economic Survey (HIES) data on the basis of Food Energy Intake (FEI) method as in the case with many developing countries. Planning Commission estimated official poverty line at Rs 637.54 per person per month at 1998-99 prices on the basis of a threshold level of consuming minimum 2,350 kcal/day. The poverty lines were thereafter updated for each successive survey period to incorporate the inflation impact between two survey periods. This methodology uses 1998-99 consumption basket and regress overall expenditure of the lowest 60 percent of population on minimum calories (2350 kcal/day).

2.7 The Planning Commission took into account arguments of the expert group and best international practices into considerations to adopt a new poverty line based on Cost of Basic Needs (CBN) approach which focuses on the consumption patterns of households in the reference group. It first obtains a food poverty line by taking the average spending on food of households in the reference group. This food expenditure can be translated into a certain level of caloric intake, which may or may not be different from the minimum caloric threshold chosen by a country. If the two are different, then calories and expenditure are scaled to the chosen nutritional standard to arrive at the final Food Poverty Line (FPL).

2.8 The CBN then takes into account non-food expenditures (on things like clothing, shelter and education) that are necessary for households. To do this, it focuses on households who are able to fully meet the FPL at their current level of food expenditures. The FPL is then scaled up to reflect the total expenditure of these households to obtain the CBN poverty line. Both the CBN and the FEI methods can be used to construct absolute poverty line, which can be regularly updated for inflation using the CPI, allowing governments to track poverty over time. The choice of CBN has advantages such as:

- It captures non-food needs better
- It is commonly used in most of the developing countries
- It is more transparent

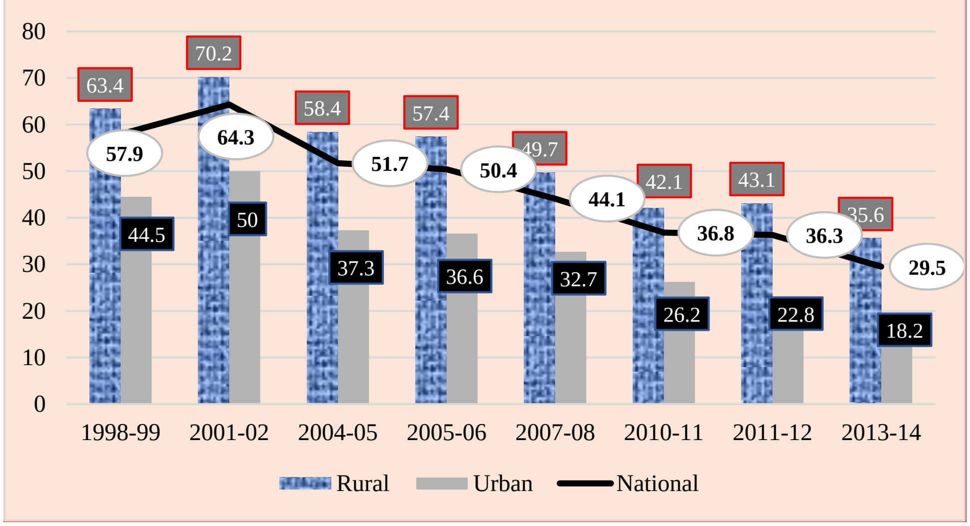
2.9 Based on methodology, the expert group recalculated the official poverty estimates, which are given in Table I, below.

2.10 Using CBN a new poverty line is estimated using patterns of consumption of reference group and it comes to Rs. 3030 per adult equivalent per month using the latest available HIES FY13/14 data. According to this methodology 29.5 percent of the population is estimated to live below poverty line. Using the population estimate of 186.2 million for FY13/14, it transpires that around 55 million people are living below the poverty line in Pakistan. Using the old FEI methodology, only 9.3 percent people were found to be living below poverty line in FY13/14, which estimated 17 million people living below the old poverty line.

Table 1: Poverty Rates back casted using CBNs method			
Year	**National**	**Urban**	**Rural**
1998-99	57.9	44.5	63.4
2001-02	64.3	50.0	70.2
FY04/05	51.7	37.3	58.4
2005-06	50.4	36.6	57.4
2007-08	44.1	32.7	49.7
2010-11	36.8	26.2	42.1
2011-12	36.3	22.8	43.1
FY13/14	29.5	18.2	35.6
Source: Planning Commission			

2.11 Figure 1 below shows the historical trend of poverty estimates between 1998-99 and FY13/14, with separate urban and rural poverty estimates.

Figure 1: Poverty Rates in Pakistan



2.12 Back-casting this new poverty line to 2001-02, using the CPI, shows that the national headcount rate using this new higher line would have been 64.3 percent in 2001-02—more than double the rate while using the old poverty line. However, the trends over time remained the same using both poverty lines. It should be noted that these two poverty lines represent two very different levels of deprivation. The new line sets a higher bar – a more inclusive view of who will be considered disadvantaged in Pakistan. Both lines can be tracked into the past and into the future to establish consistency and robustness of trend. However, they represent two different standards of wellbeing. The CBNs method has an edge over FEI for designing pro-poor policies.

2.2 Income Inequality in Pakistan

2.13 Inequality matters for moral reasons but also because of its remarkable implications on growth and development outcomes. Persistent inequality hampers economic growth, impedes poverty reduction efforts, fuels crime, squanders talent and human potential, and stifles social mobility. An unequal society is not only unfair, it is less prosperous and stable.

2.14 Escaping this inequality trap is the 21st century's most critical challenge and lies at the heart of the global agenda enshrined in the Sustainable Development Goals (SDGs) which includes two goals:

SDG 1	**•Ending poverty in all its forms,**
SDG 2	**•Leaving no one behind – specifically focused on reducing inequality within and among countries.**

2.15. In Pakistan, the challenge of inequality is equally daunting. According to figures released by the Planning Commission while consumption-based poverty dropped from 57.9 percent to 29.5 percent between FY98-99 and FY13/14, and multidimensional poverty - which includes health, education and living standards -fell from 55.2 percent to 38.8 percent between FY04/05 and FY14/15, inequality has grown. In 1987-88 the Gini coefficient, which measures income inequality, was 0.35; by FY13/14 it had risen to 0.41. Pakistan's richest 20 percent now consume seven times more than the poorest 20 percent.

Table 1: Income Inequality							
	FY87/88	FY98/99	FY01/02	FY04/05	FY07/08	FY10/11	FY13/14
Gini Coefficient	0.35	0.4	0.41	0.41	0.42	0.41	0.41
Income share of the lowest 20 percent of the population	8.8	7.8	7.0	7.2	6.7	7.0	6.8
Income share of the highest 20 percent of the population	43.5	46.5	47.6	48.8	49.2	48.7	48.9
Ratio of the Highest to the lowest	4.9	6.0	6.8	6.8	7.3	6.9	7.2
Source: HIES Survey, Pakistan Bureau of Statistics							

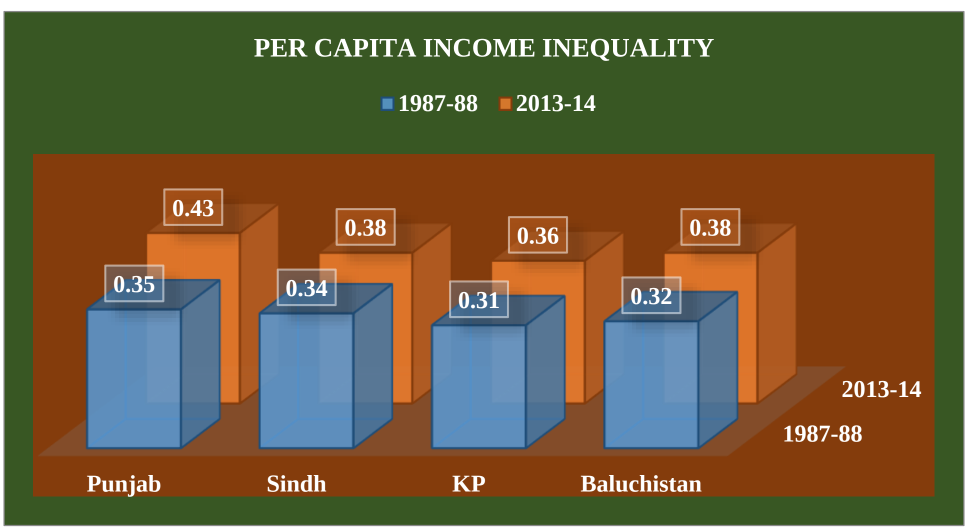
2.16 The gap between the highest and lowest income group has increased consistently over the period under review. The ratio of highest to the lowest income group was 7.2 in FY13/14 as compared to 4.9 in 1987-99.

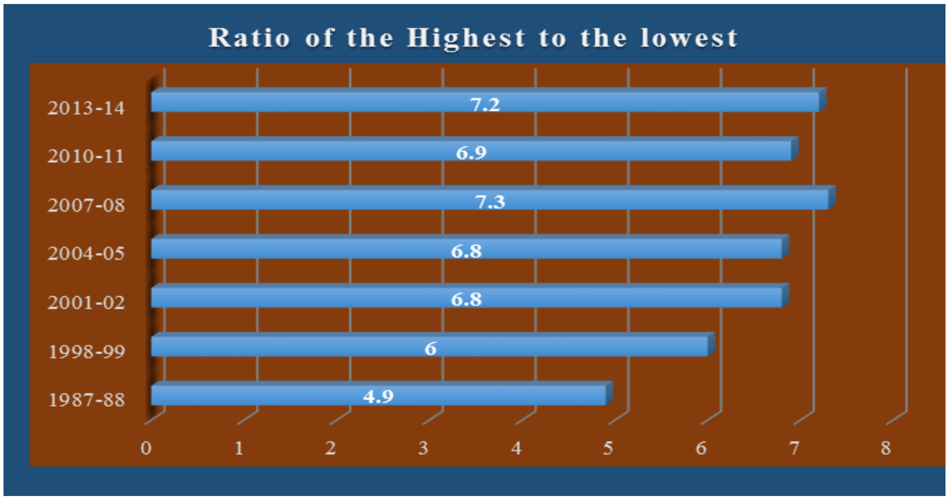
Per Capita Income Inequality at Provincial level:

2.17 The following figure gives the status of per capita income inequality in each province from 1987-88 to FY13/14.

2.18 The value of Gini-Coefficient has increased in all provinces during the comparison period indicating a rise in income inequality. In Punjab this value increased from 0.35 in 1987-88 to 0.43 in FY13/14, in Sindh it increased from 0.34 to 0.38, in KP this number rose from 0.31 to 0.36 and in Balochistan the Gini coefficient increased from 0.32 to 0.38. Deteriorations in income distribution are significantly higher in rural areas of Punjab and Sindh provinces during the period of analysis, while in contrast urban inequality has significantly worsened in KP and Balochistan provinces. Table 3 shows urban/ rural inequality in all the four provinces.

Table: 3 Per Capita Income Inequality- Provincial Gini Coefficients		
	FY87/88	FY13/14
Punjab	**0.35**	**0.43**
Urban	0.4	0.45
Rural	0.31	0.4
Sindh	**0.34**	**0.38**
Urban	0.38	0.36
Rural	0.22	0.30
KP	**0.31**	**0.36**
Urban	0.35	0.44
Rural	0.30	0.32
Balochistan	**0.32**	**0.38**
Urban	0.32	0.41
Rural	0.31	0.34
Source: Estimated from Household Income and Expenditure Survey (HIES)		





2.3 Multi-dimensional Poverty in Pakistan

2.19 Poverty is a complex and multidimensional phenomenon. There are various facets of deprivation that can affect people's well-being, such as the inability to attain a good education, a lack of access to healthcare facilities, poor housing and an unsafe environment in which to live. Although an income-based measure continues to be among the most widely used measures of poverty, a uni-dimensional measure based on income alone is insufficient to reflect the true extent and depth of poverty.

2.20 Pakistan has been using consumption based poverty to keep track of poverty dynamics. However, responding to the need of opportunity based poverty measure, the Planning Commission with the help of Oxford Poverty and Human Development Initiative (OPHI) and UNDP has decided to launch Multidimensional Poverty Index to know the nature and extent of deprivations. It is a response to having an indicator for inclusive and balanced socioeconomic development and it is a demand arising from the commitment to Sustainable Development Goals.

2.21 Pakistan Vision 2025 is people centric and aimed at reducing poverty and enhancing people's well-being. Vision 2025 recognizes poverty as being both multidimensional and multifaceted and stresses a broader definition of poverty – one which includes health, education and other amenities alongside income and consumption. Therefore, MPI will help in implementation of vision 2025 and track its progress overtime.

2.22 The MPI is a new measure to compute acute poverty. The MPI complements consumption based poverty measures by reflecting deprivations that individuals face in other dimensions such as education, health and standard of living.

2.23 The MPI provides disaggregated statistics on the main contributors to poverty in all its dimensions – education, health, and standard of living. Thus, the MPI provides strong evidence for policy makers, with which to identify the root causes of poverty and deprivation. The biggest utility of having multidimensional poverty is its disaggregation according to different vulnerabilities and geographies thus enabling policy makers to develop context specific development plans. MPI is the product of two components:

1) Incidence of poverty;
2) the percentage of people who are deprived.

2.24 Since the MPI is the product of I and II, it yields a value of 0.197. This means that multidimensional poor people in Pakistan experience 19.7 percent of the total deprivations that would be experienced if all people were deprived in all indicators.

Data source for MPI analysis

2.25 The data used for the Pakistan's national poverty measure is drawn from the Pakistan Social and Living Standards Measurement (PSLM) surveys for the years FY04/05, 2006-07, 2008-09, 2010-11, FY12/13 and FY14/15.

Trends in Multidimensional Poverty

2.26 According to the figures released by Planning Commission, the MPI dropped from 0.292 in FY04/05 to 0.197 in FY14/15, while the headcount ratio (II) fell by over 16.4 percentage points, from 55.2 percent to 38.8 percent. However, the average deprivation share of the poor declined relatively little, from 52.9 percent to 50.9 percent. Regional disparities are stark and slow down growth and development. The Government's Multidimensional Poverty Index found that 54.6 percent of rural Pakistanis experienced poverty compared to 9.3 percent in cities.

2.27 In the case of MPI, three dimensions are reflected through 15 indicators. Of which, 3 indicators reflect deprivation in education, 4 in health and 8 pertaining to standard of living. Besides the availability of data, the selection of indicators and their respective weightage were determined through a consultative and inclusive process with government representatives, development practitioners and academicians at the federal, provincial and regional level.

2.28 Although each dimension of MPI carries equal weight of $1/3^{rd}$, the weightage for indicators inside each dimension differs. Within education, years of schooling is weighted at $1/6^{th}$ (16.66 percent), child school attendance at $1/8^{th}$ (12.5 percent), and educational quality at $1/24^{th}$ (4.17 percent). The health indicators also hold different weights with access to health clinic weighted at $1/6^{th}$ (16.67 percent), and immunization, ante-natal care, and assisted delivery each having weight of $1/18^{th}$ (5.56 percent). Within the dimension of living standard, the indicators of water, sanitation, electricity, cooking fuel, assets, and land and livestock are each weighted at 1/21 (4.76 percent) while walls and overcrowding are weighted at 1/42 (2.38 percent) each.

Table-3: Pakistan's National MPI-Indicators, deprivations cut offs and weights

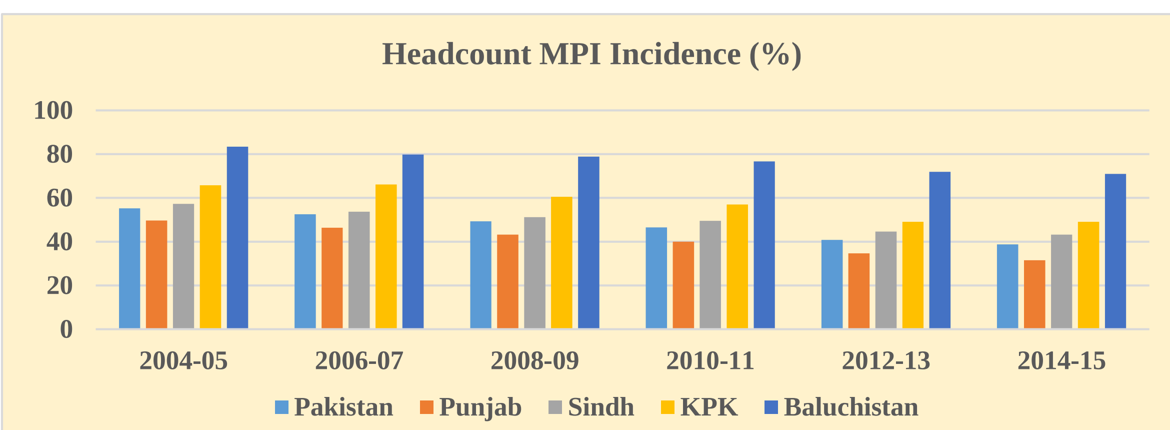
Dimension	Indicators	Deprivation Cutoff	Weights
Education	Years of Schooling	Deprived if no man AND no woman in the household above 10 years of age has completed 5 years of schooling	1/6 = 16.66%
	Child attendance	Deprived if any school-aged child is not attending school (ages between 6-11)	1/8 = 12.5%
	Educational quality	Deprived if any child not going to school because of quality issues (not enough teachers, far away, too costly, no male/female, substandard school), or is attending but dissatisfied with service	1/24 = 4.17%
Health	Access to clinic / BHU	Deprived if not using health facility at all, or only once in awhile, because of access constrains (too far, too costly, does not suit, lack of tools / staff, not enough facility)	1/6 = 16.67%
	Immunization	Deprived if any child under 5 is not fully immunized according to vaccinations calendar (households with no children under 5 are considered non-deprived).	1/18 = 5.56%
	Ante-natal care	Deprived if any woman has given birth in the household in the last 3 years did not received ante-natal check-up (household with no woman that has given birth are considered non-deprived).	1/18 = 5.56%
	Assisted delivery	Deprived if any woman that has given birth in the household in the last 3 years with untrained personnel (family member, fired, tba, etc.) or in inappropriate facility (home, other) – household with no woman that has given birth are considered non-deprived	1/18 = 5.56%
Standard of Living	Water	Deprived if household has no access to improved source of water according to MDGs standards considering distance (less than 30 minutes for return trip): tap water, hand pump, motor pump, protected well, mineral water	1/21 = 4.76%
	Sanitation	Deprived if household has no access to adequate sanitation according to MDGs standards: flush system (sewerage, septic tank, drain), privy seat.	1/21 = 4.76%

	Wall	Deprived if household has no unimproved walls (mud, uncooked/mud brick, wood/bamboo, other).	1/42 = 2.38%
	Overcrowding	Deprived if household is overcrowded (4 or more people per room).	1/42 = 2.38%
	Electricity	Deprived if household has no access to electricity	1/21 = 4.76%
	Cooking fuel	Deprived if household uses solid cooking fuels for cooking (wood, dung, cakes, crop residue, coal/charcoal, other	1/21 = 4.76%
	Assets	A household is categorized as deprived if it doesn't have more than two small assets (radio, TV, iron, fan, sewing machine, VCP, chair, watch, air cooler, bicycle), OR no large asset (refrigerator, air conditioner, tractor, computer, motorcycle), AND has no car.	1/21 = 4.76%
	Land and livestock (only for rural areas)	Deprived if hh is deprived in land and deprived in livestock, meaning: a) Deprived in land: hh has less than 2.25 acres of non-irrigated land AND less than 1.125 acres of irrigated land b) Deprived in livestock: hh has 1 or no cattle, less than 3 sheep/goat, less than 5 chicken and no animal for transportation. [Urban households assumed non-deprived]	1/21 = 4.76%

Source: Planning Commission

Headcount MPI Incidence

2.29 Using PSLM data, the headcount of multidimensional poverty in FY14/15 was 38.8 percent while the intensity of deprivation is 51 percent. Since FY04/05, multidimensional poverty has continuously reduced in Pakistan. The headcount reduced from 55.2 percent to 38.8 percent between FY04/05 and FY14/15. However, the intensity of deprivation reduced only slightly over the same time period (from 52.9 percent to 50.9 percent). This means that majority of the multi-dimensionally poor people continue to experience deprivation in the same number of weighted indicators. Similar trends also followed across all provinces.



2.30 Table-2 gives province-wise MPI headcount across the 6 waves of PSLM surveys. As the Table shows, there are stark regional disparities in Pakistan. The poverty in rural areas is higher than urban areas. Similarly at province level, Punjab has the lowest multidimensional poverty while Balochistan has the highest incidence. It is also important to study the progress made by provinces in reducing poverty over the period under analysis. Figure 2 demonstrates the relative change in MPI at national and province level. Punjab accounts for the highest relative reduction in MPI (39.8 percent) while Balochistan showed the slowest progress in reducing multidimensional poverty with a relative change of only 18 percent.

Table-2: Headcount MPI Incidence (%)

		FY04/05	FY06/07	FY08/09	FY10/11	FY12/13	FY14/15
National	Rural	70.3	69.5	65.2	62.3	56.0	54.6
	Urban	24.0	19.4	17.3	13.9	10.1	9.3
	Overall	55.2	52.5	49.3	46.5	40.8	38.8
Punjab	Rural	62.7	61.0	57.0	53.4	46.9	43.9
	Urban	19.7	16.1	13.2	11.0	8.4	6.3
	Overall	49.7	46.4	43.2	40.0	34.7	31.5
Sindh	Rural	88.1	87.4	81.0	79.9	75.5	75.7
	Urban	27.2	19.6	20.0	14.9	10.9	10.5
	Overall	57.3	53.7	51.2	49.5	44.6	43.2
KPK	Rural	72.9	72.8	68.0	64.8	57.1	57.7
	Urban	30.5	32.9	23.2	19.2	10.0	10.2
	Overall	65.8	66.1	60.5	57.0	49.1	49.1
Balochistan	Rural	91.6	91.9	90.7	89.3	85.8	84.5
	Urban	49.4	42.6	40.1	37.2	29.0	37.4
	Overall	83.4	79.8	78.9	76.7	71.9	71.0

Source: UNDP, OPHI & Planning Commission

***MPI Rankings Top and Bottom most Districts*:**

2.31 The province wise distribution of MPI rankings of top and bottom most districts have been given in Table 3.

Table 3: MPI Rankings Top and Bottom-most Districts

KP			Punjab			Sindh			Balochistan		
MPI Rank	**District**	**MPI Score**	**MPI Rank**	**District**	**MPI Score**	**MPI Rank**	**District**	**MPI Score**	**MPI Rank**	**District**	**MPI Score**
Top District											
16	Haripur	0.11	2	Lahore	0.017	3	Karachi	0.019	42	Quetta	0.213
21	Peshawar	0.148	4	Rawalpindi	0.032	18	Hyderabad	0.129	57	Kalat	0.275
22	Abbottabad	0.149	5	Jhelum	0.035	32	Larkana	0.194	58	Khuzdar	0.285
24	Mardan	0.153	6	Attock	0.041	36	Sukkur	0.197	61	Gawadar	0.293
26	Nowshera	0.168	7	Chakwal	0.056	50	Dadu	0.247	63	Mastung	0.302
Bottom Districts											
90	Batagram	0.422	56	Bahawalpur	0.273	93	Thatta	0.437	108	Chagai	0.546
94	Shangla	0.438	60	Rahim Yar Khan	0.289	96	Sujawal	0.447	110	Ziarat	0.575
95	Upper Dir	0.443	71	Muzaffargarh	0.338	99	Tando Muhammad Khan	0.455	112	Barkhan	0.627
109	Torgah	0.571	73	Dera Ghazi Khan	0.351	101	Tharparkar	0.481	113	Harnai	0.633
111	Kohistan	0.581	75	Rajanpur	0.357	104	Umerkot	0.504	114	Killa Abdullah	0.641

Source: Planning Commission, Oxford Policy and Human Development Initiative (2016), "Multidimensional Poverty in Pakistan"

Conclusion

2.32 The Government's poverty reduction strategy has been paying dividends in terms of improvement of poverty situation in Pakistan. Prudent financial management, low inflation, high growth rates, higher expenditure on PRSP sectors and social security net programme have been instrumental in reducing poverty incidence. However, there are big differences in rural and urban poverty scenario and inter and intra provincial regional disparities. Regional and district disparities persist with very little improvement over time. Higher income group is better off, while lower income groups have lost in favour of higher income group.

2.33 Improvement in all the three indicators – poverty headcount, income inequality and Multi Dimensional Poverty Index – would require concerted efforts with political stability and bipartisan support, improved governance and better service delivery, emphasis on rising investment trajectory in social services and social safety net, and channeling more resources towards the less developed regions and districts. This could provide the needed support for bridging regional imbalances and mitigating all dimensions of poverty and deprivation in the country.

Chapter 3: Pro-Poor Budgetary Expenditure

3.1 PRSP Budgetary Expenditure

This Section gives an overview of the poverty related expenditure incurred in FY14/15 and FY15/16 by Federal and Provincial governments. In FY15/16 total pro-poor expenditure incurred in 17 sectors reached 9.1 percent of GDP from 8.27 percent during the previous year. During this period the total PRSP expenditures increased by Rs. 419.9 billion registering an increase of 18.5 percent. The significant spending made under pro-poor sectors clearly reflects the government's resolve towards following a sustainable poverty reduction strategy by allocating higher resources for social and poverty related sectors. The Federal and Provincial distribution of PRSP expenditures is given in Table 3.1.

Table 3.1: PRSP Federal and Provincial Expenditures (Million Rs)

	FY14/15	FY15/16	% change
(a) Federal	**762,446**	**895,753**	**17.5**
(b) Provincial	**1,512,182**	**1,798,825**	**19.0**
Punjab	747,049	949,413	27.1
Sindh	389,018	429,778	10.5
KPK	242,596	268,075	10.5
Balochistan	133,519	151,559	13.5
Total (a+b)	**2,274,628**	**2,694,578**	**18.5**

3.2 The total Federal expenditure has increased by 17.5 percent from Rs. 762.4 billion in FY14/15 to Rs. 895.8 billion in FY15/16. The Provincial governments have also incurred higher expenditures on PRSP sectors during the comparison period. The combined provincial expenditure has been recorded at Rs 1,798.8 billion during FY15/16, as against Rs 1,512.2 billion in FY14/15, showing an increase of around 19 percent. Maximum growth in PRSP expenditure was recorded by Punjab which reached a figure of Rs. 949 billion during FY15/16 as against Rs. 747 billion last year. In Balochistan expenditures increased by 13.5 percent, followed by Sindh and KPK at 10.5 percent, each.

3.3 Pro-poor sectors including Roads Highways & Bridges, Agriculture, Rural Development Natural Calamities & Disasters, Justice Administration and Law & Order recorded an increasing trend in terms of GDP, while expenditure in remaining sectors declined marginally in FY15/16.

3.4 Highest increase in terms of GDP has been recorded in Roads, Highways & Bridges sector which increased from 0.69 to 1.34 percent of GDP. Expenditure on Education increased from 2.18 percent of GDP in FY14/15 to 2.24 percent of GDP in FY15/16. Expenditure on Health also increased from 0.84 percent of GDP to 0.91 percent of GDP. Expenditure on Governance, Rural Development and Natural disasters also witnessed increase in terms of GDP. Major reduction has been witnessed in Subsidies which went down from 1.67 percent to 1.48 percent of GDP. Sector-wise detail of pro-poor sectors is given in Table 3.2.

Table-3.2 PRSP Budgetary Expenditure as percent of GDP for FY14/15 and FY15/16

Sector	FY14/15		FY15/16	
	Exp (million)	% of GDP	EXP (million)	% of GDP
Market Access and Community Services	**245,077**	**0.89**	**461,060**	**1.55**
Roads, Highways, & Bridges	190,984	**0.69**	**397,506**	**1.34**
Environment/Water Supply & Sanitation	54,093	**0.20**	**63,554**	**0.21**
Human Development	**844,162**	**3.07**	**942,203**	**3.19**
Education	599,047	**2.18**	663,356	**2.24**
Health	231,172	**0.84**	267,953	**0.91**
Population Planning	13,943	**0.05**	10,894	**0.04**
Rural Development	**234,209**	**0.85**	**281,039**	**0.95**
Agriculture	199,903	**0.73**	239,019	**0.81**
Land Reclamation	5,184	**0.02**	4,601	**0.02**
Rural Development	29,122	**0.10**	37,419	**0.12**
Safety Nets	**143,225**	**0.52**	**152,632**	**0.52**
Social Security & Welfare	49,253	**0.18**	48,346	**0.17**
Benazir Income Support Programme	91,790	**0.33**	100,914	**0.34**
Pakistan Bait-ul-Maal	2,182	**0.01**	3,372	**0.01**
Subsidies	**459,325**	**1.67**	**437,087**	**1.48**
MDGs Community Programme	**12,500**	**0.05**	**20,900**	**0.07**

Natural Calamities & Other Disasters	**40,525**	**0.15**	**59,204**	**0.20**
Low Cost Housing	**581**	**--**	**460**	**--**
Governance	**295,024**	**1.07**	**339,993**	**1.15**
Justice Administration	26,041	**0.09**	33,255	**0.11**
Law and Order	268,983	**0.98**	306,738	**1.04**
Grand Total	**2,274,628**	**8.27**	**2,694,578**	**9.10**

3.5 Expenditure in terms of GDP share was the highest for Human Development sectors at 3.19 percent, followed by 1.55 per cent Market Access and Community Services and Subsidies at 1.48 percent. This portrays Government's strong commitment to spend higher funds for sectors directly benefitting the poor.

3.2 Distribution of Expenditure:

3.6 Table 3.3 gives the PRSP expenditure and percent change in all the PRSP sectors during FY14/15 and FY15/16. Budgetary expenditure on 17 pro-poor sectors increased from Rs. 2,274.6 billion to Rs. 2,694.5 billion in FY15/16 showing a nominal increase of Rs. 629.9 billion. The highest growth was recorded in Roads, Highways & Bridges sector at 108.14 percent. PRSP sectors which recorded positive growth include Roads Highways and Bridges, Environment/Water Supply, Education, Health, Agriculture, Rural Development, Social Security and Welfare, MDGs Community Programme, Benazir Income Support Program (BISP), Pakistan Bait-ul-Mal, Natural Calamities/Disasters, Justice Administration and Law & Order. Sectors where expenditure declined during FY15/16 include Population Planning, Land Reclamation, Subsidies and Low-Cost Housing.

Table-3.3 PRSP Sectoral Budgetary Expenditure and Percentage Changes Between FY14/15 and FY15/16

Sector	Expenditure (Rs. millions)		Percentage Change
	FY14/15	FY15/16	
Market Access and Community Services	**245,077**	**461,060**	**88.13**
Roads, Highways, & Bridges	190,984	397,506	**108.14**
Environment/Water Supply & Sanitation	54,093	63,554	**17.49**
Human Development	**844,162**	**942,203**	**11.61**

Education	599,047	663,356	**10.74**
Health	231,172	267,953	**15.91**
Population Planning	13,943	10,894	**-21.87**
Rural Development	**234,209**	**281,039**	**20.00**
Agriculture	199,903	239,019	**19.57**
Land Reclamation	5,184	4,601	**-11.25**
Rural Development	29,122	37,419	**28.49**
Safety Nets	**143,255**	**152,632**	**6.57**
Social Security & Welfare	49,253	48,346	**-1.84**
Benazir Income Support Programme	91,790	100,914	**9.94**
Pakistan Bait-ul-Maal	2,182	3,372	**54.54**
Subsidies	**459,325**	**437,087**	**-4.84**
MDGs Community Programme	**12,500**	**20,900**	**67.20**
Natural Calamities & Other Disasters	**40,525**	**59,204**	**46.09**
Low Cost Housing	**581**	**460**	**-20.83**
Governance	**295,024**	**339,993**	**15.24**
Justice Administration	26,041	33,255	**27.70**
Law and Order	268,983	306,738	**14.04**
GRAND TOTAL	**2,274,628**	**2,694,578**	**18.46**

Source: Civil Accounts provided by Accountant General's office.

3.3 Proportionate Contribution by Sectors

3.7 Proportional share of each pro-poor sector in total PRSP expenditure is given in Table 3.4. During FY15/16, the highest share was held by Education sector which accounted for 24.6 percent of the total PRSP expenditure, followed by Subsidies at 16.2 per cent and Roads and Highways at 14.8 per cent.

3.8 Highest increase in proportionate share over the previous year was recorded in Roads, Highways & Bridges sector which accounted for 6.4 percentage point increase. The most decline was recorded in Subsidies which accounted for 4 percentage point drop in proportionate share.

Table-3.4 Comparison of Proportional Contribution by Sectors
(Million Rs)

Sector	FY14/15	Percentage Share	FY15/16	Percentage Share

Roads, Highways, & Bridges	190,984	**8.40**	397,506	**14.75**
Environment/Water Supply & Sanitation	54,093	**2.38**	63,554	**2.36**
Education	599,047	**26.34**	663,356	**24.62**
Health	231,172	**10.16**	267,953	**9.94**
Population Planning	13,943	**0.61**	10,894	**0.40**
Agriculture	199,903	**8.79**	239,019	**8.87**
Land Reclamation	5,184	**0.23**	4,601	**0.17**
Rural Development	29,122	**1.28**	37,419	**1.39**
Subsidies	459,325	**20.19**	437,087	**16.22**
Social Security & Welfare	49,253	**2.17**	48,346	**1.79**
MDGs Community Programme	12,500	**0.55**	20,900	**0.78**
Benazir Income Support Programme	91,790	**4.04**	100,914	**3.75**
Pakistan Bait-ul-Maal	2,182	**0.10**	3,372	**0.13**
Natural Calamities & Other Disasters	40,525	**1.78**	59,204	**2.20**
Low Cost Housing	581	**0.03**	460	**0.02**
Justice Administration	26,041	**1.14**	33,255	**1.23**
Law and Order	268,983	**11.83**	306,738	**11.38**
GRAND TOTAL	**2,274,628**	**100.00**	**2,694,578**	**100.00**

Source: PRSP Secretariat, Finance Division, Islamabad.

3.4 Expenditures by Federal and Provincial Governments

3.9 In FY15/16 PRSP budgetary expenditures exhibited positive trend in all provinces. Maximum increase was observed in Punjab, whose expenditures rose by 27.1 percent. Federal Government expenditure increased by 17.5 per cent, due to higher investment in Roads, Highways & Bridges, and Rural Development sectors. Positive increase in expenditures was recorded by other provinces with Balochistan recording an increase of 13.51 percent followed by 10.5 percent in KPK and Sindh, each.

3.10 Figures mentioned in Table 3.5 show that an increase of 564.8 percent in expenditure on Subsidies and 211 percent on Rural Development was recorded in the province of Balochistan. This was due to higher subsides given to agricultural consumers.

3.11 Education and Health sectors witnessed an increase of 10.7 per cent and 15.9 percent, respectively during FY15/16. Expenditure on Education sector increased in all provinces while in Health there was a marginal decreased in exp of Federal Government and Balochistan. Punjab incurred highest increase in Health sector expenditure at 28.65 percent, followed by 20.38 percent by Sindh.

Table-3.5 Percentage Change in PRSP Expenditure by Sector and Provinces FY15/16 over FY14/15						
Sector	**Federal**	**Punjab**	**Sindh**	**KPK**	**Baloch-istan**	**Pakistan**
Roads, Highways, & Bridges	122.10	147.75	50.90	19.77	-3.29	108.14
Environment/Water Supply & Sanitation	9.53	33.47	6.36	-11.31	11.41	17.49
Education	16.80	10.74	15.27	0.47	10.66	10.74
Health	-1.03	28.65	20.38	2.83	-9.05	15.91
Population Planning	---	-10.77	-72.35	194.43	18.53	-21.87
Agriculture	20.22	53.30	-12.50	29.63	14.46	19.57
Land Reclamation	---	4.01	-12.10	---	---	-11.25
Rural Development	154.74	-40.51	3.04	83.08	211.98	28.49
Subsidies	-15.78	9.87	15.21	-66.97	564.80	-4.84
Social Security & Welfare	-8.23	6.58	6.84	-32.24	-47.24	-1.84
MDGs Community Programme	67.20	---				67.20
Benazir Income Support Programme	9.94					9.94
Pakistan Bait-ul-Maal	54.54					54.54
Natural Calamities & Other Disasters	23.63	22.70	64.76	310.20	-46.26	46.09
Low Cost Housing		-21.99	17.65			-20.83
Justice Administration	22.43	43.26	19.13	9.21	17.30	27.70
Law and Order	21.68	8.13	12.66	8.96	12.22	14.04
GRAND TOTAL	**17.48**	**27.09**	**10.48**	**10.50**	**13.51**	**18.46**

Source: PRSP Secretariat, Finance Division, Islamabad.

3.5 Current and Development Expenditures

3.12 This section deals with PRSP current and development expenditures and the differences observed among provinces between the two categories. Both current and development expenditures recorded sizeable increase during FY15/16 (see Table 3.6). There was an increase of 25.3 percent in development expenditure, while current expenditures went up by 14.4 percent during FY15/16. It is evident from the data that current expenditures had a major share in aggregate PRSP expenditures. During FY15/16, current expenditures were 60.6 percent of the total PRSP expenditures, while share of development expenditures was 39.4 percent. The share of current expenditures during FY15/16 declined by 2.1 percentage point, while the same percentage point increase was recorded in development expenditure.

3.13 The PRSP development expenditures as percentage of GDP increased to 4.05 percent from 3.54 percent recorded last year. During this period current expenditures increased by 6.37 percent from 5.39 percent of GDP. The overall increase in PRSP expenditure was recorded at 10.43 per cent of GDP in FY15/16 as compared with 8.93 percent in FY14/15.

Table-3.6 PRSP Current and Development Expenditures						
Fiscal Year	**Expenditure (Rs. Millions)**			**As Percentage of GDP**		
	Current	**Development**	**Total**	**Current**	**Development**	**Total**
FY14/15	1,426,850	847,778	2,274,628	5.19	3.08	8.27
FY15/16	1,632,212	1,062,366	2,694,578	5.51	3.59	9.10
% change	14.39	25.31	18.46			
% Share **FY14/15** **FY15/16**	 62.7 60.6	 37.3 39.4	 100.0 100.0			
Source: Finance Division, Civil Accounts						

3.14 Table 3.7 gives the detail of the PRSP current and development expenditures incurred at the provincial and federal levels. Substantial increase in current and development spending was witnessed in all the provinces and federal government due to the increase in revenue receipts.

Table-3.7 PRSP Current and Development Expenditures by Provinces and Per cent change (Million Rs)						
Province	**FY14/15**		**FY15/16**		**Percentage change**	
	Current	**Development**	**Current**	**Development**	**Current**	**Development**
Federal	468,211	294,235	535,803	359,950	14.44	22.33
Punjab	463,260	283,789	536,671	412,742	15.85	45.44
Sindh	245,706	143,312	282,405	147,373	14.94	2.83
KPK	164,900	77,696	186,246	81,829	12.94	5.32
Balochistan	84,773	48,746	91,087	60,472	7.45	24.06
Pakistan	1,426,850	847,778	1,632,212	1,062,366	14.39	25.31
Source: Finance Division, Civil Accounts.						

3.15 At the Federal level, a significant growth of 14.4 percent in current and 22.3 percent in development expenditures, was recorded during FY15/16. The total current expenditure of provinces increased by 14.4 percent while the development expenditure increased by 25.3 percent. The increase in provincial development expenditure was more than the increase in federal development expenditure, which is a result of the serious efforts undertaken by the provinces to speed up development work in their respective provinces. Highest increase in development expenditure was recorded in Punjab at 45.4 per cent, followed by Balochistan with 24.1 percent growth. All provinces showed positive growth in both current and development expenditures.

3.6 Expenditure on Education

3.16 Education is an indispensable component of human development and a basic right of every citizen. Education is considered to have a strong correlation with social and economic development of a country. No country can achieve sustainable economic development without substantial investment in human capital. Government of Pakistan is committed to: promote education; increase literacy rate; build capacity of teachers; and enhance facilities in all education institutions. Expenditure on Education has increased from 2.18 per cent of GDP during FY14/15 to 2.24 per cent of GDP in FY15/16.

3.17 Table 3.8 gives per cent change in different components of Education sector during FY15/16 compared with the year FY14/15. Total expenditure on Education recorded an increase of 10.7 percent, from Rs. 599,047 million to Rs. 663,356 million during FY15/16. Education expenditure at Federal level has increased by 16.8 per cent. At the provincial level, all provinces registered a positive growth in all education sub categories, except minor decline in Teacher & Vocational Training. Maximum Growth in education sector was recorded in Sindh with 15.3 per cent increase, followed by Punjab at 10.7 percent and Balochistan at 10.66 per cent.

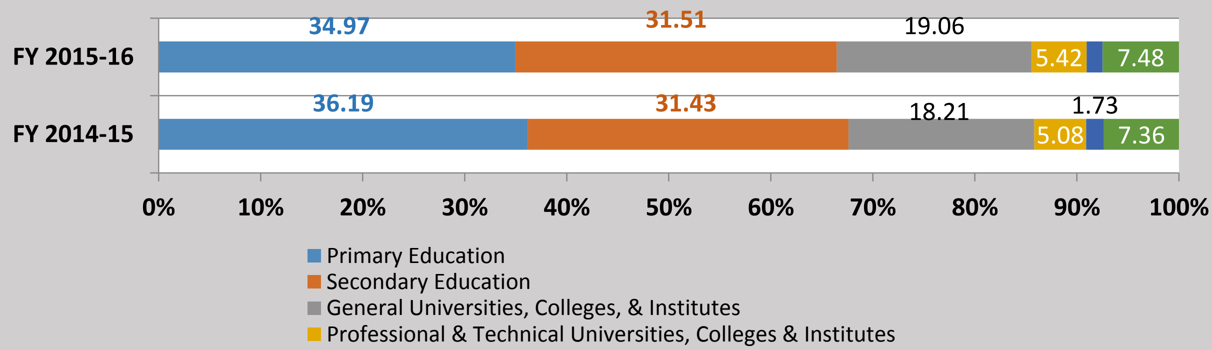
Table-3.8 Percentage Change in Education Expenditure during FY15/16 over FY14/15

Education sub-sector	Federal	Punjab	Sindh	KPK	Baloch-istan	Total
Primary Education	7.80	9.03	14.49	-16.40	40.91	7.01
Secondary Education	8.69	13.04	12.34	14.29	-6.96	11.01
General Universities, Colleges, & Institutes	16.87	9.90	18.49	6.67	50.79	15.91

Professional & Technical Universities, Colleges & Institutes	26.66	33.97	13.71	3.36	12.35	18.12
Teacher & Vocational Training	-23.27	5.47	6.81	---	-7.51	-0.41
Others	24.97	7.29	24.69	4.12	-27.56	12.62
Total	16.80	10.74	15.27	0.47	10.66	10.74
Source: PRSP Secretariat, Finance Division, Islamabad.						

3.18 Maximum growth of 18 percent during the year FY15/16 was recorded in sub-sector 'Professional & Technical Universities, Colleges and Institutes', followed by 16.8 percent in 'General Universities, Colleges and Institutes'. Expenditures on Primary and Secondary sub-sectors increased by 7 percent and 11 percent, respectively. Highest increase of 41 percent in primary education expenditures was recorded in Balochistan.

Figure-3.1 Percentage Distribution of Education Expenditures by Sub- Sector for 2014/15 and 2015/16



3.19 Combined expenditure on Primary and Secondary Education exhibited the largest share of 66.5 per cent during FY15/16 (Fig 3.1). It is, however, less than 1.1 percentage point over the previous year. There was a slight increase in the share of General Universities, Colleges and Institutions from 18.2 per cent in FY14/15 to 19.1 per cent in FY15/16. Professional and Technical Institutions also gained 0.4 percentage point during the year.

3.7 Expenditure on Health

3.20 Investment in health has a long term beneficial effect. It improves health outcomes, reduces poverty and contributes in promoting economic growth. At the backdrop of this perspective, the Federal and provincial governments are spending substantial portion of expenditure on Health sector. Overall expenditure in Health sector has increased by Rs. 36.8 billion from Rs. 231 billion in FY14/15 to Rs. 267.9 billion in FY15/16, showing a growth of 16 percent at National level.

3.21 Balochistan was the only province that recorded a negative growth in Health sector. A minor decline in overall Health expenditure was recorded under Federal government due to reduction in expenditure on 'Health Facilities & Preventive Measures'. Remaining provinces recorded positive growth in expenditures on Health sector with Punjab recording the highest growth of 28.7 percent, followed by Sindh at 20.4 percent.

Table-3.9 Percentage Change in Health Expenditure for FY15/16 over FY14/15

Health sub-sector	Federal	Punjab	Sindh	KPK	Baloch-istan	Total
General Hospitals & Clinics	7.35	27.32	14.84	6.00	-5.00	17.83
Mother & Child Health	22.11	8.40	---	-24.36	---	7.16
Health Facilities & Preventive Measures	-52.53	20.27	62.11	31.11	-17.82	10.31
Others	3.99	43.42	24.56	-59.97	-16.52	11.04
Total	-1.03	28.65	20.38	2.83	-9.05	15.91

Source: PRSP Secretariat, Finance Division, Islamabad.

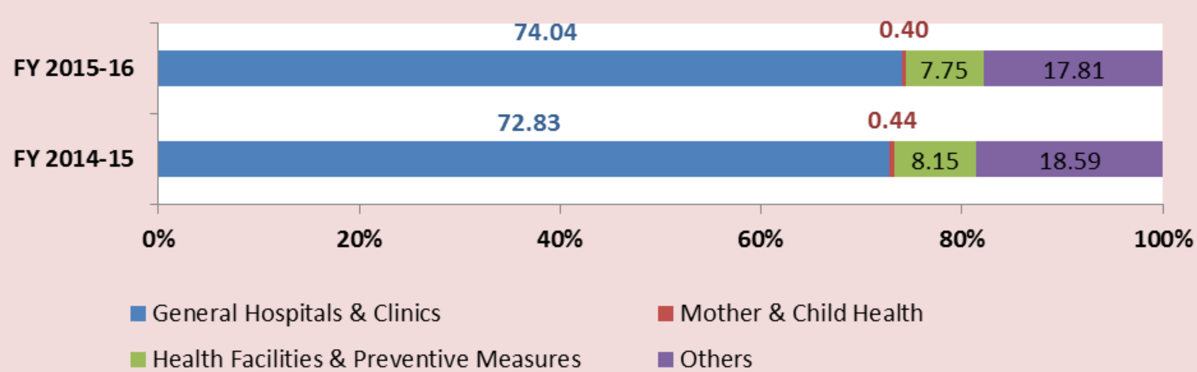
3.22 All the major sub-components of Health sector recorded positive growth with the General Hospitals and Clinics recording the highest increase of 17.8 percent. Mother & Child Health recorded a growth of 7 percent, while 'Health Facilities and Preventive Measures' recorded a significant increase of 10.3 percent in expenditure.

3.23 Proportional distribution of expenditure in Health sub-sectors is given in Table 3.10 & Fig 3.2. Health sector expenditure in General Hospitals and Clinics held the maximum share of 74 percent.

Table-3.10 Percentage Distribution of Health Expenditure in FY14/15 and FY15/16						
Health sub-sector	**Federal**	**Punjab**	**Sindh**	**KPK**	**Baloch-istan**	**Pakistan**
	FY15/16					
General Hospitals & Clinics	28.90	84.79	75.76	81.75	70.39	74.04
Mother & Child Health	0.32	0.73	0.00	0.19	0.00	0.40
Health Facilities & Preventive Measures	5.06	2.72	12.68	14.55	20.26	7.75
Others	65.72	11.76	11.56	3.52	9.35	17.81
Total	100.00	100.00	100.00	100.00	100.00	100.00
	FY14/15					
General Hospitals & Clinics	26.64	85.67	79.41	79.30	67.39	72.83
Mother & Child Health	0.26	0.87	0.00	0.25	0.00	0.44
Health Facilities & Preventive Measures	10.55	2.91	9.42	11.41	22.42	8.15
Others	62.54	10.55	11.17	9.03	10.19	18.59
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: PRSP Secretariat, Finance Division, Islamabad.

Figure-3.2 Percentage Distribution of Health Expenditures by Sub- sector for 2014/15 and 2015/16



Chapter 4: Protecting Poor and the Vulnerable

4.1 Social safety net is a tool through which state or other social welfare institutions provide cash or in-kind services to protect poor from social and economic upheaval. Poverty reduction strategy incorporates pro-poor economic opportunities while ensuring decent living conditions and adequate social protection.

4.2 Safety Net in the form of direct cash transfers and other services include both budgetary and non-budgetary programmes. Budgeted social safety net programme include Benazir Income Support programme (BISP), Pakistan Bait-ul-Mal (PBM) and Social Security & Welfare. While Zakat, Employees Old-age Benefit Institution (EOBI) and Workers Welfare Fund (WWF) constitute the non-budgetary part of pro-poor expenditure. Microfinance by specialized financial institutions is another tool that provides micro finance facility to the needy poor.

4.3 Disbursements and Beneficiaries of all programme including micro credit are reported in Table 4.1. Disbursements under social safety net programme observed a positive trend with regard to both number of beneficiaries and the amount disbursed. During FY15/16 the total amount disbursed under different programmes, including budgetary and non-budgetary transfers, increased by 12.2 percent from Rs. 164,363 million to Rs. 184,405 million. Increase in number of beneficiaries under all these programmes was recorded at 11.4 percent during the year.

4.4 Budgeted programme disbursement and number of beneficiaries increased by 6.6 per cent and 13.8 percent, respectively. Non-budgeted disbursements and beneficiaries increased by 50.3 per cent and 0.7 per cent respectively.

4.5 Disbursement of micro-credit increased by 61.3 percent during FY15/16, while the number of loans registered an increase of 22 percent.

Table 4.1: Social Safety Net: Transfers and Beneficiaries			
Programme	**Disbursement / Beneficiaries**	**FY14/15**	**FY15/16**
(a) Budgetary Transfers			
Pakistan Bait-ul-Mal	Amount disbursed (Rs. Millions)	2,182	3,372
	Total No. of beneficiaries	92,755	154,800
BISP	Amount disbursed (Rs. millions)	91,790	100,914
	Total beneficiaries (million)	5.042	5.689
Social Security & Social Welfare	Amount disbursed (Rs. millions)	49,253	48,346
Total: (a)	**Amount disbursed (Rs. millions)**	143,225	152,632
	Total No. of beneficiaries	5,134,755	5,843,800
(b) Non – Budgetary Transfers			
Zakat	Amount disbursed (Rs. millions)	3,790	4,978
	Total No. of beneficiaries	769,901	749,194
EOBI	Amount disbursed (Rs. millions)	15,813	22,602
	Total No. of beneficiaries	363,059	388,152
WWF	Amount disbursed (Rs. millions)	1,535	4,193
	Total No. of beneficiaries	21,455	25,412
Total: (b)	**Amount disbursed (Rs. millions)**	21,138	31,773
	Total No. of beneficiaries	1,154,415	1,162,758
Total: (a+b)	**Amount disbursed (Rs. millions)**	164,363	184,405
	Total No. of beneficiaries	6,289,170	7,006,558
Micro Finance	Credit disbursed (Rs. millions)	94,524	152,492
	Total No. of Loans	3,473,286	4,243,978

4.1 Pakistan Bait-ul-Mal

4.6 Pakistan Bait-ul-Ma (PBM), an autonomous body setup under 1991 Act, is significantly contributing towards poverty alleviation through its various poorest-of-the-poor focused services programme. It provides assistance to destitute, widows, Orphans, invalid, infirm & other needy persons.

4.7 The main objective of the PBM is to provide: financial assistance with emphasis on rehabilitation; educational assistance to needy orphans; stipends for the outstanding, nonaffording students for higher professional education; residential accommodation and necessary facilities for the deserving; free medical treatment for indigent sick people; free hospitals and rehabilitation centers for the poor; and, financial aid to charitable institutions including educational and vocational setup.

4.8 The detail of programmes under PBM during FY14/15 and FY15/16 is given in Table 4.2. Total disbursements under PBM pro-poor programme observed positive increase of 55 percent from Rs 2.18 billion to Rs 3.37 billion. Similarly, the number of beneficiaries also exhibited a significant increase of 67 percent during the comparison period. Increase in PBM budget by the Government of Pakistan and significant performance by the Organization are the main reasons behind this performance.

Table 4.2 Programme of Pakistan Bait-ul-Mal (PBM)

Grant Nature	FY14/15		FY15/16	
	Beneficiaries	Disbursement (Rs. millions)	Beneficiaries	Disbursement (Rs. millions)
Child Support Programme	20,393	49.71	46,733	2052.61
Individual Financial Assistance	29,299	1139.80	57,545	98.30
Institutional Rehabilitation (Grant-In-Aid to NGOs)/ Civil Society Wing (NGOs)	13,684	27.37	19,473	38.95
National Centre for Rehabilitation of Child Labour	17,502	434.32	18,140	538.58
Vocational / Dastkari Schools/Centres	8,575	218.23	9,248	261.25
Pakistan Sweet Homes (Orphanages)	3,302	309.66	3,598	377.18
Pakistan Great Home	-	2.56	63	5.59
Total	92,755	2,181.65	154,800	3,372.46

Source: Pakistan Bait-ul- Maal

4.9 During FY15/16 maximum growth was exhibited by Child Support Programme both in amount disbursed and the number of beneficiaries. Major increase in Child Support Programme is due to enhancement of conditional cash grant programme to eligible beneficiaries for sending their children aged between 5-16 years to primary school.

Main objectives of the Child Support Programme are to:

- Increase enrollment rate in primary education to attain universal primary education;

- Increase attendance level;
- Reduce dropout ratio;
- Provide additional resources to large and poor families;
- Promote investment in human capital with the objective of reducing poverty

Under PBM, Individual Financial Assistance was the only programme which showed negative trend. The National Centre for Rehabilitation of Child Labour registered 24 percent increase in expenditure and 4 percent in beneficiaries. Pakistan Sweet Homes, which is an orphanage care centre, recorded 22 percent increase in disbursement and 9 percent in beneficiaries. Grant-in-aid to NGOs also increased by 42 percent with the same ratio of increase in number of beneficiary NGOs. Vocational/Dastkari schools also witnessed reasonable increase of 20 percent in expenditure and 8 percent in beneficiaries.

4.10 The total disbursements and number of beneficiaries for FY14/15 and FY15/16 are reflected in figure 4.1 and figure 4.2, respectively.

Figure 4.1 Pakistan Bait-ul-Mal Disbursements (Rs. Million)

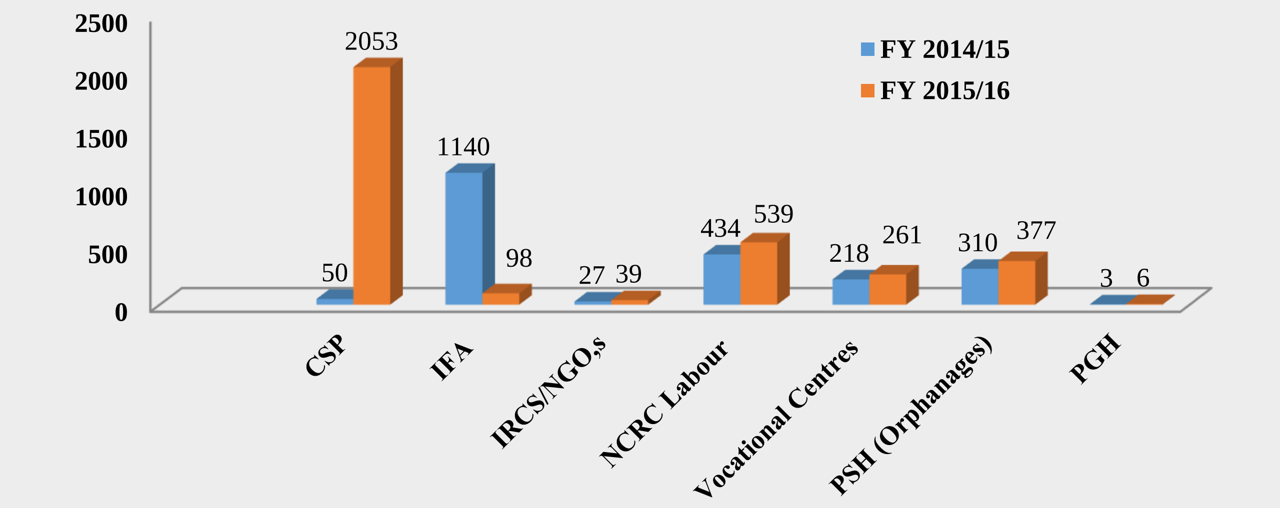
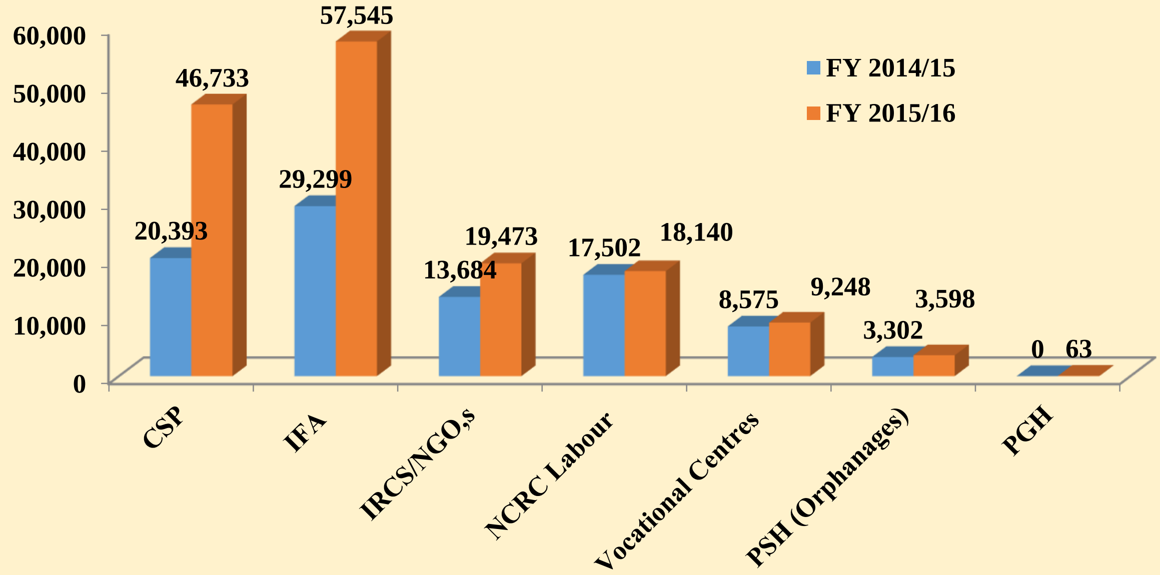


Figure 4.2 Pakistan Bait-ul-Mal Beneficiaries



4.2 Benazir Income Support Programme

4.11 Benazir Income Support Programme (BISP) was launched in July 2008 with the objectives to: enhance financial capacity of poor and their dependent family members; formulate and implement comprehensive policies and targeted programme for the uplift of underprivileged and vulnerable people; reduce poverty; and promote equitable distribution of wealth especially for the low income groups, particularly women, through the provision of cash transfers to eligible families.

4.12 BISP has four closely associated and complementary components, including Waseela-e-Rozgar (Technical & Vocational Training), Waseela-e-Haq (Micro-Finance), Waseela-e-Sehat (Life & Health Insurance) and Waseela-e-Taleem (Primary Education).

4.13 Its long term objectives include meeting the targets set by the Sustainable Development Goals (SDGs) to eradicate extreme and chronic poverty and hunger and to empower women. The monthly stipend under BISP was enhanced by the present government from Rs. 1000 to Rs. 1200 per family in July, 2013 with subsequent increase to Rs. 1500 per family in 2014. The present government has yet again increased the annual stipends to Rs. 18,800 per annum per beneficiary from 1st July, 2015.

4.14 Table 4.3 shows the total amount disbursed and the number of beneficiaries during FY14/15 and FY15/16. The total amount disbursed in FY15/16 was Rs. 100,914 million while the number of beneficiaries stood at 5.7 million. In FY14/15 Rs. 91,790 million were disbursed while the number of beneficiaries was 5.042 million. A rise of 9.9 percent were recorded in the total cash amount disbursed. The number of beneficiaries also registered increase of 12.8 percent in FY15/16.

Table 4.3 Disbursement and Beneficiaries under BISP (Million Numbers)				
	FY14/15		FY15/16	
BISP Initiative	**Amount Disbursed**	**No of Beneficiaries**	**Amount Disbursed**	**No of Beneficiaries**
Cash grant program	91,790	5.042	100,914	5.689
Source: Benazir Income Support Programme				

4.3 Zakat

4.15 Zakat as an institution plays an important role in the Islamic economic system in solving a number of economic problems. Apart from support to the poor and needy, it helps in re-distribution of wealth which curtails unemployment and reduces chances of economic recession. Zakat system in Pakistan was introduced through an Ordinance called Zakat and Ushr Ordinance, 1980.

4.16 Zakat funds are utilized to assist the needy, indigent poor, orphans, widows, handicapped and disabled. These poor segments of society are provided Zakat funds directly or through respective local Zakat Committees or indirectly through institutions, i.e., educational, vocational, social institutions and hospitals, etc. Under the 18^{th} Constitutional Amendment, the subject of Zakat has been devolved to the provinces.

4.17 The overall Zakat programme registered an increase of 31 percent with minor reduction of 3 percent in number of beneficiaries (Table 4.4).

4.18 During FY15/16 Sindh recorded a big jump both in disbursements and the number of beneficiaries, showing a growth of 242 percent in amount disbursed and 81 percent in number of Zakat beneficiaries. Punjab and KPK provinces witnessed increase in disbursements by 16 percent and 7 percent, respectively. However, the number of beneficiaries in both the provinces has declined. There was major reduction in Zakat programme in Balochistan, which recorded reduction of 88 percent in disbursement and 85 percent in number of beneficiaries. The substantial decline in Balochistan was because of non-existence of District and Local Zakat Committees, which are being reframed.

Table 4.4 Zakat Disbursement & Beneficiaries by Provinces				
Area	FY14/15		FY15/16	
	Disbursement (in millions)	No. of Beneficiaries	Disbursement (in millions)	No. of Beneficiaries
PUNJAB	**2,345**	**444,031**	**2,723**	**405,159**
SINDH	429	138,843	1,464	251,406
KPK	704	117,289	752	82,199
BALOCHISTAN	313	69,738	38	10,430
Total	**3,790**	**769,901**	**4,978**	**749,194**
Source: Ministry of Religious Affairs, Zakat & Ushar				

4.4 Employees Old Age Benefit Institution (EOBI)

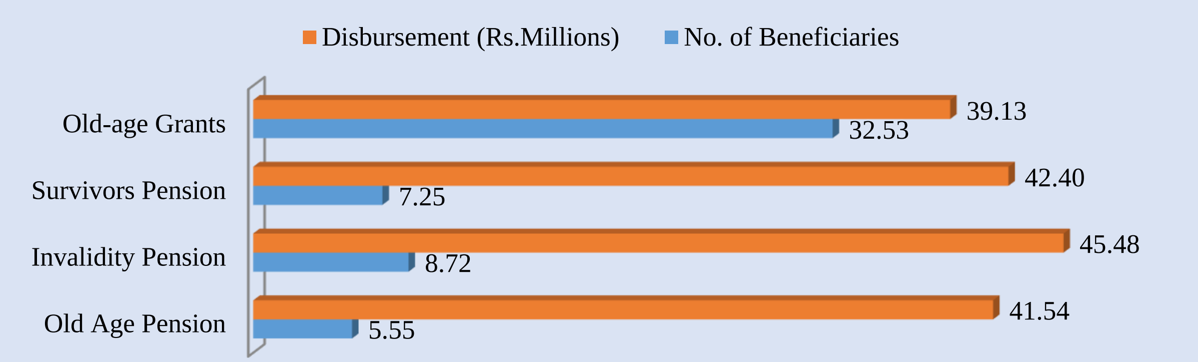
4.19 EOBI Act 1976 was enforced with effect from April 01, 1976, in pursuance of the objectives of Article 38 (C) of the Constitution, which mandates provision of compulsory social insurance. It extends old-age benefits to insured persons or their survivors. Under EOBI Scheme, insured persons are entitled to avail benefits like, Old-Age Pension, Invalidity Pension, Old-Age Grant and Survivor's Pension. EOBI does not receive any financial assistance from the government for carrying out its operations. A contribution equal to 5% of minimum wages has to be paid by the employers of all the industrial and commercial organizations where EOBI Act is applicable. Contributions equal to 1% of the minimum wages is also made by the employees of the said organizations.

4.20 Detail of disbursements and beneficiaries under different programme of EOBI during FY14/15 and FY15/16 is given in Table 4.5. A significant increase of 43 percent was recorded in the disbursed amount under the EOBI programme. The number of beneficiaries also witnessed increase by 7 percent from 363,059 to 388,152.

Table 4.5 Programs of Employees' Old Age Benefit Institution				
Programs	**FY14/15**		**FY15/16**	
	No. of Beneficiaries	**Disbursement (Rs. Millions)**	**No. of Beneficiaries**	**Disbursement (Rs. Millions)**
Old Age Pension	224,361	9,931	236,803	14,056
Invalidity Pension	130,944	5,596	142,362	8,141
Survivors Pension	5,101	217	5,471	309
Old-age Grants	2,653	69	3,516	96
Total	**363,059**	**15,813**	**388,152**	**22,602**
Source: Employees' Old Age Benefits Institution				

4.21 During FY15/16, maximum increase of 46 percent were recorded in disbursement under Invalidity Pension, followed by 42 percent in Survivors pension, 42 percent in Old-age Pension and 39 percent in Old-age Grants. Beneficiaries under all programmes of EOBI showed a reasonable increase, with the highest increase of 33 percent in Old-age Grants (see Fig 4.3).

Figure 4.3 : Percentage Change of EOBI Programmes for FY 2015/16



4.5 Workers Welfare Fund (WWF)

4.22 Workers Welfare Fund was established under Workers Welfare Fund Ordinance, 1971 for providing low-cost housing and welfare measures to the workers of industrial labor. Initial contribution of 100 million was made by the government and further resources were to be raised by the private sector. The main objectives of WWF include: financing of projects connected with establishment of housing estates or construction of houses for the industrial workers; financing of other welfare measures such as free of cost up to secondary level education, post secondary level scholarships, marriage grant, death grant, etc.

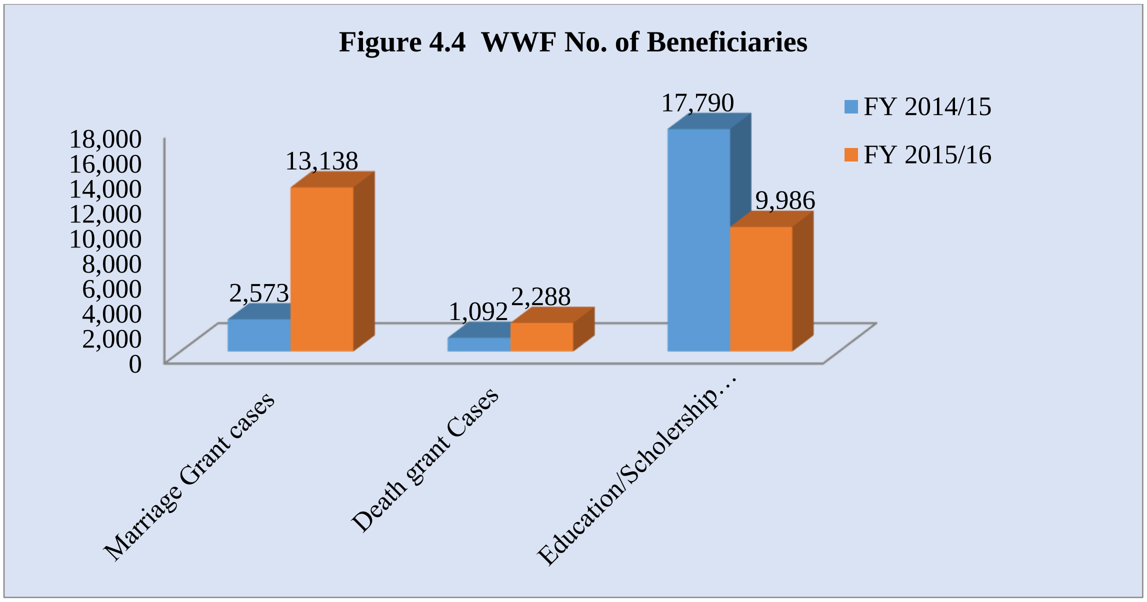
4.23 Detail of WWF Programme for FY14/15 and FY15/16 is given in Table 4.6. All Programmes under WWF recorded upward trend in disbursement and beneficiaries. A significant increase of 173 percent was registered during FY15/16 in disbursements made under the aggregate WWF programme from Rs.1,535 million to Rs. 4,193 million. The number of beneficiaries of all WWF programmes depicted an increase of 18 per cent during the year. Beneficiaries in Education Grant show a reduction of 44 percent but disbursement witnessed an increase of 159 percent, showing higher grant per person. Highest increase was recorded in Marriage Grant which depicted an increase of 295 percent in disbursement and 411 percent in number of beneficiaries.

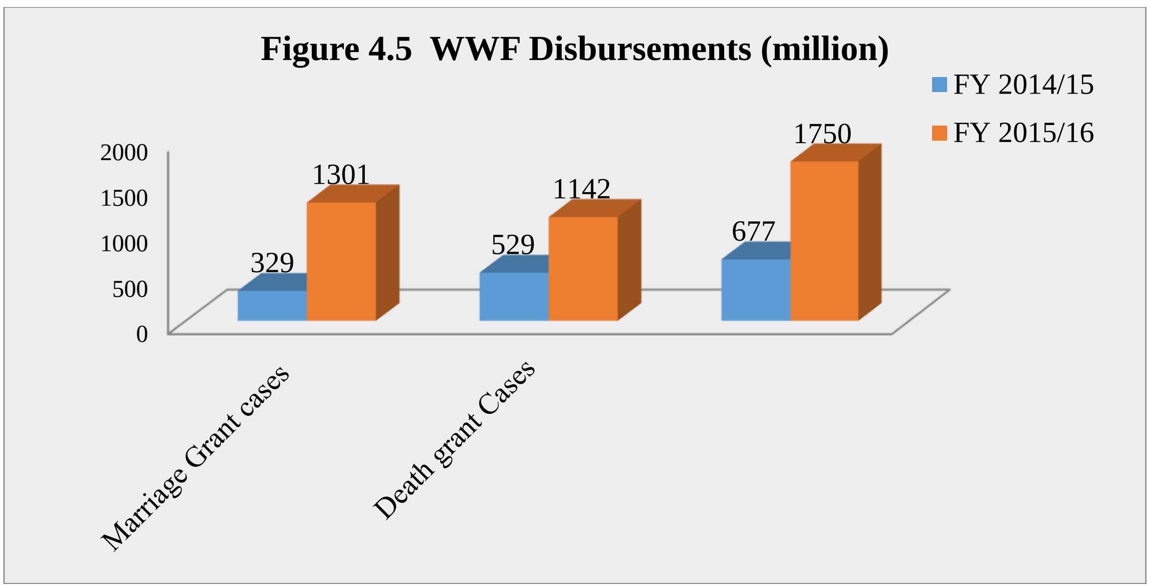
Table 4.6 Workers Welfare Fund

Programme	FY14/15		FY15/16	
	No. of Beneficiaries	Disbursement (Rs. Millions)	No. of Beneficiaries	Disbursement (Rs. Millions)
Marriage Grant cases	2,573	329	13,138	1301
Death Grant Cases	1,092	529	2,288	1142
Education Grant/ Scholarship Cases	17,790	676	9,986	1750
Total	**21,455**	**1,535**	**25,412**	**4,193**

Source: Workers Welfare Fund

4.24 The total disbursements made under WWF programmes and the number of beneficiaries are portrayed in figures 4.4 and 4.5.





4.6 Microfinance

4.25 Microfinance services to the poor include micro credit, micro saving by the poor and micro insurance. This has been widely recognized as an effective strategy to combat poverty by providing financial services to the poor. The credit programme offers small loans for livelihood generation and to enhance economic independence of the destitute. Microfinance services help the poor in accumulating assets and building income generation capacities that can provide better access to social services such as health and education, food security, and access to basic necessities of life. In addition, savings help the poor to manage their resources over time and to enable them to plan and finance their investments. Insurance becomes useful in order to mitigate the effects of unexpected shocks such as illness or natural disasters.

4.26 The performance of microfinance in terms of disbursements and beneficiaries is given in Table 4.7. All categories under Micro-finance depicted an increasing trend during the period under review. Disbursements of micro credit witnessed a high growth of 61 percent from Rs. 94,524 million in FY14/15 to Rs. 152,492 million in FY15/16. The number of loans disbursed to the poor also depicted a positive trend as it increased from 3.47 million in FY14/15 to 4.24 million in FY15/16, showing a significant growth of 22 percent.

4.27 Micro saving and micro insurance programmes also registered positive growth during the year. The number of active savers increased by 20 percent and the value of saving increased by 46 per cent. Similarly, micro insurance registered a big increase in policy holders and sum insured. The number of policy holders witnessed an increase of 30 per cent and the value of insurance 75 per cent.

Table 4.7 Microfinance Analysis

Year	Microcredit		Micro-Savings		Micro-Insurance	
	Active Borrowers	Value (Million Rs)	Active Savers	Value (Million Rs)	Policy Holders	Sum insured (Million Rs)
FY14/15	3,473,286	94,524	13,151,281	52,905	4,251,392	73,517
FY15/16	4,243,978	152,492	15,755,451	77,311	5,530,894	128,886

Source: Pakistan Microfinance Network, Islamabad.

4.28 The progress in all the three fields, i.e., micro credit, micro saving and micro insurance is given in Fig 4.6, 4.7 and 4.8, respectively.

Figure 4.6: MicroCredit -Acitve Borrowers

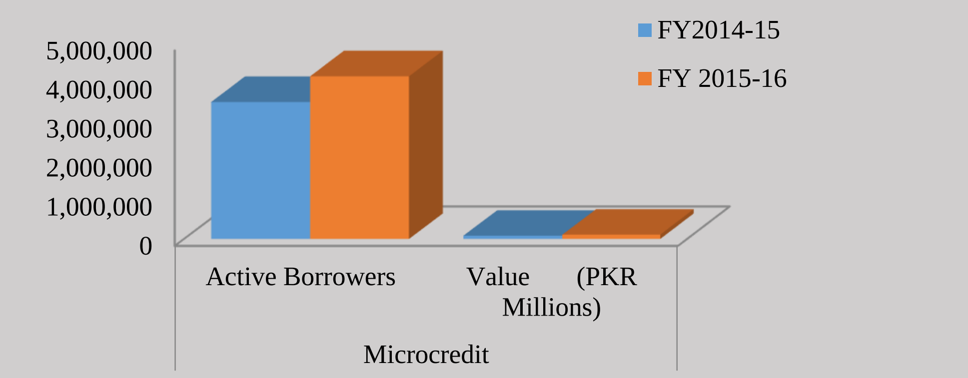


Figure 4.7: MicroSavings-Active Savers

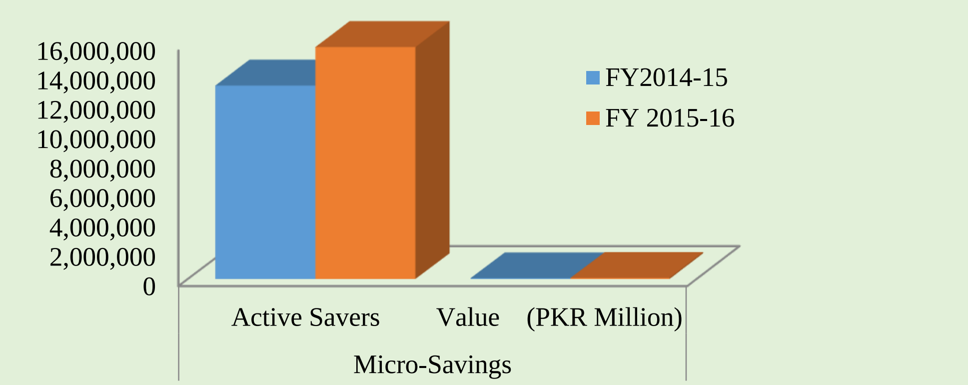
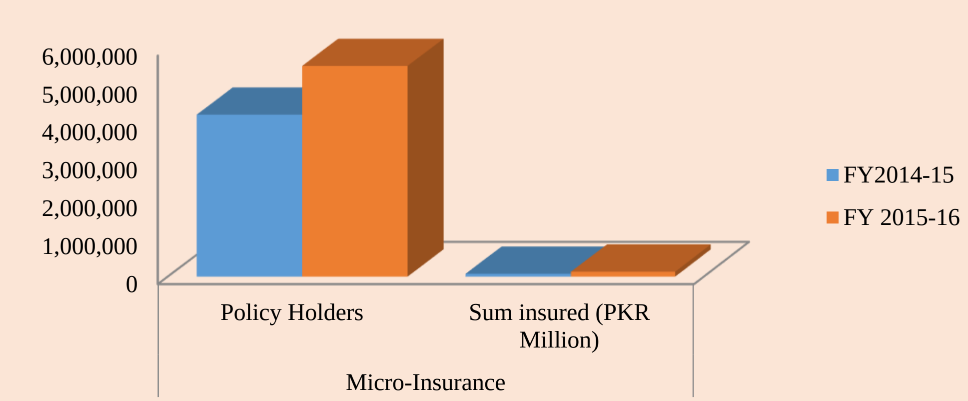


Figure 4.8: MicroInsurance- Policy Holders



4.29 The share of all peer groups under microfinance services during FY14/15 to FY15/16 is given in Table 4.8. Among all the peer groups, Micro-Finance Banks (MFBs) occupied the maximum share as well as increased its share over the last year. RSP lost their share in all the categories of Active Borrowers, Active Savers and Active Policy Holders. .

4.30 According to data, shares of MFIs observed a mixed trend while on the other hand RSPs depicted decline in all categories. No change occurred in the share of Others in Active Borrowers and Active Savers during FY15/16.

Table 4.8 Active Borrowers, Active Savers and Active Policy holders by Peer Group

Details	Percentage of Peer Groups				Total
	MFBs	MFIs	RSPs	Others	
Active Borrowers FY14/15	38%	33%	24%	5%	100%
Active Borrowers FY15/16	41%	32%	22%	5%	100%
Active Savers FY14/15	78%	0%	22%	0%	100%
Active Savers FY15/16	81%	0%	19%	0%	100%
Active Policy Holders FY14/15	36%	29%	33%	2%	100%
Active Policy Holders FY15/16	36%	43%	20%	1%	100%

Source: Pakistan Microfinance Network

Summary of Microcredit Indicators

4.31 Summary of micro credit indicators is illustrated in Table 4.9. The statistics given below articulate that all micro credit indicators have demonstrated significant performance during the year. Among the micro finance providers, MFBs and MFIs depicted positive growth for all micro credit indicators in FY15/16.

4.32 The number of branches witnessed an optimistic growth in all micro-credit providers peer groups except in Others, which observed minor decline of 3 percent from 179 to 173 number of branches. During FY15/16 Micro Finance Institutions (MFIs) had the highest number of branches i.e. 1114, followed by Micro Finance Banks (MFBs) 931, and Rural Support Programme (RSP's) 912 against last year's number of branches of 939, 713, and 898, respectively.

4.33 The rest of the programmes observed an increasing trend in all peer groups, while a nominal decline was observed in the number of loan disbursed in "RSPs" and "Others".

Table 4.9 Summary of Microcredit Provision FY14/15 to FY15/16			
Peer Group		**FY14/15**	**FY15/16**
MFBs	Number of branches/Units	713	931
	Gross Loan Portfolio (Rs. million)	45,950	67,023
	Average Loan Balance (Rs. million)	34,569	38,603
	Number of Loans disbursed	1,362,707	1,911,944
	Credit Disbursements (Rs. million)	54,513	89,003
	Average Loan Size (Rs.)	42,472	46,551
MFIs	Number of branches/Units	939	1114
	Gross Loan Portfolio (Rs. million)	17,536	21,746
	Average Loan Balance (Rs.)	15,310	16,414
	Number of Loans disbursed	905,422	1,250,876
	Credit Disbursements (Rs. million)	18,907	33,359
	Average Loan Size (Rs.)	25,370	26,669
RSPs	Number of branches/Units	898	912
	Gross Loan Portfolio (Rs. million)	14,065	16,275
	Average Loan Balance (Rs.)	16,752	17,993
	Number of Loans disbursed	984,122	868,501
	Credit Disbursements (Rs. million)	16,845	22,743
	Average Loan Size (Rs.)	25,547	26,186
Others	Number of branches/Units	179	173
	Gross Loan Portfolio (Rs. million)	3,399	3,837
	Average Loan Balance (Rs.)	17,609	19,617
	Number of Loans disbursed	221,035	212,657
	Credit Disbursements (Rs. million)	4,259	7,387
	Average Loan Size (Rs. million)	22,401	34,737
Total	**Number of branches/Units**	**2,729**	**3,130**
	Gross Loan Portfolio (Rs. millions)	**80,950**	**108,881**
	Average Loan Balance (Rs.)	**23,081**	**26,166**
	Number of Loans disbursed	**3,473,286**	**4,243,978**
	Credit Disbursements (Rs. millions)	**94,524**	**152,492**
	Average Loan Size (Rs.)	**31,563**	**35,931**
Source: Pakistan Microfinance Network (PMN), Islamabad			

4.34 Gross Loan Portfolio (GLP) dominated the major proportion of total finances and increased by 34 percent during FY15/16 from Rs.80,591 million in FY14/15 to Rs. 108,881 million in FY15/16. GLP in all peer groups including MFBs, MFIs, RSPs and "Others" showed a substantial increase of 46 percent, 24 percent, 16 percent, 13 percent, respectively. Average loan size was also increased from Rs 33,536 per loan to Rs 35,931 per loan. In Average Loan Size, MFBs, MFIs and RSPs recorded increase of 10 percent, 5 percent, and 3 percent, respectively. Meanwhile, in “Other” peer groups, the average loan size observed a significant increase of 55.07 percent from 22,401 in FY14/15 to 34,737 in FY15/16.

Chapter 5: Monitoring the PRSP Intermediate/ Outcome Indicators

This Chapter examines the performance of the PRSP output/outcome indicators in education, health, energy and environment sectors during FY15/16.

5.1 Education Sector

5.1 Education sector intermediate (output) indicators include progress regarding enrollment, Gender Parity Index, number of functional public schools, percentage of trained teachers, an update on basic facilitates in public schools and enrollment in Technical and Vocational Instutions. Progress of these indicators during FY14/15 and FY15/16 is discussed below.

a. Key Education Indicators

5.2 Table 5.1 gives the data of Key Education Indicators for FY14/15 and FY15/16. These indicators include Gross Enrolment Ratio for: Pre-primary, Primary Classes 1-5, Middle Classes 6-8, Secondary Classes 9-12, Survival Rate to Grade-5, Literacy Rate (Age 10 years and Older), Youth Literacy (Age 15-24 years).

Table 5.1: Education Sector Key Indicators

Indicator	FY14/15			FY15/16		
	Male	Female	Total	Male	Female	Total
Gross Enrolment Ratio (GER) - Pre-Primary	79%	69%	74%	79%	69%	74%
Gross Enrolment Ratio (GER) - Primary Classes: 1-5	97%	83%	91%	105%	90%	97%
Gross Enrolment Ratio (GER) - Middle Classes: 6-8	58%	48%	53%	60%	50%	55%
Gross Enrolment Ratio (GER) – Secondary Classes: 9-12	38%	28%	33%	39%	30%	34%
Survival Rate to Grade-5	69%	68%	69%	67%	65%	66%
Literacy Rate (Age 10 years and Older)	70%	47%	58%	70%	49%	60%
Youth Literacy (Age group 15-24 years)	81%	64%	72%	81%	64%	72%

5.3 Overall trend in key education indicators show improvement during the year FY15/16. During FY15/16 Gross Enrolment Ratio (GER) for Pre-primary male students stood at 79% followed by 69% for females. Total overall GER stood at 74 percent for pre-primary students. GER for Primary classes improved from 91% to 97% during one year, with 7 percentage point improvement each in girls' and boys' enrollment. For Middle classes (6-8) GER was improved by 2 percentage points with 60% ratio for males, and 50% ratio for females. There is also one percentage point improvement in GER for Secondary classes (9-12) with 2 percentage point improvement in girls' enrollment. Literacy Rate (age 10+) for females has been improved by 2 percentage point which increased the overall rate by the same rate, i.e., from 58% to 60%. Youth Literacy rate remained the same during the year under review.

5.4 The Table 5.2 gives Gender Parity Index for key Education Sector Indicators.

Table 5.2: Gender Parity Index (GPI)

Indicator	GPI Index	
	FY14/15	FY15/16
Gross Enrolment Ratio (GER) - Pre-Primary	0.88	0.87
Gross Enrolment Ratio (GER) - Primary Classes: 1-5	0.86	0.86
Gross Enrolment Ratio (GER) - Middle Classes: 6-8	0.83	0.84
Gross Enrolment Ratio (GER) – Secondary Classes: 9-12	0.75	0.77
Survival Rate to Grade-5	0.98	0.96
Literacy Rate (Age 10 years and Older)	0.67	0.70
Youth Literacy (Age group 15-24 years)	0.79	0.79

5.5 The Gender Parity Index (GPI) during FY15/16 shows mixed trend – GPI for GER (Middle classes), GER (Secondary classes) and Literacy Rate has shown improvement; GPI for GER (pre-primary level) and Survival Rate to grade-5 show a little reduction; while GPI for GER (Primary classes) and Youth Literacy remained the same.

b. Functional Public Schools

5.6 Number of functional primary and middle schools including mosque schools in Pakistan are reported in Table 5.3. A total of 130,621 schools were functional in FY15/16 against 131,402 schools in FY14/15 showing a minor decrease of 0.6 percent. This decline is result of a slight decrease in number of functional primary schools from 115,475 in FY14/15 to 114,490 in FY15/16. However, the decline in total functional public schools is somewhat offset by an increase of 1.3 per cent in middle functional schools from 15,927 in FY14/15 to 16,131 in FY15/16.

Table 5.3: Number of Functional Public Schools

Region/ Province	Year	Primary	Middle	Total
Pakistan	**FY14/15**	**115,475**	**15,927**	**131,402**
	FY15/16	**114,490**	**16,131**	**130,621**
Punjab	FY14/15	37,329	8,325	45,654
	FY15/16	36,873	8,406	45,279
Sindh	FY14/15	37,113	2,132	39,245
	FY15/16	35,947	2,130	38,077
KPK	FY14/15	22,717	2,592	25,309
	FY15/16	22,363	2,624	24,987
Balochistan	FY14/15	9,149	1,101	10,250
	FY15/16	9,978	1,174	11,152
AJK	FY14/15	4,090	1,009	5,099
	FY15/16	4,167	1,009	5,176
GB	FY14/15	797	274	1,071
	FY15/16	810	289	1,099
FATA	FY14/15	4,089	434	4,523
	FY15/16	4,161	439	4,600
Federal	FY14/15	191	60	251
	FY15/16	191	60	251
Source: NEMIS Database FY15/16, AEPAM, Ministry of Fed. Education & PT, Islamabad				

5.7 Data illustrates that during FY15/16 maximum increase in number of all functional public schools was recorded in Balochistan with 8.8 percent growth, followed by 2.6 percent growth in GB, 1.70 percent growth in FATA and 1.51 percent in AJK. Punjab, KPK and Sindh observed slight decline in number of functional primary schools. However, the number of middle schools has gone up in Punjab and KPK, while there is no increase in Sindh. The number of functional public schools in Federal area remained unchanged during the comparison period.

5.8 The main reasons for decrease in number of functional primary schools are: i) merger of some primary schools due to low enrolment; ii) closure of some primary schools due to low enrollment; and iii) up gradation of some primary schools into middle schools.

b. Teachers' Training

5.9 During FY15/16 the percentage of trained teachers dropped by 2.5 percentage points at primary and 0.5 percentage points at secondary level. Punjab, KPK and GB have observed the highest figures in teacher's training, which is almost 100 percent both at primary and secondary level. Percentage of trained teachers in Sindh witnessed decline both at primary and secondary levels. Table 5.4 illustrates the percentage of trained teachers in different provinces/areas.

Table 5.4: Percentage of Trained Teachers

Region/ Province	FY14/15		FY15/16	
	Primary (%)	Middle (%)	Primary (%)	Middle (%)
Pakistan	**98.8**	**99.3**	**96.3**	**98.8**
Punjab	100.0	99.9	100.0	100.0
Sindh	97.1	96.8	89.2	91.6
KPK	99.8	100.0	99.8	100.0
Balochistan	--	--		
AJK	93.6	96.3	93.6	96.3
FATA	99.8	100.0	94.2	97.6
GB	93.0	97.2	99.9	99.9

Note: (i) Data not available for Balochistan and ICT
(ii) In their list, Provinces/Areas have not given status of trained or untrained

teachers for quite a number of teachers. This number has been given under the category as ‘Not Mentioned’. The number of these ‘Not Mentioned’ teachers has been excluded from the above analysis for both years.
Source: NEMIS Database FY15/16, AEPAM, Ministry of Fed. Education & PT, Islamabad

5.10 Decline in the percentage of trained teachers in certain areas of Pakistan was due to rationalization policy. Under this policy, teachers in these areas would be transferred and posted in schools of their nearest places of choice. Later, there would be complete ban on transfers. Similarly in future, recruitment of teachers would be made on school basis where they would have to perform duty till retirement and would have to show results. They would get promotions and incentives on the basis of exam results. This policy would also help in identifying ghost schools, proxy teachers and ensuring attendance. This would bring positive changes in education sector and also improve the standard of education.

c. Basic Facilities in Public Schools

5.11 Table 5.5 gives information about provision of basic facilities in public schools all over Pakistan. Basic facilities include drinking water, latrine, electricity and boundary wall in schools. At the national level, number of public schools with basic facilities has increased in FY15/16.

5.12 At Provincial level, Punjab, KPK and Balochistan showed positive trends in public schools facilities of water, latrine, electricity and boundary walls during the comparison period. In Sindh and Federal area the percent of public schools with basic facilities observed mixed trend in FY15/16. AJK, GB, and FATA witnessed a slight decline in number of public schools with basic facilities.

Table 5.5: Basic Facilities in Public Schools

Region/ Province	Years	Level	Water (%)	Latrine (%)	Electricity (%)	Boundary-Wall (%)
Pakistan	FY14/15	Primary	63.0	64.7	50.7	67.3
		Middle	80.9	84.1	75.7	84.8
		Total	65.1	66.9	53.7	69.4
	FY15/16	Primary	**67.0**	**67.0**	**53.0**	**71.0**

		Middle	82.0	85.0	76.0	87.0
		Total	68.0	69.0	56.0	73.0
Punjab	FY14/15	Primary	97.2	94.8	81.4	91.6
		Middle	99.4	98.8	95.6	97.6
		Total	97.6	95.5	84.0	92.7
	FY15/16	Primary	100.0	99.0	91.0	97.0
		Middle	100.0	100.0	98.0	99.0
		Total	100.0	99.0	92.0	97.0
Sindh	FY14/15	Primary	47.0	51.4	34.1	56.4
		Middle	60.3	69.6	53.7	76.6
		Total	47.7	52.3	35.2	57.4
	FY15/16	Primary	47.0	51.0	34.0	56.0
		Middle	60.0	70.0	53.0	77.0
		Total	47.0	52.0	35.0	57.0
KPK	FY14/15	Primary	63.2	77.4	53.1	76.1
		Middle	71.9	87.7	68.2	83.3
		Total	64.1	78.4	54.7	76.9
	FY15/16	Primary	72.0	86.0	58.0	86.0
		Middle	75.0	90.0	70.0	89.0
		Total	72.0	86.0	59.0	86.0
Balochistan	FY14/15	Primary	32.0	14.5	21.3	28.9
		Middle	56.6	49.0	42.3	58.5
		Total	34.4	18.0	23.4	31.8
	FY15/16	Primary	52.0	13.0	15.0	36.0
		Middle	55.0	50.0	30.0	70.0
		Total	53.0	17.0	17.0	39.0
AJK	FY14/15	Primary	22.2	26.0	10.3	22.3
		Middle	44.7	51.2	34.0	43.6
		Total	26.6	30.9	14.9	26.5
	FY15/16	Primary	21.0	27.0	11.0	21.0
		Middle	46.0	52.0	36.0	35.0
		Total	26.0	32.0	16.0	24.0
GB	FY14/15	Primary	52.4	35.9	43.9	56.1
		Middle	69.0	71.5	66.8	60.2
		Total	56.7	45.0	49.8	57.1
	FY15/16	Primary	34.0	34.0	34.0	35.0
		Middle	70.0	68.0	71.0	68.0
		Total	44.0	43.0	44.0	44.0

FATA	**FY14/15**	**Primary**	40.9	34.9	44.7	59.4
		Middle	56.6	49.1	57.4	76.3
		Total	42.5	36.3	46.0	61.0
	FY15/16	**Primary**	**39.0**	**34.0**	**41.0**	**58.0**
		Middle	**50.0**	**48.0**	**48.0**	**72.0**
		Total	**40.0**	**35.0**	**42.0**	**59.0**
Federal	**FY14/15**	**Primary**	92.7	95.3	98.4	96.9
		Middle	91.7	98.3	100.0	98.3
		Total	92.4	96.0	98.8	97.2
	FY15/16	**Primary**	**93.0**	**95.0**	**98.0**	**97.0**
		Middle	**92.0**	**98.0**	**100.0**	**98.0**
		Total	**92.0**	**96.0**	**99.0**	**97.0**

*Provisional
Source: NEMIS Database FY15/16, AEPAM, Ministry of Fed. Education & PT, Islamabad

d. Private Schools and Deeni Madaris

5.13 Table 5.6 gives information about the number of Private Schools (Primary & Middle) and the Deeni Madaris. At National level, 49,074 Private schools were reported in FY15/16 against 47,387 in FY14/15, showing an increase of 1,687 schools (4 per cent). The number of Deeni Madaris was also slightly increased from 15,217 in FY14/15 to 15,295 in FY15/16.

Table 5.6: Private Schools (Primary and Middle) and Deeni Madaris

Indicator	FY14/15	FY15/16
Private Schools	47,387	49,074
Deeni madaris (mainstream)	15,217	15,295

Source: Ministry of Fed. Education & PT, Islamabad

e. Technical and Vocational Trainings

5.14 National Vocational and Technical Training Commission (NAVTTC) is an apex body and a national regulatory authority to address the challenges of Technical and Vocational training in Pakistan. It is involved in policy making, strategy formulation & regulation and revamping of TVET system. The Commission has been establishing and promoting linkages among various stakeholders at national as well as international level.

5.15 Table 5.7 shows the number of Technical and Vocational institutions and number of students, both male and female, who received training during FY14/15 and FY15/16. Vocational Training has recorded more positive growth as the number of Technical and Vocational institutes increased from 3,579 in FY14/15 to 3,746 in FY15/16. The number of women receiving Technical training has increased during the year.

Table 5.7: Technical and Vocational Institutions and Enrollment

Indicator	FY14/15		FY15/16	
	Technical	Vocational	Technical	Vocational
(a) Number of Institutions				
Male Institutes	366	1,075	381	1,186
Female Institutes	281	1,209	281	1,233
Mixed Institutes	289	359	291	374
Total (Instt)	**936**	**2,643**	**953**	**2,793**
(b) Enrollment				
Male	108,899	99,160	97,210	105,994
Female	21,608	90,270	25,121	86,843
Total (Enrol)	**130,507**	**189,430**	**122,331**	**192,837**
Source: NEMIS Database FY14/15 and FY15/16, AEPAM, Ministry of Fed. Education & PT, Islamabad				

5.2 Health Sector

5.16 Data for key health indicators given in Table 5.8 shows that contraceptive prevalence rate in Pakistan is 35 percent while the regional average rate is 60 percent. Total fertility rate (TFR) is 3.8 while the regional average is 2.3 percent. Pakistan's life expectancy has improved in FY15/16, with overall life expectancy at 69.6 years and female life expectancy at 70 years.

Table 5.8: Key Health Indicators

Indicators	Mid 2016
Total Fertility Rate (TFR)	3.8

Crude Birth Rate (per thousand)	24.8
Crude Death Rate (per thousand)	6
Contraceptive Prevalence Rate (percent)	35
Life expectancy (year)	69.6
Females	70
Males	69.3
Source: National Institute of Population Studies (NIPS)	

5.17 Good services delivery is an important element of any health system. In Pakistan, public and private health care systems run in parallel. To improve health status of the people and to reduce burden of diseases, a series of programmes and projects are on track. Although vertical health programmes have been devolved to the provinces, however, in pursuance to request of the provinces and subsequent decision of the Council of Common Interest (CCI), funding of vertical programmes during the tenure of 7th National Finance Commission (NFC) Award would be continued by the Federal government.

5.18 Following programmes and projects have been funded through the PSDP during FY15/16 and implemented by the provincial and special area governments. This section of the report scrutinizes the performances of the PRSP output (intermediate) indicators in Health Sector during FY15/16.

a. TT- Immunization Programme for Pregnant Women

5.19 EPI programme provides immunization against seven vaccine-preventable diseases, i.e., childhood tuberculosis, poliomyelitis, diphtheria, pertussis, neonatal tetanus, measles and hepatitis B to children under one year of age. Pentavalent, a new vaccine, has been introduced with the help of United Nations International Children Emergency Fund (UNICEF). During FY15/16, seven million children of 0-11 months and 6.5 million pregnant women were immunized against seven deadly diseases. After devolution, provincial governments are responsible for this immunization programme. However, the Federal EPI Cell is continuing vaccines procurement, coordination and technical guidance, whereas, provincial EPI cells are largely responsible for implementation of the programme.

5.20 Both TT-I and TT-2 Immunization coverage exhibited a mixed trend in all regions of Pakistan. TT1 and TT2 coverage across Pakistan increased by 8 percentages point each during the last year. Punjab recorded highest increase of 14 and 16 percentage point respectively for TT1 and TT2 programmes. ICT has achieved remarkable progress in terms of TT1 coverage by expanding it from 43 to 98 percent of target population during the last year. KPK and Northern Areas recorded positive achievements, while Balochistan, AJ&K and CDA could not maintain the pace achieved in FY14/15. Province-wise detail is given in Table 5.9.

Table 5.9: TT Immunization Coverage for Pregnant Women

Provinces	FY14/15		FY15/16	
	TT-1 Coverage %	TT2+ Coverage %	TT-1 Coverage %	TT2+ Coverage %
Punjab	62	56	76	72
Sindh	60	57	61	55
KPK	62	57	66	62
FATA	53	55	53	56
Balochistan	32	32	30	30
AJK	90	90	81	82
FANA	36	40	42	46
ICT	43	30	98	32
CDA	31	16	25	15
Pakistan	60	56	68	64
Source: Federal EPI Cell, National Institute of Health				

b. Lady Health Workers

5.21 The services of Lady Health Workers (LHWs) have visible impact on the health status of women and children through improved hygiene, birth spacing, iron supplementation, greater immunization coverage and ante-natal and post-natal coverage of the pregnant women. The programme has recruited more than 92,000 LHWs all across Pakistan. The total population covered under this programme spreads over 60 percent in Balochistan and more than 80 percent in Punjab.

5.22 The number of LHWs all across Pakistan is given in Table 5.10. Data shows that the total strength of Lady Health Workers is almost unchanged except for minor upward or downward changes.

Table 5.10: Strength of Lady Health Workers (LHWs)

Province	FY14/15			FY15/16		
	Urban	Rural	Total	Urban	Rural	Total
Punjab	7,210	38,780	45,990	6,866	37,920	44,786
Sindh	7,179	13,374	20,553	5,233	16,363	21,596
KPK	1,827	10,454	12,281	1,873	11,600	13,473
Balochistan	1,098	5,622	6,720	1,098	5,622	6,720
AJK	179	2,844	3,023	180	2,827	3,007
FANA	243	1,101	1,344	261	1,109	1,370
FATA	0	1,379	1,379	0	1,370	1370
Total	**17,736**	**73,554**	**91,290**	**15,511**	**76,811**	**92,322**
Source: Provincial National Program for Family Planning &Primary Health Care Unit						

c. Population Covered by LHWs

5.23 Table 5.11 gives the data of population covered by LHWs. Like number of LHWs, there is no much difference in the number of population covered all over Pakistan during FY15/16. Population coverage in urban areas show a little progress, while rural population coverage declined. There has been a mixed trend across different regions in the country. KPK recorded positive achievements in both urban and rural areas during FY15/16, while other provinces/regions show decline in progress. A mixed trend has been recorded in Northern Areas, where urban areas achieved progress of 193 percent during FY15/16, but a huge reduction of 87 percent coverage was recorded in rural areas. Overall progress in Northern Areas shows around 33 per cent reduction in population coverage.

Table 5.11: Population Covered by LHWs

Provinces	FY14/15			FY15/16		
	Urban	Rural	Total	Urban	Rural	Total
Punjab	11,574,981	55,714,402	67,289,383	11,409,848	54,976,694	66,386,542
Sindh	4,735,877	13,530,541	18,266,418	4,790,598	15,012,350	19,802,948
KPK	2,211,783	11,763,960	13,975,743	2,225,009	12,750,258	14,975,267
Balochistan	1,239,479	2,602,202	3,841,681	1,239,532	2,602,429	3,841,961
AJK	2,044,34	2,437,668	2,642,102	214,069	2,391,707	2,605,776
FANA	185,728	787,286	973,014	544,417	102,468	646,885
FATA	0	1,056,357	1,056,357	0	1,023,588	1,023,588
Total	**20,152,282**	**87,892,416**	**108,044,698**	**20,423,473**	**88,859,494**	**109,282,967**
Source: Provincial National Program for family planning &Primary Health Care Unit						

5.3 Energy and Environment

a. Energy Development:

5.24 The Planning Commission has come up with the Integrated Energy Plan 2009-2022. Its main objective was to provide a road map for Pakistan to achieve greater energy self-sufficiency by pursuing policies that are sustainable, provide for energy security and conservation, and are environmental friendly. Table 5.12 gives progress on Integrated Energy Developmen which shows an increase of 3.4 percent in per capita consumption of energy during FY15/16. Energy supplies exhibited a growth of 5 percent.

Table 5.12: Integrated Energy Development

Indicator	FY14/15 Actual	FY15/16 Actual
Per capita consumption of electricity (KWH)	447.67	460.56
Energy supplies (million toes)	70.26	73.77
Source: Ministry of Petroleum and Natural Resources, GOP		

b. Depletion of Ozone Layer

5.25 The ozone layer protects the Earth from the ultraviolet radiations of the sun. If the ozone layer is depleted by human action, the effects on the planet could be catastrophic. Ozone is present in the stratosphere. The stratosphere reaches 30 miles above the Earth, and at the very top it contains ozone. The sun rays are absorbed by the ozone in the stratosphere and thus do not reach the Earth. Harmful uses of CFC have been banned since December 2009. Table 5.13 gives the detail of ozone depleting substances.

Table 5.13: Ozone Depletion

Indicator	FY14/15		FY15/16	
	Target	Actual	Target	Actual
Ozone depleting substances (baseline of HCFCs) and 10% reduction targets by 2015.	10% reduction of Ozone Depleting substances is accordance with set baseline of 247.4 ODP tons.	10% of ODP tons reduction targets of ODSs (HCFCs) have been achieved by January 2015.	35% reduction of HCFCs by 2020.	Pakistan is successfully heading towards the set target of 35% reduction of HCFCs by 2020 from the baseline of 247.4 ODP tons.For the Year 2016 MOCC (NOU) has issued a quota of 219.3 ODP tons against the available allocation of 222.66 ODP tons.

5.26 Data on Ozone Depletion released by Ministry of Climate Change shows that by January 2015 there was 10% of Ozone Depletion Potential (ODP) tons reduction targets of Ozone-Depleting Substances (ODSs) Hydro-Chloro-Fluoro-Carbon (HCFCs). Pakistan is successfully heading towards the set target of 35% reduction of HCFCs by 2020 from the baseline of 247.4 ODP tons. For FY15/16 Ministry of Climate Change (MOCC) and National Ozone Unit (NOU) has issued a quota of 219.3 ODP tons against the available allocation of 222.66 ODP tons.

5.4 Average Monthly Expenditures:

5.27 Household Income and Expenditure Survey (HIES) conducted by Pakistan Bureau of Statistics in FY15/16 indicates that average monthly income and expenditure by all five Quintile has increased during FY15/16 as compared with HIES FY13/14. In PRSP Report, a comparison is given of average monthly expenditure of the lowest income quintiles, i.e., Q1 and Q2 on fuel & lighting and health.

5.28 Average monthly expenditure by Q1 and Q2 on fuel and lighting has substantially increased during FY15/16 (Table 5.14). Data for urban areas Quintile 1 show that expenditure on fuel and lighting has increased by 24 percent over HIES Survey FY13/14 while for Quintile 2 the expenditure has increased by 12 percent. Similarly for rural areas, expenditure for Quintile 1 in fuel and lighting has increased by 38 percent and for Quintile 2 it has gone up by 34 per cent.

Table 5.14: Average Monthly Expenditure on Fuel and Lighting (in Rupees)

	FY13/14		FY15/16	
	Quintile 1*	Quintile 2**	Quintile 1*	Quintile 2**
Urban	1206	1535	1490	1724
Rural	1236	1557	1710	2082

Source: HIES FY13/14 and FY15/16, Pakistan Bureau of Statistics

* Quintile 1= lowest income category,
**Quintile 2= next to lowest category

5.29 Table 5.15 gives household expenditure on Health during the two survey periods. For Quintile 1 urban areas expenditure has increased by 15 percent and for Quintile 2 it has it has gone up by 38 per cent. For rural areas the Quintile 1 expenditure has gone up by 12 per cent and for Quintile 2, by 20 per cent.

Table 5.15: Average Monthly Expenditure on Health				**(in Rupees)**
	FY13/14		**FY15/16**	
	Quintile 1*	**Quintile2****	**Quintile 1***	**Quintile 2****
Urban	443.7	443	509	609.7
Rural	498.0	570.8	558.4	685.2
Source: HIES FY13/14 and FY15/16, Pakistan Bureau of Statistics				
Quintile 1*= lowest income category, Quintile 2= next to lowest category				

The analysis shows that income and expenditure of lowest quintile of income groups have substantially increased over a period of last two years, which indicate improvement in the life of lowest income groups both in urban as well as rural areas.

Chapter 6: Progress on Sustainable Development Goals (SDGs)

6.1 Background

The United Nations General Assembly in its 70th Session adopted the 'Sustainable Development Goals' (SDGs), which are successors to the Millennium Development Goals (MDGs). The MDGs were implemented by the developing partner countries during 2000-2015 to achieve specific targets for poverty reduction, education, health, hunger and environment. The SDGs will be implemented over a period of 15 years during 2015-2030.

6.2. The MDGs have helped witness the most successful anti-poverty movement in history, bringing more than one billion people of the world out of extreme poverty. It was also helpful in making inroads against hunger and enabled more children to attend school than ever before. However, despite these remarkable milestones, inequalities persist across the countries witnessing an uneven progress. It will require further efforts to ensure that the poorest and most vulnerable are not left behind. The lessons learned from implementing MDGs are now used in framing the SDGs.

6.3. The new SDGs, and the broader sustainability agenda, go much further than the MDGs, addressing the root causes of poverty and the universal need for development that works for all the people. The focus of SDGs would be on global systemic reforms to remove main impediments to development and secure an accommodating international environment for sustainable development. SDGs will follow the work done in the context of the MDGs, further the milestones achieved and answer to new challenges with a special attention to integration of economic, social and environmental aspects of sustainable development. The SDGs provide a vision and management tool for sustainable development that can only be delivered with the active participation of government, people, civil society, and private sector.

6.4. The SDGs contemplate 17 goals and 169 targets which is much more ambitious than the MDGs. Given the breadth and universality of the SGDs, intense knowledge management, data collection, coordination, synchronization will be required from a large number of sources at all tiers of governance. The nature of SDGs will also require innovations in knowledge management, research and analysis, information management, policy engagement and communication.

6.5. The effective implementation of SDGs warrants coordinated actions from different ministries, institutions and stakeholders at the national, provincial and district levels. Pakistan will strengthen the linkages at planning, coordination and capacity building between national, provincial and district levels.

6.6. The 17 goals of SDGs are given below:

End ***poverty*** in all its forms everywhere

End ***hunger, achieve food security*** and improved nutrition and promote sustainable agriculture

Ensure ***healthy lives*** and promote well-being for all at all ages

Ensure ***inclusive and equitable quality education*** and promote lifelong learning opportunities for all

Achieve ***gender equality*** and empower all women and girls

Ensure ***availability and sustainable management of water and sanitation*** for all

Ensure ***access to affordable, reliable, sustainable and modern energy*** for all

Promote sustained, ***inclusive and sustainable economic growth***, full and productive employment and decent work for all

Build ***resilient infrastructure***, promote inclusive and sustainable industrialization and foster innovation

Reduce ***inequality*** within and among countries

Make ***cities and human settlements*** inclusive, safe, resilient and sustainable

Ensure ***sustainable consumption and production*** patterns

Take urgent action to combat ***climate change*** and its impacts

Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Protect, restore and promote ***sustainable use of terrestrial ecosystems***, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Promote ***peaceful and inclusive societies*** for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Strengthen the means of implementation and revitalize the ***global partnership for sustainable development***

6.2 Progress during FY15/16

6.7. While Pakistan struggled to meet the MDGs, due in part to lack of awareness and ownership early on in the process, the SDG era is being met with early political commitment and national ownership. Pakistan Vision 2025 launched in August 2014 had already embedded 17 goals into its 7 pillars and 25 goals. Vision was also launched on the slogan of “no one left behind”. A project for mainstreaming SDGs was launched in the budget of FY15/16 even before adoption of Agenda 2030 by UN in September 2015. Pakistan was proactive and various rounds of consultations were already held with federating units about SDGs.

6.8. National Assembly of Pakistan had passed a unanimous resolution to adopt the 2030 Agenda and the SDGs as the national development agenda. The Speaker of the National Assembly constituted Parliamentary Task Forces at federal and provincial levels to oversee and support legislation for the SDGs and assigned the SDG Secretariat to provide support.

6.3 Institutional Arrangements

6.9. Additionally, the federal government and four provincial governments have already committed to set up SDG Support Units, which aim to coordinate activities at both national and provincial levels. The governments will finance 50 percent of the total project cost and another 50 percent will be co-financed by the UNDP. These support units will work to deliver five main outputs: (i) mainstreaming the SDGs in national policies and plans; (ii) data and reporting; (iii) inclusive budgeting processes and expenditure tracking; (iv) monitoring and evaluation of progress against indicators; and (v) innovation.

6.10. During the MDG era, there were no institutional structures in place to coordinate planning and provide policy coherence. This time, the government has established SDG Support Units at federal and provincial levels with UNDP assistance, and has created the SDG Secretariat within the parliament. At the provincial level specifically, the government has begun the process of integrating the SDGs, including establishing approaches for the analysis of Annual

Development Plans to help identify gaps in progress and financial allocations. The country has a devolved governance structure which empowers provinces to plan and implement development interventions.

6.11 The importance of awareness and ownership at these levels was a key lesson learned from the MDG era. Accordingly, provincial launches and consultative workshops were held in Sindh and Punjab with a view to raising awareness of the SDGs at the sub-national level. Advocacy and awareness-raising materials were developed and disseminated to government officials at national and provincial levels, civil society, UN agencies and other international partners.

6.4 Monitoring and Reporting

6.12. Pakistan was able to produce regular data for 33 of the 60 MDG indicators, while the SDGs have 241 indicators. A preliminary exercise to assess the data gap for the SDGs was jointly conducted by the Ministry of Planning, Development and Reform, PBS and UNDP. The report shows that data are available for 125 indicators at the national level, 71 at the provincial level and 27 at the district level. Pakistan is collecting data through Household level surveys and SDGs reporting mechanism require data at the individual level with gender and age-group specification.

6.13. Federal Government in collaboration with UNDP and Pakistan Bureau of Statistics (PBS) has conducted an extensive exercise to review data availability on SDGs from various sources and their timeliness and reliability. Finally, a Technical Committee was formulated to review availability of data to monitor progress on 241 indicators and how they could be aligned with the SDGs framework with improvement in the national statistical system. This Committee is assisted by four sub-committees by clubbing 17 goals in four broad categories. Various meetings were held and representatives of academia, civil society, UN systems and government officials from federal and provincial governments participated in these meetings.

6.14. PBS has worked on bridging data gaps to every possible extent. A larger technical Committee was comprised of experts from academia, civil society, provincial bureaus, federal

Ministries etc. Four specialized sub-committees were also working on looking into the possibility of covering maximum number of indicators. In the next step the indicators agreed upon by the federal and provincial governments would be discussed by different stakeholder for final conclusion.

6.5 SDGs and PRSP Synergy

6.15. The SDG goals and Targets are closely associated with the PRSP initiative. These goals will help accelerate the pace of development in PRSP sectors which is going to witness higher allocations and expenditures, better governance and reforms to facilitate achievement of output and outcome indicators. The most important factor behind success of the forthcoming initiatives is the bipartisan support at all tiers of governments, supplemented by wide raging reforms and improved governance.