

Consultative  
Process in  
Poverty Reduction  
Strategy Paper (PRSP)  
- II  
Formulation



PRSP Secretariat  
Ministry of Finance  
Government of Pakistan

The Poverty Reduction Strategy Paper (PRSP) approach aims to provide the crucial link between national public actions, assistance from development partners and development outcomes needed to meet the United Nations' Millennium Development Goals (MDGs), agreed at the Millennium Summit held in New York (September, 2000), which are centered on halving poverty between 1990 and 2015. The PRSP formulation process took off in Pakistan with the finalization of the Interim Poverty Reduction Strategy Paper (PRSP) in November 2001, which after further refinement was evolved into the Poverty Reduction Strategy Paper (PRSP) in December 2003 for the period up till 2006. The PRSP since then has assumed the status of the key strategy document of the government for socio-economic development of the country. With the PRSP having successfully completed its three years of implementation in 2006, the next step involved the process of compilation of its successor - PRSP-II.

#### **Consultative Process of PRSP-II: Incorporating Feedback from all Stakeholders**

Pakistan's PRSP is a fully participative process, incorporating the views and suggestions of all stakeholders - parliamentarians, line ministries, development partners, civil society, media and the poor communities. Consultations are an integral element of the PRSP process. PRSP welcomes participation at various stages of the overall process enabling it to become more representative of all stakeholder interests increasing the transparency of the formulation process, ultimately, ensuring a more sustained ownership and implementation of the Strategy. Comprehensive consultations for PRSP-II started towards the end of the year 2005 and have continued till the launch of the Paper in late 2008. The PRSP-II Draft Summary was launched at the platform of the Pakistan Development Forum, Islamabad in April, 2007 for further feedback in advance of the launch of the actual Paper. The Draft Summary, along side regularly tracked PRSP expenditure reports is available at the Ministry of Finance's website.

#### **Poverty Reduction Strategy Paper (PRSP) - II**

Poverty Reduction Strategy Paper (PRSP) - II for the period 2008-11, draws upon lessons learnt from PRSP-I and takes into account recent political, economic and social events, both domestic and international, which have adverse socio-economic impacts for Pakistan. To steer Pakistan on the path of sustained and broad-based economic growth and to create jobs and reduce poverty, Pakistan requires a prolonged period of macroeconomic stability, financial discipline and consistently transparent policies that place poverty reduction at the centre of the country's overall policy framework. Linking the economic growth-poverty reduction nexus are the very elements that the new PRSP focuses on, which has been extensively chalked out in the entire document.

<sup>1</sup> For further details please visit: [www.finance.gov.pk](http://www.finance.gov.pk)



The Strategy consists of ten pillars: (i) Macroeconomic Stability and Real Sector Growth; (ii) Protecting the Poor and the Vulnerable; (iii) Increasing Productivity and Value Addition in Agriculture; (iv) Integrated Energy Development Programme; (v) Making Industry Internationally Competitive; (vi) Human Development for the 21<sup>st</sup> Century; (vii) Removing Infrastructure Bottlenecks through Public-Private Partnerships; (viii) Capital and Finance for Development; (ix) Housing and Land Management; and (x) Governance for a Just and Fair System.

**The participatory process of PRSP-II has involved:**

- (i) *Consultations* including country-wide national and provincial stakeholder workshops;
- (ii) *Continuous interaction* - regular meetings with all partners, informal sharing of the draft PRSP-II for review/feedback;
- (iii) *Direct interaction with poor communities* all over Pakistan receiving their take on how their lives were impacted by PRSP-I initiatives. This firsthand feedback was documented in the form of a report labeled "**Voices of the Poor**"; and
- (iv) *Research studies* undertaken on key themes/sectors in PRSP-II

A separate booklet has been devoted to describe *Voices of the Poor*.

**Consultations**

A comprehensive process of consultations was initiated in 2005 including research studies, seminars, poverty and social impact analysis (PSIA) and workshops to discuss various elements of the evolving PRSP issues. These included poverty measurement, education, health and population sector intermediate indicators, gender mainstreaming, environment, employment and pro-poor growth policies.

**Federal Workshops:**

A series of workshops took place at the national level for consultation on PRSP-II:

- (i) Consultation with Academicians, Researchers and Civil Society (December 12, 2005)
- (ii) Consultation on Globalization, Unemployment, Gender, Inequality in income distribution and Environment (May 5-6, 2006)
- (iii) Consultation on Health, Education & Governance (July 24-26, 2006)
- (iv) Consultation on MDG Costing at national level (September 19, 2006)
- (v) Launch of PRSP-II Draft Summary at the Pakistan Development Forum (April 25-27, 2007)
- (vi) National Workshop on new pillars of PRSP-II (July 17, 2007)
- (vii) Technical Working Group Meetings on Health, Education, Labour / Employment, Environment/ Clean Drinking Water & Sanitation, Gender, and

### Social Safety Nets (August - October, 2008)

Details of these workshops are as follows:

#### **Workshop with Academicians, Researchers & Civil Society (December 12, 2005):**

This workshop discussed the proposal of a "National Social Sector Policy" to provide *social welfare services*, such as education, health, safe water supply and sanitation, etc., and establish social safety nets for vulnerable groups. The purpose of such a collective policy covering all aspects of the social sector includes ensuring efficiency and simultaneous progress towards desired outcomes.

#### **Consultations on Globalization, Unemployment, Gender, Inequality in income distribution and Environment (May 5-6, 2006):**

Presentations on the following exclusive studies were undertaken by consultants, covering key areas identified in PRSP-II. Details of these studies will be discussed later on.

- Employment Generation Strategy for PRSP II
- Globalization and its impact on Poverty in Pakistan
- Income Inequalities in Pakistan and a Strategy to Reduce Income Inequalities
- Reducing The Gender Gap / Engendering PRSP-II
- Environmental Sustainability

#### **Consultation on Health, Education & Governance (July 24-26, 2006):**

##### **Health:**

This workshop stressed the need to sensitize district governments about the need to allocate appropriate funds to the health sector.

Presentations pointed out that while health sector reform units had been constituted at the provincial level linking them to district committees, the exercise became futile because of non-existent district monitoring units for health. Challenges included: the absence of well-defined policies for human resource development in the health sector; inappropriate geographical distribution of trained manpower and a gender imbalance at the operational and management levels; poor cost sharing of services among various stakeholders; low quality health care provision; poor management, inadequate staffing and insufficient expenditure on key inputs like drugs, equipment and operational supervision activities; limited presence of NGO's in the health sector with government agencies reluctant to collaborate with NGO's.

#### **Group Work on PRSP-II Health**

*Participants of the workshop were divided into four groups: (i) Human Resource Development,*





*Group "A" Participants Discussing "Human Resource Development", 25<sup>th</sup> July 2006, Islamabad*

(ii) MDG Costing and Financing, (iii) Strengthening Service Delivery Systems, and (iv) Monitoring and Evaluation. Each group was given the task of formulating recommendations on the topic assigned to it.

General Recommendations included:

- Recognizing the need to identify the people who are poor, labourers and the under privileged who do not get service from the state.
- Linking governance and health services delivery.
- With a large percent of provincial budgets being spent on two or three hospitals and majority of the other hospitals and BHU's constantly facing shortages of funds and staff, there should be appropriate allocation of provincial budgets.
- Targets for health sector should be set up at the district levels and should contribute towards the formulation of national targets rather than the current vice versa practice.
- Links should be strengthened between the private and public sectors, provincial and district governments.
- Realizing the need for involvement of the private sector in achieving the MDG targets and laying greater emphasis on HIV/ AIDS.
- Private medical colleges, blood banks and public health laboratories for screening of blood and transfusion need to be regularized.

**Education:**

The opening session of the workshop drew attention of policy makers towards the alarming figure of over 50 million illiterate over the age of 10 in Pakistan.

Presentations gave an overview of the prevailing state of education in Pakistan and highlighted efforts being made by the government to improve the situation. Details of impediments in achieving universal literacy in the country were identified and suggestions were made to achieve the MDG of 86 percent literacy by the year 2015 by incorporating achievable targets in PRSP-II. Impediments in this light included: lack of coordination or consistency among different; fragmented interventions in the education sector in Pakistan by development partners, which may not be aligned with government policies. Recommendations given by the participants during the discussion included:

- Ensuring substantive and consistent allocation of budget for education during PRSP-II.
- Allocation of money based on reliable and disaggregated data indicating differentials like gender, age group, financial status etc.
- Revision of curriculum geared towards providing employment.
- Five percent of education budget should be allocated for non-formal sector investment.
- PRSP-II should reflect programmes that will make a difference at provincial levels.
- Schemes of safety nets for education like stipends for girls and direct household support for working children should be a part of PRSP-II.
- PRSP Secretariat should bring all actors involved in the planning and delivery of education and determine common monitoring indices.
- Ministry of education should take steps to capture and integrate different initiatives being undertaken in the field of education to maximize their effectiveness.
- PRSP-II should include provision of low cost private education through public sector funding to reduce the gap between the rich and the poor.

#### **Governance:**

The theme of the workshop stressed the importance of governance as the linchpin of success of all development initiatives. Shortcomings of the PRSP-I included costing of MDG outcomes as the missing link. Presentations were made by members of National Reconstruction Bureau (NRB) focusing on the political, administrative and financial dimensions of the devolution process undertaken by the present government. The current status of new institutions established under the new Local Government (LG) system were laid out and the challenges that lay ahead to ensure the success of these new institutions were identified. Suggestions regarding how to manage assets and improve service delivery and governance were made indicating clear linkages between the incidence of poverty and service delivery in health, education, justice etc. It was explained that the new LG system addressed these issues by decentralizing these functions to the local governments:



The fundamentals of the Local Government Ordinance had two dimensions - political i.e., power to elected representatives; and financial and administrative decentralization i.e., to devolve administrative and financial authority of the government to the local governments.

Four core factors relating to governance were stressed:

- Predictability i.e. the ability to identify outputs/outcomes.
- Accountability i.e. transparency of processes and actions at all levels.
- Participation i.e. involvement of all stake holders and people at grass root levels.
- Service Delivery i.e. efficient provision of services.

The following recommendations were given by participants to be taken into consideration while finalizing PRSP-II:

- Feedback from provincial and local governments should go into PRSP-II's chapter on governance.
- Scope of governance should be expanded from devolution in PRSP-II and issues like employment generation should be included in governance.
- Civil servants to be given constitutional guarantees and their tenures to be protected.
- Special provision to be made to ensure quality and affordable service delivery to the poor.
- Creation of alternative dispute resolution mechanisms where disputes and small offences can be resolved and adjudicated upon at the local level.
- Wage regulation and price control mechanism be included in the ambit of local government.
- A strong and effective system of internal audit is to be established immediately.
- Land reforms should be amongst the main themes of PRSP-II's governance chapter
- Civil society's role as oversight bodies should be more pronounced in the local government framework.

#### **Workshop on MDG Costing (September 19<sup>th</sup>, 2006):**

Key questions addressed included the projection of resources (and their aggregate expenditure) required for the development of Pakistan's social sector, in line with the 'Millennium Development Goals' (MDGs); identifying the main purposes for which these resources would be made available in various sectors; indicating the population to be served and the cost of each intervention; listing the constraints that might stifle realization of the MDGs; and suggesting possible solutions to overcome such hindrances.

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**Launch of PRSP-II Draft Summary at the Pakistan Development Forum (PDF) - April 25<sup>th</sup> -27<sup>th</sup>, 2007**

The opening session of the PDF was dedicated to launch of Draft Summary of PRSP-II, the overarching themes of which were discussed comprehensively in a presentation delivered by Mr. Omer Ayub Khan, Former Minister of State for Finance. Subsequent sessions during the three-day Forum constituted detailed presentations/ discussions on the main themes of the PRSP-II Draft such as pro-poor economic growth and competitiveness, agriculture, provision of quality infrastructure, and capital & finance.



Participants at the workshop, 17<sup>th</sup> July, 2007 –  
Marriott Hotel, Islamabad.

Effective Monitoring and Evaluation (M&E) framework is the key to successful implementation of any strategy. In this light, Technical Working Groups (TWGs) on Health, Education and Labour / Employment, Gender, Environment / Water & Sanitation and Social Safety Nets have been constituted under the Strengthening Poverty Reduction Strategy Monitoring project (2008-12). The TWGs consist of sector specialists from diverse backgrounds and include officials from concerned ministries/departments, experts from international development organizations, civil society and academia. Six meetings of TWGs were held, one for each identified



sector, critically analyzing monitoring indicators conceived during PRSP- I and developing new indicators. The suggestions synthesized from these technical meetings have been made part of the M&E framework in PRSP-II. The following meetings were held:

- i. Meeting of the Technical Working Group on Health on August 12, 2008
- ii. Meeting of the Technical Working Group on Education on August 12, 2008
- iii. Meeting of the Technical Working Group on Labour on August 29, 2008
- iv. Meeting of the Technical Working Group on Environment / Clean Drinking Water and Sanitation on September 29, 2008
- v. Meeting of the Technical Working Group on Gender on October 10, 2008
- vi. Meeting of the Technical Working Group on Social Safety Nets on October 15, 2008

Outcomes of these meetings have been discussed separately in the booklet on Strengthening Poverty Reduction Strategy Monitoring (PSRM) Project (2008-12).

### **Provincial Workshops:**

Following provincial workshops took place to identify vulnerable areas where incidence of poverty is highest and to conduct urban and rural poverty comparisons:

#### **Balochistan (July 29<sup>th</sup>, 2006 – Quetta)**



Participant asking a question after the presentation, 29<sup>th</sup> July, 2006, Quetta.

Plan; civil service reforms; improvement of law and order situation through community policing; access to justice; fiscal transparency; strengthening of government institutions; public-private partnerships; and strengthening of legislative institutions. It was suggested that improving human development could be done through: combating illiteracy on war footing through formal & non-formal means; education with special emphasis on technical and vocational

training; provision of safe drinking water; health and nutrition- addressing vulnerable groups i.e. disabled, women and children; housing including improved sanitation facilities, garbage disposal and solid-waste management; gender empowerment; equal job opportunities; adult female education; and environment: conservation of natural resources, wetlands, dry land management and preservation of wildlife sanctuaries.

Overall recommendations / observations were as follows:

- The role of the authorities is to fight for resources e.g. gas etc which are otherwise being politicized.
- Primary education should be made attractive for children, like scholarships and free education to attract more children towards school and thus, to decrease drop-out rates also.
- Combining Health with efforts like Education of Women councilors in various districts can result in a beneficial way.
- Development projects should be proceeded keeping in mind the 8 biological zones of Balochistan.

#### **MDG Costing for Balochistan**

(Late) Dr. A. R. Kemal gave a presentation on “MDG Costing for Balochistan”. In education, details were shared by bringing out targets and interventions planned to attain Universal Primary Education with other planned specific interventions. To cost the major interventions required to achieve MDG Goals pertaining to health by 2015 would focus on: child health; maternal health; and other diseases (Malaria, TB, Hepatitis B & C). Data was shared on the basis of rural and urban division along with targets for 2015 with possible planned interventions. For MDG costing in water supply & sanitation, Dr. Kemal discussed safety levels of water, % of water treated by source, number of households using single / common connections and number of technology units currently with the help of the results of the PIHS 2001-02 and PSLM 2004-05 surveys.

#### **Sindh (31<sup>st</sup> July, 2006 - Karachi)**

Challenges and features of exercising Monitoring and Evaluation (M&E) were discussed including: extending and





Mr. Asif Bajwa, Additional Finance Secretary welcoming participants at the Consultative Workshop in Sindh - 31<sup>st</sup> July, 2006, Pearl Continental, Karachi.

strengthening the M&E coverage to the province and district level; ensuring that household surveys provide consistent data for all PRSP indicators; facilitating the harmonization of data and other information; and impact evaluation of policy inputs, etc.

#### MDG Costing for Sindh

Dr. Kemal illustrated the overall method of cost estimation in the following steps:

- Identification of the target population
- Using the incidence of a given disease and its episodes per annum, along with the percent of population using public sector facilities, and the number of cases requiring public sector treatment facilities
- Procedures of treatments such as diagnostic tests, dosage of drugs to be administered, duration of treatment, hospitalization, etc for the given disease
- Total cost per case based on government charges of diagnostics, prices of drugs and hospitalization charges, etc.
- Total cost of disease treatment - number of cases requiring treatment multiplied by the total cost per case

Recommendations included:

- The employment generation initiatives in the country should be to have more skilled work and productive industry to complete the income generation and supply and demand circle.
- Monitoring of implementation related success stories is critical to be documented and shared.
- Third party validation of PRSP related data should be done and be available

for public consumption.

- Pro-poor sectors like agriculture and fisheries should be PRSP's main focus for Sindh.
- There should be short to long term policy mechanism for measuring PRSP results in immediate to a time framework.
- MDG at global level needs to be revised and made realistic as per local / country specific ground realities.
- Policy decision should be taken where an industrialist is bound to train the local people to work on that industry in advance which will help in skill enhancement, local employment and discourage rural-urban migration.
- Public-private partnership in education, in Sindh, should be encouraged for opening middle level schools.
- Saline water purification plant should be pursued on priority in Sindh to combat water shortage through public-private partnership.



Participants listening to the presentation, -  
31<sup>st</sup> July, 2006, Pearl Continental, Karachi.

#### **Punjab (7<sup>th</sup> August, 2006 - Lahore)**

While delivering his deliberating presentation on PRSP, Dr. Shujat Ali, Chief Economist, Government of Punjab informed the audience that the Government of Punjab was applying innovative techniques towards poverty alleviation, consequent upon which focus had been shifted from details of process to concrete targets and outcomes. On reducing gender disparity, he quoted the Punjab Government's commitment to Gender Reform Action Plan (GRAP) and Punjab's minority focused development schemes due to which 82 percent of PSDP goes to the pro-poor sectors. Dr Ali underlined the cross-cutting themes of PRSP-Punjab, as follows:

- Improving governance (e.g. developing department-wise strategic vision,



institution strengthening, developing new public-management models).

- Reforming the fiscal and financial management system (e.g. developing MTFD, broadening and rationalizing tax base, improving debt management, etc.).

### MDG Costing for Punjab

Dr. Kemal re-emphasized that there is no one set of costing estimates. Depending on the parameters and the path towards achieving the MDGs one can come out with different cost estimates while one may agree on a unique set of prices of the materials that go into realizing an output, a single figure for MDG costing may not be conceived. The same target may be realized through several means, which determine the values of target variables in the terminal year (as well as during the years in between). These values have bearings on the kind of resources required therefore important to have some reflections of policy directions in the targets setting (assumptions on target values).

Overall recommendations identified by the participants included:

- National Social Protection Authority be established to address issues facing women, children and other vulnerable groups,
- Basic education and Literacy Authority (BELA) be activated to address issues concerning basic formal and non-formal education so that EFA goal could be realised,
- Adult and non-formal education be included in the MDG costing,
- Coordination among three tiers of the Government, i.e. federal, provincial and district, should be made effective and efficient,
- Formative research be institutionalised on alternative medicines, i.e. herbal, homeopathic with a view to increasing poors' access to health facilities, especially women, besides ensuring provision of safe drinking water,
- Alternative energy sources be explored to ensure provision of cheap energy for industrial and domestic use,
- Widening gap between decision-making and implementation be reduced,
- Capacity of concerned departments be enhanced to ensure timely provision and dissemination of reliable data (Federal Bureau of Statistics, etc.),
- Provision of integrated health services for women (population, reproductive, etc.) be ensured either by merging the two ministries or improving inter-ministry coordination,
- In order to improve quality of education, steps should be taken to ensure provision of reliable data delineating enrolment rate, retention rate, gender disparity, adult education and private education system,
- Concrete steps be taken to introduce child-centered education at school level,

instead of on-going parent-centered steps, like free textbooks and stipends,

- People should be informed of their human and legal rights through mass medical campaigns so that gap between people and authorities could be reduced,

#### **NWFP (9<sup>th</sup> August, 2006 - Peshawar)**

This workshop highlighted the Government of NWFP's Provincial Reform Programme (PRP-I), which was implemented during 2001-04, under World Bank SAC-II. In this light, it was stressed that the main PRSP objective for NWFP would remain strengthening governance to improve service delivery through governance reforms, accountable civil service, improved service delivery, fiscal and financial management reforms and addressing vulnerability shocks. The following gaps were identified during implementation of the PRP in NWFP: Analysis of causes of poverty; household income security; growth of private sector; credible employment strategy; social safety nets; law & order / security / access to justice; and social organisation and development through community participation.

#### **Dr Kemal's presentation on MDG Costing for NWFP**

Dr Kemal's presentation recapped development challenges and socio-economic conditions at the time of PRSP-I in 2001 which ranged from political instability to sluggish macro economic growth, from rural-urban to gender disparities across sectors and for reducing poverty and on need for achieving high sustained economic growth and no conducive international environment. In education details were shared on the same pattern by bringing out targets and interventions planned to attain Universal Primary Education with other planned specific interventions. The basic approach to costing here would be:

- Given distribution of enrolment across the four institutional categories, additional enrolments consistent with the realization of the MDG targets of increasing NER at primary stage in each of the institutions are worked out and provide the basis for resource requirements.
- The distribution across various institutions is a matter of policy choice, though it is assumed that NFBE through NGOs and independent NGO schooling require government or external resources and madrasah education require some limited support.
- The commercially driven private sector is kept outside the domain of the final cost estimates.
- Adult literacy and out-of-school programmes are considered in aggregates – and these are considered government's responsibility whether channelled through NGO/CBOs.



Recommendations based on suggestions from participants included:

- In order to facilitate realistic planning, a mechanism should be put in place to produce accurate and reliable data in a timely fashion through institutionalised survey mechanism.
- Health-poverty nexus should be addressed through institutionalised mechanism and awareness about health issues and access to credible health services to be ensured for all.
- Federal-provincial relationship on policy formulation, distribution of roles, responsibilities and financial resources to be clarified and respected.
- Public safety nets to be created and strengthened and public institutions to be empowered to ensure access to justice and other social services.
- PRSP consultation process to be improved further so that all stakeholders get adequate information and time to provide feedback. In addition, submission of PRSP draft to apex bodies, like CCI/NEC be considered.
- The employment generation initiatives in the country should focus on creating more skilled work and productive industry to complete the income generation and supply and demand circle so that menace of poverty could be curtailed.
- Monitoring of implementation related success stories is critical to be documented and shared.
- Third party validation of PRSP related data should be done and be available for public consumption.
- Major economic sectors in the provinces should be the PRSP focus as well because these sectors directly impact poverty alleviation.
- MDG costing needs to address geo-political issues facing NWFP, such as Afghan refugees and war on terrorism.
- Public-private partnerships in education should be encouraged to discourage child labour.

#### **Direct interaction with poor communities: “Voices of the poor”**

In late 2005, the Rural Support Programme Network was asked to organize community consultations<sup>2</sup> for formal feedback on the views of rural communities about the on-going PRSP (PRSP-I). The consultations were intended to ascertain whether they thought PRSP had made any difference to their lives and, if so, through what interventions and by how much. During February 2006, 54 dialogues were held in 21 districts, with a total of 1,214 participants. The dialogues were held separately

<sup>2</sup> The consultations were conducted with support from DFID.

with a total of 646 males and 568 females. An effort was made to include as diverse a group of participants as possible, including small farmers, daily wage labourers, employees of public and private sectors, unemployed members of the labour force, Mustahiqs<sup>3</sup> of Zakat,<sup>4</sup> people engaged in small enterprise, students, etc. Local participants shared their views on aspects as varied as employment, Small Enterprise Development, micro-credit, agriculture & livestock, governance, education, healthcare, water supply & sanitation and social safety nets. The voices of the poor provided important feedback for fine-tuning the Poverty Reduction Strategy and ensuring its better implementation. From the dialogues, it became evident that the participants' dissatisfaction was chiefly with inadequacies in implementation and not with the Strategy itself.

A separate booklet on this topic is available for detailed comments.

### Research Studies

Several exclusive studies have been carried out by consultants, covering some of the key areas of PRSP-II. Presentations were given on these studies during the consultation on "Globalization, Unemployment, Gender, Inequality and Environment" (May 5-6, 2006). Details are as follows:

- Keeping in view the crucial linkages between employment generation and poverty reduction a study on "Employment Generation Strategy for PRSP II" was carried out by Dr. Junaid Ahmed. The outcome of the study strongly emphasized the importance of employment as a crucial factor in attaining economic growth in Pakistan and its role in eradicating poverty. The study also provided a detailed analysis of the tremendous scope of various service sectors (Trade, Transport, Housing & Construction and Non-Farming sectors such as meat-processing, floriculture, dairy, fisheries, fruits, etc.) to employ large numbers of people.
- A study on "Globalization and its impact on Poverty in Pakistan" carried out by Dr. Suhail Jahangir Malik suggested key strategic steps necessary for the country to maximize its growth and poverty reduction in order to fully benefit from globalization.
- A study on "Income Inequalities in Pakistan and a Strategy to Reduce Income Inequalities" by (Late) Dr. A. R. Kemal was carried out. After an in-depth review of income inequalities in the country, it suggested various measures for a more equitable income distribution for incorporation in the Poverty

<sup>3</sup> Mustahiq is a person who is eligible to receive Zakat.

<sup>4</sup> Zakat is the Islamic concept of tithing and alms. It is an obligation on Muslims to pay 2.5% of their wealth to specified categories in society when their annual wealth exceeds a minimum level (nisab).



#### Reduction Strategy.

- A study on “Reducing the Gender Gap / Engendering PRSP II” was conducted by Mr. Khawar Mumtaz highlighting the existence of gender disparities in Pakistan. The study identified key areas for effective integration of women in the economy including education, health, labour force participation, access to assets and resources, access to decision making, etc., and the neglect of their needs in the development process. The study also illustrated reasons for women's lower status in society, including traditional societal perceptions of women, reinforced both by customary practices and the laws of the land.
- “Environmental Sustainability” by Mr. Abdul Latif Rao developed crucial linkages between environmental sustainability and poverty reduction. The study identified key aspects of environmental sustainability, including coverage of clean drinking water, enhanced use of clean fuels (CNG, biogas, lead free petrol), minimum pollution, and protection of crucial natural resources (forests, livestock, fisheries, wetlands, etc.). It highlighted national policies that are working towards achieving greater environmental sustainability, and how much impact these policies have managed to have so far.

#### Other Studies

- DFID helped in carrying out a PSIA in Microfinance sector of Pakistan - “Poverty and Social Impact Assessment: Pakistan Microfinance Policy” (May, 2006). The study examined the impact of policy and programmes in the PRSP-I time period and assessed the impact of proposed policy and programmes ex-ante on poverty.
- A Financial Services Survey was conducted which, investigated the formal and informal financial instruments used by poor households in general, and the impact of microfinance services on beneficiary households in particular.
- After extensive federal and provincial consultations on MDG Costing, a study titled, “Estimating the Cost to achieve MDGs in Pakistan” was jointly undertaken by Ministry of Finance and UNDP in 2005 (published in 2007) which costed three key social sectors - education, health and water and sanitation. This study has been covered in detail in PRSP-II in the form of a separate chapter. The initial costing parameters were determined through a consultative process during December 2005 to August 2006. However, assumptions, including the financial prices, made over two years remain valid. Expenditure incurred in FY 2007-08 has been updated with current GDP at market cost (Rs 10478194) as a result of which future projections have been readjusted.

- A series of studies were on “Determinants and Drivers of Poverty Reduction” were published in February, 2007 with assistance from the Asian Development Bank (ADB). These studies were based primarily on fieldwork carried out by research teams headed by Mr. Haris Gazdar and Ms. Shandana Khan in diverse regions of rural Pakistan between June, 2005 and March, 2006.

### **Input from Ministries**

To ensure that every government department relevant to the PRSP was fully engaged in the formulation and implementation of the Poverty Reduction Strategy, continuous correspondence with all line ministries has been a regular feature of the data collection process for PRSP-II. This involved requesting ministries to provide their strategic road maps with regard to related policy parameters envisaged for the PRSP-II period. In this light, exclusive brainstorming sessions on key issues were also held with Ministries of Education, Health, Food Agriculture & Livestock, Commerce, Population Welfare, Petroleum & Natural Resources, Water & Power, etc.



**ANNEX: Lists of workshop participants**

**Federal Consultative Workshops**

<p>Workshop on Education, Health &amp; Governance (July 24-26, 2006):</p>	<ul style="list-style-type: none"> <li>▪ Government officials from several ministries and divisions (national and provincial) mainly, the PRSP Secretariat - Ministry of Finance, Planning Commission, Education, Federal Bureau of Statistics (FBS), Gender Reform Budgeting Initiative (GRBI)/MOF and National Commission for Human Development (NCHD).</li> <li>▪ Representatives of national and international organizations, such as Agha Khan Foundation (AKF), Oxfam, Behood, Human Development Foundation, National Education Foundation, Plan Pakistan, Strengthening Participatory Organization (SPO), Sustainable Development Policy Institute (SDPI), Pakistan Centre for Philanthropy (PCP), LEAD Pakistan, ESRA, Idara-e-Taleem-o-Agahi, Academy for Economic Development (AED), Save the Children-USA, Save the Children-UK, Asian Development Bank, World Bank and United Nations Development Programme (UNDP).</li> <li>▪ International bilateral and multilateral development partners from the United Nations Educational, Scientific and Cultural Organization (UNESCO), Department for International Development (DFID), United Nations Children's Fund (UNICEF), Swiss Development Corporation, IDS, EMIS and Asia Foundation. Diplomats representing various embassies including the Royal Norwegian Embassy, German Embassy, CIDA (Canadian Embassy),</li> <li>▪ Representatives of various educational institutions including, Beacon House, Fatima Jinnah Women University, Pakistan Education Foundation, CRPRSD and Quaid-i-Azam University.</li> </ul>
<p>Workshop on Education, Health &amp; Governance (July 24-26, 2006):</p>	<ul style="list-style-type: none"> <li>▪ Government officials from Federal Government and Provincial divisions and departments mainly, PRSP Secretariat, Population Division, Health Division, Finance, Planning Commission, FPAP, National Institute of Health, Women Health Project, Health Services Academy, National AIDS Control Programme, Pakistan Institute of Medical Sciences, HMIS and National Programme FP &amp; PHC.</li> <li>▪ Representatives of national and international organizations and institutions including, Population Council, Save the Children -UK, SDPI, NRSP, RSPN, Action Aid, AMAL Human Development Network, APPNA SEHAT, Shifa Foundation, NCHD, National Institute of Population Studies, Maria Stopes Society, Pak Initiative for Mothers and Newborns, Caritas, Sungi Development Foundation, Family Health International, Fatimid Foundation, Pakistan Voluntary Health &amp; Nutrition Association (PAVHNA), Agha Khan Health Services, SEHER, Water, Environment &amp; Sanitation Society, Association of Medical Officers of Asia (AMDA), Asia Foundation, IDS, GRBI, Network for Consumer Protection, Save the Children-USA and UNDP.</li> <li>▪ International bilateral and multilateral development partners from the Royal Norwegian Embassy, Royal Netherlands Embassy, German Embassy, Swiss Development Corporation, World Bank, UNESCO, EU Development Section, UNICEF, ADB, DFID, IFAD, Japan International Cooperation Agency (JICA), UNAIDS, WHO, CIDA, USAID, GTZ, United Nations Population Fund (UNFPA) and Delegation of the European Commission of Pakistan.</li> </ul>

<p>Workshop on Education, Health &amp; Governance (July 24-26, 2006):</p>	<ul style="list-style-type: none"> <li>▪ Government officials from several ministries and divisions (national and provincial) mainly, the Ministry of Law &amp; Justice, Election Commission of Pakistan, Local Government and Rural Development Division, CBR, National Police Bureau, Ministry of Interior, Establishment Division, National Commission for Government Reforms, Security Exchange Commission of Pakistan (SECP), NRB, Auditor General Pakistan, NCSW, DSP, NCHD and PIDE.</li> <li>▪ Representatives of national and international organizations and institutions including, Lahore University of Management Sciences (LUMS), Action Aid, SDPI, Aurat Foundation, DTCE, Rural Support Program Network, SUNGI Development Foundation, Agha Khan Foundation, Asia Foundation, Oxfam, Strengthening Participatory Organization (SPO), PILDAT, Mehbub -ul-Haq Human Development Foundation, TVO, PATTAN Development Organization, ROZAN, CRCP, UNDP, ADB, Shirkat Gah, CIDA, CCHD, Taraqee Foundation, Balochistan Rural Support Programme, Asia Foundation, CIDA and GRBI.</li> <li>▪ International development partners mainly the Royal Norwegian Embassy, ILO, World Bank and UNESCO.</li> </ul>
<p>Workshop on MDG Costing (September 19<sup>th</sup>, 2006):</p>	<ul style="list-style-type: none"> <li>▪ Government officials from several ministries and divisions (national and provincial) mainly, the PRSP Secretariat – Ministries of Finance, Education, Health, and Environment, Planning Commission, Federal Bureau of Statistics (FBS), National Commission for Human Development (NCHD) and HMIS.</li> <li>▪ Representatives of PIDE, WASA, LUMS, SDPI, GTZ, Academy for Educational Development (AED), Agha Khan Foundation, Pakistan Centre for Philanthropy, Aurat Foundation, Rural Support Program Network, Family Health International, National Education Foundation, National Institute of Population Studies, Pakistan Institute for Environment Development Action Research, Save the Children –USA, Heart File, Mehbub-ul-Haq Human Development Foundation and the United Nations.</li> <li>▪ UNDP representatives/ MDG Costing Team.</li> <li>▪ Members of the Donors Poverty Reduction Working Group.</li> </ul>



National Workshop on new pillars in PRSP-II (July 17, 2007)

- Federal Secretaries and government officials from several ministries and divisions (national and provincial) mainly, the PRSP Secretariat / Ministry of Finance, Planning Division, Education, Federal Board of Revenue (FBR), Economic Affairs Division (EAD), Commerce, Education, Board of Investment (BOI), Health, Food, Agriculture and Livestock (MinFAL), Population Welfare, Industries, Production & Special Initiatives, Labour and Manpower, Population Welfare, Social Welfare and Special Education, Environment, Youth Affairs, Textile Industries, Women Development, Local Government and Rural Development, National Reconstruction Bureau (NRB), Federal Board of Statistics (FBS), State Bank of Pakistan (SBP), Securities Exchange Commission of Pakistan (SECP), National Commission on the Status of Women (NCSW), Competitiveness Support Fund, Small and Medium Enterprise Development Authority (SMEDA), Higher Education Commission (HEC), and National Vocational & Technical Education Commission (NAVTEC).
- Representatives of all four provincial governments including secretaries (Finance, Industries, Labour & Human Resource) and chief economists in addition to representatives of Chief Minister's Investment Cell (Karachi), Business Support Fund (BSF) (Lahore), Employers' Federation of Pakistan (Karachi), and Pakistan Workers' Federation (Lahore).
- Representatives of national and international civil society organizations, such as Khushali Bank, National Rural Support Programme (NRSP), Rural Support Programme Network (RSPN), Sustainable Development Policy Institute (SDPI), Mahbub-ul-Haq Human Development Centre, National Institute of Population Studies, Pakistan Poverty Alleviation Fund (PPAF), Pakistan Population Council, Small Medium Enterprise (SME) Bank, Pakistan Centre for Philanthropy (PCP), Heart File, IUCN - The World Conservation Union and Agha Khan Foundation (AKF).
- Corporate heads of commercial banks including National Bank of Pakistan, Citibank, ABN Amro, Habib Bank Limited and Islamic Development Bank (IDB).
- International bilateral and multilateral donor representatives of the World Bank, UNDP, International Monetary Fund (IMF), CIDA, International Labour Organization (ILO), UNESCO, European Union (EU), UNICEF, DFID, UNAIDS, Asian Development Bank (ADB), Swiss Development Corporation, International Fund for Agricultural Development (IFAD), JICA, EURO / Pakistan Financial Services Sector Reform Programme, UNFPA, International Finance Corporation (IFC) and USAID.
- Diplomats representing Embassies of France, Germany, Royal Norwegian Embassy, and the Royal Netherlands Embassy.
- Representatives of various research and educational institutions including Quaid-e-Azam University, Lahore University of Management Sciences (LUMS), National Institute of Management Sciences (NUST), Pakistan Institute of Development Economics (PIDE), National Health Policy Unit (NHPU), COMSTECH University, Monopoly Control Authority, Pakistan Agricultural Research Centre (PARC), PILER, PILDAT, CRPRID and Agri Biotech (Lahore).

Provincial Consultative Workshops	
Provincial Workshop in <b>Balochistan:</b>	<ul style="list-style-type: none"> <li>Government officials from several government divisions mainly, Planning and Development, Health, Education, Labour and NCSW.</li> <li>Representatives of national and international organizations and institutions including, BUTMS, Taraqee Foundation, Water, Environment and Sanitation Society, Human Rights Commission of Pakistan, IDSP, Aurat Foundation, Strengthening Participatory Organization (SPO), SEHER, Environmental Foundation of Balochistan, Innovative Development Organization, IUCN, Literacy and Non-formal Education, Balochistan Rural Support Programme, Concern International, WWF, Balochistan Special Development Programme, Caritas, E SRA, FAO, National Welfare Society, Organization for Social Development, SOCIETY, Trust for Voluntary Organizations, UNDP, UNFPA and UNHCR.</li> </ul>
Provincial Workshop in <b>Sindh:</b>	<ul style="list-style-type: none"> <li>Government officials from several government divisions mainly, PRSP, TR Team, Health, PPEH, Focal Person WESnet, Local Government Department &amp; Katchi Abadi &amp; Spatial Development Department, Population Welfare Department, Planning and Development, Education, Finance, Export Promotion Bureau, EPA, Labour and Transport, Social Welfare and Culture, and Women Development Division.</li> <li>Representatives of national and international organizations and institutions including, University of Karachi, Agha Khan University, Indus Resource Center, Sindh Rural Support Organization, IUCN, Presidents Employer's Federation of Pakistan, PILER, SPDC, Badin Rural Development Society, Aurat Foundation, Green Star Marketing, Thardeep Rural Development Program, PAVHNA, Takhleeq Foundation, Baanhn Beli, Fatimid Foundation, Pak Oman Microfinance Bank, Marie Stopes Society and UNDP.</li> </ul>
Provincial Workshop in <b>Punjab:</b>	<ul style="list-style-type: none"> <li>Government officials from several government divisions mainly, Punjab Civil Secretariat, Women Development &amp; Social Welfare, Planning and Development, Labour &amp; Human Resource, Poverty Punjab, EPA -Punjab, Small and Medium Enterprise Development Authority (SMEDA), Health, Education and Finance.</li> <li>Representatives of national and international organizations and institutions including, Kashf Foundation, Shirkat Gah, Pakistan Workers' Federation, Project Contact, Henrich Boll Foundation, CIDA, Women Resource Centre, Caritas, Citizen's Commission for Human Development (CCHD), Bunyad Literacy Community Council, Youth Commission for Human Rights, Health Education and Literacy Program, Pakistan Institute Lahore Education and Research (PILER), National Council for Civil Liberties (NCCL), Society for Advancement in Education (SAHE), WWF, South Asia Partnership - Pakistan (SAP-PAK), Himmat Society, Democratic Development Pakistan, Women Aid Trust, Family Planning Association of Pakistan (FPAP), Punjab University, University of Health Sciences and LUMS.</li> </ul>



<p>Provincial Workshop in NWFP:</p>	<ul style="list-style-type: none"> <li>▪ Government officials from several government divisions mainly, NWFP Civil Secretariat, Planning and Development, Zaqat, Ushr, Social Welfare &amp; Women Development Department, Industries, Commerce, Mineral, Labour, Technical Education, Manpower &amp; Training Department, Poverty NWFP, EPA-NWFP, Health, Education and Finance, Election &amp; Role Development Dept., Population Welfare Dept. and NCSW.</li> <li>▪ Representatives of national and international organizations and institutions including, Sarhad Rural Support Program, SNI, Aurat Foundation, IUCN, SUNGI Development Foundation, AWARD, SABAWOON, Khwendo Kor, SPO, Shirkat Gah, Educated Social Welfare Association, Society for Health Environment and Justice, De Loss Gul Welfare Program, Shewa Education Social Workers Association, Job Creating Development Society (JCDS), Tribal Organization for Rural Initiative, United Rural Development Organization, Governance Unit EIROP, HRC P, Pakistan Environmental Protection Foundation, WWF, Worker Education Research Welfare Society, Social Cultural Education Welfare Association (SCEWA), National Research and Development Foundation (NRDF), HOPE, Institute of Research and Development Studies (IRDS), Human Resource and Management Development Centre (HRMDC), The Humanitarian, Frontier Resource Centre, and the University of Peshawar.</li> </ul>
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