

**POVERTY REDUCTION STRATEGY PAPER:
PROGRESS REPORT FOR THE SECOND
QUARTER OF YEAR 2005-06**

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1 Introduction

1.1 Pakistan's economy has shown the strength to maintain the high economic growth momentum and absorb major shocks. Despite the tragic loss of life in the earthquake hit areas and surging international oil prices, the economy is expected to grow between 6.5 and 7% during 2005-06. The excellent performance of the economy during the last 4-5 years has led to creation of additional job opportunities and reduction in unemployment and poverty. The overall average annual growth rate of the economy over the previous four years was about 6 percent. This overall growth with exceptional performance of the agriculture sector during 2004-05 helped create incomes for the poor; thus beginning of a process to share this prosperity.

1.2 Expenditure data shows that government's commitment to provide resources for pro-poor sectors continued during this period. PRSP budgetary expenditure grew by 33.2% to Rs.166 billion during the first half of FY06.

1.3 Because of the sustainability in high economic growth and continuity in pro-poor expenditures, around 5.5 million additional jobs were created during the last two years. This resulted in reduction in the open unemployment rate from 7.7% in 2003-04 to 6.8% during the first quarter of 2005-06, according the latest Labour Force Survey. The preliminary results of the 2004-05 Pakistan Social and Living Standards Measurement Survey (PSLM) show a considerable decline in overall poverty, from 32.1% in 2000-01 to 25.4% in 2004-05 with rural poverty declining from 39% to 31.8% and urban poverty from 22.7% to 17.2% during the same period.

1.4 It is worth noting that with the completion of the CWIQ¹ component of the 2004-05 PSLM Survey, which is representative at the district level, the monitoring of PRSP indicators has entered into a new phase. Although the district-level data are only partially available, full results are likely to help monitor the progress in PRSP indicators at the lower administrative levels. These partial results show that few districts of the country have made a remarkable progress in primary school enrolment and also in reducing the gender gap. Some districts have been successful in providing full immunization to almost all eligible children. These good practices need to be highlighted and replicated in other districts in order to put the country on the path of progress and prosperity.

1.5 This progress report of the PRSP covers the second quarter of the current financial year, 2005-06. It has been divided into 8 sections. A review of economy is given in section 2. Budgetary and non-budgetary expenditures are discussed in section 3 and 4, respectively. Intermediate indicators are monitored in section 5. Special Programmes /schemes for poverty reduction are explained briefly in section 6, followed by a discussion on the performance of outcome indicators including poverty, school enrolment and child immunization in Section 7. Concluding remarks are given in the final section.

2 Review of Pakistan's Economy²

¹ CWIQ stands for Core Welfare Indicator Questionnaire.

² This section is based on 'Mid-Year Review of Pakistan's Economy', 27th February 2006, GoP, Finance Division, Economic Advisor's Wing, Islamabad.

2.1 Real GDP growth is originally targeted at 7% for FY06, which is not expected to meet its target as agriculture and industrial sector are expected to grow below the originally targeted levels. Key economic indicators for first half (H1) FY06 and same period in FY05 are given in table 1 and discussed in this section.

2.1 Agriculture

2.2 Area and production targets for cotton crop during the current fiscal year were 3.25 million hectares and 15.0 million bales, respectively. The crop was however, sown on the area of 3.124 million hectares- 3.8% less than the target and 2.2% less than last year (3.193 million hectares). The recent information indicates that size of the cotton crop may be in the range of 12.7 to 13.0 million bales or 8.9% to 11.0% less than last year. Factors responsible for the decline in cotton production include: excessive rain at the time of sowing, high temperature at flowering stage, late wheat harvesting resulting in decline in area under the crop production and pest attack in some cotton growing areas in Punjab and Sindh.

2.3 The sugarcane has been sown in the area of 0.900 million hectares – 5.8% below the target and 6.8% less than last year. The sugarcane production for the FY06 is estimated at 40.1 million tons against the original target of 50.095 million tons and last year's achievement of 47.244 million tons. This sugarcane production is estimated to be lower by 15.1% over the last year. Factors responsible for the decline in sugarcane production include late harvesting of wheat, farmers shifting to other competing crops and frost affecting the crop. The current sugar crisis in the country has been caused by low production.

2.4 Rice production is estimated at 5.5 million tons, almost 9.5% higher than last year and 10% higher than the original target for the FY06.

2.5 Area and production targets of wheat – a Rabi crop for the fiscal year 2005-06 are fixed at 8.415 million hectares and 22.0 million tons, respectively. The area under wheat crop sowing this year is higher by 1.6% (8.234 million hectares) compared with last year. Availability of water in sufficient quantity along with good price of crop last year was responsible for the increase in area sown.

2.2 Large Scale Manufacturing

2.6 Against the growth target of 14.5% for the FY06, Large Scale Manufacturing has grown at an average rate of 12% during the first five months (July-November) of this fiscal year. Textile and apparel, leather products, pharmaceuticals, chemicals, electrical goods and automobiles have registered high double-digit growth. The performance of petroleum group, engineering industries and non-metallic mineral products has been relatively weak. On the other hand, basic metal industries (the production of Pakistan Steel) and tyres and tubes have registered large negative growth. One of the coke oven batteries of the Pakistan Steel has been out of order since July 2005, causing Steel Mill to operate at around one-third of its capacity. Consequently production of basic metal industries has registered a decline of 60.3%. The production of tyres and tubes has registered a decline of 10.7% as manufacturing of cars are moving towards tubeless tyres.

2.3 Fiscal Developments

2.7 Fiscal deficit is targeted at 3.8% of GDP for the current fiscal year, which is slightly higher than the deficit level of the previous year (3.3% of GDP). Higher deficit was targeted to finance higher Public Sector Development Programme (PSDP), particularly towards financing infrastructure projects. Pakistan continues to maintain fiscal discipline. The overall fiscal deficit for the first half of current fiscal year stood at Rs 160.2 billion or 2.1% of the projected GDP for the year. Furthermore, fiscal deficit stood at 56.2% of full year deficit target of Rs 285 billion. The overall fiscal deficit excluding earthquake –related spending amounts to Rs 130.2 billion or 1.7% of the projected GDP or 45.7% of full year deficit target of Rs 285 billion. Total revenue for the first half amounted to Rs 498.4 billion as against Rs 423.8 billion in the same period last fiscal year, thus registering an increase of 17.6%.

Table 1: Key Economic Indicators

	July-December FY05	July-December FY06
Inflation %	8.8	8.4
Food Inflation%	12.6	7.6
Non-Food Inflation%	6.2	9.1
Core Inflation %	6.6	8.0
Tax Collection (Rs Billion)	263	323
Exports (US\$ Million)	6,522	8,073
Imports (US\$ Million)	8,918	13,654
Trade Balance (US\$ Million)	-2,396	-5,581
Current Account Balance (US\$ Million)	-833	-3,016
Remittances (US\$ Million)	1946.1	2,055
FDI (US\$ Million)	445	1103
Portfolio (US\$ Million)	59	359
Foreign Investment (US\$ Million)	504	1462

Source: Mid-Year Review of Pakistan's Economy (Feb 2006), GoP, Finance Division

2.4 CPI Based Inflation

2.8 Inflation during the first six months of the FY06 is estimated at 8.4% as against 8.8% in the same period last fiscal year. Food inflation is estimated at 7.5% as estimated against 12.6% in first half of FY05. The non-food, non-energy inflation which is also known as core inflation has also moved up and estimated at 7.6% as against 6.6% in the same period last half of fiscal year. Money supply grew by 7.97% during July-December FY06 compared to 9.83% during the same period of last fiscal year. House rent index has also played an important role in building inflationary pressures. Food inflation which was as high as 15.7% in April 2005 was brought down to 8.1% in December 2005. The sharp decline in food inflation in a short period of seven months provides ample evidence that Government's policy to liberalize import regime by allowing duty free import of wheat, wheat flour, livestock and other essential food items have been a success. Until December 15, 2005 the high prices of petroleum and the attendant rise in transport charges are measured against the frozen prices of petroleum products and

transport charges during May-December 15, 2004. The Government of Pakistan started raising the prices of petroleum products and transport charges started increasing accordingly after December 15, 2004, therefore, the gap in petroleum prices and transport charges between last and current years will start narrowing down with consequential decline in overall inflation rate.

2.5 Current Account Balance

2.9 Current account deficit excluding official transfers stood at US \$3.0 billion in the first half of the current fiscal year as against US \$0.83 billion in the same period last fiscal year. The sharp deterioration in the current account was mainly due to substantial increase in the trade deficit and deficit on the services account. Despite sizable export gains, the merchandise trade deficit widened to US\$ 5.58 billion in the first half of the current fiscal year. Exports in recent years have benefited from structural changes that have improved their competitiveness. However, rising oil bill and continued strength of non-oil imports owing to strong domestic demand have pushed imports higher, resulting in widening of trade gap. Worker's remittances totaled US\$ 2.0 billion during July-December FY05, as against US \$ 1.9 billion in the same period last year, showing an increase of 5.6%.

2.6 Foreign Private Investment

2.10 Total foreign private investment amounted to US\$ 1462.6 million during July-December FY06 as against US\$ 504.3 million in the comparable period of last fiscal year, thereby registering an increase of 190%.

2.7 Public Debt

2.11 During the first half of the current fiscal year, public debt stood at 55.7% of the projected GDP. In absolute terms public debt grew by a meager 2.9% during July-December FY06.

2.8 External Debt and Foreign Exchange Liabilities

2.12 As percentage of GDP, external debt and liabilities stood at 51.7% in end June 2000, declined to 36.7% in end June and further declined to 32.5% by end June 2005. It has further declined to 28.5% in end December 2005 for the projected GDP of FY06.

3 An Analysis of Pro-Poor Budgetary Expenditures

3.1 PRSP budgetary expenditures on 17 pro-poor sectors increased substantially by 33.2% to Rs 166 billion during the H1-FY06 over H1- FY05 (table 2). Largest proportion of PRSP budgetary expenditures has been spent on education sector. About 40% of PRSP expenditures were spent on education sector in H-1 FY05, whereas in H1-FY06 about 35% of PRSP expenditures were spent on the education sector. About 9% of total PRSP budgetary expenditures are made on health sector in H1-FY06. However, details of PRSP budgetary expenditures on education and health sector will be discussed later in this section.

Table 2: PRSP budgetary expenditures and % change between Q2 FY2005-06 and Q2 FY2004-05

Sectors	Expenditures Q2(million Rs)		% Change
	FY2004-05	FY2005-06	
Roads, highways & bridges	9,630	13,946	44.8
Water supply and sanitation	2,160	3,665	69.7
Education	50,038	58,068	16.0
Health	12,274	14,915	21.5
Population Planning	1,567	2,871	83.2
Social security & welfare	1,989	2,085	4.8
Natural Calamities	242	8,487	3407.0
Irrigation	12,516	23,810	90.2
Land reclamation	1,076	971	-9.8
Rural development	6,709	7,398	10.3
Rural electrification	371	969	161.2
Food subsidies	1,060	1,125	6.1
Food Support Programme	2,053	637	-69.0
Tawana Pakistan	59	0	-100.0
Low cost housing	229	172	-24.9
Administration of justice	1,386	1,508	8.8
Law and order	21,322	25,428	19.3
Total	124,681	166,055	33.2

3.2 Largest increase in PRSP budgetary expenditures during H1-FY06 over H1-FY05 took place in natural calamities. Azad Jammu and Kashmir and eastern NWFP province faced widespread destruction due to October 8, 2005 earthquake of 7.6 magnitude. There was 100% increase in PRSP expenditures on natural calamities in NWFP province in H1-FY06 over H1-FY05 to Rs 7.5 billion, which is 88% of total PRSP budgetary expenditures on natural calamities. Excellent relief work was carried out in the earthquake-affected areas. Food, water, medical aid and shelter were provided to all the earthquake affectees, as a result there was no famine, no spread of epidemic and nobody froze to death due to non-availability of shelter in the earthquake affected areas. As these areas were demonetized, Rs 25,000 were given to everyone who had lost a house, Rs 50,000 were given to an amputee or physically despaired patient, Rs 100,000 were given to the next of kin of anyone who had died. Reconstruction and rehabilitation of the earthquake-affected areas is underway, which is aimed to be as successful as the relief operation.

3.3 The proportion of PRSP budgetary expenditures made on irrigation stood at 14% during H1-FY06. There was an increase of 90% to Rs 23.8 billion in expenditures made on irrigation sector in H1-FY06 relative to the same period in FY05. About 76% of the expenditure made on irrigation sector was development expenditure and hence will increase agricultural productivity and also bring prosperity in rural areas.

3.4 There was a substantial increase of 161% to Rs 969 million on rural electrification in H1-FY06 over H1-FY05. Expenditures made on roads highways and bridges during H1-FY06 relative to H1-FY05 increased by 45% to Rs 13.9 billion of which 80% comprise development expenditures. During the same period expenditures

made on water supply and sanitation increased by 69.7% to Rs 3.7 billion, of which 70% comprised of development expenditures. Large increases in PRSP budgetary expenditures were observed in population planning in H1-FY06. During the same period rural development, food subsidies, law and order and administration of justice witnessed increase in expenditures.

3.5 Sectors, which observed a decline in expenditures made on them during H1-FY06 over H1-FY05, include land reclamation, Food Support Programme, low cost housing and Tawana Pakistan.

3.1 PRSP Budgetary Expenditures by Province and Sectors

3.6 Percentage change in PRSP budgetary expenditures made by the Federal Government and provinces during H1-FY06 over H1-FY05 is given in Table 3. Largest proportion of PRSP budgetary expenditures were made by Punjab province (36%), followed by Federal Government (25%), Sindh (18%), NWFP (14%) and Balochistan (7%). Largest increase (83%) in the PRSP budgetary expenditures during H1-FY06 over the same period in FY05 was witnessed in NWFP province to Rs 23 billion, caused primarily by expenditures made on natural calamities, owing to October 8, 2005 earthquake as discussed earlier.

3.7 More than 100% increase in PRSP budgetary expenditures by the Federal Government during H1-FY06 relative to H1-FY05 was witnessed in population planning, natural calamities, irrigation and rural electrification. During the same period an enormous increases in expenditures made by Punjab province took place in water supply and sanitation of which 88% expenditure was development, indicating that Punjab Government is giving priority to this sector, provision of which improves living condition and health. Except for land reclamation, food support programme and low cost housing, all remaining sectors in Punjab province witnessed increase in H1-FY06 over H1-FY05. Sindh province witnessed increase in PRSP budgetary expenditures in most of the sectors, except rural development, food subsidies and food support programme. In Sindh province there was an increase of 41% to Rs 30 billion in PRSP expenditures made during H1-FY06 relative to the same period in FY05. During the same period Balochistan province observed an increase of 23% to Rs 11 billion in PRSP budgetary expenditures. Largest increase in expenditures was seen in natural calamities in Balochistan, whereas increases were also witnessed in roads, highways & bridges, education, health, population planning, social security & welfare, irrigation, rural development, administration of justice and law & order.

Table 3: Percentage change in PRSP expenditures between Q2 FY2005-06 and Q2 FY2004-05 by sector and province

Sectors	Federal	Punjab	Sindh	NWFP	Balochistan	Pakistan
Roads, highways & bridges	83.8	13.2	169.8	37.6	33.1	44.8
Water supply and sanitation	-31.6	509.9	29.0	30.2	-38.9	69.7
Education	39.1	-0.6	36.1	27.1	36.1	16.0
Health	37.5	15.2	30.2	3.5	16.0	21.5
Population Planning	107.3	43.7	25.4	-33.3	42.4	83.2
Social security & welfare	-75.4	17.2	813.9	291.7	8.0	4.8
Natural Calamities	125.3	26.7	900.0	-	300.0	3407.0

Irrigation	126.7	56.0	43.1	35.9	43.0	90.2
Land reclamation	-86.7	-81.6	2.7	-22.8	-	-9.8
Rural development	-60.6	10.4	-79.0	117.3	131.1	10.3
Rural electrification	161.2	-	-	-	-	161.2
Food subsidies	-99.6	-	-29.8	-45.0	-	6.1
Food Support Programme	-76.4	-63.7	-53.4	-91.6	-89.2	-69.0
Tawana Pakistan	-100.0	-	-	-	-	-100.0
Low cost housing	-	-25.8	-	-	-	-24.9
Administration of justice	-25.8	20.5	29.4	-10.1	8.9	8.8
Law and order	29.8	11.0	19.4	15.5	16.2	19.3
Total	50.9	10.9	41.4	83.1	22.5	33.2

3.2 PRSP Expenditures on Sub-Sectors of Education and Health

3.8 As mentioned earlier, largest proportion (35%) of PRSP budgetary expenditures were spent on education sector during H1-FY06. During the same period in FY05, 40% of total PRSP budgetary expenditures were made on education sector. During H1 FY06 education expenditure increased by 16% to Rs 58 billion (table 4). Increase in education sector expenditure was observed in Sindh, NWFP, Balochistan and Federal Government. Punjab province witnessed a slight decline of 0.6% to Rs 26 billion in education expenditure incurred during H1-FY06 over H1-FY05. However, largest proportion of total education expenditures (45%) was made in Punjab province in H1-FY06.

3.9 Education expenditure made by the Federal Government and Punjab province increased in all sub- sectors of education except other educational institutions during H1-FY06 over H1-FY05 (table 4). There was an exceptionally large increase of 821% to Rs 1.5 billion in expenditures made on professional/technical universities by the Federal Government during first half of FY06 as compared to the first half of FY05. Sindh province showed an increase in education expenditure in all sub-sectors during the same period. In NWFP province education expenditure declined in professional and technical universities and other educational institutions, whereas, remaining sub-sectors witnessed large increases. In Balochistan province education expenditure increased significantly in primary education, secondary education, university/ college education, professional/technical universities and other educational institutions during H1-FY06 compared to H1-FY05. During the same period a decline of 7% was seen in expenditure made on teacher and vocational training in Balochistan province.

Table 4: Percentage change in PRSP education expenditures between Q2 FY2005-06 and Q2 FY2004-05 by province and sectors of education

Province/ region	All sectors of education	Primary Education	Secondary Education	University/ College Education	Professional/Tech Universities	Teacher and	Other
						Vocational Training	Educational Institutions
Federal	39.1	34.8	2.8	496.1	821.0	-	-52.4
Punjab	-0.6	21.2	37.2	17.2	62.0	9.7	-81.8
Sindh	36.1	22.7	34.3	37.3	47.0	53.3	150.6
NWFP	27.1	36.8	20.5	-	-48.4	36.4	-24.3
Balochistan	36.1	32.9	31.0	45.8	35.7	-6.5	48.9
Pakistan	16.0	24.6	29.3	117.4	82.6	13.4	-55.8

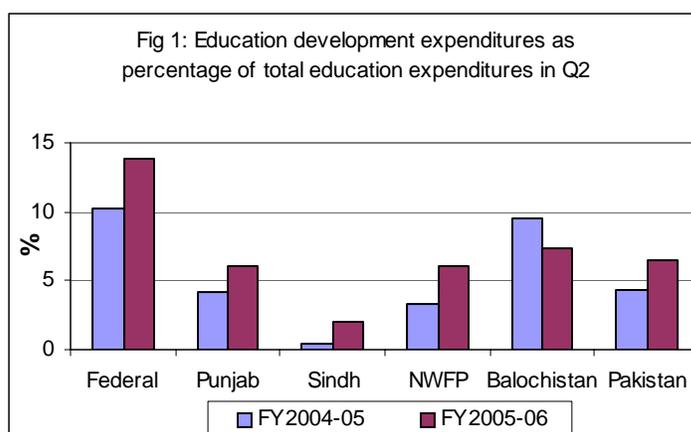
3.10 Government of Pakistan aims to achieve universal primary education by 2015. To achieve this goal largest proportion of education expenditure (44%) to Rs 25.7 billion was spent on primary education in H1-FY06, which is also 3 percentage points higher than proportion of education expenditure made on primary education in H1-FY05. Second priority in education sector is given to secondary education where 28% of education expenditure at Rs 16.4 billion was made in H1-FY06. During H1-FY05 about 25% of education expenditure were made on secondary education. Proportion of education expenditure made on university/college education, professional/technical universities increased to 12.2% and 5.4%, respectively in H1-FY06 compared to H1-FY05), remained same on teacher and vocational training at 1.6% and declined by 13.5 percentage points to 8.3% on other educational institutions (table 5).

3.11 During H1-FY06, Federal Government spent largest proportion (37.3%) of education expenditures on university/collage education, whereas in H1-FY05 it had spent largest proportion (58%) of education expenditure on other educational institutions to Rs 3.6 billion. All provinces spent largest proportion of their education expenditures on primary education, Punjab 56.5%, Sindh 41.5%, NWFP 48.6% and Balochistan 32.5% during H1-FY06. All provinces spent second largest proportion of education expenditures on secondary education, Punjab 26.3%, Sindh 34.3%, NWFP 39.6% and Balochistan 28.3% during the same period. Federal Government, Sindh, NWFP and Balochistan spent smallest proportion of their education expenditures on teacher and vocational training during H1-FY06, whereas Punjab made smallest education expenditures on professional/technical universities.

3.12 Figure 1 shows that overall education development expenditure as percentage of total education expenditure increased by 2 percentage points to 6.4% in H1-FY06 over H1-FY05. During the same period, proportion of education development expenditure increased to 6.1% in Punjab, 2.1% in Sindh, and 6.1% in NWFP, whereas it declined to 7.3% in Balochistan. Federal Government spent largest proportion of education development expenditure (13.8%) at Rs 1.2 billion as compared to all provinces in H1-FY06.

Table 5: Percentage distribution of education expenditures in Q2 FY2005-06 and Q2 FY2004-05 by province and sectors of education

Province/region	All sectors	Primary Education	Secondary Education	University/ College Education	Professional/ Technical Universities		Teacher and Vocational Training
					Professional/ Technical Universities	Teacher and Vocational Training	
Q2 FY2004-05							
Federal	100.0	11.3	19.4	8.7	2.6		0.0
Punjab	100.0	46.3	19.1	6.8	1.1		2.7
Sindh	100.0	46.0	34.8	8.7	4.7		0.5
NWFP	100.0	45.1	41.8	0.0	10.7		0.2
Balochistan	100.0	33.3	29.4	6.8	6.1		2.2
Pakistan	100.0	41.2	25.4	6.5	3.4		1.6
Q2 FY2005-06							
Federal	100.0	11.0	14.3	37.3	17.5		0.2
Punjab	100.0	56.4	26.3	8.0	1.8		3.0
Sindh	100.0	41.5	34.3	8.8	5.1		0.6
NWFP	100.0	48.6	39.6	5.9	4.4		0.2
Balochistan	100.0	32.5	28.3	7.3	6.1		1.5
Pakistan	100.0	44.3	28.3	12.2	5.4		1.6



3.13 Table 6 shows that there was an increase of 21.5% in health expenditure to Rs 14.9 billion during H1-FY06 over H1-FY05 (annex 1). During the same period a double-digit growth in health expenditure was observed in expenditure made by the Federal Government, Punjab, Sindh and Balochistan. NWFP witnessed a very small increase of 3.5% in health expenditures to Rs 1.6 billion. Punjab has the largest share (40%) in total health expenditures, followed by Federal Government (28%) in H1-FY06. An overall increase in expenditures on all sub-sectors of health was seen in H1-FY06 relative to H1-FY05.

3.14 Increase in expenditure on general hospitals and clinics was seen in all regions, with most notable increase (74%) by the Federal Government to Rs 2.4 billion. Increase in expenditure on mother and child in H1-FY06 relative to H1-FY05 took place in Punjab, NWFP, Balochistan and Federal Government (annex 1). No expenditures were made on mother and child in Sindh province in H1-FY05, as well as H1-FY06. Increase in expenditure made on health facilities and preventive measures occurred in Sindh and expenditures made by the Federal Government, whereas decline was witnessed in Punjab, NWFP and Balochistan. There was an enormous increase of 52.7% in expenditure made on other health facilities in Balochistan to Rs 345 million in H1-FY06 over H1-FY05.

Table 6: Percentage change in PRSP health expenditures between Q2 FY2005-06 and Q2 FY2004-05 by sectors

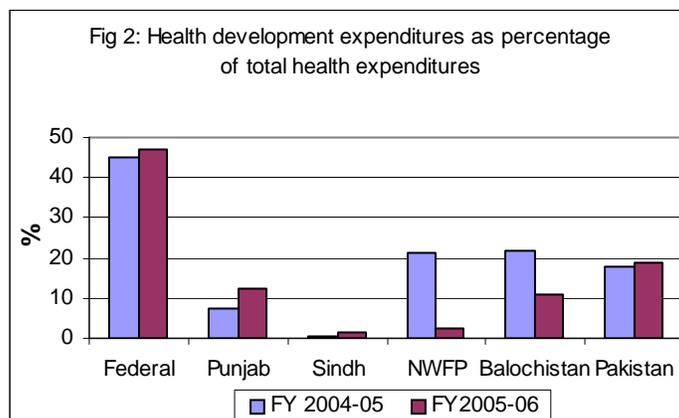
Province/ region	Total Health	Health Facilities and Other Health			
		General Hospital and Clinics	Mother & Child	Preventive Measures	Facilities
Federal	37.5	74.0-		9.7	-10.6
Punjab	15.2	17.2	13.0	-36.8	8.7
Sindh	30.2	29.7-		32.9	32.0
NWFP	3.5	11.7	33.3	-1.3	-40.1
Balochistan	16.0	19.3-		-35.6	52.7
Pakistan	21.5	27.6	27.6	5.3	7.3

3.15 Largest proportion of health expenditure 74.9% was made on general hospital and clinic in H1-FY06, 13.3% was made on health facilities and preventive measure, 11.5% on other health facilities and a negligible proportion (0.2%) on mother and child. The distribution of health expenditure was somewhat similar in H1-FY05. Except for Balochistan, all regions spent largest proportion of health expenditure on general hospitals and clinics. Balochistan spent 44.1% of health expenditure on other health facilities.

3.16 Figure 2 shows that health development expenditure increased slightly by one percentage point to 19% of total health expenditure in H1-FY06 over H1-FY05. Health development expenditure by the Federal Government stood at 47.2% at Rs 1.9 billion in H1-FY06 and 44.9% at Rs 1.3 billion in H1-FY05, which is very encouraging. There was an increase of 4.9 percentage points in health development expenditure in Punjab to 12.2%, amounting to Rs 721 million. A decline in health development expenditure was seen in NWFP and Balochistan in H1-FY06 compared to H1-FY05. Sindh province spent a nominal proportion of health expenditure for development, which needs to be increased to expand provision and access to health services in the province.

Table 7: Percentage distribution of health expenditures in Q2 FY2005-06 and Q2 FY2004-05 by province and sector

Province/ region	Total Health	General Hospital and Clinics	Mother & Child	Health Facilities and Preventive Measures	Other Health Facilities
Q2 FY2004-05					
Federal	100	45.5	0.0	46.9	7.6
Punjab	100	83.4	0.4	1.3	14.8
Sindh	100	83.6	0.0	8.6	7.8
NWFP	100	79.8	0.4	5.0	14.8
Balochistan	100	39.9	0.0	26.7	33.5
Pakistan	100	71.4	0.2	15.4	13.0
Q2 FY2005-06					
Federal	100	57.6	0.0	37.4	4.9
Punjab	100	84.9	0.4	0.7	14.0
Sindh	100	83.3	0.0	8.7	7.9
NWFP	100	86.2	0.5	4.8	8.6
Balochistan	100	41.0	0.1	14.8	44.1
Pakistan	100	74.9	0.2	13.3	11.5



4 Non-Budgetary Transfers

4.1 Non-budgetary transfers comprise of transfers from Zakat, Employees' Old-Age Benefit Institutions (EOBI) and micro credit (table 8). Non-budgetary transfers increased considerably by 47.3% to Rs 3.7 billion during Q2 FY06 compared to Q2 FY05. During the same period, number of beneficiaries increased by 119% to 569 thousand.

4.2 Amount of zakat disbursed during Q2 FY06 stood at Rs 922 million, witnessing a decline of 19% compared to Q2 FY05; this decline in zakat disbursement is attributed to non-availability of data from Balochistan province. During the same period, total zakat beneficiaries increased by 3% to 405 thousand, of which 41% are female beneficiaries.

4.3 Disbursement through EOBI increased by 49% to Rs 730 million during Q2 FY06 over Q2 FY05. Out of total EOBI disbursement in Q2 FY06, 99% consisted of pension and remaining 1% consisted of grants.

4.4 Micro credit disbursement increased by 134% to Rs 2 billion during Q2 FY06 relative to the same period in FY05. During the same period total beneficiaries increased by 116% to 165 thousand, of which 68.7% were male beneficiaries and 31.3% were female beneficiaries. Share of Khushali Bank in micro credit disbursement was 56.4% in Q2 FY05, which has declined to 38.9% in Q2 FY06. The decline in micro credit disbursement share of Khushali Bank is the result of increase in micro credit disbursement share of Pakistan Poverty Alleviation Fund (PPAF) to 60.5% in Q2 FY06, an increase of 18 percentage points from Q2 FY05. Zarai Taraqati Bank Limited (ZTBL) has the smallest share in credit disbursement, which declined from 1.2% in Q2 FY05 to 0.6% in Q2 FY06.

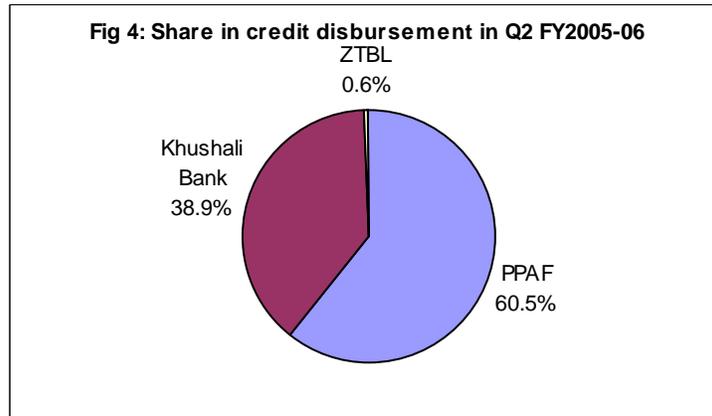
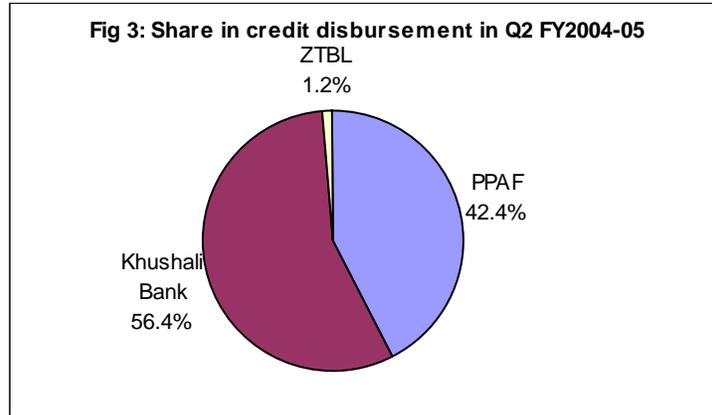
4.5 Credit disbursed through partner organizations of PPAF increased quite substantially by 234% to Rs 1.2 billion in Q2 FY06 compared to Q2 FY05, average credit disbursement of PPAF stood at Rs 13,453 in Q2 FY06. During the same period total beneficiaries increased by 227.6% to 90.9 thousand. Though number of male beneficiaries is 1.3 times more than the female beneficiaries in Q2 FY06, but growth in female credit beneficiaries is 250% more than male credit beneficiaries compared to the same period in Q2 FY05. PPAF extended its operation to 2 more districts during Q2 FY06, covering 81 districts of Pakistan during Q2 FY06.

Table 8: Non-budgetary transfers and beneficiaries

Programme	Disbursement/beneficiaries	Q2 FY2004-		% Change
		05	Q2 FY2005-06	
Zakat*	-amount disbursed (million Rs)	1,142	922	-19.3
	- No of male beneficiaries	217,396	237,150	9.1
	- No of female beneficiaries	174,099	167,373	-3.9
	- Total beneficiaries	391,495	404,523	3.3
EOBI	-amount disbursed (million Rs)	490	730	49.0
	- Total beneficiaries	-	-	-
PPAF	-amount disbursed (million Rs)	366	1,224	234.3
	- No of districts	79	81	2.5
	- No of male beneficiaries	20,030	51,662	157.9
	- No of female beneficiaries	7,735	39,286	407.9
	- Total beneficiaries	27,765	90,948	227.6
Khushali Bank	-amount disbursed (million Rs)	487	786	61.5
	- No of districts	-	-	-
	- No of male beneficiaries	36,163	61,446	69.9
	- No of female beneficiaries	12,019	12,124	0.9
	- Total beneficiaries	48,182	73,570	52.7
ZTBL	-amount disbursed (million Rs)	11	13	22.1
	- No of districts	56	57	1.8
	- No of male beneficiaries	246	364	48.0
	- No of female beneficiaries	212	184	-13.2
	- Total beneficiaries	458	548	19.7
Credit	-amount disbursed (million Rs)	864	2,023	134.3
	- No of male beneficiaries	56,439	113,472	101.1
	- No of female beneficiaries	19,966	51,594	158.4
	- Total beneficiaries	76,405	165,066	116.0
Total**	-amount disbursed (million Rs)	2,495	3,675	47.3
	- Total beneficiaries	467,900	569,589	119

* Excluding data for Balochistan for Q2 FY2005-06 due to non-availability, hence a decline in disbursement

** Availability of Balochistan zakat data will increase the values.



5 Monitoring the PRSP Intermediate Indicators

5.1 For the second quarter of FY06, data for education and health intermediate indicators are available. These indicators have been discussed in this section.

5.1 *Functional Schools*

5.2 Number of functional public primary and middle schools for 2004-05 are reported in table 9. Mosque schools are also included in functional public schools. Data of functional public schools for 2004-05, reported in PRSP annual progress report FY2004-05 was estimated and not actual. Total number of primary and middle schools together stood at 141,186 in 2004-05, of which 90% are primary schools and remaining 10% are middle schools. Punjab being the largest province on population basis also has the largest number of functional public schools, which comprise 40% of total functional public schools in Pakistan. Percentage of functional public schools situated in Sindh, NWFP, Balochistan, AJK, FANA, FATA and Islamabad stood at 26%, 17%, 7.8%, 3.6%, 1%, 3.3% and 0.19%, respectively. By using this very simple indicator of the functional school, it is hard to access the progress unless more regular data is made available.

Table 9: Number of Functional Public Schools for

2004-05			
Province/Region	Primary	Middle	Total
Punjab	50,268	7,174	57,442
Sindh	34,633	2,104	36,737
NWFP	22,024	2,385	24,409
Balochistan	10,282	772	11,054
AJK	4,053	1,032	5,085
FANA	1,253	223	1,476
FATA	4,318	402	4,720
Islamabad	209	54	263
Pakistan	127,040	14,146	141,186

Note: Mosque schools are included in primary schools

5.2 Posts Filled Against Sanctioned Posts in Public Schools

5.3 Posts filled against sanctioned posts in primary and middle schools for males and females for provinces and regions are given in table 10. Percentage of posts filled against sanctioned posts at the primary level is higher than the middle level in all provinces and regions. A close look at the table shows no correlation between the percentage of posts filled in and school type (for male or for female).

Table 10: Sanctioned and Filled in Teachers Posts in Public Schools in 2004-05

Province/ Region	Gender	Primary			Middle		
		Sanctioned	Filled in	% of Filled in	Sanctioned	Filled in	% of Filled in
Punjab	Male	93,637	82,297	87.9	36,897	29,882	81.0
	Female	68,727	61,406	89.3	46,095	35,807	77.7
	Total	162,364	143,703	88.5	82,992	65,689	79.2
Sindh	Male	NA	66,880	-	NA	5,265	-
	Female	NA	28,850	-	NA	4,889	-
	Total	NA	95,730	-	NA	10,154	-
NWFP	Male	43,036	42,206	98.1	10,549	9,642	91.4
	Female	22,221	21,301	95.9	6,079	4,843	79.7
	Total	65,257	63,507	97.3	16,628	14,485	87.1
Balochistan	Male	12,211	12,006	98.3	6,658	5,880	88.3
	Female	5,473	5,425	99.1	2,933	2,548	86.9
	Total	17,684	17,431	98.6	9,591	8,428	87.9
AJK	Male	NA	3,274	-	NA	3,764	-
	Female	NA	2,518	-	NA	3,146	-
	Total	NA	5,792	-	NA	6,910	-
FATA	Male	6,766	6,738	99.6	2,904	2,856	98.3
	Female	4,156	4,004	96.3	1,044	941	90.1
	Total	10,922	10,742	98.4	3,948	3,797	96.2
Islamabad	Male	598	446	74.6	271	222	81.9
	Female	1,672	1,372	82.1	512	399	77.9
	Total	2,270	1,818	80.1	783	621	79.3
Pakistan	Male	157,429	215,299	-	58,140	58,429	-

Female	102,494	125,837	-	56,856	52,833	-
Total	259,923	341,136	-	114,996	111,262	-

Note: Mosque teachers are included in primary teachers

5.3 Trained Teachers in Public Schools

5.4 Percentage of trained male and female teachers in public schools at primary and middle level for 2004-05 are given in table 11. The quality of education imparted in an educational institution depends mainly on the competence of the teachers. There are 100% trained teachers in public schools at primary and middle level in Punjab, NWFP and FANA, indicating that quality of education imparted in these areas is completely satisfactory. The gaps in percentage of trained teachers in public schools in remaining areas are though small but there is a need to fill them to further improve the quality of education in public schools in these areas.

Table 11: Percentage of Trained Teachers 2004-05

Province/ Region	Level	Male	Female
Punjab	Primary	100.0	100.0
	Middle	100.0	100.0
Sindh	Primary	98.7	98.9
	Middle	99.0	97.6
NWFP	Primary	100.0	100.0
	Middle	100.0	100.0
Balochistan	Primary	98.4	99.9
	Middle	95.3	97.8
AJK	Primary	87.5	96.6
	Middle	91.7	95.8
FANA	Primary	100.0	100.0
	Middle	100.0	100.0
FATA	Primary	99.9	100.0
	Middle	100.0	99.7
Islamabad	Primary	100.0	99.1
	Middle	100.0	100.0
Pakistan	Primary	99.4	99.6
	Middle	99.2	99.3

5.4 Basic Facilities in Public Schools

5.5 Proportion of public schools with basic facilities (water, latrine, electricity and B-Wall) in 2004-05 is given in table 12. Proportion of public schools with basic facilities is quite dismal in Pakistan, all provinces and regions, except Islamabad. There is a need to increase development education expenditure to provide basic facilities in public schools.

Table 12: Proportion of Public Schools with Basic Facilities in 2004-05

Province/ Region	Level	Water (%)	Latrine (%)	Electricity (%)	B-Wall (%)
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Punjab	Primary	77	46	30	54
	Middle	93	69	74	74
	Total	79	49	36	57
Sindh	Primary	45	48	20	43
	Middle	58	69	40	65
	Total	46	49	21	44
NWFP	Primary	49	57	35	58
	Middle	61	75	55	64
	Total	50	59	37	58
Balochistan	Primary	15	19	11	26
	Middle	39	49	34	60
	Total	17	21	12	29
AJK	Primary	23	33	11	10
	Middle	43	68	32	15
	Total	27	40	15	11
FANA	Primary	33	26	25	36
	Middle	65	70	62	60
	Total	38	33	31	40
FATA	Primary	37	41	45	52
	Middle	55	70	71	85
	Total	39	44	47	54
Islamabad	Primary	93	92	95	93
	Middle	98	91	100	87
	Total	94	92	96	92
Pakistan	Primary	55	45	27	48
	Middle	75	69	61	66
	Total	57	48	30	50

Note: Mosque schools are included in primary schools

5.5 TT-Immunization Coverage

5.6 Data on TT-immunization coverage for pregnant women are presented in table 13. TT-1 immunization coverage of target population increased by 2 percentage points to 41% in Q2 FY06 as compared to Q2 FY05. TT-2+ immunization coverage of target population increased by 4 percentage points to 47%, during the same period. Regional variation of TT- immunization coverage has been very large. Largest coverage of TT-1 and TT-2+ immunization coverage took place in FATA in Q2 FY06 as well as Q2 FY05. There was an increase of 3 percentage points in TT-1 immunization coverage to 55% and 10 percentage points increase in immunization coverage of TT-2+ to 73% in Q2 FY06 over Q2 FY05 in FATA. For TT-1 immunization coverage, there was an increase of 9 percentage points in Sindh, 21 percentage point in NWFP, 1 percentage point in Balochistan, 5 percentage points in FANA in Q2 FY06 over Q1 FY05. Whereas, a decline in TT-1 immunization coverage during the same period was observed in Punjab, AJK, ICT and CDA. TT-2+ immunization coverage increased by 1 percentage point in Punjab, 9 percentage points in Sindh, 24 percentage points in NWFP and 18 percentage points in FANA during Q2 FY06 over Q2 FY05. A decline in TT-2+ immunization coverage was seen in Balochistan, AJK, ICT and CDA during the same period.

Table 13: TT- Immunization Coverage for Pregnant Women

Province/Region	Q2 FY2004-05			Q2 FY2005-06		
	Target Population (+4.1% Pop)	TT-Immunization		Target Population (+4.1% Pop)	TT-Immunization	
		TT-1	TT2+		TT-1	TT2+
	Cov%	Cov%		Cov%	Cov%	
Punjab	867,627	45	48	886,713	42	49
Sindh	352,665	40	46	360,426	49	55
NWFP	220,515	13	10	225,366	34	34
FATA	33,855	52	63	34,602	55	73
Balochistan	82,428	18	35	84,240	19	22
AJK	35,235	74	74	36,012	30	32
FANA	10,305	23	21	10,533	28	39
ICT	3,210	44	30	3,279	40	28
CDA	9,051	24	90	9,252	18	62
Pakistan	1,614,891	39	43	1,650,423	41	47

6 Special Programmes/Schemes for Poverty Reduction

6.1 Two poverty reduction programs, Khushal Pakistan Programme-I (KPP-I) and Pakistan Bait-ul-Mal are discussed briefly under this section.

6.1 Khushal Pakistan Programme-I

6.2 Table 14 presents the number of schemes approved under each category for KPP-I during Q2 FY06. A total of 1,174 schemes were approved under KPP-I during Q2 FY06, of which 404 were for road, 390 for electrification, 38 for gas, 27 for education, 9 for health, 227 for water supply, 77 for sanitation and 2 for bulldozers. Largest number of KPP-I schemes (478) was approved in Punjab province. KPP-I schemes approved for Sindh, NWFP and Balochistan stood at 157, 294 and 67, respectively. KPP-I schemes implemented in Q2 FY06 provided temporary employment to 73,575 people and benefited 532,260 people.

6.3 During Q2 FY05, a total of 598 schemes were approved under Tammer-e-Pakistan Programme (TPP), of which 381 were for road, 46 for sanitation, 59 for education and 102 for water supply. TPP schemes generated 405,584 temporary employments during Q2 FY05.

**Table 14: Khushal Pakistan Programme-I
Number of schemes approved under each category for the Q2 FY2005-06**

Province	Road	Electrification	Gas	Education	Health	Water supply	Sanitation	Bld.Dzr Hours	Total Schemes
Punjab	253	121	26	3	2	5	68	-	478
Sindh	34	97	5	6	6	2	7	-	157
NWFP	80	110	7	5	-	91	-	1	294

Balochistan	5	50-	4-	7-	1	67			
FATA	4	7-	8	1	120	141			
ICT	28	5-	1-	2	1-	37			
Minority	2	5-	8	1	2	19			
WRS	21	61	11	4	6	7-	-	110	
Total*	404	390	38	27	9	227	77	2	1,174

* The total exclude figures against minority & WRS, since these figures have already been included in the provinces/FATA/ICT

6.2 Pakistan Bait-ul-Mal Programmes

6.4 Many programmes targeting the poor are implemented through Pakistan Bait-ul-Mal (PBM), see table 15 Total disbursement under all projects declined by 13.9% to Rs 832 million during Q2 FY06 compared to the same period in FY05. There was a decline of 22.4% to 581,427 households who benefited from PBM schemes during the same period.

6.5 Food Support Programme (FSP) is the largest programme of PBM, targeting poorest of the poor to provide relief to the increase in the wheat prices since year 2000. Total disbursement under FSP declined by 26.1% to Rs 639 million in Q2 FY06 relative to Q2 FY05 (table 16). During the same period number of households benefiting from FSP declined by 26.1% to 532,904. In Sindh province, there was an increase of 98% in FSP disbursement to 172 million in Q2 FY06 over Q2 FY05, the remaining provinces and regions observed decline in FSP disbursement.

6.6 In the remaining projects of PBM, an increase was observed in disbursements as well as number of households benefiting from the projects in Q2 FY06 over Q2 FY05. During the same period increase in disbursement recorded for Individual Financial Assistance stood at 75% at Rs 103 million. There was an increase of 5.4% to Rs 30 million in disbursement under National Centres for Rehabilitation of Child Labour during the same period. There was an increase of 237% to Rs 17 million in disbursement under Vocational Training Centres in Q2 FY06 over Q2 FY05. Largest increase in PBM disbursement (357%) of Rs 42 million took place under Institutional Rehabilitation (Grant in aid to NGOs) during the same period.

Table 15: Pakistan Bait-UI-Mal (PBM)

Projects	Q2 2004-05		Q2 2005-06		% Change	
	Disbursemen t (Rs million)	Household s	Disbursemen t (Rs million)	Household s	Disbursemen t	Household s
Food Support Programme	865	720,870	639	532,904	-26.1	-26.1
Individual Financial Assistance	59	6,088	103	7,650	75.3	25.7
National Centres for Rehabilitation of Child Labour	28	9,540	30	11,400	5.4	19.5
Vocational Training Centres	5	2,866	17	8,445	237.0	194.7
Institutional Rehabilitation (Grant in aid to NGOs)	9	9,773	42	21,028	357.2	115.2
Total Disbursement Under All Projects	966	749,137	832	581,427	-13.9	-22.4

Table 16: Pakistan Bait-UI-Mal
Food Support Programme

Province/Region	Q2 2004-05		Q2 2005-06		% Change	
	Disbursemen t (Rs million)	Household s	Disbursemen t (Rs million)	Household s	Disbursemen t	Households
Punjab	538	448,005	395	329,055	-26.6	-26.6
Sindh	87	72,208	172	142,977	98.0	98.0
NWFP & FATA	130	108,652	33	27,387	-74.8	-74.8
Balochistan	51	42,762	10	8,460	-80.2	-80.2
ICT, AJK & NAs	59	49,243	30	25,025	-49.2	-49.2
Total	865	720,870	639	532,904	-26.1	-26.1

7 Monitoring of Outcome Indicators

7.1 Poverty

7.1 Since the initiation of the PRSP process in 2001-02 it is first time that the results of a representative household survey, PSLM 2004-05, regarding the incidence of poverty are available. The Planning Commission is the designated agency to estimate poverty based on the official poverty line. Using the consistent methodology, it has been estimated that poverty in Pakistan which increased rapidly in the 1990s, and the rising trends continued until 2001-02, has declined by 6.7 percentage point between 2001-02 and 2004-05. Table 17 shows that poverty has declined from 32.1% in 2000-01 to 25.4% in 2004-05. This decline has been witnessed in rural as well as urban areas of the country. In urban areas, the incidence of poverty reduced from about 22.7% in 2000-01 to 17.2% in 2004-05. In rural areas, it declined to around 32% in 2004-05 compared to 39% in 2000-01. The 7-percentage point reduction in rural poverty has narrowed the urban-rural gap in the level of poverty. It indicates an improvement in the overall well-being of both urban and rural residents.

Region	2001-02	2004-05	Difference
Overall	32.1	25.4	6.7
Urban	22.7	17.1	5.6
Rural	39.0	31.8	7.2

7.2 The Planning Commission uses the calorie intake approach to compute the poverty line, which takes into account both food and non-food expenditures including health, education, housing, transport, recreation etc. It is worth reporting changes in household consumption expenditure between the two survey periods. The results of the 2004-05 PSLM show an increase in average household expenditure by 36% between the 2000-01 and 2004-05 period. The increase in per capita expenditure during the same period is more than 40% (Table 18). After adjusting for inflation, the real expenditure in household and per capita terms increased by 15% and 19% respectively. Although, according to the PSLM, the increase in consumption expenditure is relatively higher among rich families, the poorest households (lowest 40%) have also shown a considerable increase in their expenditure in real terms.

Table 18

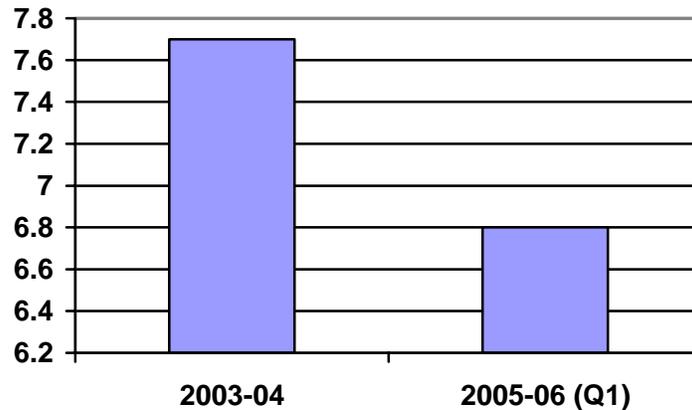
**(Per capita expenditure
Rs.)**

Quintiles	Urban	Rural	Total
	2000-01		
1st	487	449	456
2nd	667	618	629
3rd	833	763	782
4th	1079	976	1010
5th	2322	1583	1928
Total	1309	824	965
	2004-05		
1st	724	599	633
2nd	1079	848	916
3rd	1449	1055	1169
4th	2091	1351	1590
5th	4477	2292	3166
Total	1825	1139	1356
	% change between 2001/02 and 2004/05		
1st	48.7	33.4	38.8
2nd	61.8	37.2	45.6
3rd	73.9	38.3	49.5
4 th	93.8	38.4	57.4
5 th	92.8	44.8	64.2
Total	39.4	38.2	40.5

7.2 Unemployment

7.3 The 2005-06 Labour Force Survey is designed to generate data on employment situation representative for each quarter as well as for the whole year. The first quarter data (July-September, 2005) shows the unemployment rate as 6.8%, which is lower than the rate of 7.7% in 2003-04 (Figure 5). As noted earlier, over the past two years, 5.5 million jobs had been created. This has led to reduction in overall unemployment rate.

Fig 5: Change in Unemployment Rate



7.3 Primary Enrolment

7.4 In the 2004-05 Annual Report of the PRSP, the results of the PSLM 2004-05 concerning primary education, literacy and immunization were reported and discussed at the national and province levels. The PSLM has a unique feature of generating data representative at the district level. Whereas the complete district-wise report on social sector based on the PSLM findings is yet to be launched, partial results on some districts with highest achievements in primary enrolment and immunization have so far been compiled. The relevant data have been reported in Table 19.

7.5 Panel A of the Table 19 shows data on gross primary enrolment for high achieving districts. The overall gross enrolment rate (GRE) at the primary level has increased from 72% in 2001-02 to 86% in 2004-05. Four districts where GRE is 100 or even more than 100 are: Narrowal in Punjab, Karachi in Sindh, Abbottabad in NWFP and Ketch/Turbat in Balochistan. The GRE is computed as the ratio of children enrolled in primary classes (1-5) to total children aged 5-9 years. When GREs exceeds 100, it shows that children older than 9 years have been admitted in primary classes. It also shows that in these high achieving districts, steps have been taken to enhance the school enrolment by attracting children aged more than 9 years.

7.6 Panel B of Table 19 shows that the overall net enrolment rate (NER) has increased from 42% in 2001-02 to 52% in 2004-05. NER refers to the ratio of 5-9 years old children enrolled in primary level to all children aged 5-9 years. Panel B shows that Sialkot, Karachi, Abbotabad and Ketch/Turbat are those districts where NER is considerably higher than the national average. In these four districts it varies between 63 and 84.

7.7 One encouraging element is very low gender gap in GER and NER in Abbottabad, Sialkot and Karachi. In fact, there is no real difference in male and female NERs.

7.4 Literacy

7.8 The overall adult (10 year and older) literacy rate has increased from 45% in 2001-02 to 53% in 2004-05. The highest literacy was found in the following four districts: Rawalpindi (75%), Karachi (78%), Abbottabad (65%) and Quetta (65%). However, in these districts, a considerable gender gap exists in adult literacy. In Rawalpindi and Karachi the gap was 20%. It was 33% and 27% respectively in Quetta and Abbottabad. Spread of adult female literacy programs at a large scale particularly in rural areas seems to be the solution to fill gender gaps in literacy.

Table 19: School enrolment and literacy by districts

	1998-99 PIHS			2001-02 PIHS			2004-05 PIHS		
Panel A: Primary GER									
(Class 1-5)									
Overall	80	61	71	83	61	72	94	77	86
Narowal							125	134	130
Karachi							113	109	111
Abbottabad							119	114	117
Ketch / Turbat							119	100	110
Panel B: Primary NER									
(Class 1-5)									
Overall	47	37	42	46	38	42	56	48	52
Sialkot							83	84	84
Karachi							66	64	65
Abbottabad							70	70	70
Ketch / Turbat							68	58	63
Panel C: Literacy Rates									
(10 Years and Older)									
Overall	59	31	45	58	32	45	65	40	53
Rawalpindi							85	65	75
Karachi							83	73	78
Abbottabad							79	52	65
Quetta							80	47	65

8 Concluding Remarks

8.1 This report has analyzed the PRSP progress in input, intermediate and outcome indicators for the first half of FY06. A review of the economic performance indicates that despite severe earthquake and rise in international prices of oil, momentum in economic growth is expected to be continued. Steps have also been taken to control the inflation. The pro-poor expenditures on the identified sectors have shown a considerable increase during the first half of FY06. In addition to relief work in the earthquake hit areas, education, health and irrigation are the priority sectors for public expenditures. It is

encouraging to see that all provinces have assigned high priority to primary education in terms of expenditure to achieve the target of universal primary schooling.

8.2 Credit disbursement through PPAF and Khushhali Bank has increased, and a considerable proportion of the beneficiaries are females. Credit is likely to assist poor, particularly transitory poor to move out of the poverty trap.

8.3 In education sector, the proportion of functional schools, posts filled in and training of public school teachers are satisfactory. However, basic facilities at schools including drinking water, toilet and boundary walls are available in small proportion of primary schools. To enhance child enrolment, particularly for girls, all schools may be provided these basic facilities.

8.4 Poverty, which increased during the 1990s and rising trends continued until 2000-01 has considerably declined. Unemployment rate has also come down. These positive outcomes suggest the success of government policies to improve the well-being of its citizens. Success of few districts in achieving the high levels of net primary-school enrolment and literacy suggests for replication of these success stories to other districts of the country, which lacks behind in achieving the social sector goals.

PROVISIONAL												
ANNEX 1 PRSP Budgetary Expenditures (2004-05 / 2005-06)												
(Rs. Millions)												
	Q2 2004-05						Q2 2005-06					
	Federal	Punjab	Sindh	NWFP	Balochist	TOTAL	Federal	Punjab	Sindh	NWFP	Balochist.	TOTAL
Roads highways, & Bridges	458	5,593	1,449	617	1,513	9,630	842	6,331	3,910	849	2,014	13,946
Current	458	832	53	50	81	1,474	842	935	684	176	156	2,793
Development	0	4,761	1,396	567	1,432	8,156	0	5,396	3,226	673	1,858	11,153
Water Supply & Sanitation	79	365	276	215	1,225	2,160	54	2,226	356	280	749	3,665
Current	79	40	115	167	303	704	46	272	124	207	449	1,098
Development	0	325	161	48	922	1,456	8	1,954	232	73	300	2,567
Education	6,139	26,187	9,004	6,601	2,107	50,038	8,542	26,017	12,252	8,390	2,867	58,068
Current	5,507	25,082	8,965	6,378	1,906	47,838	7,363	24,433	11,998	7,877	2,658	54,329
Development	632	1,105	39	223	201	2,200	1,179	1,584	254	513	209	3,739
Primary Education	695	12,113	4,144	2,979	702	20,633	937	14,686	5,085	4,076	933	25,717
Current	694	11,334	4,144	2,856	702	19,730	918	13,962	4,992	3,648	933	24,453
Development	1	779	0	123	0	903	19	724	93	428	0	1,264
Secondary Education	1,189	4,994	3,131	2,760	620	12,694	1,222	6,850	4,205	3,326	812	16,415
Current	1,076	4,840	3,131	2,686	620	12,353	1,083	6,313	4,079	3,308	812	15,595
Development	113	154	0	74	0	341	139	537	126	18	0	820
General Universities, Colleges, & Institutes	534	1,785	785	0	144	3,248	3,183	2,092	1,078	499	210	7,062
Current	415	1,742	785	0	144	3,086	2,947	2,042	1,060	477	210	6,736
Development	119	43	0	0	0	162	236	50	18	22	0	326
Professional & Technical Universities, Colleges & Institutes	162	287	423	707	129	1,708	1,492	465	622	365	175	3,119
Current	108	287	398	695	129	1,617	1,372	325	610	334	175	2,816
Development	54	0	25	12	0	91	120	140	12	31	0	303
Teacher & Vocational Training	0	709	45	11	46	811	15	778	69	15	43	920
Current	0	679	45	11	46	781	15	778	64	15	43	915
Development	0	30	0	0	0	30	0	0	5	0	0	5
Others	3,559	6,299	476	144	466	10,944	1,693	1,146	1,193	109	694	4,835
Current	3,214	6,200	462	130	265	10,271	1,028	1,013	1,193	95	485	3,814
Development	345	99	14	14	201	673	665	133	0	14	209	1,021
Health	2,988	5,132	1,915	1,564	675	12,274	4,109	5,912	2,493	1,618	783	14,915
Current	1,646	4,758	1,906	1,234	527	10,071	2,170	5,191	2,452	1,576	696	12,085
Development	1,342	374	9	330	148	2,203	1,939	721	41	42	87	2,830
General Hospitals & Clinics	1,360	4,281	1,601	1,248	269	8,759	2,367	5,017	2,077	1,394	321	11,176
Current	1,226	3,937	1,597	1,005	269	8,034	1,641	4,311	2,050	1,362	321	9,685

Development	134	344	4	243	0	725	726	706	27	32	0	1,491
Mother & Child Health	0	23	0	6	0	29	2	26	0	8	1	37
Current	0	23	0	6	0	29	2	26	0	8	1	37
Development	0	0	0	0	0	0	0	0	0	0	0	0
Health Facilities & Preventive Measures	1,401	68	164	78	180	1,891	1,537	43	218	77	116	1,991
Current	240	68	160	72	32	572	347	42	204	67	29	689
Development	1,161	0	4	6	148	1,319	1,190	1	14	10	87	1,302
Others	227	760	150	232	226	1,595	203	826	198	139	345	1,711
Current	180	730	149	151	226	1,436	180	812	198	139	345	1,674
Development	47	30	1	81	0	159	23	14	0	0	0	37
Population Planning	1,043	238	224	3	59	1,567	2,162	342	281	2	84	2,871
Current	96	0	0	2	59	157	44	7	0	2	84	137
Development	947	238	224	1	0	1,410	2,118	335	281	0	0	2,734
Social Security & Social Welfare	1,489	268	122	60	50	1,989	367	314	1,115	235	54	2,085
Current	1,393	264	122	57	46	1,882	282	285	981	185	40	1,773
Development	96	4	0	3	4	107	85	29	134	50	14	312
Natural Calamities & Other Disasters	162	15	62	0	3	242	365	19	620	7,471	12	8,487
Irrigation	6,782	2,031	1,783	410	1,510	12,516	15,373	3,168	2,552	557	2,160	23,810
Current	81	1,578	913	355	1,005	3,932	44	2,032	1,820	383	1,460	5,739
Development	6,701	453	870	55	505	8,584	15,329	1,136	732	174	700	18,071
Land Reclamation	45	38	752	241	0	1,076	6	7	772	186	0	971
Rural Development	558	4,793	556	596	206	6,709	220	5,290	117	1,295	476	7,398
Current	352	190	125	90	51	808	29	259	113	64	62	527
Development	206	4,603	431	506	155	5,901	191	5,031	4	1,231	414	6,871
Law and Order	6,807	7,545	4,066	1,648	1,256	21,322	8,834	8,378	4,853	1,904	1459	25,428
Low Cost Housing	0	229	0	0	0	229	0	170	0	2	0	172
Justice and Courts	240	556	269	198	123	1,386	178	670	348	178	134	1,508
Food Subsidies	520	0	500	40	0	1,060	2	750	351	22	0	1,125
Food Support Program	127	1,085	367	381	93	2,053	30	394	171	32	10	637
Village Electrification*	371					371	969					969
Tawana Pakistan	59					59						0
GRAND TOTAL	27,867	54,075	21,345	12,574	8,820	124,681	42,053	59,988	30,191	23,021	10,802	166,055

* Federal releases to Mo Water and Power and WAPDA,