

PRSP Annual Progress Report FY2013-14

External Finance Policy Wing,
PRSP Secretariat,
Finance Division.

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List of Acronyms

AJ&K	Azad Jammu & Kashmir
BISP	Benazir Income Support Programme
CAD	Current Account Deficit
CPI	Consumer Price Index
CPDPs	Continuous Professional Development Programs
CSF	Coalition Support Fund
CSP	Child Support Program
EFA	Education for All
EPI	Expanded Programme of Immunization
EOBI	Employees Old Age Benefit Institution
FANA	Federally Administered Northern Areas
FATA	Federally Administered Tribal Areas
FBR	Federal Board of Revenue
FBS	Federal Bureau of Statistics
FED	Federal Excise Duty
FSP	Food Support Programme
FRDLA	Fiscal Responsibility and Debt Limitation Act
FY	Fiscal Year
GCETs	Government Colleges for Elementary Teachers
GDP	Gross Domestic Product
GOP	Government of Pakistan
GST	General Sales Tax
ICT	Islamabad Capital Territory
IFA	Individual Finance Assistance
IMF	International Monetary Fund
IR	Institutional Rehabilitation
KP	Khyber Pakhtunkhawa
LFS	Labour Force Survey
LHWs	Lady Health Workers
LSM	Large Scale Manufacturing
MFBs	Micro Finance Banks
MFI	Microfinance Insurance
MFIs	Micro Finance Institutions
NCsRCL	National Centre for Rehabilitation of Child Labour
NER	Net Enrolment Rate
NID	National Immunization Day
NGO	Non-Government Organizations
PBM	Pakistan Bait-ul-Maal
PDF	Pakistan Development Fund (PDF)
PFY	Previous Fiscal Year
PITE	Provincial Institute of Teacher Education
PMN	Pakistan Micro-Finance Network
PRSP	Poverty Reduction Strategy Paper
PSC	Poverty Score Card
PSEs	Public Sector Enterprises
PSH	Pakistan Sweet Homes
PSM	Pakistan Steel Mills
PWP	People Worker's Program
RSPs	Rural Support Programs
SPI	Sensitive Price Index

SBP	State Bank of Pakistan
TEIs	Teacher Education Institutions
TES	Teacher Education Strategy
TVET	Technical & Vocational Education and Training
TT	Tetanus Toxoid
TWP	Tameer-e-Watan Programme
UNESCO	United Nations for Educational, Scientific and Cultural Organization
VDS/DVDS	Vocational/Diversified Vocational Dastkari Schools
WPI	Wholesale Price index
WWF	Workers Welfare Fund



Executive Summary

The underlying report is the 14th Annual Progress Report for FY 2013/14, since the establishment of the PRSP mechanism for tracking pro-poor expenditures in 2000. It encompasses the public expenditures in selected seventeen pro-poor sectors. Roads, Highways, & Bridges, Environment/Water Supply & Sanitation, education, health, population planning, agriculture, land reclamation, social security and welfare, BISP, Pakistan Bait-ul-Maal, Natural Calamities & Other Disasters, Low Cost Housing, Justice and Administration are the seventeen pro-poor sectors for which data is collected, compiled and analyzed for the report. The report also monitors the key output and outcome indicators.

The GDP growth accelerated to 4.14 percent in FY 2013-14, against the growth of 3.7 percent recorded last year. The growth momentum was broad based recording positive trends in all major sectors namely agriculture, industry and services. The agriculture sector grew by 2.1 percent, industrial sector grew by 5.8 percent, and Services sector grew by 4.3 percent. The macroeconomic situation remained challenging with mounting current account deficit. Remittances continued to show impressive growth over the past few years.

The PRSP-II progress report for FY2013/14 gives a comprehensive analysis of the indicators selected under PRSP-II document. The overall expenditures on pro-poor sectors have depicted a consistently positive trend. The monitoring indicators including both output and outcome have also registered steady progress during FY 2013/14.

Pro-poor PRSP expenditures as a percentage of GDP stood at 7.6 percent in FY 2013/14 which is well above the limit of 4.5 percent set by the FRDL Act. A total of Rs.1,934,178 million was incurred in FY 2013/14, registering a growth of 1.09 percent over last year. Among the five broad categories, Human Development' observed a maximum share of 38.89 percent in total PRSP expenditures; followed by 31.78 percent share of Safety Nets, 13.52 percent share of 'Governance, and 9.17 percent share of Rural Development and 6.64 percent share of 'Market Access and Community Services'. The share of Human Development and Safety Nets as a percentage of GDP was recorded at 3.0 percent and 2.64 percent respectively, during FY 2013/14.

The progress reported in Social Safety Nets programmes depicted a mixed performance. The BISP cash grant programme witnessed an encouraging growth in both disbursements and beneficiaries. Under aggregate EOBI programmes, a significant increase of 17.55 percent was recorded in disbursements that increased from Rs. 12,531 million in FY13 to Rs. 14,730 million in FY14. Similarly, a positive growth of 9.07 percent was recorded in the total number of beneficiaries of EOBI. A substantial growth of 35 percent was recorded under aggregate WWF programmes whereas the number of beneficiaries registered a decline of 2.3 percent.

Despite increase in allocation from last year, annual allocations for education and health sectors were alarmingly low in comparison with other countries in South Asia. The GoP has reiterated its commitment to ensure that education expenditures are increased to 4 percent of GDP by 2018. During FY2013/14 the education sector indicators reflected an overall increase in gross and net enrolment rates at both pre-secondary and secondary levels. During FY2013/14 the total number of Functional Public Schools declined at primary level by 2 percent whereas Middle level schools increased by 1.6 percent. Lady Health Worker (LHWs) services had a visible impact on the health status of women and children in particular through improved hygiene, birth spacing, iron supplementation, greater immunization coverage and through antenatal and post-natal coverage of the pregnant women. The programme has recruited more than 100,000 LHWs. The total population covered under this programme spread over 60 percent in Balochistan, more than 80 percent in Punjab. The targeted population for immunization coverage of pregnant women increased by 2.96 percent from 6,224,784 in FY2012/13 to 6,409,595 in FY2013/14, at the national level.

Introduction

The Poverty Reduction Strategy Paper (PRSP) Annual Progress Report for FY 2013/14 is the 14th report in line since the establishment of the PRSP mechanism for tracking pro-poor expenditures in 2000. The PRSP Secretariat regularly reports budgeted and non-budgeted expenditures in selected pro-poor sectors. Seventeen pro-poor sectors have been selected against which data is collected. These are as follows:

1. *Roads, Highways, & Bridges*
2. *Environment/Water Supply & Sanitation*
3. *Education*
4. *Health*
5. *Population Planning*
6. *Agriculture*
7. *Land Reclamation*
8. *People's Works Programme-I*
9. *People's Works Programme-II*
10. *Subsidies*
11. *Social Security & Welfare*
12. *Benazir Income Support Programme*
13. *Pakistan Bait-ul-Maal*
14. *Natural Calamities & Other Disasters*
15. *Low Cost Housing*
16. *Justice Administration*
17. *Law and Order*

The purpose of these reports is to keep track of expenditures spent by Government towards poverty reduction in the country. The report also monitors the key output and outcome indicators.

PRSP Annual Progress Report for FY 2013/14 covers an overview of Pakistan's economy along with a brief discussion on key macroeconomic indicators. A detailed analysis of budgetary

expenditures; highlighting both budgetary and non-budgetary modes to provide social protection to the poor and vulnerable is also given in the report. Chapter4 discusses the key output intermediate indicators.

The macroeconomic situation gives a progressive outlook of Pakistan's economy. Real GDP increased by 4.14 percent as compared to last year's growth of 3.7 percent. The Industrial sector expanded by 5.84 percent against the growth of 1.4 percent last year. Inflation increased by 8.62 percent; similarly SPI and WPI remained high during the comparison period. Agriculture, Services and overall Fiscal Deficit registered a substantial growth.

Chapter 2 evaluates the pro-poor expenditures during FY2013/14. Pro-poor expenditures depicted a nominal growth of 1.09 percent in FY 2013/14. Expenditures in Population planning recorded maximum increase of 76.55 percent. Total PRSP Expenditures increased as a result of increase in Education, Health, Agriculture, Justice Administration and Law & Order, Benazir Income Support Program (BISP). Expenditures in Environment/ Water Supply & Sanitation, Rural Development, Social Security & Welfare, Natural Calamities & Disasters, and Subsidies exhibited a decline in expenditures in FY 2013/14 as compared to FY 2012/13.

Chapter 3 discusses the overall transfers under protecting the poor and vulnerable programmes. These programmes include Zakat, Pakistan Bait-ul-Mal (PBM), Employees Old Age Benefit Institutions (EOBI), Workers Welfare Fund (WWF), Benazir Income Support Programme (BISP), and Microfinance. In FY13/14 the total amount disbursed under different programmes including budgetary and non-budgetary transfers increased by 25 percent from Rs. 156,108 million in FY13 to Rs. 195,163 million in FY14. On the other hand numbers of beneficiaries were 11.2 million in FY14 as compared to 10.54 million in FY13 (Micro credit users are not included in it).

Chapter 4 focuses on monitoring the PRSP Intermediate (Output) Indicators. A 2 percent decrease was recorded in the number of total primary functional schools. It was encouraging to note however that the Middle level schools increased by 1.6 percent. The percentage of trained teachers at primary level registered an increase in all regions of Pakistan during FY 2013/14. Basic facilities available in public schools at primary and middle level recorded a positive

growth during FY2012/13 and FY2013/14. Health sector indicators identified under PRSP-II showed significant growth during the same period.

Chapter No. 1 Trends in Macroeconomic Indicators

1.1 The present government introduced a comprehensive agenda to pursue sound and equitable economic policies to put Pakistan on the path of sustained economic development and macroeconomic stability. Government's economic reform programme has started dividends, showing positive signs of recovery and growth in several key areas. After a period of slack growth during the

Progress in FY 2013/14

- *Real GDP growth accelerated to 4.1 percent*
- *The agriculture sector grew by 2.1 percent.*
- *The industrial sector grew by 5.8 percent as compared to 1.4 percent during last year.*
- *Services sector grew by 4.3 percent.*

last few years, Pakistan's economy witnessed higher and broad based economic growth in FY2013/14 accompanied by significant recovery in the industrial sector and moderate growth in services and agriculture sectors.

1.2 Real GDP growth accelerated to 4.1 percent which was a better and more balanced performance compared to last year's growth of 3.7 percent. The growth momentum was broad based and all the three major sectors namely Agriculture, Industry and Services provided support to improve economic growth. The industrial sector expanded from 1.4 percent in FY2012/13 to 5.8 percent in FY2013/14 providing the much needed boost to GDP.¹ (See table 1.1)

Table 1.1 Pakistan Selected Economic Indicators	FY2012/13	FY2013/14
	Growth rate (percent)	
Real GDP	3.7	4.1
Agriculture	2.9	2.1
Industry	1.4	5.8

¹ State Bank Report, FY 2013/14

Services	4.9	4.3
Consumption	3.04	6.00
Investment	0.09	0.15
Consumer Price Index (CPI)	7.4	8.6
	As percent of GDP	
Current Account balance	-1.1	-1.2
Fiscal Balance	-8.2	-5.5
Public Debt	64.8	64.3
Source: State Bank of Pakistan/ Pakistan Bureau of Statistics (PBS)		

1.3 The agriculture sector grew by 2.1 percent in FY2013/14 as compared to 2.9 percent growth during FY2012/13. This decline in growth was primarily attributed to decline in area under cultivation for cotton (major crop) and minor crops and below than targeted growth in livestock sector, which covers almost 11 percent of Pakistan's GDP. Government has focused on number of initiatives to enhance productivity of all sectors of the economy. For agriculture, efforts are being made to provide better supply of quality seeds including hybrid and high yielding varieties. Ensure timely availability of agriculture inputs including fertilizer, pesticides etc.

1.4 The industrial sector grew by 5.8 percent in FY 2013/14 as compared to 1.4 percent last year. Electricity generation & distribution and Construction sub-sectors were the major contributors towards this improved performance. Increased investment in small scale construction and different development projects initiated by the federal and provincial governments became the key growth drivers for this sector.

1.5 Services sector grew by 4.3 percent in FY2013/14, against 4.9 percent in the previous year. This decline in services sector can primarily be traced to lower value addition by finance & insurance, and a sharp fall in general government services.

1.6 Consumption and Investment reflected positive growth of 6 percent and 0.15 percent, respectively, during FY2013/14. Changing dynamics in the debt market made liquidity management more challenging, but in overall terms, the outcome at the end of FY2013/14 was positive. The overall size of the Current Account Deficit was manageable in FY2013/14. The

Current Account Deficit (CAD) reflected a marginal increase of 1.2 percent of GDP as compared with 1.1 percent of GDP in FY2012/13.

1.7 Improved GDP growth in FY2013/14 was substantiated with a recovery in the fundamental structural weaknesses. The fiscal balance improved by 2.7 percentage points from 8.2 percent of GDP in FY2012/13 to 5.5 percent of GDP during FY2013/14. The main reason for this decline in deficit include higher than targeted receipt of surplus from provinces, decline in current expenditures due to reduction in subsidies and availability of external financing providing relief to the banking system. Improvement in revenues was attributed to some one-off events like utilization of Universal Services Fund, receipt of markup on lending to Public Sector Enterprises (PSEs) and grant under Pakistan Development Fund during the year.

1.1 Real Sector

Agriculture, Industry and Services constitute the real sector of Pakistan’s economy. A brief description of the progress made by these sectors during FY2013/14 has been provided in the following section.

1.1.1 Agriculture

1.8 Agriculture is the main source of livelihood for the rural population and food availability to rural and urban inhabitants. It is also a major contributor in export earnings of the country. Agriculture sector grew by 2.1 percent, against the growth of 2.9 percent last year. This was primarily because of the fall in the estimated cotton production and minor crops. Unfavorable weather conditions including abnormally hot weather in summer, excessive rains and snow lead to low area under cultivation for these crops in FY2013/14 as compared to last year. (See Table 1.2)

	FY2012/13	FY2013/14
Agriculture	2.9	2.1
Crops	2.3	1.2

1. Major Crops	1.2	3.7
2. Minor Crops	6.1	-3.5
3. Cotton Ginning	-2.9	-1.3
Livestock	3.5	2.9
Forestry	1.0	1.5
Fishing	0.7	1.0
Source: State Bank Report FY2013/14		

1.9 Livestock is the most significant component of agriculture sector.² It contributed 55.91 percent in agriculture value addition and registered a growth of 2.9 percent in FY2013/14 against the growth of 3.5 percent in FY2012/13. The growth rate of major crops increased from 1.2 percent in FY2012/13 to 3.7 percent in FY2013/14. With the exception of cotton, major crops did well due to increased area under cultivation, attractive market prices of wheat and rice, and owing to monsoon rains and sufficient availability of fertilizers (both domestic and imported). It was encouraging to note that growth picked up in both forestry and fishing sector. However, this improved performance by major crops was dominated by the declining growth trend in minor crops and livestock sector which resulted in an overall decline in the agriculture sector growth. (See Table 1.2)

1.1.2 Industry

1.10 The industrial sector in Pakistan comprises Mining and Quarrying, Manufacturing, Electricity generation & distribution & Gas distribution and Construction. The manufacturing sector can further be classified into three sub groups i.e. Large Scale Manufacturing (LSM), Small Scale Manufacturing and Slaughtering³. Development through manufacturing has numerous benefits for the economy. It helps in bringing modernization and mechanization, increasing the production level, technology transfer, increasing the income level, improving the supply side of the economy, increase in consumption level and most importantly, creating jobs.

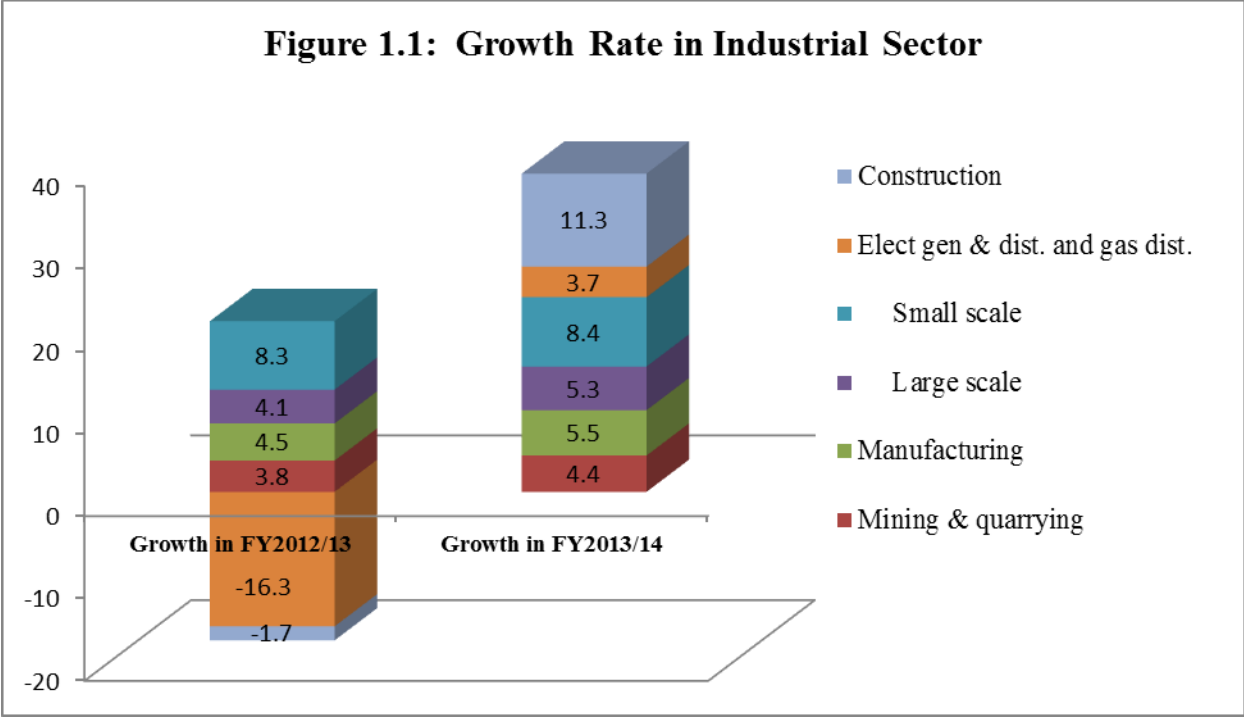
Table 1.3 Growth rates in Industrial Sector (in percentage)

² According to National Accounts of Pakistan, change of base from 1999-2000 to 2005-2006, crops and livestock are two major components of agriculture sector with the same institutional unit of private households of the farmers

³ Sub-category of industrial sector

	Share in GDP	Growth in FY2012/13	Growth in FY2013/14
Industry	20.8	1.4	5.8
Mining & quarrying	3.0	3.8	4.4
Manufacturing	13.5	4.5	5.5
Large scale	10.9	4.1	5.3
Small scale	1.7	8.3	8.4
Elect gen & dist. and gas dist.	1.9	-16.3	3.7
Construction	2.4	-1.7	11.3
Source: State Bank Report FY2013/14			

1.11 Industrial sector showed considerable increase in growth rate from 1.4 percent in FY2012/13 to 5.8 percent in FY2013/14. Much improvement in overall industrial sector was recorded especially in electricity generation and construction. Manufacturing sector registered a positive growth of 5.5 percent in FY 2013/14 as compared to growth of 4.5 percent last year. LSM growth in FY2012/13 was recorded at 4.1 percent, which increased to 5.3 percent in FY2013/14 (See Table 1.3) Energy constraints have changed the dynamics of LSM in the past several years. The improved performance of the LSM sector was mainly driven by three sub-sectors, namely fertilizer, sugar and beverages. Gas availability to fertilizer, strong sugarcane crop and higher domestic demand for beverages caused the LSM sector to grow. The key growth restraining factors for LSM sector include increased GST on tractors, temporary pause in Pakistan Steel Mills (PSM) operations and reduction in cement exports to Afghanistan.



1.12 The construction sector also recovered from a negative growth of 1.7 percent in FY2012/13 and recorded a positive growth of 11.3 percent in FY2013/14 depicting a strong impact on the industrial sector. This increase was due to rapid execution of work on various projects, increased investment in small scale construction and rapid implementation of development schemes and other projects of federal and provincial governments. (See Fig 1.1)

1.1.3 Services

1.13 The significance of services sector is undeniable and is recognized all over the world. It has emerged as the most significant driver of economic growth and contributing an essential role in augmenting and sustaining economic growth in Pakistan. The services sector contributed over 60.1 percent of GDP growth in FY2013/14 as compared to 75.4% last year.

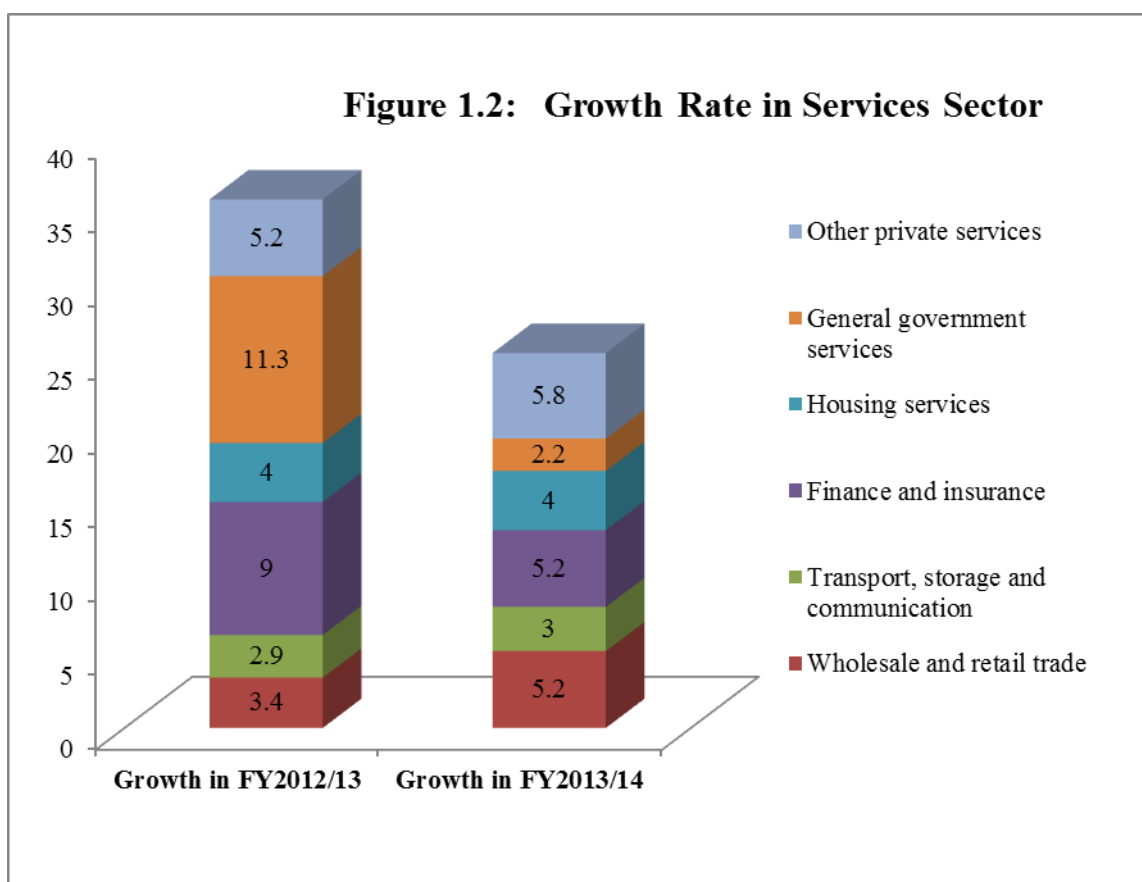
The commodity producing sector exhibited encouraging growth during FY2013/14 but the overall performance of the services sector registered a declining trend. The negative growth exhibited in Finance and insurance and general government services was the main cause of

overall decline in services sector. Resultantly, the contribution of services to real GDP growth also declined sharply from 75.4 percent last year, to 58.1 percent during FY2013/14. (See Table 1.4)

Table 1.4 Growth rates in Services Sector (In percentage)			
	Share in GDP	Growth in FY2012/13	Growth in FY2013/14
Services	60.1	4.9	4.3
Wholesale and retail trade	23.0	3.4	5.2
Transport, storage and communication	9.5	2.9	3.0
Finance and insurance	3.9	9.0	5.2
Housing services	6.5	4.0	4.0
General government services	3.8	11.3	2.2
Other private services	13.4	5.2	5.8

Source: State Bank Report FY2013/14

1.14 Growth of Wholesale & retail trade increased from 3.4 to 5.2 percent. Transport, storage & communication and Housing services maintained its last year's growth of 3.0 percent and 4.0 percent respectively in FY2013/14.



1.4 Inflation

1.15 **Consumer Price Index (CPI)**⁴ has increased by 1.2 percentage point from 7.4 percent in FY2012/13 to 8.6 percent in FY2013/14. Perishable food items and administered prices were the key factors for increased inflation. However, it was lower than the SBP's expected inflation rate of 11-12% for FY2013/14. (See Table 1.5)

1.16 The food inflation increased due to climate conditions, changing pattern of competing crops (like cotton, sugarcane) and demand and supply dynamics in national and international market.

Index	FY 2012/13	FY 2013/14
CPI	7.4	8.6
SPI	7.8	9.3
WPI	7.4	8.2

Source: Pakistan Bureau of Statistics (PBS)

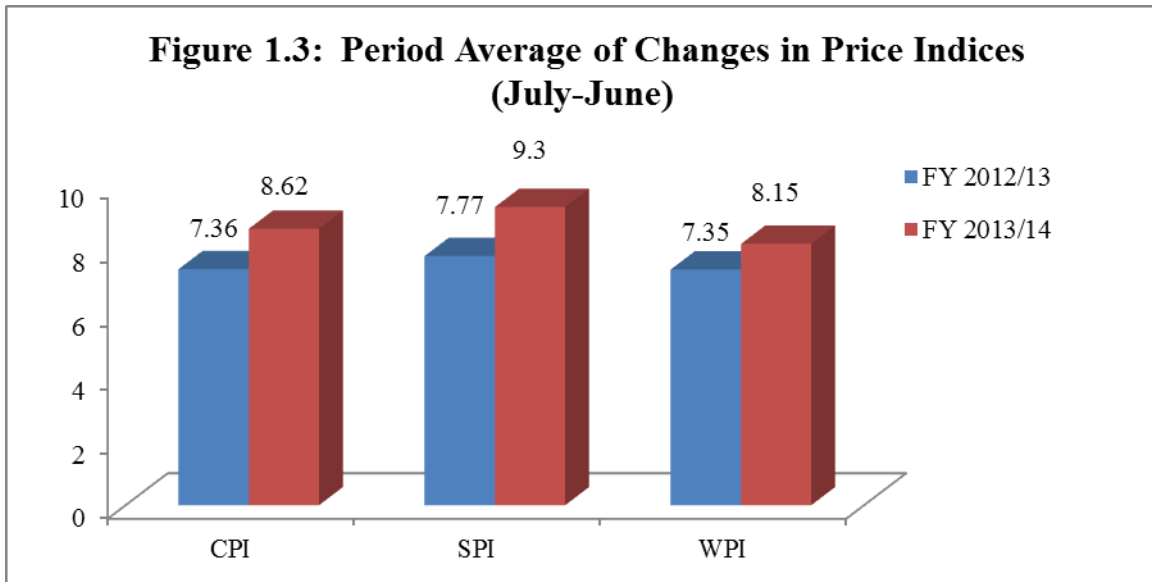
1.17 **Sensitive Price Index** assesses the price movement of essential consumer items at short intervals (on weekly basis). The SPI increased by 1.5 percentage points from 7.8 percent in FY 2012/13 to 9.3 percent in FY 2013/14, mainly because of increase in prices of potatoes, chicken, eggs, meat, wheat flour etc. (See Table 1.5)

1.18 The **Wholesale Price Index (WPI)** is the price of a representative basket of wholesale goods. The WPI increased by 0.8 percentage points during the comparison period. WPI shows the highest increase (14 percent) in mineral related items followed by agriculture group (10.74⁵percent).

⁴ It is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.

⁵ Source: Economic Survey of Pakistan 2013-14

1.19 Graphical depiction of data clearly shows that SPI, CPI and WPI increased during FY2013/14 as compared to FY 2012/13.



1.5 Fiscal balance

1.20 A significant improvement was observed in fiscal deficit recorded at 5.5 percent in FY 2013/14 against a target of 6.5 percent and 8.2 percent recorded last year. There was improvement in both total revenues (more specifically non tax revenues) and development expenditures. Reduction in subsidies in FY2013/14 further helped reduce growth in current expenditures to 9.1 percent against 17.2 percent in previous year. (See Table 1.6)

	FY 2012/13	FY 2013/14
Overall Fiscal Deficit	8.2	5.5
Total Expenditure	21.3	20.6
Current Expenditure	16.3	15.8
Development Expenditure	3.5	4.5
Total Revenue	13.3	14.3
Tax Revenue	9.8	10.1
Non-Tax Revenue	3.5	4.2
Source: State Bank of Pakistan Report FY2013/14		

1.21 This improved performance was mainly attributed to combined surplus of Rs. 149.5 bn from provinces (Rs. 62.8 billion last year) and availability of external financing and reduced pressure on the banking system. On the other side, there were some one-off events during the year which enhanced the growth in revenues and hence exaggerating fiscal deficit position. These events include:

- Utilization of Universal Services Fund
- Receipt of markup on lending to PSEs
- Grant under Pakistan Development Fund (PDF)

1.22 In addition to the above, circular debt of Rs. 235 billion is another factor for limiting the growth in expenditures. In spite of these challenges, fiscal deficit remains lower than the previous year.

1.6 External Account

1.23 External sector performance witnessed a mixed trend during FY2013/14. The overall size of the external gap was manageable in FY2013/14, financing it was quite challenging. At the start of the fiscal year, SBP's FX reserves were consistently falling, not just because of the monthly current account deficits in the first quarter, but also because of IMF repayments that continued till November 2013.

1.24 According to table 1.7, Current Account deficit increased to US\$3.0 billion in FY 2013/14 from US\$2.5 billion last year. External Balance showed an improvement if the impact of lower inflows under the Coalition Support Fund (CSF) is excluded. This improvement was mainly because of increase in remittances, nominal growth in exports and decline in unit prices of fertilizer; furnace oil and palm oil. Pakistan's exports growth remained moderate, increasing from \$ 24.8 billion to \$ 25.2 billion.

Table 1.7 Summary of External Accounts		
	FY2012/13	FY2013/14
	Billion US dollars	
C/A balance	-2.5	-3.0
i) Trade balance	-15.4	-16.5
Exports	24.8	25.2
Imports	40.2	41.7
ii) Services account balance	-1.6	-2.6
iii) Balance on primary income	-3.7	-3.9
iv) Balance on secondary income	18.1	20.1
Worker's Remittances	13.9	15.8
Net International Reserves	-2.4	2.7
Exchange rate (period average) (Rs/US\$)	99.6	98.7
Source: State Bank of Pakistan		

1.25 The services account mirrored the performance of the trade account. The services account deficit increased from USD 1.6 billion in FY2012/13 to USD 2.6 billion in FY2013/14. The income account balance deteriorated marginally during the year, with a higher deficit of US\$ 3.9 billion compared to US\$ 3.7 billion last year.

1.26 An increase in workers' remittances helped to improve the current account balance from USD 13.9 billion in FY2012/13 to USD 15.8 billion in FY2013/14. Remittances exhibited an impressive growth of 13.7 percent. According to SBP report, two factors explain this consistent increase in remittances over the last few years: (i) the increase in number of Pakistanis working abroad⁶ and (ii) efforts by the government and SBP to channel remittances via the banking system.

⁶Limited job opportunities within the country appear to have incentivized more skilled workers to seek employment elsewhere.

Chapter No. 2 Pro-Poor Budgetary Expenditures

This section gives an overview of the expenditures incurred in FY2012/13 and FY2013/14. In FY2013/14 total Pro-poor

Expenditures incurred in 17 pro poor sectors stood at Rs. 1,934,178 million.

Fiscal Responsibility & Debt Limitation (FRDL) Act, 2005 requires that the poverty and social sector related expenditures should not be less than 4.5 percent of GDP in any given year. Total expenditures reached 7.7 percent of GDP in FY2013/14 which was well above the required target.

Highest expenditures of Rs. 537,598 million were recorded in Education, followed by Health, Law & Order and Agriculture sectors.

2.1 Distribution of Expenditure

2.2 According to table 2.1 the overall PRSP expenditures depicted a nominal growth of 1.09 percent in FY2013/14. According to figures given in table 2.1 budgetary expenditures in 17 pro-poor sectors increased from Rs. 1,913,287 million in FY2012/13 to 1,934,178 million in FY 2013/14 depicting an increase of Rs. 20,808 million. Expenditures in Population planning recorded maximum growth of 76.55 percent. This increase was mainly attributed to an increase of 72.5 million in urban population in FY 2013/14 from 69.8 million in FY 2012/13, while rural population has increased to 115.5 million in FY 2013/14 from 114.4 million in FY 2012/13. Total PRSP Expenditure increased as a result of increase in Education, Health, Agriculture, Justice Administration and Law & Order, Benazir Income Support Program (BISP), and Governance expenditures. Expenditures in Environment/ Water Supply & Sanitation, Rural Development, Social Security & Welfare, Natural Calamities & Disasters, and Subsidies exhibited a decline in expenditures during FY 2013/14 as compared to FY 2012/13.

Table-2.1 PRSP Sectoral Budgetary Expenditures and Percentage Changes Between FY 2012-13 and FY 2013-14			
Sector	Expenditure (Rs. millions)		Percentage
	FY 2012-13	FY 2013-14	Change
Market Access and Community Services	128,805	128,504	-0.23
Roads, Highways, & Bridges	94,750	96,504	1.85
Environment/Water Supply & Sanitation	34,055	32,000	-6.03
Human Development	648,197	752,193	16.04
Education	479,853	537,598	12.03
Health	161,202	201,986	25.30
Population Planning	7,142	12,609	76.55
Rural Development	231,117	177,417	-23.23
Agriculture	148,554	157,894	6.29
Land Reclamation	4,805	4,796	-0.19
Rural Development	31,926	14,727	-53.87
People's Works Programme-I	3,346	0	0
People's Works Programme-II	42,486	0	0
Safety Nets	662,313	614,576	-7.21
Subsidies*	556,113	502,098	-9.71
Social Security & Welfare	24,825	23,809	-4.09
Benazir Income Support Programme	46,097	67,677	46.81
Pakistan Bait-ul-Maal	1,976	1,912	-3.24
Natural Calamities & Other Disasters	32,699	18,404	-43.72
Low Cost Housing	603	676	12.11
Governance	242,855	261,405	7.64
Justice Administration	22,512	24,378	8.29

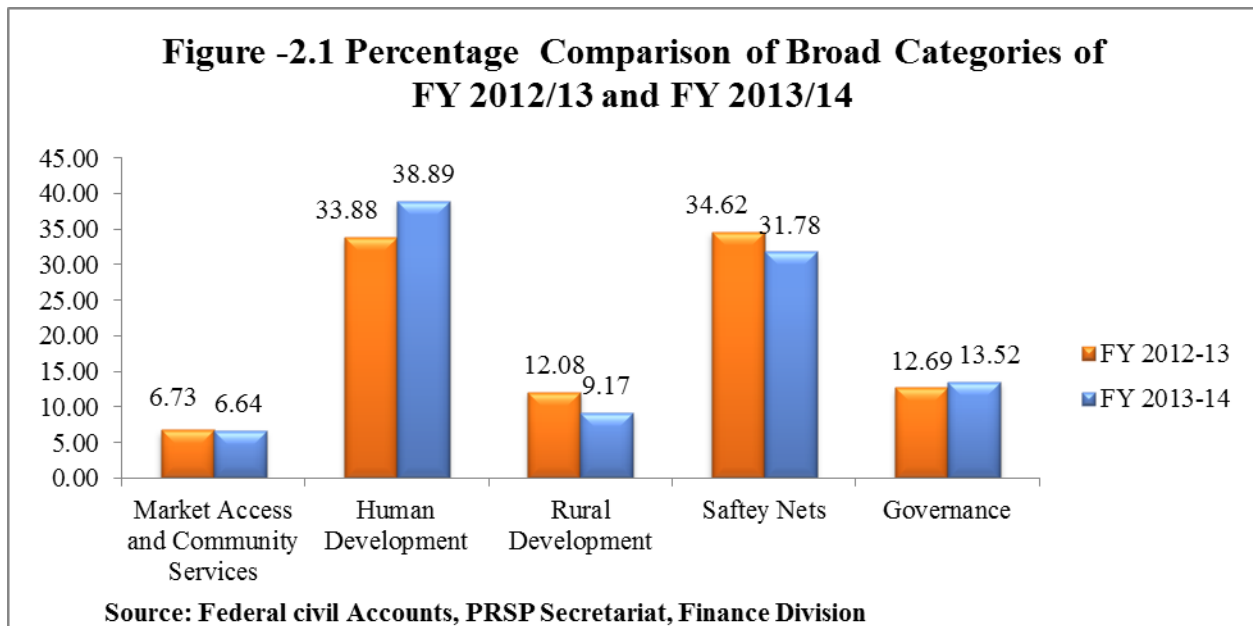
Law and Order	220,343	237,027	7.57
GRAND TOTAL	1,913,287	1,934,178	1.09

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

People's Work Programme (PWP) I & II were discontinued in FY2012. The GoP has decided to launch Tameer-e-Watan Programme (TWP) in place of PWP. Currently, the federal government allocated 12.5 billion rupees under a new endeavor named the MDG Community Development Programme for meeting the set of Millennium Development Goals (MDGs) for fulfillment of required uplift schemes in the lawmakers' constituencies.

Human Development exhibited maximum YoY growth of 16.04 percent followed by Governance that recorded 7.64 percent growth.

2.4 Figure 2.1 depicted percentage contribution of broad categories in aggregate PRSP expenditures including Human Development, Governance, Market Access, Community Services, Rural Development, and Safety Nets.



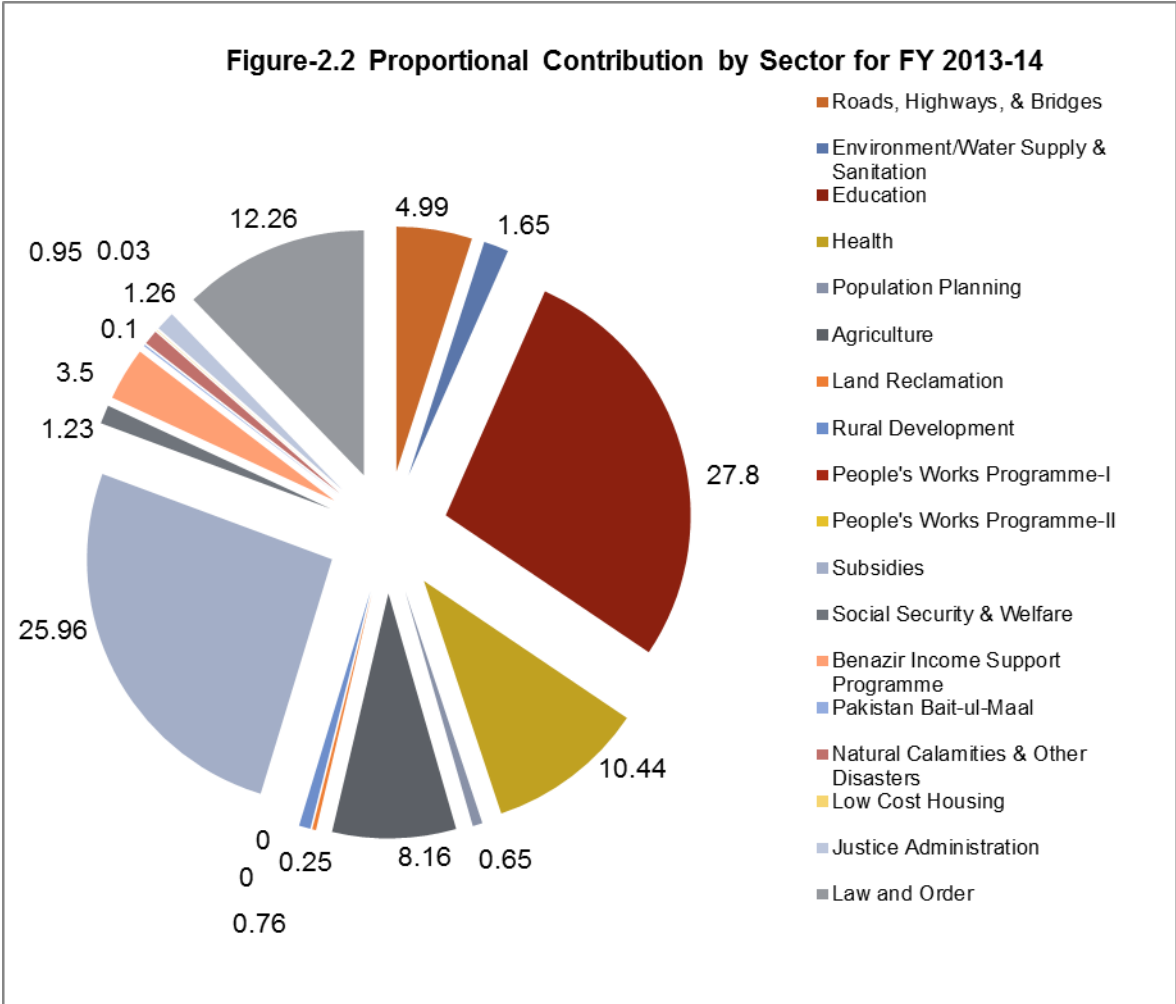
2.2 Comparison of Proportional Contribution by Sector

2.5 Proportional share of 17 pro-poor sectors in total PRSP expenditures are given in table 2.2 & Figure 2.2. Data revealed that education sector held the maximum share in total PRSP expenditures i.e. 27.80 percent. Share of Law & Order increased to 12.26 percent during FY2013/14 as compared to 11.52 percent share recorded in FY2012/13. Share of Subsidies, Natural Calamities & Other Disasters declined by 3.11 and 0.76 percentage points respectively during the comparison period.

Table-2.2 Comparison of Proportional Contribution by Sector in PRSP Expenditures Between FY 2012-13 and FY 2013-14				
Sector	FY 2012-13	Proportional Share	FY 2013-14	Proportional Share
Roads, Highways, & Bridges	94,750	4.95	96,504	4.99
Environment/Water Supply & Sanitation	34,055	1.78	32,000	1.65
Education	479,853	25.08	537,598	27.80
Health	161,202	8.43	201,986	10.44
Population Planning	7,142	0.37	12,609	0.65
Agriculture	148,554	7.76	157,894	8.16
Land Reclamation	4,805	0.25	4,796	0.25
Rural Development	31,926	1.67	14,727	0.76
People's Works Programme-I	3,346	0.17	0	0.00
People's Works Programme-II	42,486	2.22	0	0.00
Subsidies	556,113	29.07	502,098	25.96
Social Security & Welfare	24,825	1.30	23,809	1.23
Benazir Income Support Programme	46,097	2.41	67,677	3.50
Pakistan Bait-ul-Maal	1,976	0.10	1,912	0.10
Natural Calamities & Other Disasters	32,699	1.71	18,404	0.95
Low Cost Housing	603	0.03	676	0.03
Justice Administration	22,512	1.18	24,378	1.26
Law and Order	220,343	11.52	237,027	12.26
GRAND TOTAL	1,913,287	100.00	1,934,178	100.00

Source: PRSP Secretariat, Finance Division, Islamabad

2.6 Proportional share of Land Reclamation, Pakistan Bait-ul-Maal and Low Cost Housing sectors remained unchanged during the comparison period.



2.3 PRSP Budgetary Expenditures by Province and Sectors

2.7 In FY2013/14 PRSP budgetary expenditures at provincial levels exhibited positive trends in all the provinces except in Sindh. Maximum increase in expenditures was observed in KPK which rose by 12.47 percent followed by a growth of 7.37 percent in Balochistan. Sindh was the only province which recorded a negative growth of 0.55 percent in expenditures due to low spending in Rural Development, Subsidies and Natural Calamities sectors.

2.8 Figures given in table 2.3 clearly suggest that in the province of Balochistan a maximum increase of 559.93 percent in expenditures of population planning and 96.12 percent increase in expenditures of Natural Calamities & Other Disasters, was recorded. Expenditures in Education, Health and Population Planning increased in all provinces. The highest percentage increase in Education and Health expenditures was recorded in the province of Balochistan.

Table-2.3 Percentage Change in PRSP Expenditures by Sector and by Province in FY 2012-13 and FY 2013-14

Sector	Federal	Punjab	Sindh	KPK	Balochistan	Pakistan
Roads, Highways, & Bridges	-3.30	13.62	-6.11	21.13	-34.62	1.85
Environment/Water Supply & Sanitation	-46.80	3.61	14.86	-30.41	-3.43	-6.03
Education	21.39	11.20	7.61	6.21	26.46	12.03
Health	203.04	11.36	7.17	14.05	29.40	25.30
Population Planning	-100.00	28.17	55.82	2.76	559.93	76.55
Agriculture	-12.78	0.43	48.78	0.07	-5.53	6.29
Land Reclamation	---	5.81	-0.53	---	---	-0.19
Rural Development	149.38	-49.13	-45.99	-74.98	-53.83	-53.87
People's Works Programme-I	-100.00	---	---	---	---	-100.00
People's Works Programme-II	-100.00	---	---	---	---	-100.00
Subsidies*	-9.84	-6.28	-73.59	534.62	-91.81	-9.71
Social Security & Welfare	43.65	44.09	-8.41	14.59	-35.87	-4.09
Benazir Income Support Programme	46.81	---	---	---	---	46.81
Pakistan Bait-ul-Maal	-3.24	---	---	---	---	-3.24
Natural Calamities & Other Disasters	-74.29	6.29	-67.09	-41.25	96.12	-43.72
Low Cost Housing	---	8.84	140.00	---	---	12.11
Justice Administration	0.77	7.69	6.31	8.27	34.95	8.29
Law and Order	7.72	2.73	12.22	8.93	13.66	7.57
GRAND TOTAL	-4.70	3.67	-0.55	12.47	7.37	1.09

Source: PRSP Secretariat, Finance Division, Islamabad.

2.9 In Punjab and Sindh expenditures for Land Reclamation and Low Cost Housing showed increase in contrast to negative trends recorded in the remaining provinces.

2.10 Expenditures under Subsidies increased substantially by 534.62 percent in KPK. Rural development expenditures increased by 149.38 percent in Federal area. Agriculture sector expenditures increased by 6.29 percent retaining positive growth in all the provinces except Balochistan where it declined by 5.53 percent. Justice Administration and Law & Order also posted a significant increase in its expenditures in all provinces.

2.4 Current and Development Expenditures

2.11 This section of the PRSP report provides a detailed analysis of current and development expenditures, incurred sector-wise and region-wise. Development expenditures increased by 1.57 percent while Current expenditures increased by 0.87 percent during FY2013/14. The current expenditures constituted approximately 68.26 percent share of the total PRSP spending while development expenditures constituted 31.74 percent share (See Table 2.4).

	Expenditures (Rs. Millions)			Percentage Share	
	Current	Development	Total	Current	Development
FY 2012-13	1,308,789	604,498	1,913,287	68.41	31.59
FY 2013-14	1,320,131	613,964	1,934,178	68.26	31.74
Percentage change	0.87	1.57	1.09		

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

2.12 Table 2.5 gives the detail of PRSP current and development expenditures incurred at the provincial and federal level. Data depicts an increasing trend in development expenditures at the federal level while at provincial level current expenditures witnessed positive growth during the comparison period.

2.13 Table 2.5 shows that at the Federal level, a significant growth of 12.43 percent was observed in development expenditures, whereas a 10 percent decline was recorded in current expenditures during FY2013/14. In all provinces Current expenditures exhibited an increasing trend due to new recruitments and projects launched at provincial level. Maximum growth of 21.42 percent was observed in current spending in KPK. Development expenditures increased by 6.28 percent only in Punjab, while in remaining provinces it recorded negative growth.

Province	FY 2012-13		FY 2013-14		Percentage change	
	Current	Development	Current	Development	Current	Development
Federal	518,125	160,378	466,329	180,318	-10.00	12.43
Punjab	395,130	228,064	403,699	242,386	2.17	6.28

Sindh	198,816	116,724	214,854	98,947	8.07	-15.23
KPK	131,474	58,487	159,641	54,014	21.42	-7.65
Balochistan	65,244	40,845	75,608	38,299	15.88	-6.23
Pakistan	1,308,789	604,498	1,320,131	613,964	0.87	1.57

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

2.14 Sector wise growth in current and development expenditures of 17 pro-poor sectors is given in Table 2.6. A massive increase of 84.51 percent, 75.90 percent, 64.73 percent and 46.81 percent in Population Planning, Health, Education and Benazir Income Support Programme, respectively caused the development expenditures to expand during FY 2013/14. In contrast, a huge reduction in development expenditures of 63.68, 55.93 and 24.51 percent was witnessed in Natural calamities & other disasters, Rural Development and Environment/Water Supply & Sanitation, respectively.

2.15 In Current expenditures all the sectors depicted positive growth except Natural Calamities & disasters, Rural Development and Subsidies.

Sector	Current	Development	Total
Roads, Highways, & Bridges	15.89	-1.16	1.85
Environment/Water Supply & Sanitation	15.42	-24.51	-6.03
Education	5.78	64.73	12.03
Health	12.87	75.90	25.30
Population Planning	27.14	84.51	76.55
Social Security & Welfare	28.54	-10.52	-4.09
Natural Calamities & Other Disasters	-28.44	-63.68	-43.72
Agriculture	5.18	7.27	6.29
Land Reclamation	-0.19	---	-0.19
Rural Development	-19.06	-55.93	-53.87
Law and Order	7.52	16.58	7.57
Low Cost Housing	14.59	11.00	12.11
Justice Administration	10.51	1.95	8.29
Subsidies	-13.91	-0.67	-9.71
People's Works Programme-I	-	100.00	100.00
People's Works Programme-II	-	100.00	100.00
Benazir Income Support Programme	-	46.81	46.81
Pakistan Bait-ul-Maal	-3.24	-	-3.24
GRAND TOTAL	0.87	1.57	1.09

2.5 Effect of Subsidies on PRSP Budgetary Expenditures

2.16 Table 2.7 exhibits the impact of subsidies on PRSP budgetary expenditures for FY13. It is divided into three categories that include; 1) total expenditures with and without subsidies, 2) total current expenditures with and without subsidies, and 3) total development expenditures with and without subsidies during FY13 and FY14. Total expenditures with subsidies incurred from FY13 to FY14 increased by 1.09 percent. Without subsidies expenditures grew by 5.51 percent during the same period. The total current and development expenditures without subsidies grew by 6.91 percent and 2.48 percent respectively in FY 2013/14.

Table-2.7 Impact of Subsidies on PRSP budgetary expenditures FY 2012-13 and FY 2013-14			
	Total Expenditures (Rs. Million)		Percentage Change
	FY 2012-13	FY 2013-14	
Total Expenditures with Subsidies	1,913,287	1,934,178	1.09
Total Expenditures without Subsidies	1,357,174	1,431,997	5.51
Total Current Expenditures with subsidies	1,308,789	1,320,131	0.87
Total Current Expenditures without subsidies	928,833	993,014	6.91
Total Development Expenditures with Subsidies	604,498	613,964	1.57
Total Development Expenditures without Subsidies	428,341	438,983	2.48
Subsidies	556,113	502,098	-9.71

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

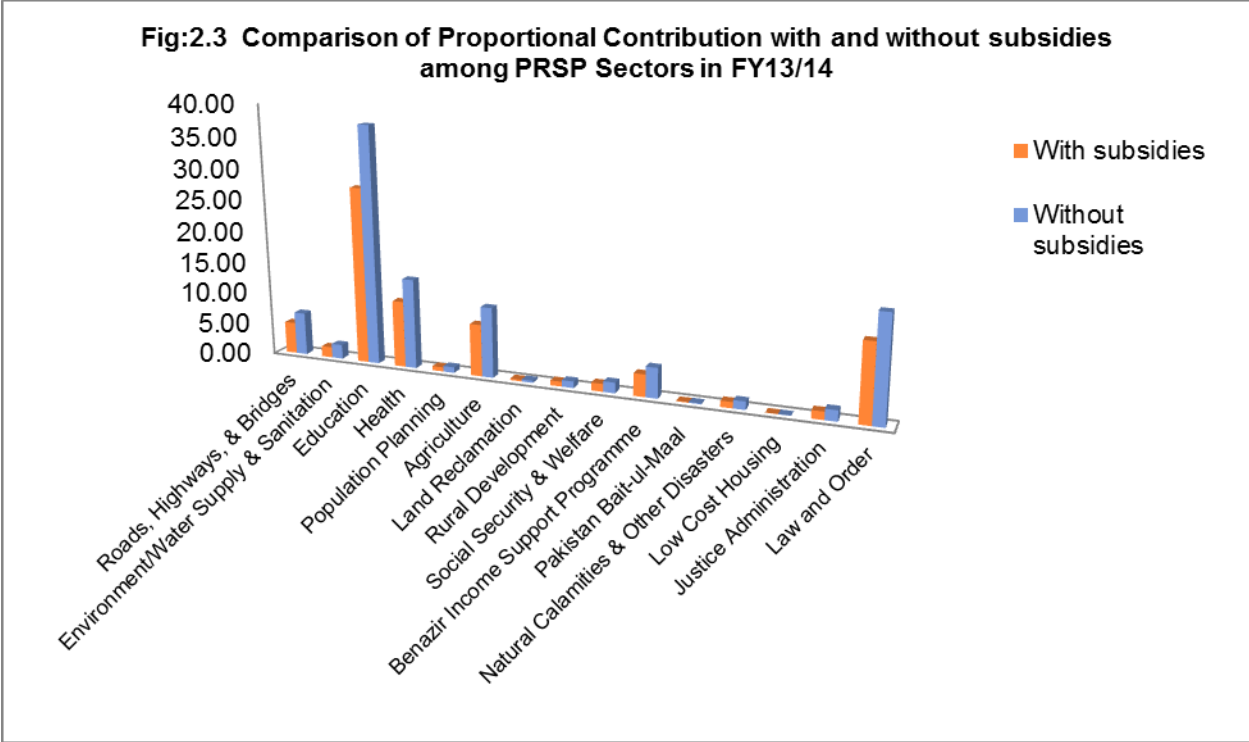
2.17 Table 2.8 & Fig 2.3 show sector wise trend in terms of proportional contribution by sector with subsidies and without subsidies in PRSP expenditures during FY13. This table illustrates the impact of subsidies on PRSP budgetary expenditures.

2.18 Highest change was noticed in Education sector where the share of expenditures with subsidies stood at 27.80 percent and without subsidies this share increased to 37.54 percent. Share of Law and Order was recorded at 12.26 percent with subsidies. Without subsidies this share increased to 16.55 percent.

Table-2.8 Comparison of Proportional Contribution by Sector in PRSP Expenditures FY 2013-14 (With and Without Subsidies)		
Sectors	With subsidies	Without subsidies
Roads, Highways, & Bridges	4.99	6.74
Environment/Water Supply & Sanitation	1.65	2.23
Education	27.80	37.54
Health	10.44	14.11
Population Planning	0.65	0.88
Agriculture	8.16	11.03
Land Reclamation	0.25	0.33
Rural Development	0.76	1.03
Social Security & Welfare	1.23	1.66
Benazir Income Support Programme	3.50	4.73
Pakistan Bait-ul-Maal	0.10	0.13
Natural Calamities & Other Disasters	0.95	1.29
Low Cost Housing	0.03	0.05
Justice Administration	1.26	1.70
Law and Order	12.26	16.55

Source: PRSP Secretariat , Finance Division.

2.19 The comparative shares of most pro-poor sectors without subsidies have increased when compared with their proportional shares with subsidies. This change in proportional shares is due to the substantial share of subsidies in total PRSP expenditures. In the case of expenditures including subsidies the shares of health and agriculture stood at 10.44 percent and 8.16 percent respectively. Without subsidies these shares increased to 14.11 percent and 11.03 percent respectively.



2.6 PRSP Expenditures in sub sectors of Education and Training

2.20 Education is the single most important factor contributing to poverty alleviation. Education plays a vital role and has a cross cutting impact on all aspects of human life. Overall public expenditure on education recorded 2 percentage of GDP which is lowest as compared to other countries of the South Asian Region. The Government of Pakistan is fully committed towards the achievement of the MDGs Goal 2 (To achieve Universal Primary Education) and Goal 3 (Promoting Gender Equality and Women empowerment) which focus towards development of education.

Box 1: The Free Meal Programme (KPKK)
The Khyber-Pakhtunkhwa government has set aside Rs.100 million for the school feeding programme for primary schools which will be rolled out in phases, across the province. According to K-P Elementary and Secondary Education (E&SE) department, the cost of a meal—which will include a high-energy biscuit pack and a juice pack—that students will be given for lunch, will be Rs.40 each. The free meal programme will start when children return to school in fall 2015 after summer break.

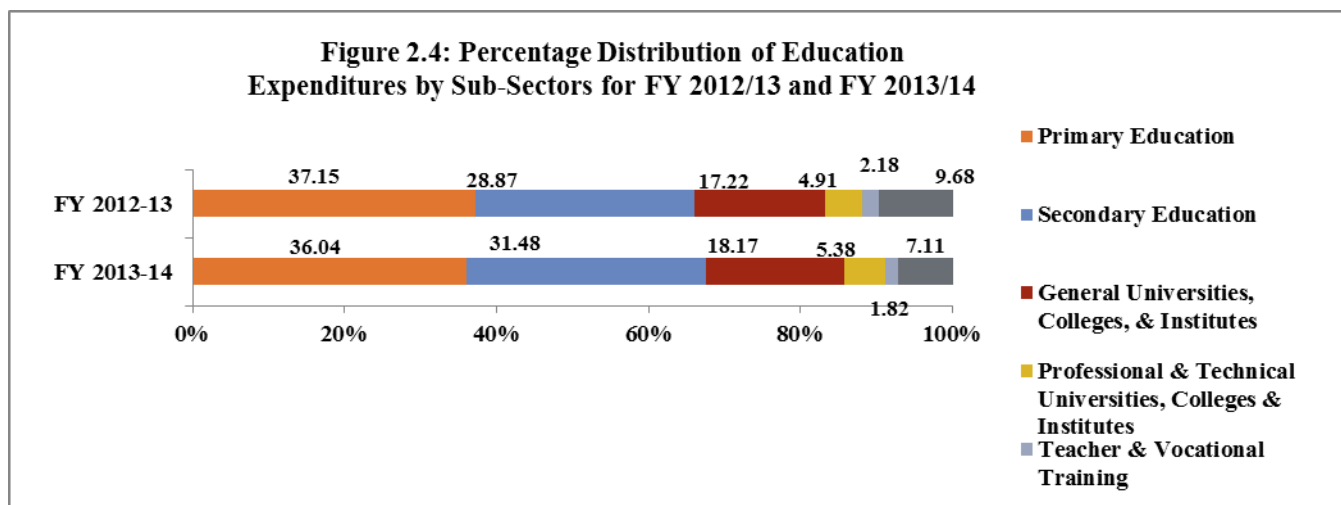
2.21 Aggregate spending in education sector depicted significant YoY growth of 12.03 percent in FY 2013/14 (see, table 2.9). This considerable growth in education sector was due to an increase in education spending in all provinces. Expenditures under secondary education and professional & technical universities increased by 22.19 percent and 22.92 percent respectively, dominating the growth in education sector spending during FY2013/14.

2.22 Among the subsectors of higher education, namely General Universities increased by 18.22 percent.

Education sub-sector	Federal	Punjab	Sindh	KPKK	Balochistan	Total
Primary Education	9.69	5.18	8.61	18.85	7.37	8.68
Secondary Education	7.11	38.65	6.61	-2.40	55.00	22.19
General Universities, Colleges, & Institutes	26.44	15.72	12.24	-1.98	20.72	18.22
Professional & Technical Universities, Colleges & Institutes	27.33	55.60	19.36	14.28	0.80	22.92
Teacher & Vocational Training	36.73	-11.04	5.66	---	-11.40	-6.51
Others	12.56	-40.07	-4.18	-17.14	5.95	-17.73
Total	21.39	11.20	7.61	6.21	26.46	12.03

Source: PRSP Secretariat, Finance Division, Islamabad.

2.23 Significant increase in expenditures of primary education, secondary education, general universities and others was recorded in Balochistan because new projects in basic and college education have been initiated during FY2013-14. At the federal level, positive growth of 21.39 percent was recorded over the comparison period in education sector. Teacher & Vocational Training recorded the maximum growth of 36.73 percent in spending, followed by Professional education that registered a growth of 27.33 percent.



2.24 Figure 2.4 shows the percentage distribution of education expenditures in subsectors during FY2012/13 and FY2013/14. Primary Education held the highest share in education expenditures during both years followed by Secondary education. The smallest share in spending in total education expenditures was held by Teacher & Vocational training.

Table-2.10 Percentage Distribution of Education Expenditures for FY2013 and FY2014						
	Federal	Punjab	Sindh	KPKK	Balochistan	Total
FY 2012-13						
Primary Education	8.89	43.66	47.31	36.01	31.83	37.15
Secondary Education	10.63	30.17	26.19	40.52	40.17	28.87
General Universities, Colleges, & Institutes	53.80	10.25	10.98	12.24	9.58	17.22
Professional & Technical Universities, Colleges & Institutes	12.88	0.93	4.55	8.16	3.84	4.91
Teacher & Vocational Training	1.22	3.97	0.38	0.00	4.96	2.18
Others	12.58	11.02	10.59	3.06	9.63	9.68
Total	100.00	100.00	100.00	100.00	100.00	100.00
FY 2013-14						
Primary Education	8.04	41.30	47.75	40.30	27.02	36.04
Secondary Education	9.38	37.62	25.95	37.24	49.23	31.48
General Universities, Colleges, & Institutes	56.03	10.66	11.45	11.30	9.15	18.17
Professional & Technical Universities, Colleges & Institutes	13.51	1.30	5.05	8.78	3.06	5.38
Teacher & Vocational Training	1.37	3.18	0.37	0.00	3.48	1.82
Others	11.66	5.94	9.43	2.39	8.06	7.11
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: PRSP Secretariat, Finance Division, Islamabad.

2.25 Table 2.10 gives the detail of spending pattern in subsectors of Education at the federal and provincial level. Data shows that the highest share was held by General and Professional Universities at federal and provincial during both years. The least share was held by ‘Teacher and Vocational Training’.

2.7 PRSP Expenditures in Health

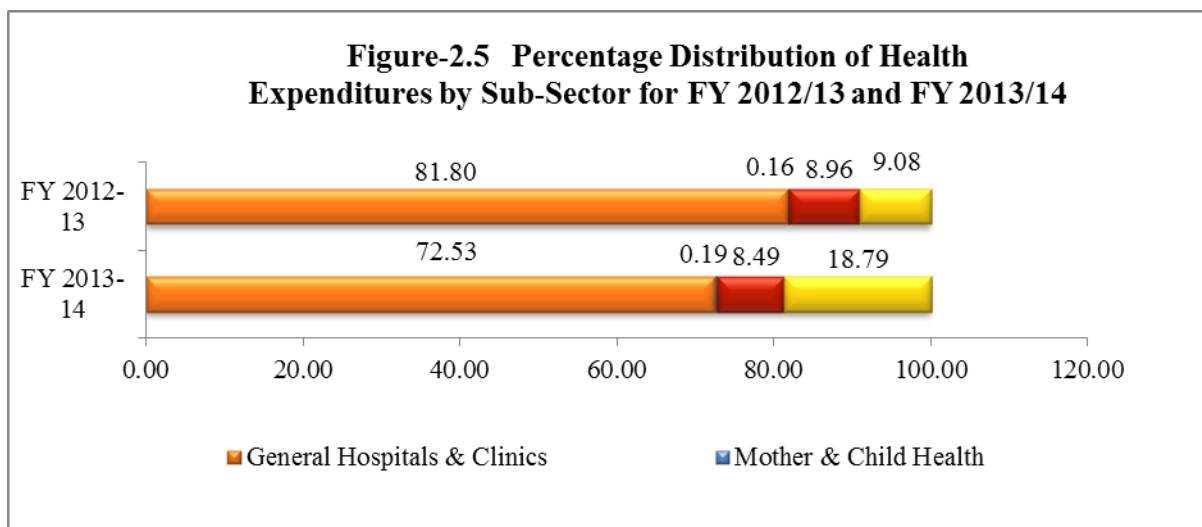
2.26 According to figures given in Table 2.11 aggregate expenditures in Health sector increased by Rs. 40,784 million (from Rs. 161,202 million in FY2012/13 to Rs. 201,986 million in FY2013/14). Health spending witnessed a substantial YoY growth of 25.30 percent. Positive growth trends were observed in all subsectors of Health.

Health sub-sector	Federal	Punjab	Sindh	KPKK	Balochistan	Total
General Hospitals & Clinics	15.07	9.93	6.08	17.65	25.40	11.10
Mother & Child Health	---	10.95	---	17.31	---	51.78
Health Facilities & Preventive Measures	31.10	11.44	-6.25	20.40	69.51	18.64
Others	4606.39	24.31	30.87	-36.16	-4.88	159.44
Total	203.04	11.36	7.17	14.05	29.40	25.30

Source: PRSP Secretariat, Finance Division, Islamabad.

2.27 The promulgation of the 18th Constitutional Amendment and the 7th NFC Award, the federal government has transmitted greater bulk of payment to the provinces. The provinces with newly empowered status have allocated more funds to healthcare making it more responsive to the needs of population.

2.28 All four provinces underwent enhancement in their spending in the Health sector. Balochistan showed the highest growth of 29.40 percent in health spending during FY2013/14. PRSP Health expenditures at federal level exhibited a substantial growth of 203.04 percent in FY 2013/14.



2.29 Proportional distribution of health expenditures has been given in Table 2.12 and Fig 2.5. ‘General Hospitals & Clinics’ held the highest share during both years at the federal and provincial level. ‘Mother & Child Health’ held the lowest share in aggregate expenditures during both years.

Table-2.12 Percentage Distribution of Health Expenditures for FY2013 and FY2014						
Health sub-sector	Federal	Punjab	Sindh	KPKK	Balochistan	Pakistan
FY 2012-13						
General Hospitals & Clinics	70.47	87.07	79.57	79.27	71.07	81.80
Mother & Child Health	0.00	0.27	0.00	0.24	0.00	0.16
Health Facilities & Preventive Measures	25.55	3.06	10.71	13.14	17.15	8.96
Others	3.99	9.59	9.72	7.35	11.78	9.08
Total	100.00	100.00	100.00	100.00	100.00	100.00
FY 2013-14						
General Hospitals & Clinics	26.76	85.96	78.76	81.76	68.87	72.53
Mother & Child Health	0.29	0.27	0.00	0.25	0.00	0.19
Health Facilities & Preventive Measures	11.05	3.07	9.37	13.87	22.47	8.49
Others	61.90	10.71	11.87	4.11	8.66	18.79
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: PRSP Secretariat, Finance Division, Islamabad.

Chapter No. 3 Protecting the Poor and the Vulnerable

3.1 Sustained economic growth, in which poor women and men participate directly, as both agents and beneficiaries, is essential for reducing poverty. Recurring crises exposed the vulnerability of poor individuals and families as well as their jobs and livelihoods. Employment and social protection are two critical avenues towards achieving pro-poor growth and the Development Goals. It stimulates the involvement of poor women and men in economic growth, protects the poorest and most vulnerable and contributes to social cohesion and stability. It helps to build human capital, manage risks, promote investment and entrepreneurship and improve participation in labor markets. Social protection programmes are therefore a great investment in human capital, which is in line with the first pillar of government's vision 2025, i.e. putting people first.

3.2 Safety Nets in the form of direct cash transfers include both budgetary and non-budgetary expenditures. PBM, BISP, and Social Security & Social Welfare have been included in the budgetary allocations of pro-poor expenditures. Expenditures on Zakat, EOBI and WWF constitute the non-budgetary part of pro-poor expenditures.

3.3 Table 3.1 gives the amount utilized under budgetary and non-budgetary programmes during FY2012/13 and FY2013/14.

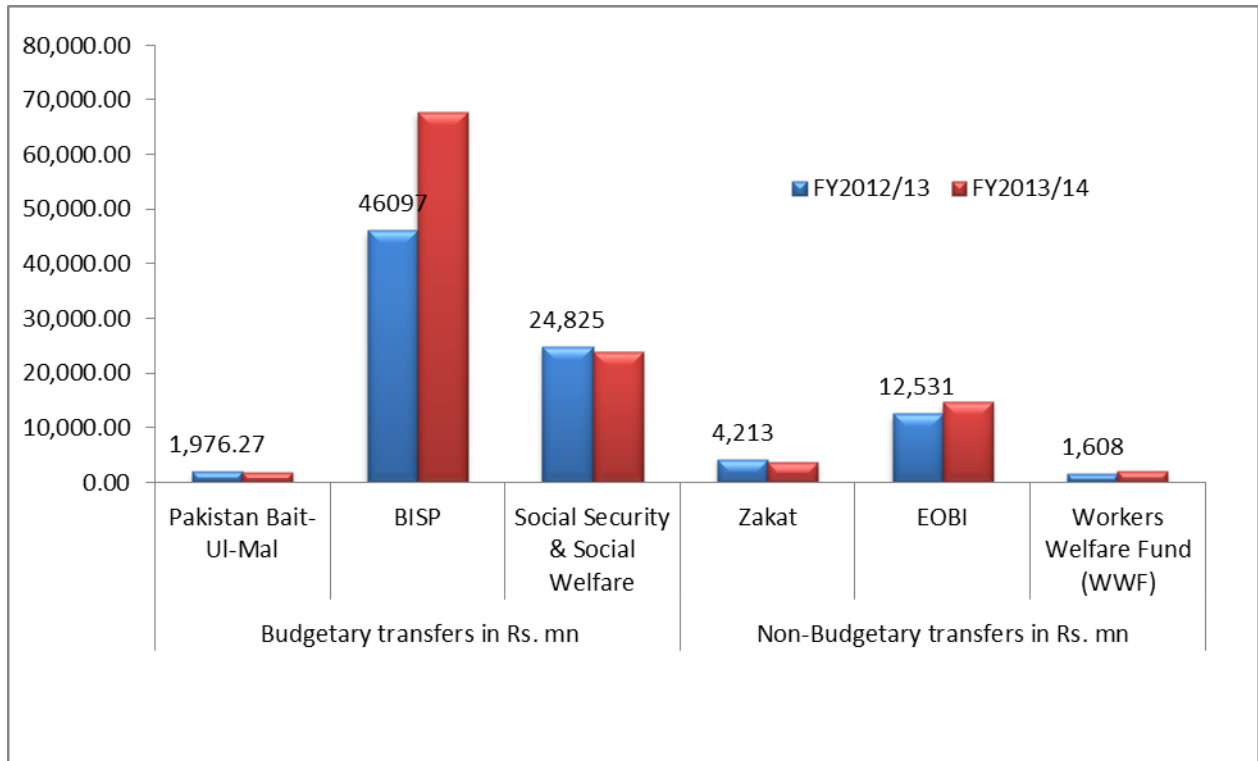
The highest disbursements have been reported under BISP in both years (8.71 million Rs. in FY13 and 7.9 million in FY 14) followed by Social Security and Welfare. Under Non-budgetary transfers EOBI disbursed the most amounts followed by Zakat programme.

The number of beneficiaries under these programmes has also been reported in table 3.1. Figure 3.1 shows that overall Budgetary transfers have been greater than non-budgetary transfers.

Table 3.1: Direct Transfers and Beneficiaries			
Program	Disbursement / Beneficiaries	FY13	FY14
Budgetary Transfers in millions			
Pakistan Bait-ul-Mal	Amount disbursed	1,976	1,911
	Beneficiaries	0.77	0.94
BISP	Amount disbursed	46097	67,677
	Total beneficiaries	7.9	8.71
Social Security & Social Welfare	Amount disbursed	24,825	23,809
1. Sub Total: Budgetary Transfers	Amount disbursed	72,898	93,397
	Beneficiaries	8.67	9.65
Non – Budgetary Transfers in millions			
Zakat	Amount disbursed	4,213	3,736
	Beneficiaries	1.53	1.18
EOBI	Amount disbursed	12,531	14,730
	Beneficiaries	0.31	0.34
Workers Welfare Fund (WWF)	Amount disbursed	1,608	2,178
	Beneficiaries	0.03	0.03
2. Sub Total: Non budgetary transfers	Amount disbursed	18,352	20,644
	Beneficiaries	1.87	1.55
Total: 1+2	Amount disbursed	91,250	114,041
	Beneficiaries	10.54	11.2
Micro Finance	Credit Amount disbursed (Rs. millions)	64,858	81,122
	Total No of Loans	2,572,032	3,188,877

Source: PBM, EOBI, Zakat, WWF, BISP, PMF

3.4 Among budgetary and non-budgetary transfers, the highest number of beneficiaries was reported under BISP in both years followed by Zakat Programme that is operational at the provincial level. Beneficiaries under PBM depicted a declining trend during FY2013/14.



3.1 Programmes of Pakistan Bait-ul-Mal (PBM)

3.5 Pakistan Bait-ul-Mal (PBM) contributes towards poverty alleviation through its various poorest of the poor - focused schemes providing assistance to orphanages, old age citizens and other needy persons (see Table 3.2).

3.6 The total disbursements made under the Pakistan Bait-ul-Mal programme stood at Rs. 1976 million in FY2012/13 as compared to Rs. 1,911 million in FY2013/14 exhibiting a decline of 3.3 percent. The reason of decline in disbursement is due to the data of last financial year 2012/13 of National Centers for Rehabilitation of Child Labour (NCsRCL) and Vocational Dastkari Schools were shown as number of families multiplied with 6.8 numbers of individual in a family. The number of beneficiaries exhibited considerable increase of 2.33 percent.

Table 3.2 Programmes of Pakistan Bait-ul-Mal (PBM)

Grant Nature	FY2012/13		FY2013/14		Percentage change	
	Beneficiaries (No)	Disbursement (Rs. millions)	Beneficiaries (No)	Disbursement (Rs. millions)	Beneficiaries (No)	Disbursement
Child Support Programme	23,653	41.568	24,809	44.393	4.89	7
Individual Financial Assistance	30,838	1100.193	23,102	976.008	-25.09	-11
Institutional Rehabilitation (Grant-In-Aid to NGOs) / Civil Society Wing (NGOs)	24,554	40.122	8,147	15.857	-66.82	-60
National Centre for Rehabilitation of Child Labour	476,407	335.214	515,712	410.305	8.25	22
Vocational / Dastkari Schools/Centres	206,106	183.35	215,832	196.235	4.72	7
Pakistan Sweet Homes (Orphanages)	11,336	275.828	3,262	268.597	-71.22	-3
Total	772,894	1976.275	790,864	1,911.40	2.33	-3

Source: Pakistan Bait-ul- Mal

3.7 Child Support Programme (CSP): This is a cash transfer program, in which cash incentive is provided to the parents for sending their children to schools. Rs. 300 per month is paid to the families with one child and Rs.600 per month to the families with two or more children of school going age. The CSP program is running in 14 districts. The total amount disbursed under this program was Rs.41.568 million in FY13 and Rs. 44.393 million in FY14, thus a substantial increase of 7 percent was registered. In terms of the number of beneficiaries, an increase of 4.89 percent was witnessed, from 23,653 in FY 2013 to 24,809 in FY 2014.

3.8 Individual Financial Assistance (IFA): One of the major social dispensation programs of PBM is IFA. It focuses on providing financial assistance to the destitute and needy. The program targets the widows, orphans, invalid, infirm and other needy persons, to provide for free medical treatment, stipend and financial assistance. Under this head PBM has provided a financial assistance of Rs. 1100.193 million in FY13 and 976.006 million in FY14; recording a substantial decline of 11 percent. The number of beneficiaries also decline by 25.09 percent.

3.9 Institutional Rehabilitation through NGOs: PBM provides grant-in-aid to registered Non-Governmental Organization (NGOs) for their projects aimed at institutional rehabilitation of

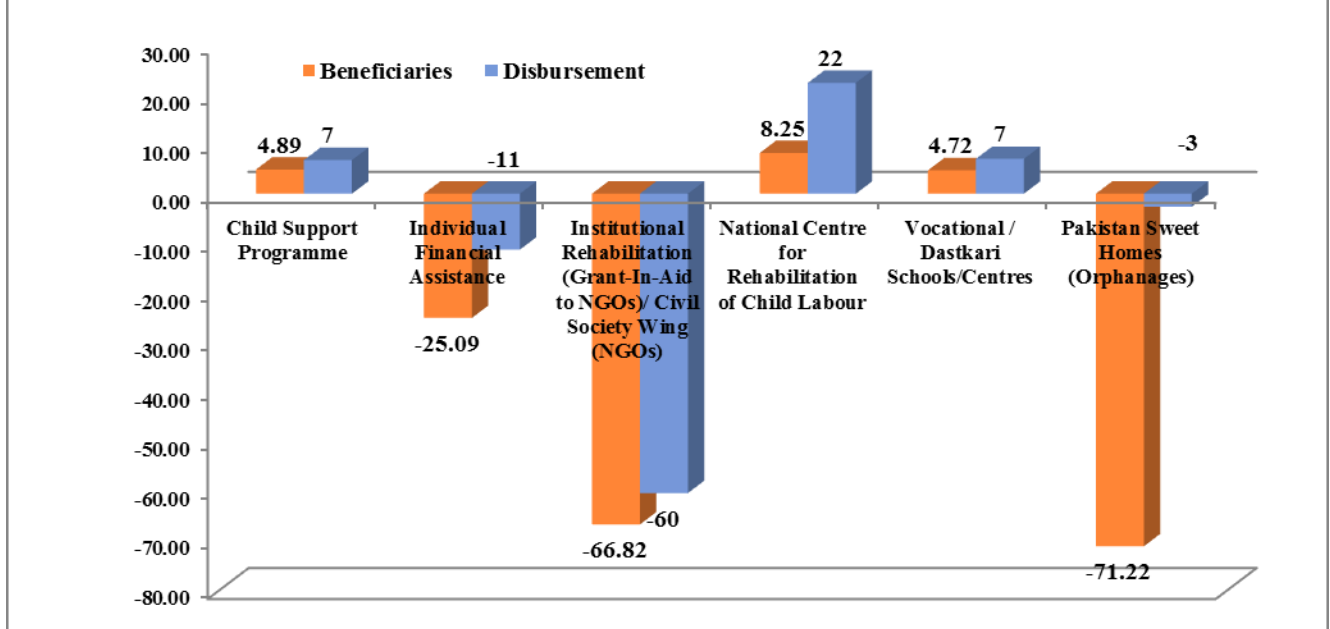
the poor and deserving persons of the society. During FY2013-14, an amount of 15.857 million has been spent among 8,147 poor beneficiaries.

3.10 National Centers for Rehabilitation of Child Labor (NCsRCL): PBM has a pro-active child labor rehabilitation policy and a number of initiatives have been taken for the betterment of working children. Efforts have been made to withdraw children from work places with the purpose of educating them by undertaking non-formal basic education program. In FY13/14 an increase of 22 percent and 8.25 percent was recorded in both disbursements and beneficiaries respectively.

3.11 Vocational/Diversified Vocational Dastkari Schools (V/DVDS): PBM has established Vocational/Diversified Vocational Dastkari Schools (VDS/DVDS) where poor widows, orphans and needy girls are given training in a variety of skills. PBM has been established 144 VDS and 15 DVDS throughout the country. A significant growth of 7 percent and 4.72 percent was observed in disbursements and the number of beneficiaries respectively during the comparison period.

3.12 Pakistan Sweet Homes (PSHs): PBM has established Sweet Homes for Orphans having accommodation for 100 children in each home. A total number of 28 Pakistan Sweet Homes (Orphanages) have been established so far on which Rs. 268.597 million were spent during FY13/14.

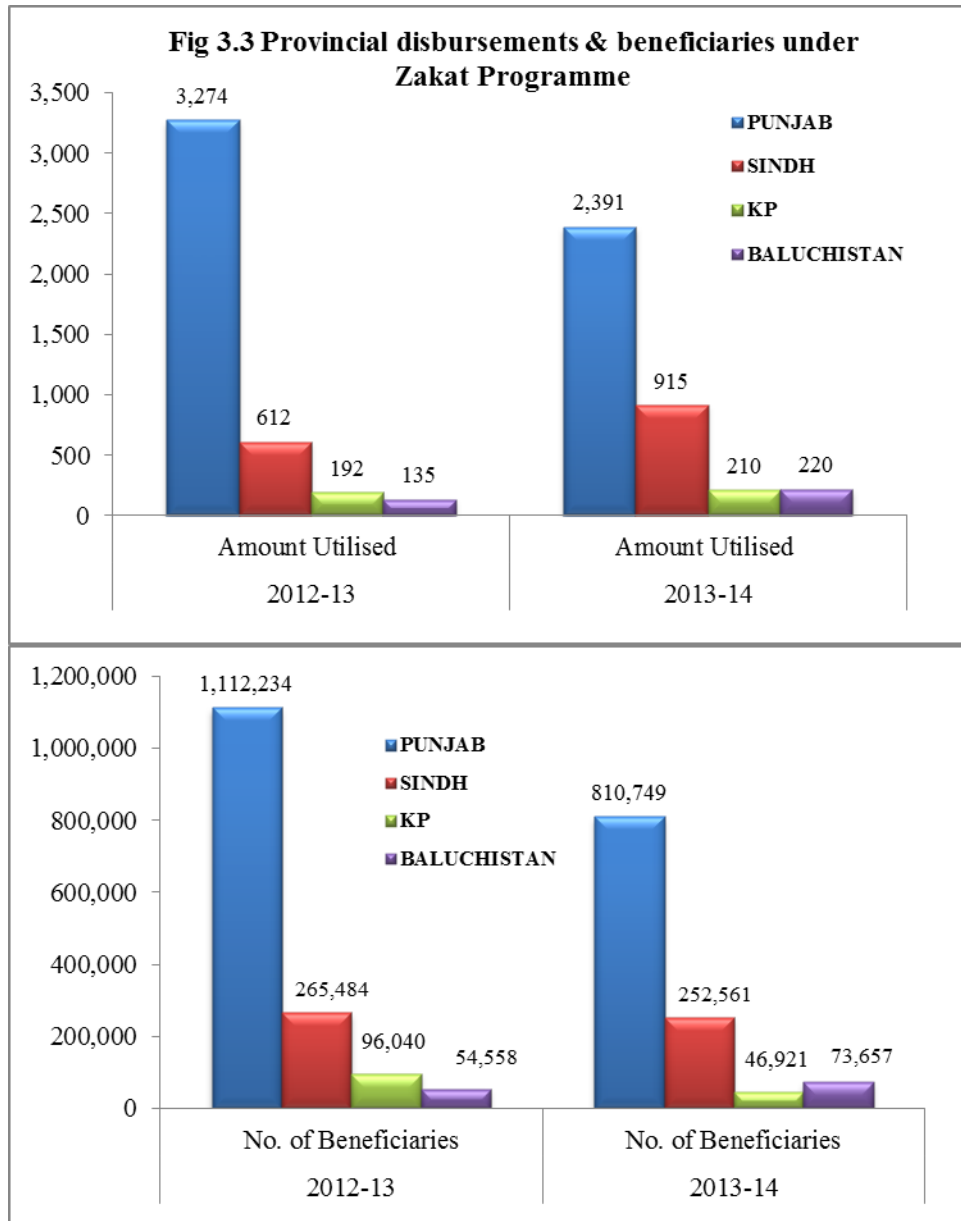
Figure 3.2 Percentage change in PBM Programmes from FY 2012/13 to FY 2013/14



3.2 Zakat and Ushar

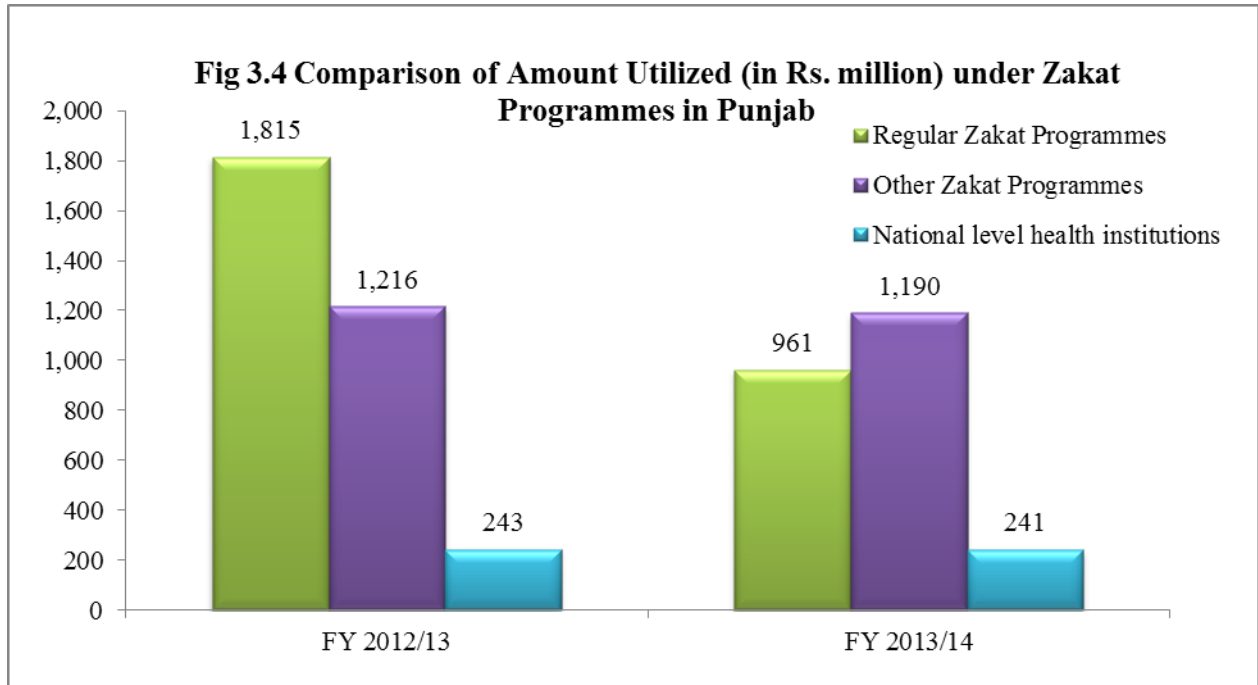
3.13 Zakat plays an important role in poverty alleviation. Zakat funds are utilized for assistance to the needy, indigent, poor, orphans, widows, handicapped and disabled for their subsistence or rehabilitation. These poor segments of society are provided Zakat funds either directly through respective local Zakat Committee or indirectly through institutions i.e. educational, vocational, social institutions and hospitals, etc. As a consequence of the 18th constitutional amendment, the subject of Zakat has been devolved to the Provinces.

3.14 In Punjab province the number of beneficiaries and disbursements declined during FY 2013/14. Sindh province showed an increase in the level of disbursements from Rs. 612 million in FY 2012/13 to Rs. 915 million in FY 2013/14. Disbursements in KPK and Balochistan also increased during the period under review. The number of beneficiaries declined in all provinces except Balochistan.



3.2.1 Zakat Programmes in Punjab Province

3.15 Disbursements and beneficiaries seen a decline in Zakat programs during FY13 if compared with corresponding FY14. Figure shows that the amount utilized under Regular Zakat Programmes declined significantly from Rs 1,815 million in FY2012/13 to Rs. 961 million during FY 2013/14. During the same period the number of beneficiaries also decreased by 18.44 percent.



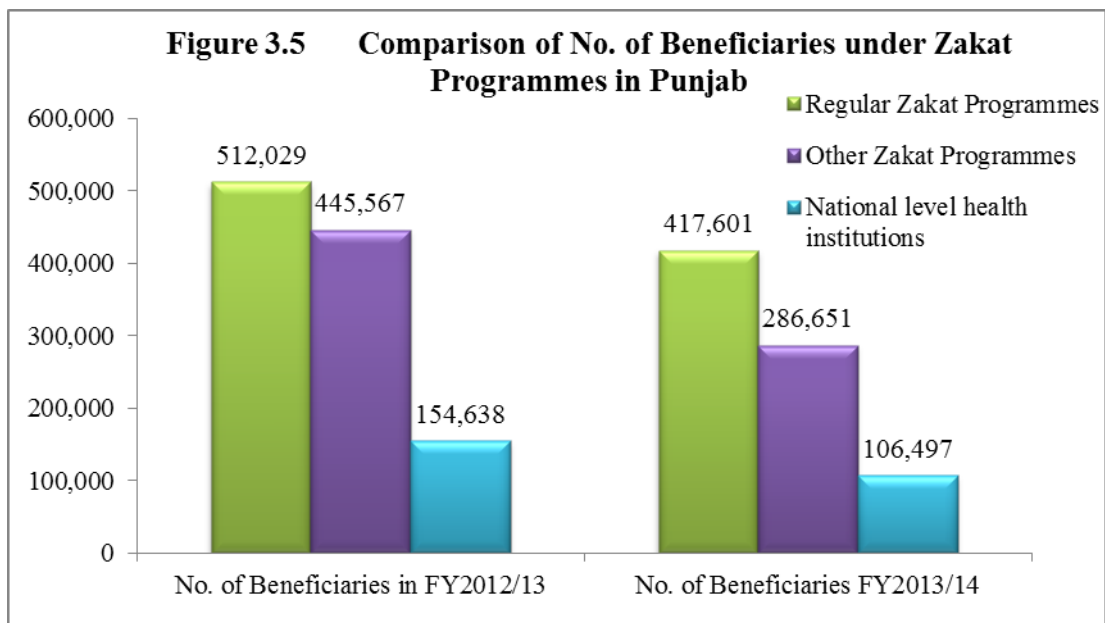
3.16 Under Other Zakat Programmes and National Level Schemes the amount utilized did not show significant change during the comparison period.

3.17 The number of beneficiaries recorded a declining trend under all categories of Zakat programmes in Punjab province. Decline in disbursement and the number of beneficiaries of Punjab Zakat Programmes was mainly due to more budget was allocated in FY 2012/13 as compared to the budget of FY 2013-14. Detailed data is given in table 3.3.

Table 3.3 Comparison of Zakat Programmes in Punjab				
Programms	FY 2012/13		FY 2013/14	
	Amount Utilised (in millions)	No. of Beneficiaries	Amount Utilised (in millions)	No. of Beneficiaries
Regular Zakat Programmes				
Guzara Allowance	1,386	300,167	581	226,959
Education stipends	177	124,477	175	111,991
Stipends to students of Deeni Madrassahs	92	41,608	82	33,404
Health care	67	36,543	63	39,258
Marriage assistance to unmarried women	92	9,234	60	5,989
Sub Total	1,815	512,029	961	417,601

Other Zakat Programmes				
Eid Grants	200	364,418	200	207,160
Leprosy Patients	1	113	1	113
Guzara Allowance for Blinds	143	25,308	91	12,372
Educational Stipend (tech)	871	55,728	897	32,069
Sub Total	1,216	445,567	1,190	251,714
National level Schemes				
National level health institutions	243	154,638	241	106,497
Grand Total	3,274	1,112,234	2,391	775,812

Source: Ministry of Religious Affairs, Zakat & Ushar



3.2.2 Zakat Programmes in Sindh Province

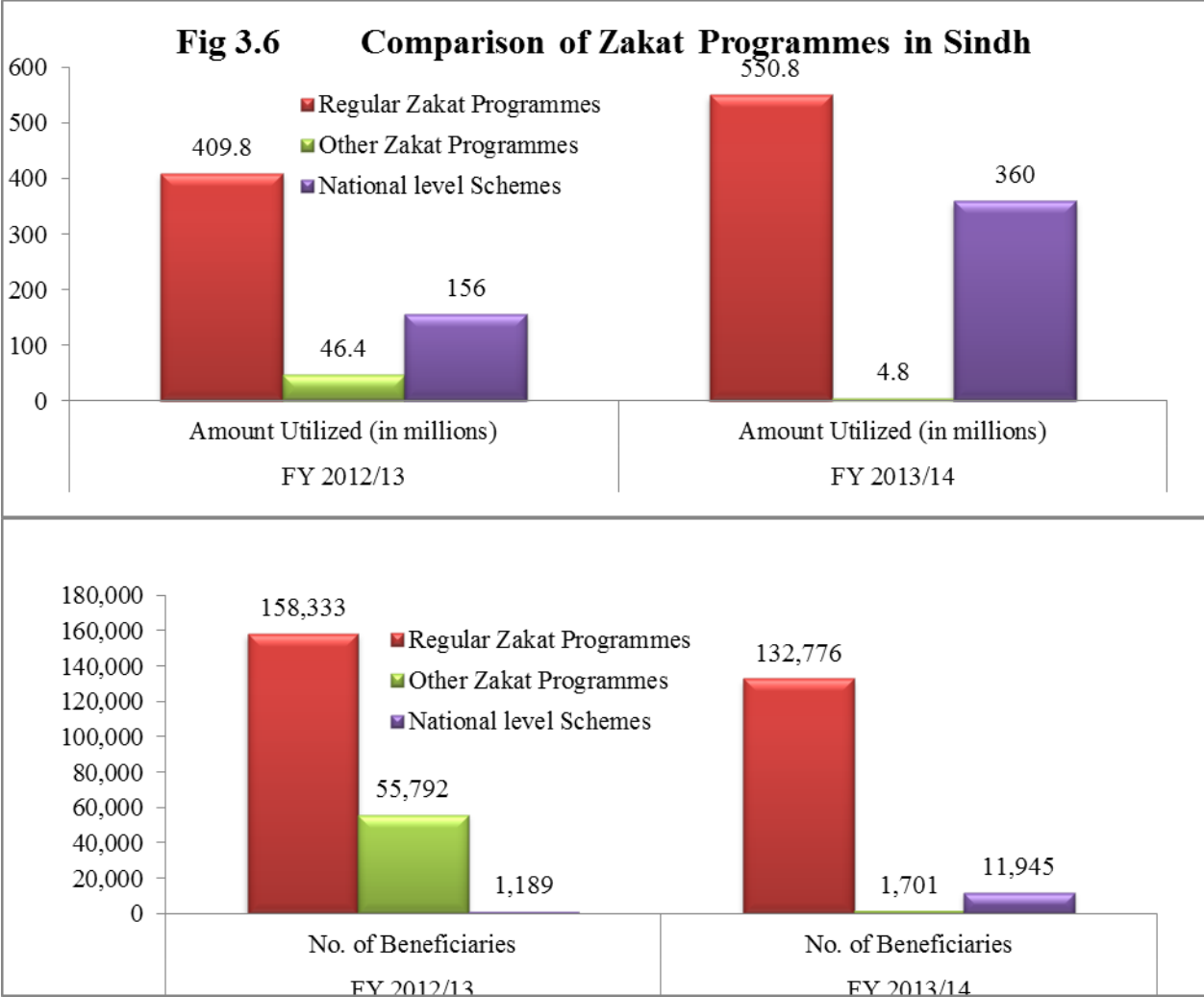
3.18 Table 3.4 provides detail of disbursement and beneficiaries under Zakat Programmes of Sindh. The total amount utilized in Sindh province increased by 49 percent but the number beneficiaries declined by 4.8 percent during the comparison period.

3.19 Zakat and Ushar department, Sindh stated that the number of beneficiaries has been declined and 33% disbursement of Zakat funds in the province for the period under review has been increased for the following grounds.

- i. The amount of Guzara Allowance has been doubled from Rs. 500/- to Rs.1,000/- per month per beneficiary. So the ratio of beneficiaries decreased.
- ii. The rate of educational stipend has been increased.
- iii. Marriage assistance to un-married women has also been doubled per Mustahique girl.
- iv. Assistance out of Zakat fund is also extended for free treatment of Mustahique patients through hospitals of different categories and the cost of medicines and other medical instruments has increased.

Table 3.4 Comparison of Zakat Programmes in Sindh				
Programms	FY 2012/13		FY 2013/14	
	Amount Utilized (in millions)	No. of Beneficiaries	Amount Utilized (in millions)	No. of Beneficiaries
Regular Zakat Programmes				
Guzara Allowance	157.3	51,813	383.7	65,221
Education stipends	99.2	44,673	43.4	14,831
Stipends to students of Deeni Madrassahs	52.3	24,368	10.8	4,616
Health care	44.9	27,974	44.0	36,921
Social welfare / Rehabilitation	28.1	6,708	34.9	7,659
Marriage assistance to unmarried women	28.0	2,797	34.0	3,528
Sub Total	409.8	158,333	550.8	132,776
Other Zakat Programmes				
Eid Grants	29.201	54,284	2.701	1,487
Educational Stipend (tech)	17.2	1,508	2.1	214
Sub Total	46.4	55,792	4.8	1,701
National level Schemes				
National level health institutions	150	50,170	300	106,139
Natural Calamities/Flood Affectees/IDPs	6	1,189	60	11,945
Subtotal	156	51,359	360	118,084
Grand Total	612	265,484	915	252,561
Source: Ministry of Religious Affairs, Zakat & Ushar				

3.20 Zakat disbursements increased by 34.5 percent under Regular Zakat Programmes and a substantial increase of 130 percent was recorded under National Level Schemes (see figure 3.6).



3.21 The number of beneficiaries exhibited significant increase under National Level Schemes from 1,189 in FY2012/13 to 11,945 in FY2013/14.

3.2.3 Zakat Programmes in Khyber Pakhtunkhwa Province

3.22 Table 3.5 provides disbursements and beneficiaries of Zakat Programmes in K.P province. Overall Zakat disbursement increased by 10 percent from Rs.192 million in FY13 to Rs. 210 million in FY14. The number of beneficiaries witnessed a declining trend of 51 percent during the review period.

Table 3.5 Comparison of Zakat Programmes in Khyber Pakhtunkhawa				
Programms	FY 2012/13			FY 2013/14
	Amount Utilised (in mn)	No. of Beneficiaries	Amount Utilised (in mn)	No. of Beneficiaries
Regular Zakat Programmes				
Guzara Allowance	15	25,964	127	21,110
Education stipends	46	5,193	25	3,378
Stipends to students of Deeni Madrassahs	29	5,471	1	285
Health care	22	14,666	17	11,257
Marriage assistance to unmarried women	20	2,079	25	1,688
Sub Total	132	533,733	196	37,718
Other Zakat Programmes				
Educational Stipend (tech)	11	10,334	0	0
Provincial level Schemes				
Provincial level Hospitals	49	32,333	14	9,166
Natural Calamities/Flood Affectees/IDPs	0	0	1	37
Subtotal	49	32,333	14	9,203
Grand Total	192	96,040	210	46,921

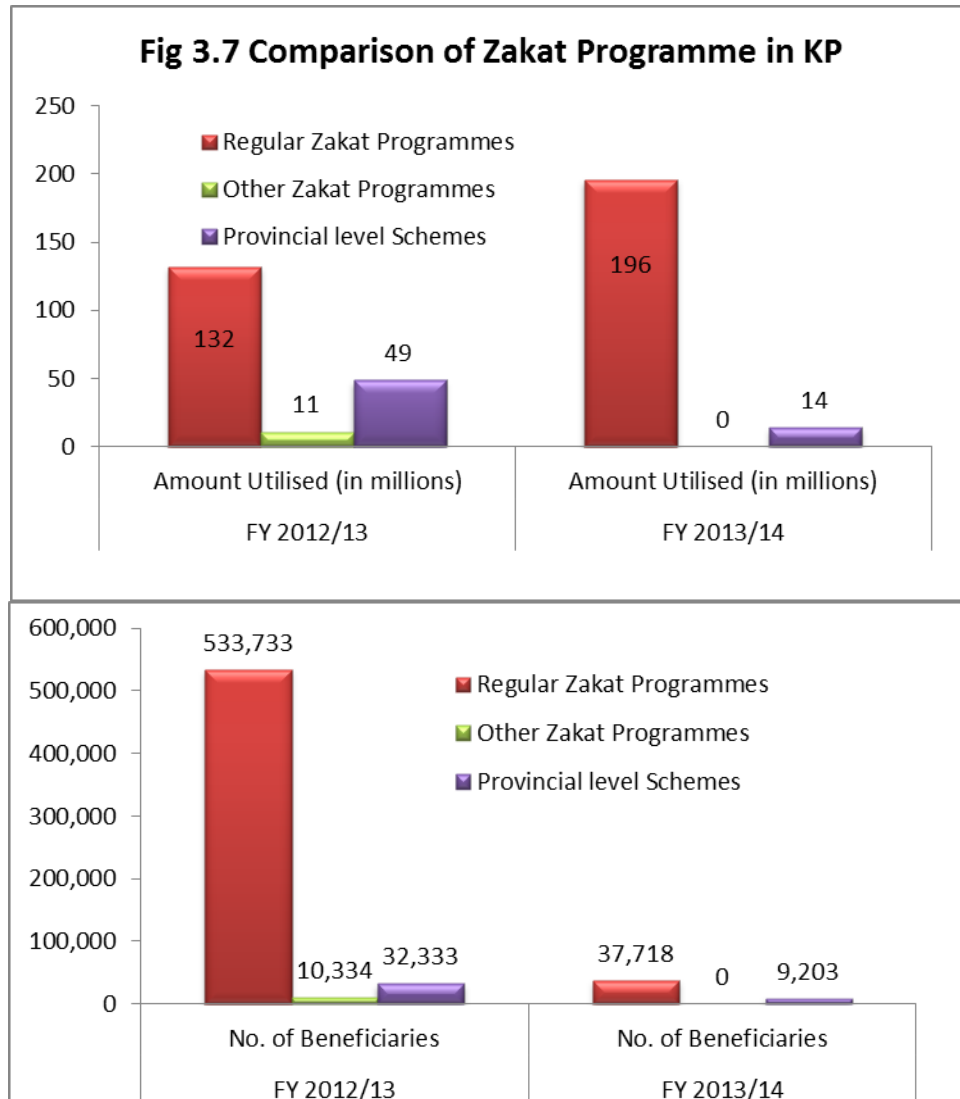
Source: Ministry of Religious Affairs, Zakat & Ushar

3.23 In Khyber Pakhtunkhawa province the number of beneficiaries recorded a very discouraging trend during FY2013/14 in all categories of Zakat programme. The amount utilized only increased under Regular Zakat Programme from Rs 132 million in FY2012/13 to Rs.196 million in FY2013/14. Under Provincial level schemes and Other Zakat Programmes the amount utilized decreased during the comparison period.

A decline in the number of beneficiaries was recorded

Due to reconstitution of Khyber Pakhtunkhwa Provincial Zakat Council and thereafter District Zakat Committees and Local Zakat Committees only 50% of the budget could be utilized.

- i. Increase in rate of Guzara allowance and Marriage Assistance



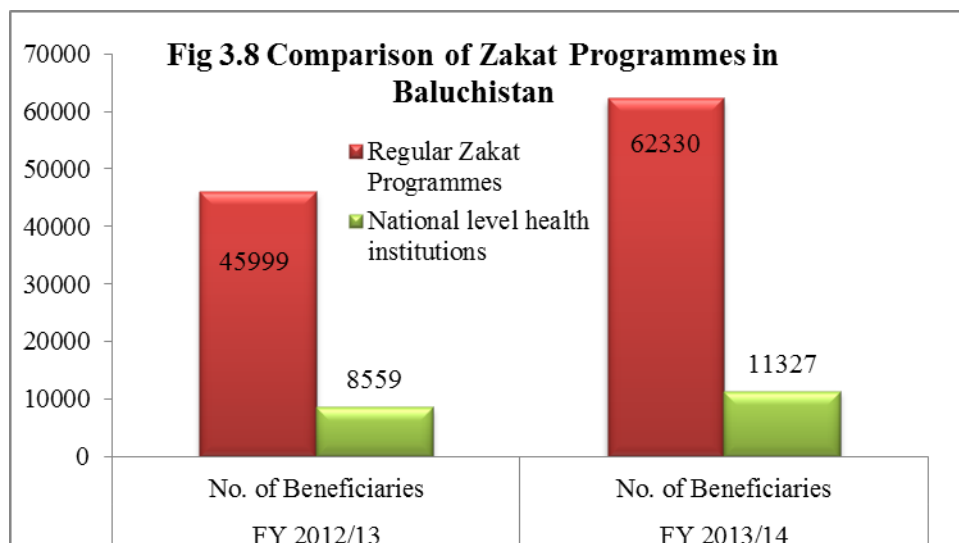
3.2.4 Zakat Programmes in Balochistan Province

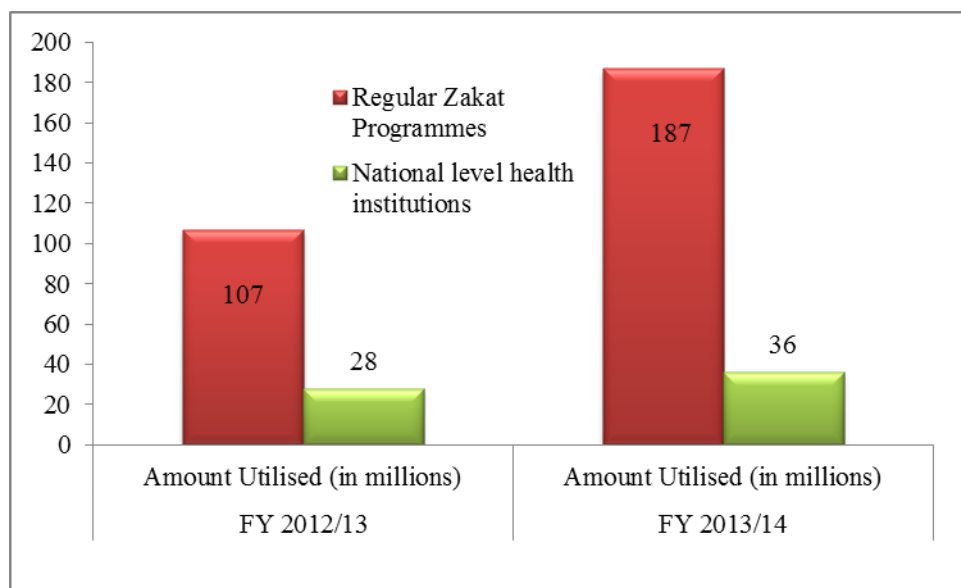
3.24 Under Regular Zakat Programmes the number of beneficiaries increased from 45,999 in FY2012/13 to 62,330 in FY2013/14. The number of beneficiaries showed a consequent increase from 107 to 187 during the comparison period. In the case of National Level Schemes an increasing trend was recorded in the number of beneficiaries and disbursements. Table 3.6 gives details of disbursements and beneficiaries of Zakat Programmes in Balochistan.

3.6 Comparison of Zakat Programmes in Balochistan				
Programms	FY 2012/13		FY 2013/14	
	Amount Utilised (in millions)	No. of Beneficiaries	Amount Utilised (in millions)	No. of Beneficiaries
Regular Zakat Programmes				
Guzara Allowance	84	24,663	148	31,660
Education stipends	16	16,150	25	25,189
Stipends to students of Deeni Madrassahs	7	5,186	11	5,481
Sub Total	107	45,999	187	62,330
National level Schemes				
National level health institutions	28	8,559	36	11,327
Grand Total	135	54,558	220	73,657

Source: Ministry of Religious Affairs, Zakat & Ushar

3.25 Figure 3.8 shows that both disbursements and beneficiaries exhibited an increasing trend during FY2013/14 in Balochistan province.





3.3 Employees' Old Age Benefit Institution (EOBI)

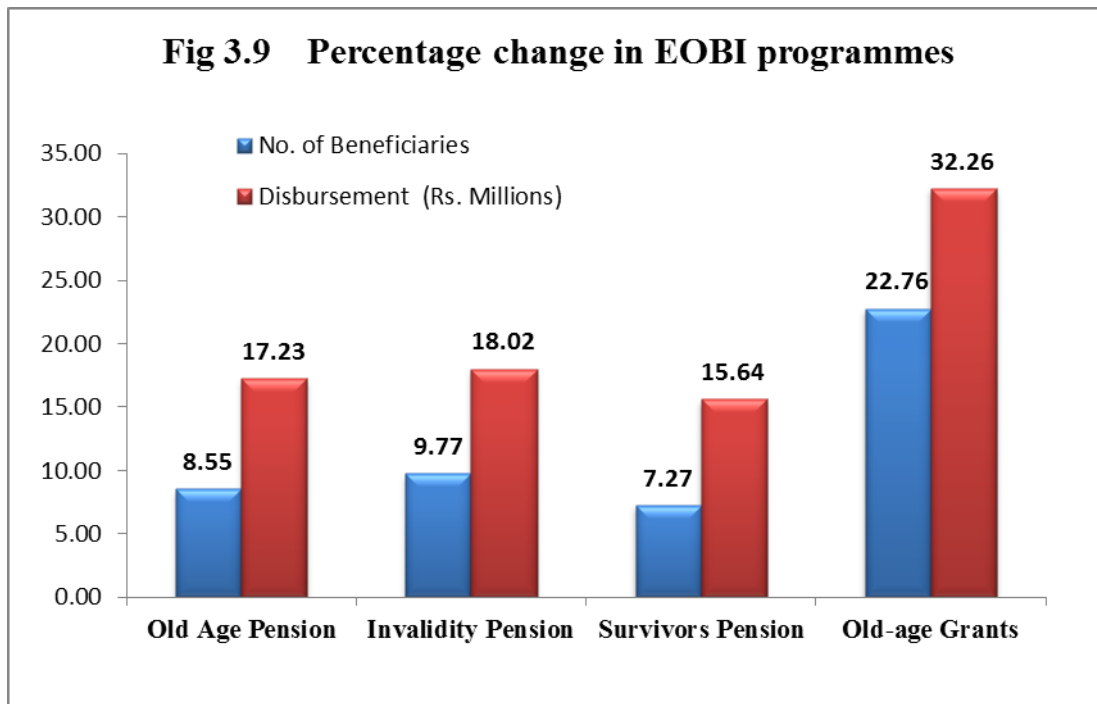
3.26 EOBI Act 1976 was enforced with effect from April 01, 1976, to achieve the objectives of Article 38 (C) of the Constitution, by providing for compulsory social insurance. It extends Old-Age Benefits to insured persons or their survivors. Under EOBI Scheme, insured persons were entitled to avail benefits like, Old-Age Pension, Invalidity Pension, Old-Age Grant and Survivor's Pension.

3.27 Disbursements and beneficiaries under different programmes of Employees' Old Age Benefits Institution (EOBI) during FY2012/13 and FY2013/14 have been given in Table 3.7.

Programs	FY2012/13		FY 2013/14	
	No. of Beneficiaries	Disbursement	No. of Beneficiaries	Disbursement
		(Rs. Millions)		(Rs. Millions)
Old Age Pension	193,183	7,916	209,698	9,280
Invalidity Pension	110,164	4,374	120,923	5,162
Survivors Pension	4,455	179	4,779	207
Old-age Grants	2,425	62	2,977	82
Total	310,227	12,531	338,377	14,730

Source: Employees' Old Age Benefits Institution

3.28 It was encouraging to note that under aggregate EOBI programmes, a significant increase of 17.5 percent was recorded in disbursements. The corresponding increase in the total number of beneficiaries was recorded at 9 percent from 310,227 in FY2012/13 to 338,377 in FY2013/14.



3.29 Figure 3.9 shows the percentage change in EOBI programmes from FY2012/13 to FY 2013/14. The highest increase in disbursements and beneficiaries was recorded under Old age Grant programme followed by Invalidity Pension scheme. All programmes of EOBI exhibited positive growth during the period under review.

3.4 Workers Welfare Fund (WWF)

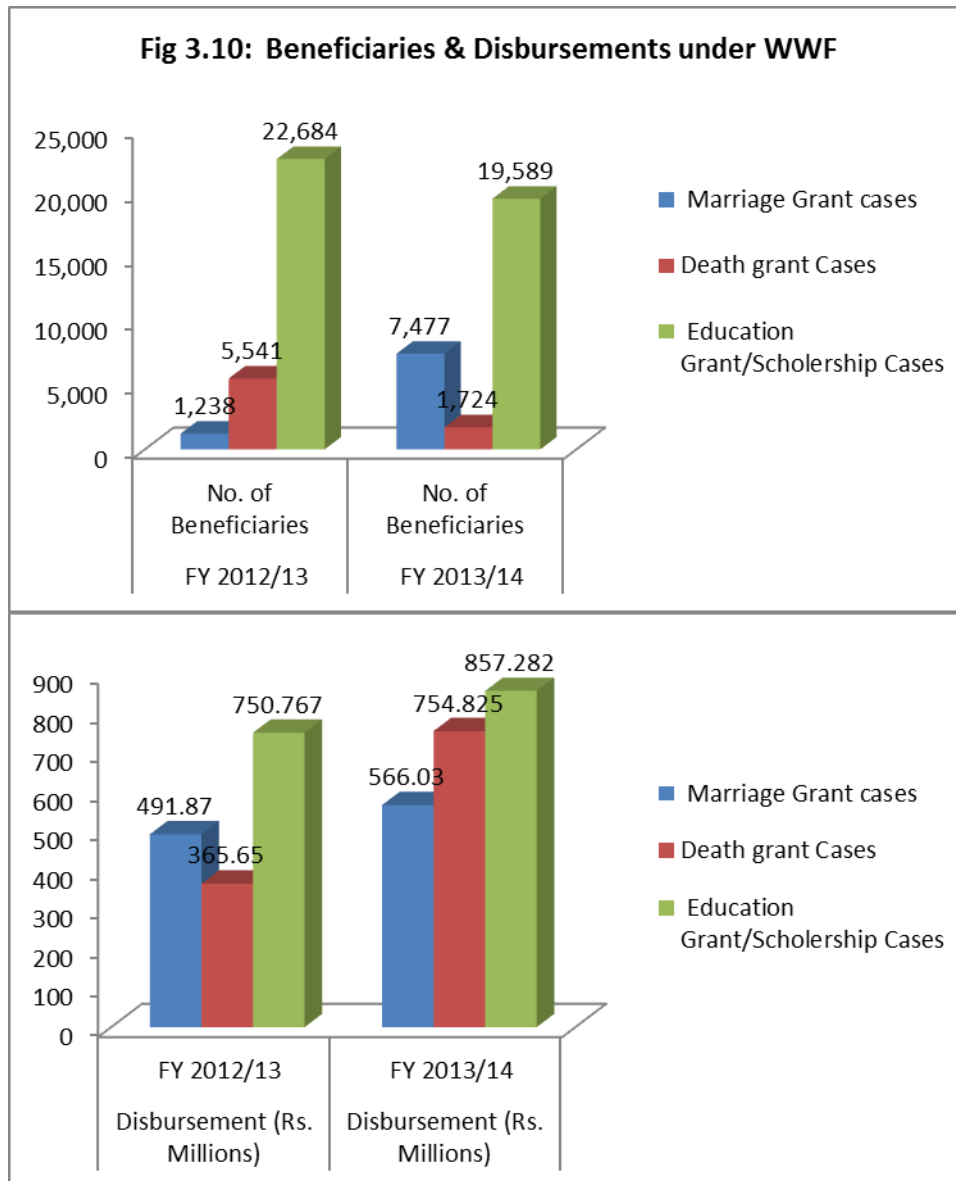
3.30 Workers Welfare Fund (WWF) established in 1971 under an Ordinance, federally administered fund, is governed by a body with representation by all the tripartite partners' i.e. government, employers and workers. The main objectives of WWF included:

1. Financing of housing projects for the workers.
2. Financing of other welfare measures such as; education, training, re-skilling, apprenticeship, marriage and death grants and post metric scholarships for the welfare of workers.

3.31 Disbursements and Beneficiaries of Workers Welfare Fund (WWF) for FY2012/13 and FY2013/14 are given in Table 3.8. A substantial growth of 35 percent was recorded in disbursements under aggregate WWF programmes. It was surprising to note that the aggregate number of beneficiaries under WWF programmes registered a decline of 2.3 percent from 29,463 to 28,790.

Table 3.8 Workers Welfare Fund				
Programs	FY 2012/13		FY 2013/14	
	No. of Beneficiaries	Disbursement (Rs. Millions)	No. of Beneficiaries	Disbursement (Rs. Millions)
Marriage Grant cases	1,238	491.87	7,477	566.03
Death grant Cases	5,541	365.65	1,724	754.825
Education Grant/Scholarship Cases	22,684	750.767	19,589	857.282
Total	29,463	1,608.29	28,790	2,178.14
Source: Workers Welfare Fund				

3.32 The highest increase in disbursements was recorded under Death grant cases. Disbursements increased under all WWF programmes. The number of beneficiaries only increased under marriage grants from 1,238 in FY2012/13 to 7,477 in FY2013/14 (see fig 3.10).



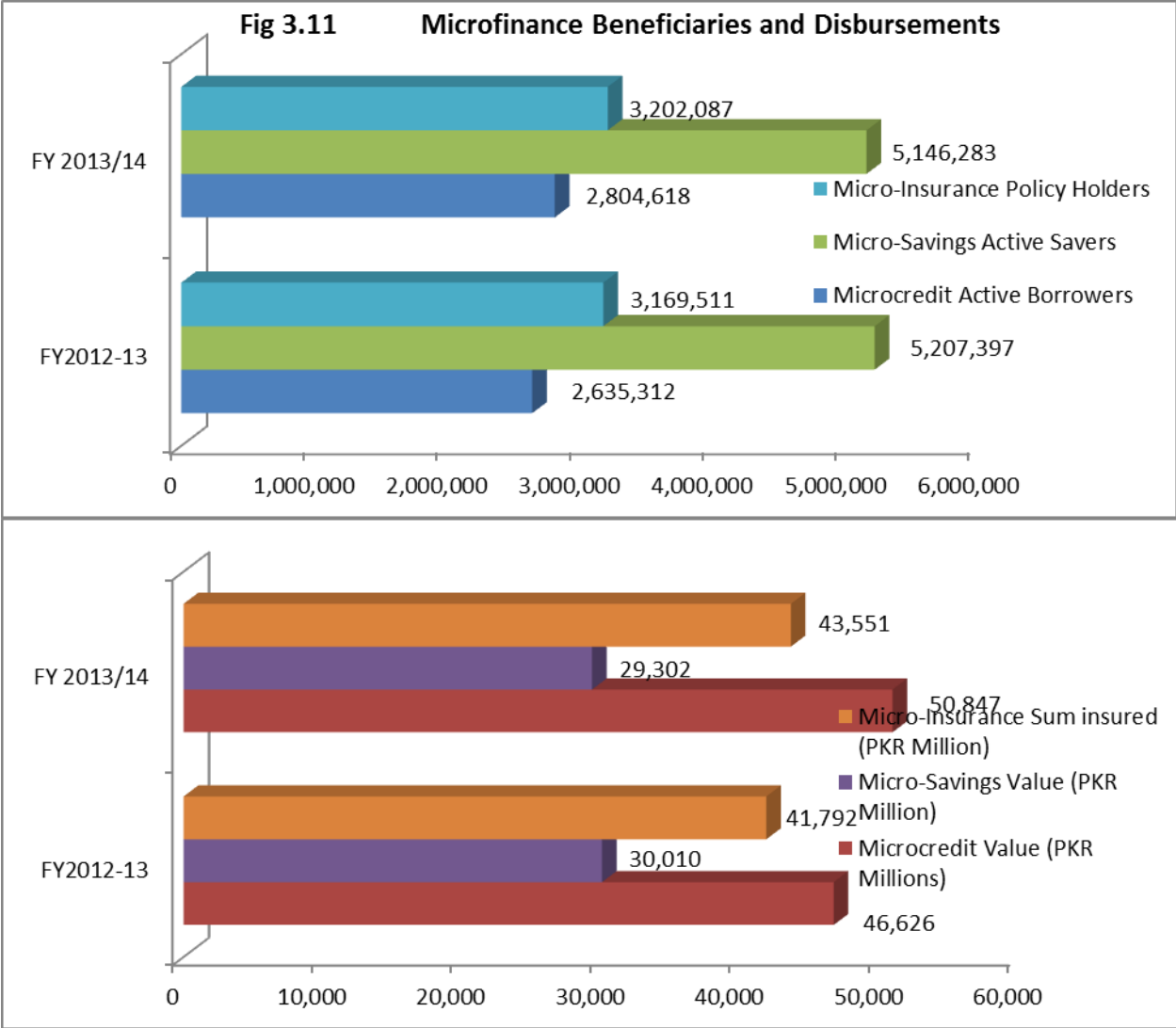
3.5 Microfinance

3.33 Microfinance institutions provide short term loans to the poor beneficiaries for setting up their own small business so that profits of these business help them move out of the clutches of poverty. Microfinance institution help reduce poverty by reaching remote areas and targeting those people who do not have access to formal banking system. The microfinance industry provides services in three broad categories namely, Micro-credit, Micro-savings and Micro-insurance.

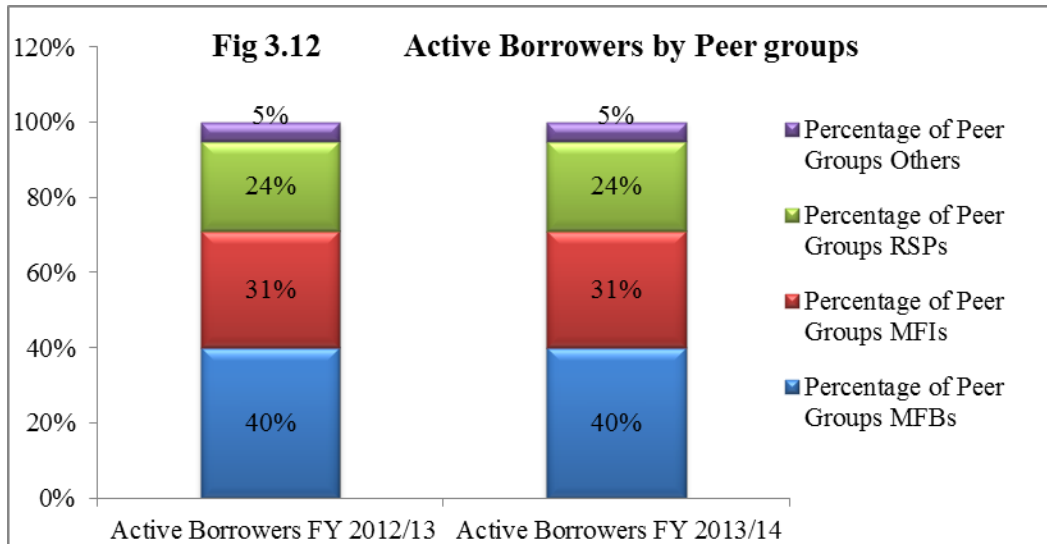
3.34 Table 3.9 gives the detail of microfinance services provided to poor as micro credit, micro savings and micro insurance during FY2012/13 and FY2013/14. Microfinance services observed a substantial rise under the comparison period.

Table 3.9 Microfinance Analysis						
FY 2012/13 & 2013/14						
Details	Microcredit		Micro-Savings		Micro-Insurance	
	Active Borrowers	Value (PKR Millions)	Active Savers	Value (PKR Million)	Policy Holders	Sum insured (PKR Million)
FY2012-13	2,635,312	46,626	5,207,397	30,010	3,169,511	41,792
FY 2013/14	2,804,618	50,847	5,146,283	29,302	3,202,087	43,551

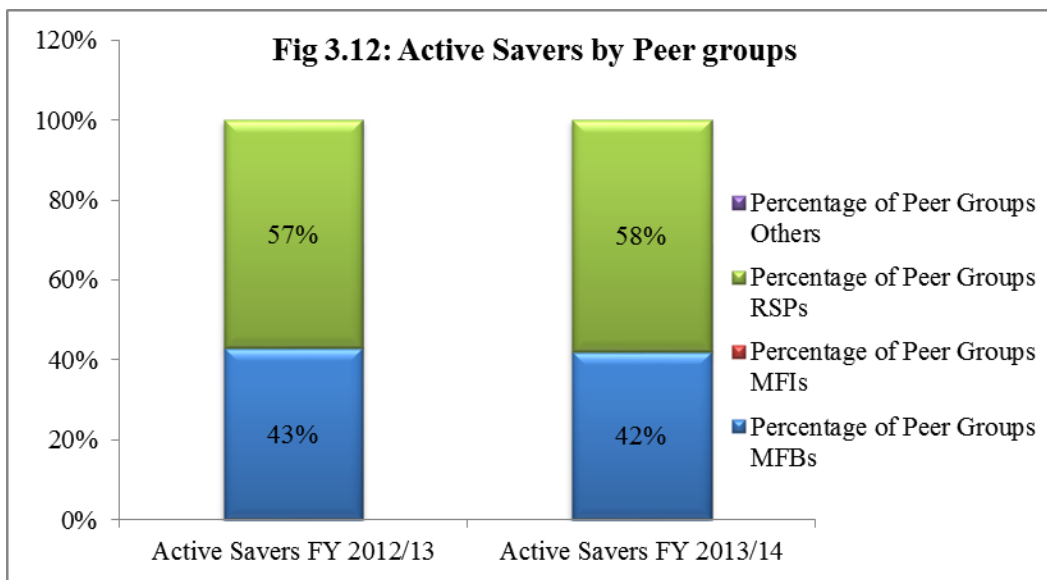
3.35 From FY2012/13 to FY2013/14 the amount accumulated under Micro-Credit, and Micro-Insurance showed an increase of 9 percent and 4 percent respectively. Under Micro-Savings the accumulated amount recorded a decline of 2 percent during the period under review (see fig 3.11).



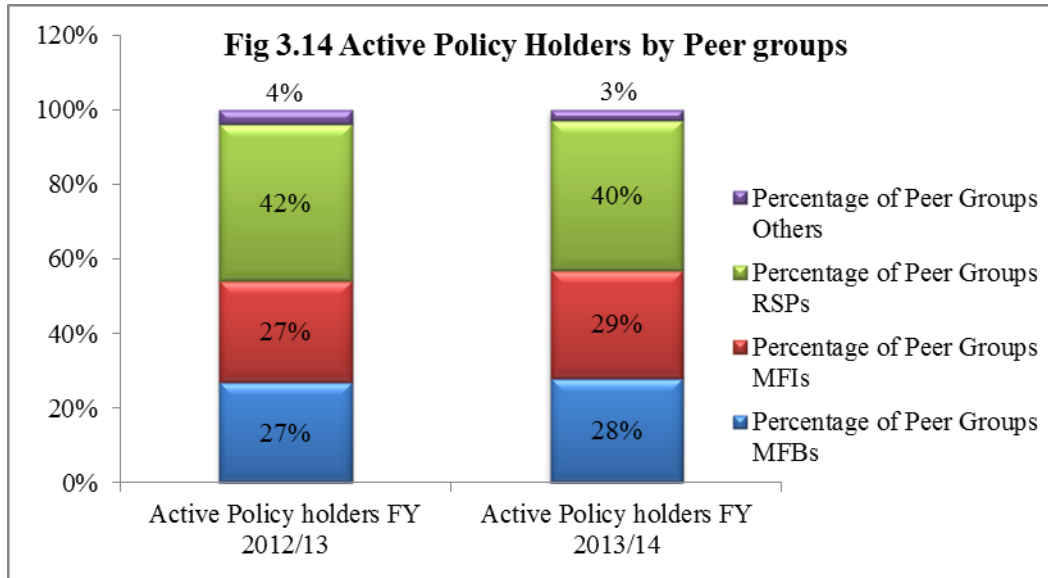
3.36 Active Borrowers under Micro-credit increased by 6 percent while policy holders under Micro-Insurance increased by 1 percent. Active Savers declined by 1 percent under micro-savings, during the period under review.



3.37 Microfinance Banks (MFBs) held a 40 percent share in Active Borrowers category during both years followed by Microfinance Insurance (MFI) that held a 31 percent share. Rural Support Programme held a 24 percent share in active borrowers (see, fig 3.12).



3.38 In Active Savers category Rural Support Programmes (RSPs) held the most share followed by MFBs. MFIs and other peer groups held a negligible share.



3.39 RSPs held the most shares in Active Policy holders, followed by MFIs and MFBs. Other Peer groups held the least share of 3 to 4 percent during both years.

3.40 Summary of microcredit indicators in Table 3.10 covers data for FY2012/13 and FY 2013/14. The micro finance services showed a positive progress in almost all micro finance indicators. The industry expanded its outreach with a positive growth in terms of more branches, higher gross loan portfolio, and higher average loan balance, higher number of loans, higher overall credit disbursements and higher average loan size.

Table 3.10: Summary of Microcredit Provision 2012/13 to FY 2013/14			
Peer Group		FY2012/13	FY2013/14
MFBs	Number of branches/Units	505	599
	Gross Loan Portfolio (Rs. millions)	26,509	34,536
	Average Loan Balance (Rs.million)	25,403	27,884
	Number of Loans disbursed	1,159,696	1,298,490
	Credit Disbursements (Rs. millions)	36,285	42,872
	Average Loan Size (Rs.)	32,267	35,699
MFIs	Number of branches/Units	612	751
	Gross Loan Portfolio (Rs. millions)	9,701	12,784
	Average Loan Balance (Rs.)	11,718	12,938
	Number of Loans disbursed	634,145	848,360

	Credit Disbursements (Rs. millions)	13,737	18,775
	Average Loan Size (Rs.)	22,336	23,513
RSPs	Number of branches/Units	672	860
	Gross Loan Portfolio (Rs. millions)	8,654	11,581
	Average Loan Balance (Rs.)	13,760	15,152
	Number of Loans disbursed	646,953	849,015
	Credit Disbursements (Rs. millions)	11,775	15,763
	Average Loan Size (Rs.)	18,768	22,806
Others	Number of branches/Units	145	179
	Gross Loan Portfolio (Rs. millions)	1,762	2,292
	Average Loan Balance (Rs.)	13,057	14,961
	Number of Loans disbursed	131,238	193,012
	Credit Disbursements (Rs. millions)	3,061	3,712
	Average Loan Size (Rs. million)	24,063	26,917
Total	Number of branches/Units	1,934	2,389
	Gross Loan Portfolio (Rs. millions)	43,485	61,193
	Average Loan Balance (Rs.)	17,716	19,426
	Number of Loans disbursed	2,572,032	3,188,877
	Credit Disbursements (Rs. millions)	64,858	81,122
	Average Loan Size (Rs.)	25,027	28,277
Source: Pakistan Microfinance Network (PMN), Islamabad			

3.6 Benazir Income Support Programme (BISP)

3.14 Benazir Income Support Programme (BISP) was launched in July 2008 with an immediate objective of providing relief to the poor, particularly women, against the negative effects of slow economic growth, the food crisis and inflation. This was attempted through the provision of each transfers of Rs. 1,000/month to eligible families. Its long term objectives include supporting the achievement of Millennium Development Goals (MDGs) to eradicate extreme and chronic poverty, to empower of women and to achieve universal primary education. The monthly installment was enhanced to Rs. 1200/- per month w.e.f 1st July, 2013 by the present government and has now been fixed at Rs. 1500/- per month w.e.f 1st July, 2014.

Cash Grant Program: Table 3.11 gives positive growth in the total amount disbursed and the number of beneficiaries during FY2012/13 and FY2013/14 .The total amount disbursed in FY2013/14 was 67,677 million while the number of beneficiaries stood at 8.71 million. A rise of

46.8 percent was recorded in the total cash amount disbursed. Similarly, the number of beneficiaries observed significant growth of 9.67 percent during FY2012/13 and FY2013/14.

Table 3.11: Benazir Income Support Programme (BISP)		
	FY2012/13	FY13/14
Amount disbursed (in Rs. million)	46098.34	67677.11
Total beneficiaries (million)	7.94969	8.718478

3.43 BISP has also initiated four graduation programs i.e. Waseela-e-Haq (microfinance for entrepreneurship development), Waseela-e-Rozgar (vocational training for improved livelihoods), Waseela-e-Sehat (Life, accident and health insurance) and Waseela-e-Taleem (Primary Education). The description of each program is given below:

3.8.II **Waseela-e-Rozgar** provides free of cost vocational training for every beneficiary women or her nominee between the age of 18 and 45, from her own family. BISP plans to merge its Waseela-e-Rozgar and Waseela-e-Haq schemes so that BISP beneficiaries who do not want to take jobs will be given micro credit loans to start their own businesses. The total training cash disbursed under Waseela-e-Rozgar during FY13 was Rs. 1702.56 million and in FY14 5.4 million amounts was disbursed.

3.8.III **Waseela-e-Sehat** Life Insurance scheme was launched to provide insurance coverage of Rs. 100,000 to the life of bread-earners of every beneficiary family. Waseela-e-Sehat comprises of Health Insurance and Group Life Insurance Program providing the underprivileged with basic income support measures. Over 4.1 million beneficiary families have their breads earners covered for three years under the life insurance scheme. The total amount 409.11 million was disbursed during FY13/14.

3.8.IV **Waseela-e-Haq** aiming to break the vicious cycle of poverty. Waseela-e-Haq provides long-term interest free financial assistance of Rs, 300,000 to the randomly selected beneficiaries to start their own business. It is basically designed to promote self-employment among women

beneficiaries or their nominees to improve their livelihood. The total number of loans disbursed under Waseela-e-Haq in FY2012/13 was Rs. 1,227 million.

3.8.V Waseela-e-Taleem aims to encourage BISP beneficiary families, with children in the age group of 5 to 12 years, to send their out of school children to schools for Primary Education and in school children to continue their education, in return for cash transfers of Rs. 200 per child per month for up to three children of each BISP beneficiary family in return for their compliance with the co-responsibilities of school admissions and a minimum of 70 percent quarterly attendance. So far, a total of 33,067 children have been confirmed as admitted in the schools in five districts.

Box 2: Government's Initiatives for Youth:

Prime Minister of Pakistan has launched a Youth Development Program in September 2013 with the aim to provide various opportunities to the youth including skilled education, trainings, employment and scholarships so that they could contribute positively in their fields.

The details of employment generation schemes are given below:

1. Interest Free Loan Scheme:

Micro finance facility aimed at helping the industry raising current access level of 2.5 million people to 5.0 million people will get benefit from this scheme. The money would be distributed through Pakistan Poverty Alleviation Fund. Under this scheme each beneficiary will receive up to Rs. 50,000. The vulnerable rural and urban poverty ridden youth are eligible to get loans under this scheme.

2. Business Loans Scheme:

This scheme will be focus on unemployed youth, especially skilled trained looking for establishing new enterprises. These are generally interest free loans and are offered to all skilled youth interested in establishing themselves as entrepreneurs. This scheme is specifically for young entrepreneurs between the age group 21-45 years, and is designed to provide subsidized financing or one hundred thousand (100,000) beneficiaries, through designated financial institutions, initially through National Bank of Pakistan. It has a 50% quota for women and 5% quota for families of Shaheeds, Widows and Disabled Persons.

3. Youth Training Scheme:

Under this scheme, young individuals with 16 years of education from recognized institutions will provided on job training/internships at private and public sector offices. It is aimed that professional development would equip them with abilities to get job opportunities in the country or abroad. An amount of Rs. 4.0 billion has been allocated for the scheme for the financial year 2013-2014.

4. Youth Skill Development Scheme:

The youth skill development scheme is aimed at providing vocational training to unemployed young individuals for acquiring productive skills for gainful employment. The programme is being executed by National Vocational & Technical Training Commission (NAVTTTC). The government has allocated Rs.800 million for this programme. The duration of programme is 4 to 6 months. Under this programme 25,000 unemployed youth will be provided skill development training in demand driven trades.

5. Provision of Laptop Scheme:

This scheme is an attempt to enhance the scope of research and quality education in the country and increase the access to information technology. All Masters Doctoral students and 50 percent under-graduate students will get the laptop. A total of 100,000 students from across Pakistan will be benefited from this scheme. An amount of Rs. 4.0 billion has been allocated for this scheme.

6. Fee Reimbursement scheme for Students for the Less Developed Areas:

With the aim of encouraging pursuit of higher education, the scheme will provide scholarships for post graduate degrees students belonging to remote and under-privileged areas of the country. The average annual tuition fee to be financed under the scheme is Rs. 40,000. A total of 35,000 students will receive scholarships. An amount of Rs. 1.2 billion has been allocated for this scheme.

Chapter No. 4 Monitoring the PRSP Intermediate (Output) Indicators

4.1 This section of the report examines the performance of the PRSP-II output (intermediate) indicators for FY14. PRSP-II Intermediate Output Indicators include education, health, environment, energy development, employment.

During FY2013/14, indicators under health and education showed improvement.

Various variables have been identified against these areas to assess the performance in social sector. The progress made under

the Education Sector has been reported in terms of functional schools, percentage of trained teachers, basic facilities in schools, public/private schools and Deeni Madrassahs. The performance of health sector has been covered in relation to immunization coverage and progress made under LHWs. Integrated energy development program has also been discussed for FY13 and FY14.

4.1 Education Sector

4.3 Education is a form of learning in which the knowledge, skills and habits of group of people are transferred from one generation to the next generation through teaching, training and research. According to UNESCO's Education for All (EFA) Global Monitoring report 2013, Pakistan has almost 5.5 million out of school children. There is a high dropout rate at the primary, secondary and tertiary level. Annual expenditure on education is very low and amounts to hardly 2.0 percent of GDP.

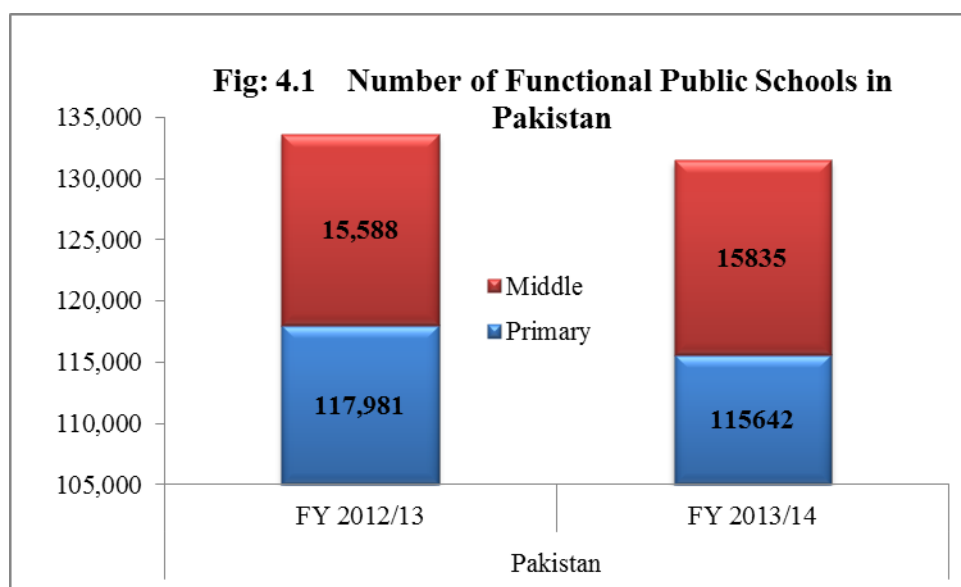
4.4 The quality of education is a serious challenge; poorly qualified and untrained teachers, irrelevant curriculum, non availability of textbooks, shortage of other learning materials, insufficient space due to which learning levels are low, teacher's absenteeism are the main issues.

Education sector intermediate (output) indicators include information about public schools and details pertaining to the functional public school, teachers actual posts filled against sanctioned

posts, percentage of teachers trained, an update on basic facilities in these schools, private schools and Deeni Madaris. Progress of these indicators during FY 2013/2014 compared with FY 2012/13 is discussed below:

4.1.1 Functional Public Schools

4.6 Number of functional primary and middle schools including mosque schools in Pakistan are reported in table 4.1. During FY2013/14 the total number of Functional Public Schools declined at primary level by 2 percent whereas Middle level schools increased by 1.6 percent (see fig 4.1).



Box 3: Teacher Education Strategy 2013-2018

Teacher Education Strategy (TES) has been launched, in consultation with USAID project on Teacher Education, in various parts of Pakistan. The following section highlights the reforms and strategies identified under TES in KPKK, Gilgit-Baltistan, AJK, Sindh, Balochistan, and FATA.

A. Khyber Pakhtunkhwa Teacher Education Strategy 2013-2018

Realizing the importance of teacher education in providing quality education for children and youth, the Government of Khyber Pakhtunkhwa has developed the Teacher Education Strategy (TES) 2013-2018, in order to revamp the whole teacher education system. Following reforms have been identified under TES for the next five years.

- 1. Upgrade Teachers' Pre-service Professional Qualifications*
- 2. Upgrade Teachers' In-service Professional Qualifications*
- 3. Restructure Institutions and Make Quality Improvements in Teacher Education Institutions and the Apex Institute*
- 4. Plan for Enhancing Existing Capacity to Meet Teacher Demand*
- 5. Ensure the Induction of Graduates Meeting the Minimum Standards of the New TE Qualifications*
- 6. Establish a Quality Assurance Coordination System and Mechanism*
- 7. Restructure Teacher Educator Service Rules Allocate Additional Development Funds to TEIs and the Apex Institution Implement Continuous Professional*
- 8. Development Programs (CPDPs) for Teacher Educators and Managers*
- 9. Establish a Provincial Institution for Implementing a Teacher Licensing and Certification System*

B. Gilgit-Baltistan Teacher Education Strategy 2013-2018

The TES 2013-2018 provides a roadmap with a five-year action plan for enhancing the quality of teacher education in GB. It strives to address issues of teacher shortage, teaching and learning resource gaps by establishing an apex teacher education institution, forming a distinct cadre of teacher educators and transforming teacher professional development practices.

- 1. Establish an Apex Teacher Education Institution*
- 2. Create a Separate Cadre for Teacher Education Institution (TEI) Faculty*
- 3. Strengthen Teacher Education Institutions*
- 4. Create a Separate Cadre for Teacher Education Institution (TEI) Faculty*
- 5. Address the Teacher Shortage in Schools Establish a Quality Monitoring Cell*
- 6. Rationalize TEI Faculty Recruitment*
- 7. Provide Information and Communication Technology (ICT) Facilities to the Teacher Education Colleges*
- 8. Improve the Coordination between Karakorum International University (KIU) and TEIs*
- 9. Establish District-Based Units to Support TEI Faculty*
- 10. Advocate for Legislation on Various Education Reform Issues*

C. Sindh Teacher Education Strategy 2013-2018

As a result of recent national and provincial developments in teacher education, the Government of Sindh is seriously committed to synchronizing its current efforts and continuing to bring reform to its teacher education system. The Sindh Teacher Education Strategy 2013-2018, developed by the Education and Literacy Department (E & LD) with the support of the USAID Teacher Education Project is a relevant and future oriented framework for guiding reforms in teacher education to address the broader issues of access and quality in education.

- 1. Enhance the Quality of Teacher Education Institutions*
- 2. Enhance the Quality of Continuous Professional Development (CPD)*
- 3. Rationalize Institutional Roles and Create Synergy within the Teacher Education System*
- 4. Improve the Management of Teacher Education*
- 5. Establish Quality Assurance and Sustainability*

D. Balochistan Teacher Education Strategy 2013-2018

The strategic planning taskforce appointed by the Department of School Education and comprised of key education officials and representatives of the relevant stakeholders participated in the process and development of the TES 2013-2018. The TES 2013-2018 has been created through a collaborative and consultative process. The strategic plan builds upon an analysis of the current situation of education in Balochistan; it identifies challenges and opportunities within teacher education and provides a clear and feasible action plan for meeting reform priorities. Following are the key reforms adopted under TES.

- 1. Clarify the Role of the Bureau of Curriculum and Extension Center (BoC & EC) and Provincial Institute of Teacher Education (PITE)**
- 2. Reform Pre-service Teacher Education**
- 3. Enhance Female Teacher Education**
- 4. Improve the Quality of Existing Teachers**
- 5. Strengthen Organizational Linkages**
- 6. Establish a Quality Assurance Mechanism**

E. Azad Jammu and Kashmir Teacher Education Strategy 2013-2018

The Education Department formed a taskforce comprising of key education officials and relevant stakeholders to collaborate on the five year strategic plan. The strategy provides a roadmap for enhancing the quality of teacher education in AJK. It strives to revamp the pre-service teacher education system by harmonizing and consolidating reform efforts for sustained improvement in teacher education. Following are the key reforms adopted under TES.

- 1. Enhance Pre-service Education**
- 2. Ensure Employability of ADE Graduates**
- 3. Implement a Quality Assurance Mechanism**
- 4. Consolidate and Strengthen Teacher Education Institutions**
- 5. Provide Continuous Professional Development Opportunities**
- 6. Collect Information on Teacher Profiles with an Education Management Information System**
- 7. Create a Distinct Teacher Educator Cadre**
- 8. Improve the Work Conditions for Female Teachers**

F. FATA Teacher Education Strategy 2013-2018

The FATA Secretariat is revamping its pre-service teacher education system aiming to improve the quality of teaching and learning. The teacher education strategy (TES) provides a detailed action-plan with specific strategies, each aligned with the FATA Sector Development Plan and the National Professional Standards for Teachers (NPST). Following are the key reforms adopted under TES. Following are the key reforms adopted under TES.

- 1. Enhance the Quality of Pre-service Teacher Education**
- 2. Enhance the Quality of In-service Teacher Education**
- 3. Restructure and Develop Government Colleges for Elementary Teachers (GCETs)**
- 4. Improve the Quality of GCETs**
- 5. Enhance Teacher Education Institutions (TEIs) Capacity to Meet Teacher Demand**
- 6. Ensure the Employability of Graduates with the New Degree**
- 7. Establish a Separate Cadre for Teacher Educators**
- 8. Allocate Additional Development Funds to GCETs**
- 9. Develop a Continuous Professional Development (CPD) Program for Teacher Educators and Managers**
- 10. Establish an Apex Institute for Teacher Education**

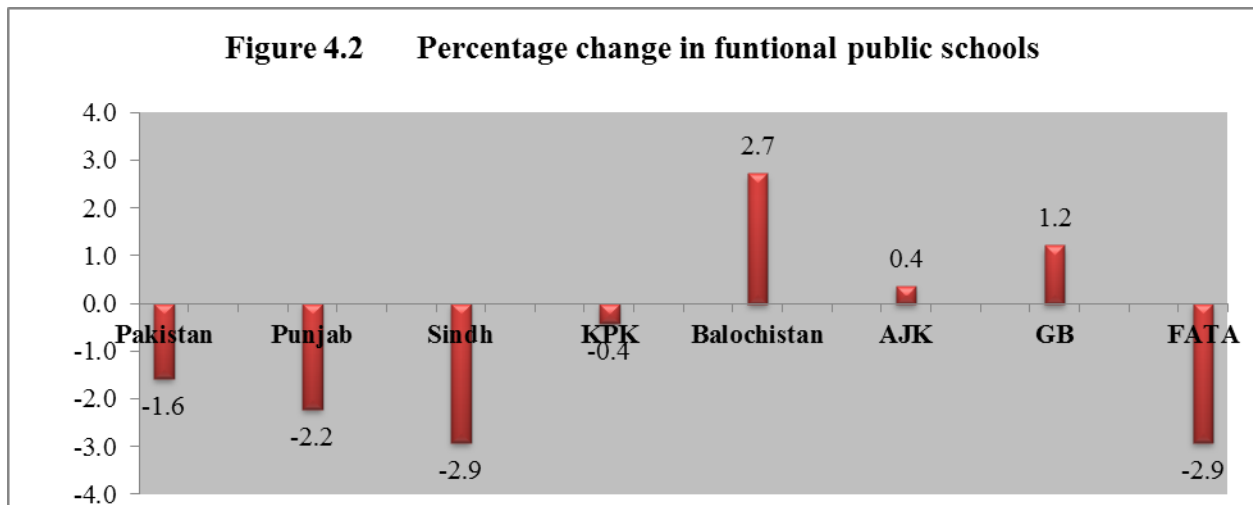
4.7 The National Education Management Information Systems (NEMIS) functioning in Academy of Educational Planning and Management (AEPAM) is responsible for data-collection from Provincial/Regional EMIS units. According to NEMIS database the main reasons of decrease in functional schools include:

1. Low enrolment in some schools due to which these were merged with another nearer school,
2. Some of the primary schools were altogether closed because of low enrolment,
3. Lack of physical facilities in primary schools including building, furniture etc,
4. Shortage of female teachers in rural areas,
5. Increase in popularity of private schools is positively correlated with the decline in the public school system.
6. Girl's participation rate at primary level is low.
7. At the middle level school (Class VI-VIII), there is a shortage of school facilities; and enrolments rates are much lower than primary enrolments, with wide gender and geographical (urban/rural) disparities.
8. Some of the primary schools were merged into middle schools,
9. Natural Disasters and security issues in some areas.
10. More qualified teachers prefer private schools as compared to government schools due to higher salaries.

Region	Year	Primary	Middle	Total
Pakistan	FY 2012/13	117,981	15,588	133,569
	FY 2013/14	115642	15835	131477
Punjab	FY 2012/13	39,017	8,026	47,043
	FY 2013/14	37803	8202	46005
Sindh	FY 2012/13	37,508	2,130	39,638
	FY 2013/14	36426	2059	38485
KPK	FY 2012/13	23,073	2,577	25,650
	FY 2013/14	22923	2621	25544

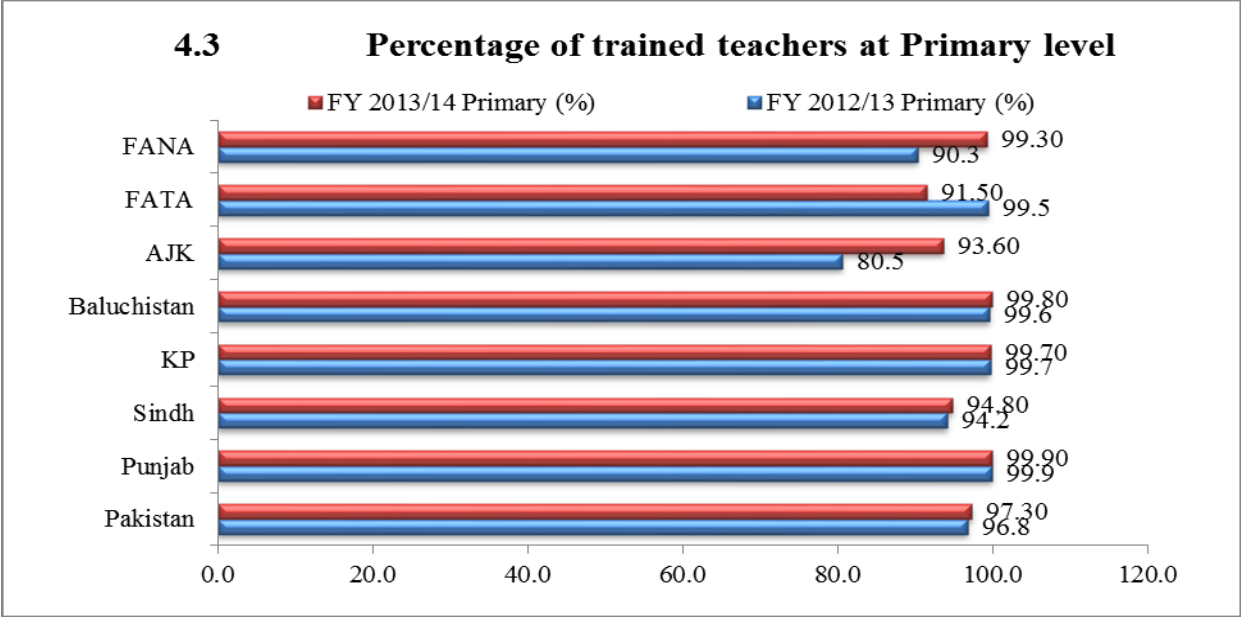
Balochistan	FY 2012/13	9,681	1,117	10,798
	FY 2013/14	9936	1156	11092
AJK	FY 2012/13	4,071	1,009	5,080
	FY 2013/14	4090	1009	5099
GB	FY 2012/13	704	278	982
	FY 2013/14	711	283	994
FATA	FY 2012/13	3,736	391	4,127
	FY 2013/14	3562	445	4007
Federal	FY 2012/13	191	60	251
	FY 2013/14	191	60	251
Source: NEMIS Database 2013-14, AEPAM, MET & SHE, Islamabad				

The number of Functional Public Schools registered an increase during FY 2013/14 in Balochistan, AJK, and GB by 2.7 percent, 0.4 percent and 1.2 percent, respectively, which shows Government strong commitment to increase education level in these areas. The total number of functional public schools decreased in Punjab, Sindh, KPK and FATA by 2.2, 2.9, 0.4 and 2.9 percent respectively (see, figure 4.2 and table 4.1).

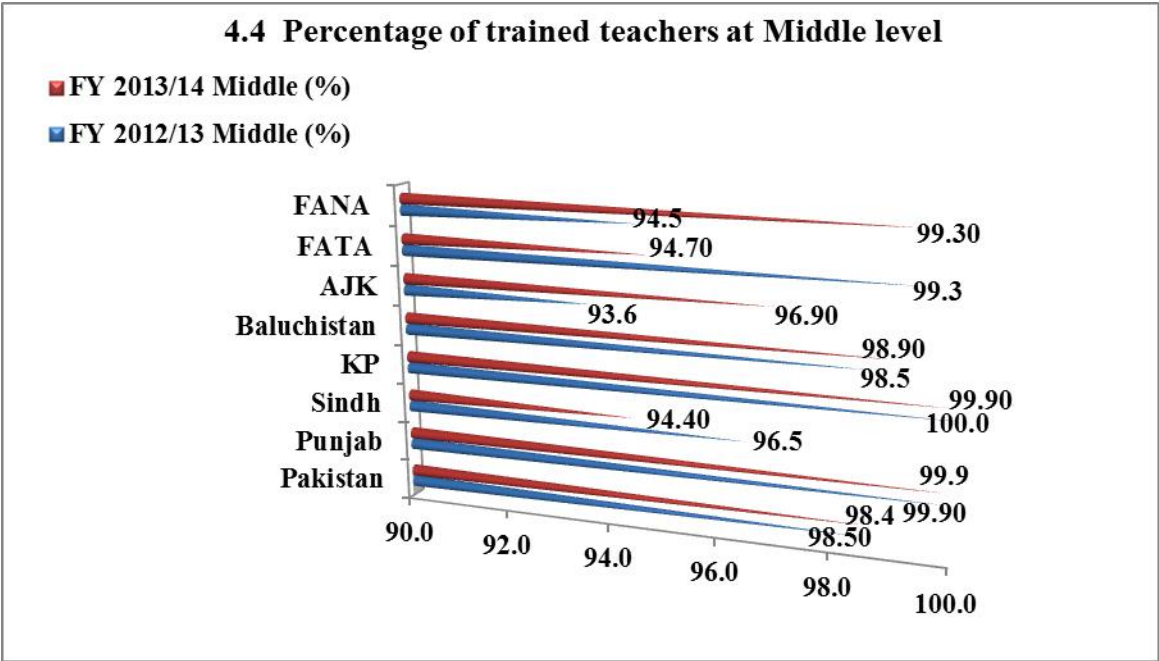


4.1.2 Percentage of Trained Teachers

4.9 The percentage of trained teachers at **primary level** registered an increase in all regions of Pakistan during FY 2013/14 (see, figure 4.3).

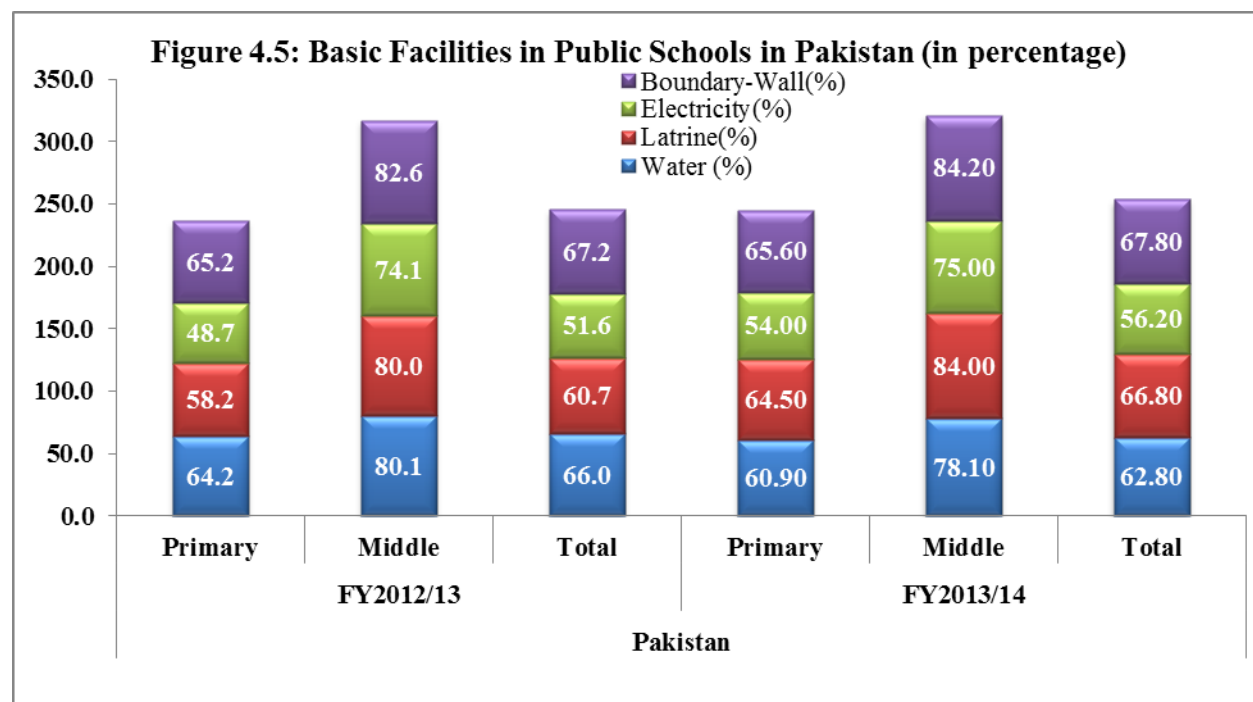


4.10 The percentage of trained teachers at middle level registered a substantial increase in FANA and AJK during FY2013/14 as compared to FY 2012/13. FATA and Sindh recorded a declining trend during the comparison period.



4.1.3 Basic Facilities in Public Schools

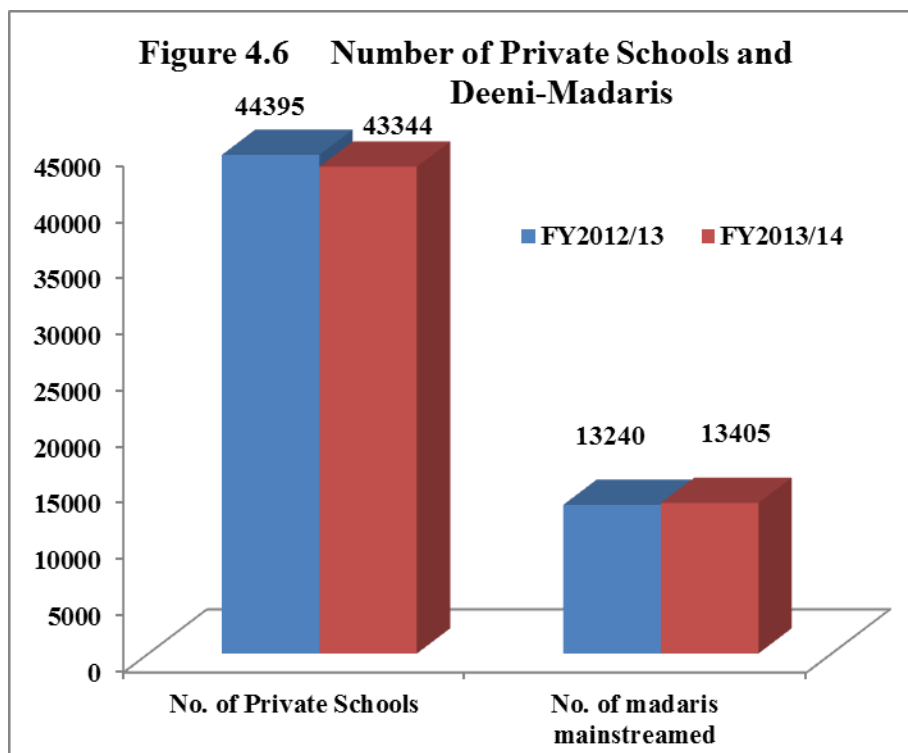
4.11 Basic facilities provided in public schools include access to water, latrine, electricity, and boundary walls. Figure 4.5 gives the percentage of basic facilities available in public schools at Primary and Middle level in Pakistan during FY2012/13 and FY2013/14.



4.12 The overall percentage of public schools having boundary walls stood at 67 percent in both years among which 84 percent were middle schools and 65 percent were primary schools. The percentage of schools having electricity stood at 56 percent among which 75 percent were middle schools and 54 percent were primary schools. Public schools having latrine facility stood at 66.8 percent among which 84 percent were middle schools and 64.5 percent were primary schools. During FY2013/14 public schools having water facility stood at 62.8 percent. Middle schools having water facility stood at 78 percent and primary schools having water facility stood at 60.9 percent.

4.1.4 Private Schools and Deeni-Madaris

4.13 Data regarding Private schools and Deeni-Madrassahs both at primary and middle level is given in Figure 4.6. At the national level, a total number of 44,395 private schools and 13,240 Deeni-Madaris were reported in FY2012/13.



4.14. The number of Private Schools during FY2013/14 declined by 2.4 percent as compared to FY2012/13. During the same period the number of Deeni Madrassahs increased by 1.24 percent. The main reasons of increase in Deeni Madrassahs include more interest in religious education, affordable and easy to access.

4.2 Health Sector

4.15 Health sector indicators identified under PRSP-II include TT-Immunization Coverage and Population covered by Lady Health Workers (LHWs).

4.2.1 TT- Immunization Coverage for Pregnant Women Programme:

4.16 The Expanded Programme of Immunization (EPI) programme provides immunization to children against the seven preventable diseases less than one year of age i.e. childhood tuberculosis, Poliomyelitis, diphtheria, pertussis, neonatal tetanus, measles and hepatitis B. EPI program was initiated in 1978. It is an effective public health intervention that has a significant

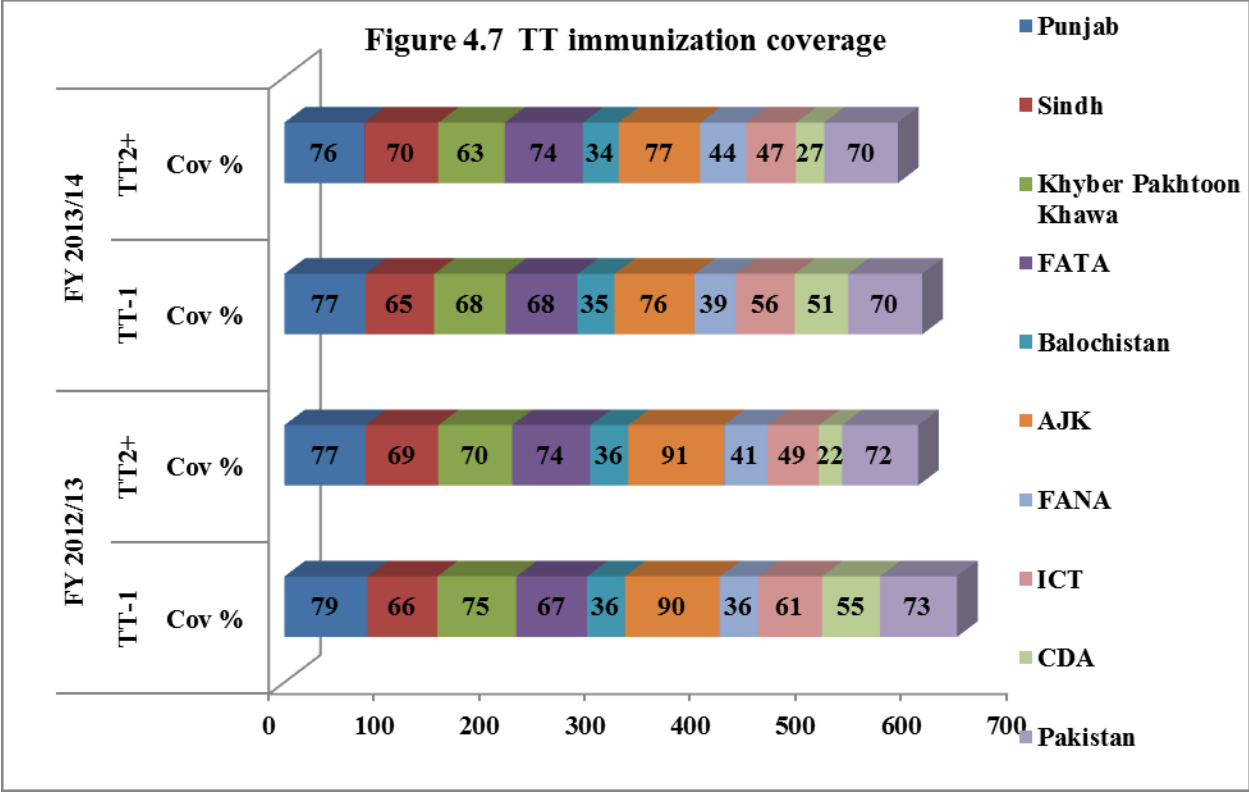
impact on the health of deprived community. By reducing the cost of treating diseases, immunization offers opportunities for poverty reduction. Every year a nationwide National Immunization Day (NID) is carried out to give polio vaccine to all children below 5 years of age.

4.17 Coverage of Tetanus Toxoid-1 (TT-1) and Tetanus Toxoid-2+ (TT-2+) immunization for pregnant women in all the provinces of Pakistan has been reported in Table 4.2 for FY2012/13 and FY2013/14. The table clearly reflects that the targeted population for the immunization coverage of pregnant women at the national level increased by 2.96 percent from 6,224,784 in FY13 to 6,409,595 in FY14.

Table 4.2 TT- Immunization Coverage for Pregnant Women Programme Cumulative						
Regions	FY 2012/13			FY 2013/14		
	TT-Immunization					
	Target Population	TT-1	TT2+	Target Population	TT-1	TT2+
	(@3.57% Pop)	Cov %	Cov %	(@3.57% Pop)	Cov %	Cov %
Punjab	3,311,586	79	77	3,370,532	77	76
Sindh	1,413,026	66	69	1,438,178	65	70
Khyber Pakhtoon Khawa	827,896	75	70	905,943	68	63
FATA	136,945	67	74	139,383	68	74
Balochistan	298,790	36	36	304,108	35	34
AJK	130,720	90	91	143,746	76	77
FANA	56,023	36	41	57,020	39	44
ICT	17,072	61	49	17,376	56	47
CDA	32,726	55	22	33,309	51	27
Pakistan	6,224,785.00	73	72	6,409,595.00	70	70

Source: Federal EPI Cell, National Institute of Health

4.18 Figure 4.7 gives the detail of TT- 1 and TT-2+ immunization coverage in Pakistan. The overall TT-1 Immunization coverage stood at 73 percent in FY2012/13 and declined to 70 percent during FY2013/14. The most substantial decline in TT-I immunization coverage was recorded in AJK from 90 percent in FY 2012/13 to 76 percent in FY2013/14.



4.19 TT-2 Immunization coverage also exhibited a declining trend, during the comparison period; it declined from 72 percent in FY2012/13 to 70 percent in FY2013/14.

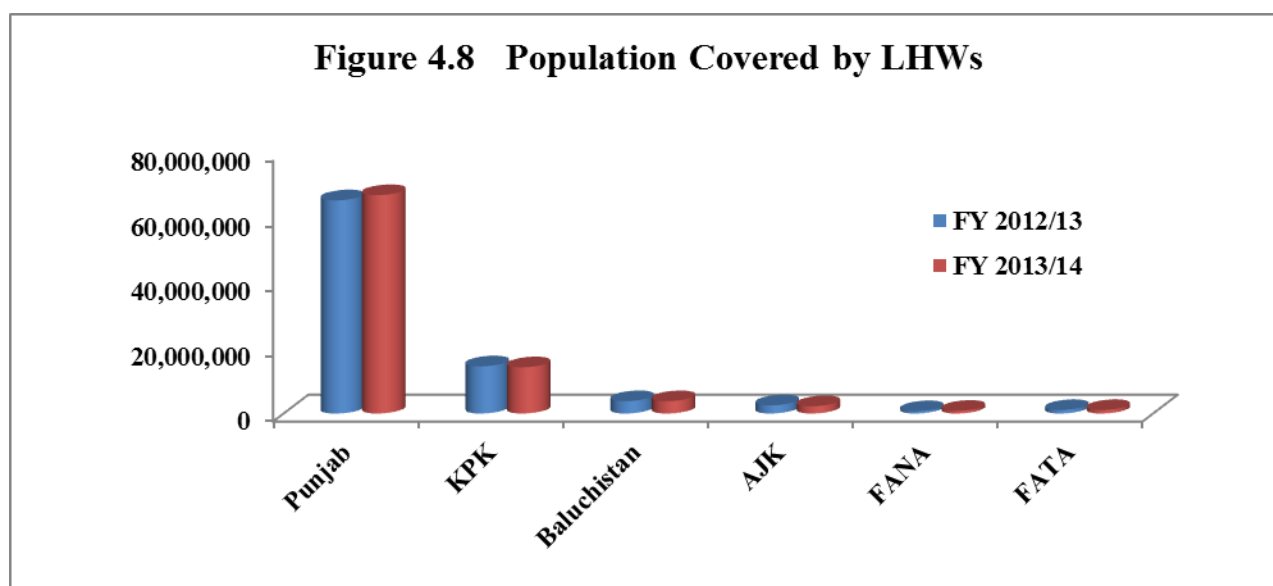
4.2.2 Population Covered by Lady Health Workers (LHWs)

4.20 Lady Health Worker (LHWs) services have visible impact on the health status of women and children in particular through improved hygiene, birth spacing, iron supplementation, greater immunization coverage and through antenatal and post-natal coverage of the pregnant women. The programme has recruited more than 100,000 LHWs. The total population covered under this programme spread over 60 percent in Balochistan, more than 80 percent in Punjab.

Table 4.3 gives the detail of population covered by LHWs in FY2012/13 and FY 2013/14 in all regions of Pakistan.

PROVINCES	FY 2012/13			FY 2013/14		
	Urban	Rural	Total	Urban	Rural	Total
Punjab	11,373,266	54,045,085	65,418,351	12,211,174	54,808,675	67,019,849
KPKK	2,243,483	12,226,452	14,469,935	2,237,057	11,937,730	14,174,787
Balochistan	1,221,113	2,565,326	3,786,439	1,221,282	2,563,998	3,785,280
AJK	194364	2316978	2511342	2,044,34	2,229,677	2,682,641
FANA	165,132	544,223	709,355	209,973	629,178	839,151
FATA	0	1,073,282	1,073,282	0	1,071,471	1,071,471
Total	15,197,358	72,771,346	87,968,704	15,879,486	73,240,729	89,120,215

4.21 Figure 4.8 shows that during both years the population coverage by LHWs was highest in Punjab followed by KPKK, Balochistan and AJK.

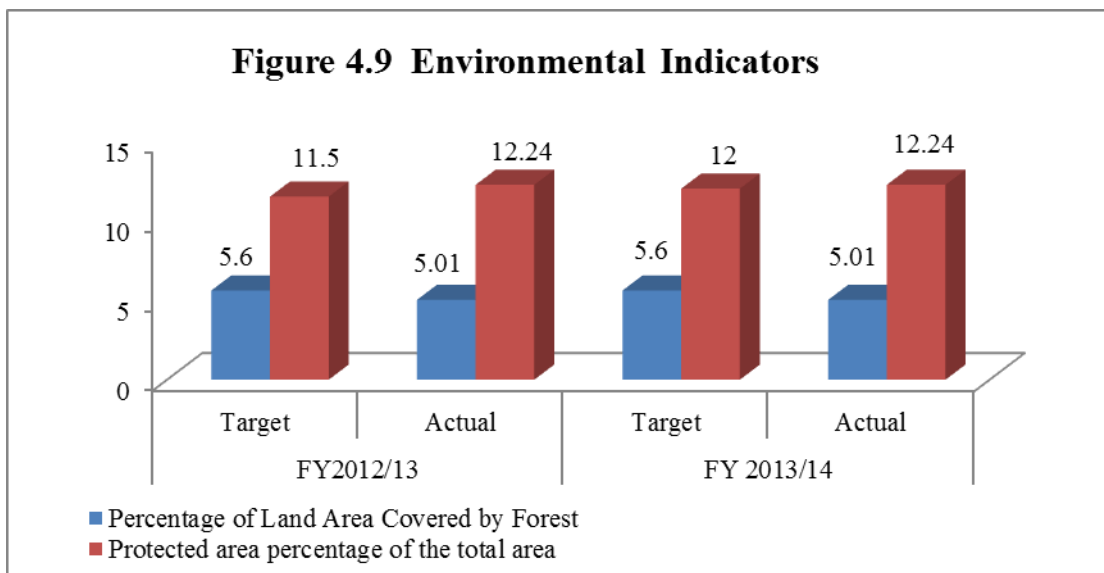


4.22 Table 4.4 gives the strength of Lady Health Workers (LHWs) in all regions of Pakistan. The highest strength of LHWs was recorded in Punjab and the least was recorded in AJK.

Province	FY 2012/13			FY 2013/14		
	Urban	Rural	Total	Urban	Rural	Total
Punjab	8,000	40,000	48,000	7,274	39,069	46,343
Sindh	---	---	---	---	---	---
KPKK	1,878	10,851	12,729	1,854	10,569	12,423
Balochistan	2004	4716	6720	1098	5622	6720
AJK	179	2889	3068	179	2889	3068
FANA	227	1158	1385	240	1130	1335
FATA	0	1407	1407	0	1407	1407
ICT	---	---	---	---	---	---
Total	12,288	61,021	73,309	10,645	60,686	71,296

4.3 Environment: Protected Land Area

4.23 Forests play a very important role in the economic development of the country. The area under forests in Pakistan is very small. According to experts the area under forests should be at least 25 to 30% of the total area of the country.



4.24 The above figure and table depict the percentage of land area covered by forests and the protected area as percentage of total area. Data shows that there was no change in the performance of both indicators during the comparison period. The availability of accurate data on a country's forest area, which is a basic characteristic of its forest resources, is an essential requirement for forest policy and planning within the context of sustainable development.

Table 4.5 Land Area protected and Covered by Forest				
Indicator	FY2012/13		FY 2013/14	
	Target	Actual	Target	Actual
Percentage of Land Area Covered by Forest	5.6	5.01	5.6	5.01
Protected area percentage of the total area	11.5	12.24	12	12.24

Source: Pakistan Ecological and Financial Gas Analysis, Ministry of Climate Change

4.25 Many of the policies in the environment sector address MDG targets such as water, sanitation, forests and climate change. The key points of the National Environment Policy 2005 aligned with the MDGs include: effective management of resources and sustainable development; conservation of the country's water resources; sustainable management of natural forests; and effective management of protected areas. The National Sanitation Policy 2006, National Forest Policy 2010 and National Drinking Water Policy 2009 adequately cover the targets of MDG 7.

4.4 Integrated Energy Development Programme

4.26 A review of the past pattern of energy consumption reveals that there is a persistent shift in energy consumption from petroleum products to other energy sources such as coal, electricity and gas. This shift has been observed in the case of electricity consumption and growth rate of energy supply invariably. Per capita consumption of electricity was recorded at 444 Kilowatt Hours (KWH) while the energy supply increased by 2.96 percent in FY2013/14 (See Table 4.6).

Table 4.6 Integrated Energy Development Programme					
S. No.	Indicator	FY 2012/13		FY 2013/14	
		Target	Actual	Target	Actual

1	Per capita consumption of electricity (KWH)	N.A	417	N.A	444
2	Energy supplies growth (%)	N.A	-0.21	N.A	2.96

Source: Ministry of Petroleum and Natural Resources, GOP

4.5 Labour Force, Employed Labour Force and Unpaid Family Helpers

Up to FY2013/14, a total of 60.10 million people constituted the labour force with a gender spread of 45.65 million males and 14.45 million females. Percentage of employed labour force increased to 94.05 percent from 93.77percent in FY2012/13 in which 72.1 percent were males and 21.15 percent were females. Unpaid family workers decreased to 24.4 from 26.3 percent including 15.1 percent males and 55 percent females in the same time period.

Table 4.7 Labour Force, Employed Labour Force and Unpaid Family helpers

	FY 2012-13			FY 2013-14		
	Total	Males	Females	Total	Males	Females
Labour Force (in Millions)	59.74	45.98	13.76	60.10	45.65	14.45
Employed Labour Force (%)	93.77	72.80	20.97	94.05	72.1	21.95
Unpaid Family Workers (%)	26.3	16.5	60.5	24.4	15.1	55.0

Source: Labour force Survey 2013-14, Pakistan Bureau of Statistics

Conclusion

The progress report for FY2013/14 gives a comprehensive analysis of the indicators selected under PRSP-II document. The overall expenditures on pro-poor sectors have depicted a consistently positive trend. The monitoring indicators including both output and outcome have also registered steady progress during FY 2013/14.

The GDP growth accelerated to 4.14 percent in FY 2013-14, against the growth of 3.7 percent recorded last year. The growth momentum was broad based recording positive trends in all major sectors namely agriculture, industry and services. The macroeconomic situation remained challenging with mounting current account deficit. Remittances continued to show impressive growth over the past few years.

Pro-poor PRSP expenditures as a percentage of GDP stood at 7.6 percent in FY 2013/14 which is well above the limit of 4.5 percent set by the FRDL Act. The overall PRSP budgetary expenditures in seventeen pro-poor sectors of PRSP-II during FY2012/13 and FY2013/14 depicted an increasing trend. A total of Rs.1,934,178 million was incurred in FY 2013/14, registering a growth of 1.09 percent. Over the previous year, among the five broad categories, 'Human Development' observed a maximum share in total PRSP expenditure of 38.89 percent; followed by 31.78 percent share of Safety Nets, 13.52 percent share of 'Governance, and 9.17 percent share of Rural Development and 6.64 percent share of 'Market Access and Community Services'.

The progress reported in Social Safety Nets programmes depicted a mixed performance. The BISP cash grant programme witnessed an encouraging growth in both disbursements and beneficiaries. Under aggregate EOBI programmes, a significant increase of 17.55 percent was recorded in disbursements that increased from Rs. 12,531 million in FY13 to Rs. 14,730 million in FY14. Similarly, a positive growth of 9.07 percent was recorded in the total number of beneficiaries of EOBI. A substantial growth of 35 percent was recorded under aggregate WWF programmes whereas the number of beneficiaries registered a decline of 2.3 percent.

The annual allocations for education and health sectors were alarmingly low in comparison with other countries in South Asia. The GoP has reiterated its commitment to ensure that education expenditures are increased to 4 percent of GDP by 2018. This requires higher commitment and efforts by Federal and Provincial Governments for not only increasing annual allocation but also improving governance so that the higher allocations are translated into result oriented expenditures. During FY2013/14 the education sector indicators reflected an overall increase in gross and net enrolment rates at both pre-secondary and secondary levels.