
PRSP Progress Report

Fiscal Year 2011/12

PRSP Secretariat
Finance Division,
Government of Pakistan



Preface

The Government of Pakistan is obligated under the Fiscal Responsibility and Debt Limitation Act (2005) to keep the poverty and social sector expenditures at not less than 4.5% of the GDP in any Fiscal Year. Accordingly, the Poverty Reduction Strategy Paper (PRSP) Secretariat is mandated to monitor the progress made in the different pro-poor sectors under the PRSPs. The PRSP-II defines the targets in different areas based upon the previous PRSP Strategies. The real test of pro-poor public expenditures lies in their impact. Hence, the policies in PRSP-II are linked with the achievement of key economic, social and human development goals.

The Poverty Reduction Strategy Papers were initiated as an evolving process in the year 2000. This analytical exercise has resulted in enhancing the effectiveness of strategies designed to alleviate poverty. The PRSP-II is the third Strategy Paper; the interim PRSP and the PRSP-I being its predecessors. The PRSP-II adopts an effective approach towards formulating a long-term national economic strategy that aims at reducing poverty mainly through the nine pillars on which it is based. These include (i) Macroeconomic Stability and Real Sector Growth; (ii) Protecting the Poor and the Vulnerable; (iii) Increasing Productivity and Value Addition in Agriculture; (iv) Integrated Energy Development Program; (v) Making Industry Internationally Competitive; (vi) Human Development for the 21st Century; (vii) Removing Infrastructure Bottlenecks through Public Private Partnerships; (viii) Capital and Finance for Development; and (ix) Governance for a Just and Fair System.

The PRSP Secretariat regularly reports budgetary and non-budgetary expenditures in the 17 pro-poor sectors as agreed with the World Bank and the International Monetary Fund (IMF). It also monitors the output and outcome indicators as defined in its monitoring and evaluation framework. This practice promises to play a key role in improving future policies regarding poverty reduction.

The Finance Division is grateful for the valuable input provided to the PRSP Secretariat by different stakeholders.

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Acronyms

AJ&K	Azad Jammu & Kashmir
BHUs	Basic Health Units
BISP	Benazir Income Support Programme
CDA	Capital Development Authority
CAD	Current Account Deficit
CFIs	Commercial Financial Institutions
CPI	Consumer Price Index
CSP	Child Support Program
CFY	Current Fiscal Year
EDB	Engineering Development Board
EDT	Enterprise Development Training
EOBI	Employees Old Age Benefit Institution
FANA	Federally Administered Northern Areas
FATA	Federally Administered Tribal Areas
FBR	Federal Bureau 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
GDP	Gross Domestic Product
GER	Gross Enrollment Rate
GOP	Government of Pakistan
ICT	Islamabad Capital Territory
IFA	Individual Finance Assistance
IDPs	Internally Displaced People
IMR	Infant Mortality Rate
IR	Institutional Rehabilitation
KP	Kyber Pakhtoon Khawa
LFS	Labour Force Survey
LHWs	Lady Health Workers
LSM	Large Scale Manufacturing
LP	Langer Program
MFBs	Micro Finance Banks
MFI	Micro Finance Institutions
NAVTEC	National Vocational and Technical Education Commission
NCRCL	National Centre for Rehabilitation of Child Labour
NFNE	Non Food Non Energy
NEMIS	National Educationnel Mangement Information System
NER	Net Enrolment Rate
NGO	Non Government Organizations
NIP	National Internship Programme
NID	National Immunization Day

PBM	Pakistan Bait-ul-Maal
PDL	Petroleum Development Levy
PFY	Previous Fiscal Year
PIFRA	Project for improving financial reporting and auditing
PWP	People Works Program
PRSP	Poverty Reduction Strategy Paper
PSC	Poverty Score Card
PFSP	Punjab Food Support Program
PSRP	Punjab Sasti Roti Program
PMN	Pakistan Micro-Finance Network
PH	Pakistan Homes
PSH	Pakistan Sweet Homes
PSE	Public Sector Enterprises
PWP	Peoples Works Program
RSPs	Rural Support Programs
SMEs	Small and Medium Enterprises
SPI	Sensitive Price Index
SPRSMP	Strengthening Poverty Reduction Monitoring Project
SBP	State Bank of Pakistan
TFR	Total Fertility Rate
TVET	Technical & Vocational Education and Training
TT	Tetanus Toxoid
VTC	Vocational Training Center
WPI	Wholesale Price index
WWF	Workers Welfare Fund
YoY	Year-on-Year

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CHAPTER 1

INTRODUCTION



اگر ہم اس عظیم مملکت پاکستان کو خوش اور خوشحال بنانا چاہتے ہیں
تو ہمیں اپنی پوری توجہ لوگوں اور بالخصوص غریب طبقے کی فلاح
و بہبود پر مرکوز کرنی پڑے گی۔

(خطبہ صدارت دستور ساز اسمبلی ۱۹۴۷ء)

Muhammad Ali Jinnah (Presidential Address, Constituent Assembly----1947)

Introduction

1.1 The Poverty Reduction Strategy Paper –II (PRSP) Annual Progress Report for FY2011/12 is the eleventh report in line ever since the inception of PRSP Secretariat in the Ministry of Finance. The PRSP Secretariat regularly reports budgeted and non-budgeted spending in selected pro-poor sectors followed by an evaluation of the key social sector indicators.

1.2 The analysis given in this report builds around the nine pillars identified under PRSP-II. In order to evaluate and monitor the progress of Government's poverty reduction initiatives, the PRSP-II identified 17 pro-poor sectors and a set of related social sector indicators. The selected sectors were finalized after a long consultative process for monitoring different dimensions of poverty. These indicators cover macroeconomic targets as well as poverty, education, health, population, water and sanitation, housing, rural development, environment, gender, employment, food support programmes, social welfare funds, and microfinance.

1.3 The PRSP–II report for FY2011/12 is divided into six chapters. Chapter 1 gives the introduction and an overview of the report. Chapter 2 analyzes the progress made in macroeconomic indicators, pro-poor expenditures and social sector related programmes against the targets set under PRSP-II for FY2011/12. Chapter 3 discusses the trends in macroeconomic indicators during FY12. Chapter 4 gives a detailed analysis of expenditures incurred in pro-poor sectors. Chapter 5 focuses on the progress made in Social Safety Net programmes during FY2011/12. Chapter 6 evaluates the PRSP Intermediate (Output) Indicators.

1.4 The first chapter of the report attempts to evaluate the progress made against the targets set under PRSP-II for FY12. The chapter has been divided into three sections for the purpose of analysis. Section-I reports the progress on macroeconomic indicators against the projected data. Section-II measures pro-poor expenditures against targets. Section-III attempts to gauge the progress of social sector related programmes in accordance with the projected outcomes. It was found that most of the macroeconomic indicators reported less than targeted performance. On the contrary pro-poor expenditure targets were achieved and depicted an encouraging trend.

1.5 The macroeconomic situation¹ described in Chapter 2 gives a very challenging outlook of Pakistan's economy. Inflation, fiscal deficit and Current Account Deficit (CAD) remained high during FY12. CPI based Inflation was recorded at 11 percent. The fiscal deficit as a percentage of GDP increased to 8.5 percent. CAD increased to 2 percent of GDP. Public debt increased to 62.6 percent of GDP. Agriculture and Industry registered comparatively better growth rates in FY12, when compared to their performance in FY11.

1.6 Chapter 3 gives the progress made in 17 pro-poor sectors. The data reveals that a maximum increase of 4.03 percent of GDP was recorded in subsidies. This was followed by a rise of 2.79 percent in Human Development expenditures. The total PRSP expenditures registered an impressive increase from 8.38 percent of GDP in FY11 to 9.59 percent of GDP in FY12.

1.7 The Overall transfers under protecting the poor and vulnerable programmes registered a mixed trend. In FY12 the total amount disbursed under different programmes including budgetary and non-budgetary transfers increased by 12.59 percent from Rs. 71,823 million in FY11 to Rs. 80,868 million in FY12. The total number of beneficiaries under all these programmes observed a decline of 39.84 percent from 3,783,554 in FY11 to 2,276,145 in FY12. 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.

1.6 Chapter 6 focuses on monitoring the PRSP Intermediate (Output) Indicators. The data showed that a total of 140,814 schools were functional in FY12 against 141,783 in FY11. During the same period, a slight decrease of 1.08 percent was observed in the number of primary functional schools. A significant growth of 4 percentage points from 95 percent in FY11 to 99 percent in FY12 was observed in the percentage of the trained teachers at the primary level. During FY12, the targeted number of persons to be trained by National Vocational & Technical Education Commission (NAVTEC) was 16,359. The actual number of trainees both male and female stood at 10,762 in FY12. NAVTEC trained 8,395 males against the target of 11,559 in FY12. About 4,800 females were targeted to be trained, out of which 2,367 were trained.

¹ The macroeconomic data reported in this document takes 1999-2000 as base year. The revised estimates taking 2005/06 as base year have not been included in this report.

CHAPTER 2

PERFORMANCE OF KEY INDICATORS AGAINST THE PROJECTIONS MADE UNDER PRSP-II



Performance of Key Indicators against the Projections Made Under PRSP-II

2.1 This chapter focuses on the performance of Macroeconomic indicators, Pro-poor Budgetary Expenditures and Social Sector Indicators against the projections made under PRSP-II document.

2.1 Macroeconomic Indicators²

2.2 Macroeconomic stability is one of the first and foremost pillars of the Poverty Reduction Strategy Paper-II.

Table 2.1: Growth in Key Macro Economic Indicators (Targeted vs. Actual) FY 2010/11- FY 2010/11				
	FY 2010/11		FY 2011/12	
	Projected	Actual	Projected	Actual
Agriculture	3.8	2.4	4	3.1
-Major crops	3.5	-0.2	4	3.2
-Minor Crops	4.1	2.7	2	-1.3
Manufacturing	4.3	3.1	5.7	3.6
LSM Manufacturing	4	1.1	6	1.8
Services	5.5	4.4	5.8	4
-Wholesale & Trade	5	3.5	5.5	3.6
-Finance & Insurance	7	-1.4	7	6.5
Real GDP growth	5.0	3	5.5	3.7
Inflation (CPI Based)	5.5	13.67	5.5	11
% change in GDP Growth	10.7	21.8	11.3	14.5
GDP at Current market price (Rs. Billions)	15,838	18,032	17,712	20,654
As Percentage of GDP				
Investment	21.9	13.1	23.2	12.5
National Savings	17.6	13.2	18.9	10.7 (P)*
Foreign Savings	4.3	-0.1	4.3	1.8 (P)*
Total Revenue	16.4	12.5	17	12.4
Total Expenditure	19.4	19.1	19.7	19.1
-Current Expenditures	14.2	16.1	14.1	15.1
-Development Expenditures	5.2	3.0	5.7	3.9
Fiscal Balance	-3.0	-6.6	-2.7	-8.5

² The macroeconomic data reported in this document takes 1999-2000 as base year. The revised estimates taking 2005/06 as base year have not been included in this report.

Memo Items				
Nominal Exchange Rate (Rs/\$)	87.6	85.6	91.7	94.3 (P)*
Population (million)	169.3	177.1	172.1	180.7 (P)*
*Provisional				
Source: State Bank of Pakistan/ Pakistan Economic Survey 2012				
Data is on base year 1999-2000				

2.3 Table 2.1 illustrates the performance of key macroeconomic indicators during FY12 against the projections made in PRSP-II. Real GDP Growth, Growth recorded in the Agriculture Sector, Manufacturing Sector and Services sectors exhibited less than targeted performance. This deterioration in the country's macroeconomic indicators was witnessed on account of the political and economic instability prevalent in the key governing institutions of the country. The security issues and energy deficit further compounded the negative trends in the economy.

2.4 The Real GDP growth stood at 3.7 percent against the targeted growth of 5.5 percent. Although the GDP growth fell short of the targeted growth by 1.8 percentage points, it is encouraging to note that it was higher than the 3 percent growth recorded in FY11. The CPI based inflation rate remained in double digits at 11 percent in FY12 against the targeted 5.5 percent. The State Bank of Pakistan has taken numerous measures to control persistent increase in prices. Due to the tight monetary policy of the SBP, inflation rate was successfully brought down to 11 percent in FY12 from 13.7 percent recorded in FY11.

2.5 The Agriculture sector recorded a growth of 3.1 percent in FY12 which was much higher than the 2.4 percent growth recorded during FY11. This growth, however, still fell short of the projected growth of 4 percent. The Manufacturing Sector recorded a 3.6 percent growth in FY12 against the projected 5.7 percent. This growth was encouraging when compared to 3.1 percent growth during FY11. The Services sector exhibited a growth of 4 percent against the projected growth of 5.8 percent in FY12.

2.6 Total investment as percentage of GDP stood at 12.5 percent against the projected growth of 23.2 percent. Investments have declined from 13.1 percent in FY11 to 12.5 percent in FY12. The national savings as percentage of GDP have also declined from 13.2 percent in FY11 to 10.7 percent in FY12. Projected figure for national savings stood at 18.9 percent of GDP. The decline in savings and investment figures mirrors the unpredictable political and security environment of the country.

2.7 The fiscal side poses a serious threat to the economy. Fiscal deficit increased to 8.5 percent of GDP in FY12 against projected figure of 2.7 percent. In FY11, the fiscal deficit stood at 6.6 percent of GDP. The exchange rate increased from Rs. 85.6 in FY11 to Rs. 94.3 in FY12. While the total population (in million) increased over the year from 177.1 percent in FY11 to 180.7 percent in FY12 against the targeted figure of 172.1.

2.2 Pro-Poor Budgetary Expenditures

2.8 Table 2.2 gives the detail of pro-poor budgetary expenditures against their projected outcomes for FY2010/11 and FY2011/12. In aggregate terms, PRSP actual expenditures surpassed the projected figure by 2.28 percentage points. Total PRSP expenditures were recorded at 9.59 percent of GDP against the projected 7.31 percent of GDP. Similarly, Current and Development expenditures exceeded the projected statistics in both the years under review.

2.9 Among the 17 Pro-poor sectors, expenditures as a percentage of GDP in Education, Safety Nets and Subsidies recorded the highest increase of 2.09, 4.03, and 3.34 percent, respectively in FY12.

Table-2.2 Actual and Projected PRSP Budgetary Expenditures as percentage of GDP FY 2010/11 and FY 2011/12						
Sector	Expenditures (Rs. Millions)		FY 2010-11		FY 2011-12	
	FY 2010/11	FY 2011/12	Projected*	Actual	Projected*	Actual
Market Access and Community Services	128,073	150,115	0.56	0.71	0.64	0.73
Roads, Highways, & Bridges	99,567	113,537	0.48	0.55	0.55	0.55
Environment/Water Supply & Sanitation	28,506	36,578	0.08	0.16	0.09	0.18
Human Development	433,689	577,146	2.79	2.40	3.40	2.79
Education	322,811	432,121	2.20	1.79	2.66	2.09
Health	106,017	139,465	0.56	0.59	0.71	0.68
Population Planning	4,861	5,560	0.03	0.03	0.03	0.03
Rural Development	164,638	210,015	1.08	0.91	1.18	1.02
Agriculture	115,511	134,813	0.84	0.64	0.91	0.65
Land Reclamation	3,669	4,340	0.02	0.02	0.03	0.02
Rural Development	19,109	32,977	0.08	0.11	0.09	0.16
People's Works Programmeme-I	5,049	4,296	0.02	0.03	0.02	0.02

People's Works Programmeme-II	21,300	33,589	0.12	0.12	0.13	0.16
Safety Nets	603,244	832,143	2.17	3.34	2.05	4.03
Subsidies	497,441	689,012	1.13	2.75	1.01	3.34
Social Security & Welfare	18,761	23,465	0.59	0.10	0.59	0.11
Benazir Income Support Programmeme	34,330	40,401	0.38	0.19	0.38	0.20
Pakistan Bait-ul-Maal	3,224	1,786	0.04	0.02	0.04	0.01
Natural Calamities & Other Disasters	49,115	77,096	0.02	0.27	0.02	0.37
Low Cost Housing	373	383	0.01	0.00	0.01	0.00
Governance	184,014	211,400	0.31	1.02	0.27	1.02
Justice Administration	14,223	17,071	0.05	0.08	0.05	0.08
Law and Order	169,791	194,329	0.26	0.94	0.22	0.94
GRAND TOTAL	1,513,658	1,980,819	6.62	8.38	7.31	9.59
Current Expenditures	1,067,875	1,397,047	4.43	5.92	4.85	6.76
Development Expenditures	445,783	583,772	2.20	2.47	2.46	2.83
<i>Source: PRSP Secretariat, Finance Division. Islamabad</i>						
*As projected in PRSP-II document.						
**GDP at market prices -----Source: Pakistan Economic Survey 2012						

2.10 PRSP sector wise actual expenditures as a percentage of GDP exceeded the PRSP-II projections in six pro-poor sectors namely Environment, Water Supply & Sanitation, Rural development, Subsidies, 'Natural Calamities & other Disasters', Justice Admin and Law & Order. In the Law & Order category the actual expenditures as a percentage of GDP were 0.72 percent higher than the forecasted figure for FY 2011/12. On the contrary, however, expenditure to GDP ratio for Education, Agriculture, Social Security & Welfare, Benazir Income Support Programme (BISP) and Pakistan Bait-ul-Mal (PBM) fell short of the projected figures during FY2010/11 and FY2011/12.

2.11 In FY2011/12, the health expenditures as a ratio of GDP stood at 0.68 percent while the projected figure for health expenditures was 0.71 percent of GDP.

2.3 Social Sector Indicators

2.12 The Government of Pakistan (GoP) realizes that social protection has a major role to play in eliminating poverty and reducing the gaps between the rich and the poor. Safety Nets in the form of direct cash transfers, both budgetary and non budgetary include Zakat, Pakistan Bait-ul-Mal (PBM), Employees Old Age Benefit Institutions (EOBI), Workers Welfare Fund (WWF),

Benazir Income Support Programme (BISP), and Microfinance. Expenditures on PBM, BISP, and Social Security and Social Welfare constitute the budgetary part of pro-poor expenditures. Table 2.3 gives performance of social safety nets programmes against projections made under PRSP-II for FY11.

Table 2.3: Direct Transfers and Beneficiaries					
Programmeme	Disbursement / Beneficiaries	FY 2010/11		FY 2011/12	
Budgetary Transfers					
Social Security & Other Welfare		Projected	Actual	Projected	Actual
	Total Expenditure (Rs. millions)	-	18,761	-	23,465
	No of Total Beneficiaries	-	-	-	-
Pakistan Bait-ul-Mal (all Programmemes)	Amount Disbursed (Rs. Millions)	31,588	3,224	-	1,786
	Total Beneficiaries	2,64,1000	1885035	-	847,493
BISP	Amount Disbursed (Rs. Billion)	-	34.330	-	40.41
	Total Beneficiaries(million)	7.0	3.081	-	3.961
Non – Budgetary Transfers					
Zakat	Amount disbursed (Rs. Million)	-	4,597	-	3,126
	Total number of Beneficiaries	-	1,542,283	-	1,040,960
EOBI	Amount disbursed (Rs. Million)	11059	9,365	-	10,589
	Total number of Beneficiaries	363,217	336,281	-	365,913
Workers Welfare Fund (WWF)	Amount disbursed (Rs. Million)	28,661	1546	-	1,502
	Total number of Beneficiaries	28,749	19952	-	21,775
Peoples Works Programmeme-I	Amount disbursed (Rs million)	-	5,049	-	4,296
	Total beneficiaries (000)	-	-	-	-
Peoples Works Programmeme-II	Amount disbursed (Rs million)		21,300	-	33,589
	Total number beneficiaries (000)		-	-	-
Micro Credit (only)	Amount Disbursed (Rs. Millions)	-	27,471	-	33,899
	Total clients/Active borrowers	-	2,030,680	-	2,232,439

*Excluding permanent Rehabilitation Scheme & National level Deeni Madarassas, ** include Food Support programme & Individual Financial assistance only ^ up to 8.11.2008 –
Source: PRSP Document & PRSP Report FY 2008/09 – 2010/11

2.13 Both budgetary and non-budgetary social sector programmes exhibited less than projected performance in FY2010/11. It needs to be noted that most of these programmes have been devolved to the provinces after the 18th Amendment. Hence due to structural challenges, initiatives like the National Internship Programme and Zakat Programmes faced implementation issues during FY2011/12.

CHAPTER 3

TRENDS IN MACROECONOMIC INDICATORS³



³ The macroeconomic data reported in this document takes 1999-2000 as base year. The revised estimates taking 2005/06 as base year have not been included in this report.

Trends in Macroeconomic Indicators

3.1 The macroeconomic trends in Pakistan's economy showed some signs of improvement during FY2011/12. The GDP growth increased to 3.7 percent in FY12 from 3 percent in FY11. The level of Consumption registered a substantial increase of 11.1 percent during FY12. Political and economic instability have caused the investment figures to exhibit a declining trend. Investments declined by 8.6 percent in FY12. In FY11 the investments registered a decrease of 4.7 percent (see table 3.1)⁴.

Table 3.1 Pakistan Selected Economic Indicators		
Growth rate (percent)	FY 2010/11	FY 2011/12
Real GDP	3.0	3.7
Agriculture	2.4	3.1
Industry	0.7	3.4
Services	4.4	4
Consumption	3.9	11.1
Investment	-4.7	-8.6
CPI Inflation	13.7	11
Percent of GDP		
Fiscal Balance	-6.6	-8.5
Public debt	61	62.6
Current a/c Balance	0.1	-2
Source: State Bank of Pakistan		

3.2 In FY12 the agriculture and industry registered encouraging trends as compared to FY11. The agriculture sector recorded an increase in growth rate from 2.4 percent in FY11 to 3.1 percent in FY12. The Industrial sector also showed remarkable improvement over the years with a growth of 3.4 percent during FY12 in contrast to a growth rate of 0.7 percent in FY11. The services sector recorded a growth of 4 percent in FY12.

3.3 Inflation has been a real threat to Pakistan's economy over the last few years. The increasing trend of inflation finally showed some signs of reversal in FY12. Inflation declined by 2.7 percentage points from 13.7 percent in FY11 to 11 percent in FY12.

⁴ The macroeconomic data reported in this document takes 1999-2000 as base year. The revised estimates taking 2005/06 as base year have not been included in this report.

3.4 Despite some improvements in GDP growth, fundamental structural weaknesses remained unaddressed. The budget deficit increased by 1.9 percentage points, from 6.6 percent of GDP in FY11 to 8.5 percent of GDP during FY12. The main reasons for this hike in deficit included increased accumulation of circular debt, losses stemming from public sector enterprises, and higher interest payments on debt.

3.1 REAL SECTOR

3.5 Agriculture, Industry and services constitute the real sector of Pakistan's economy. Progress made during FY12 under all these sectors has been discussed in the following section.

3.2 Agriculture

3.6 The Agriculture sector continues to be a vital part of Pakistan's economy. According to Pakistan Economic Survey (2012) the agricultural sector accounted for 21 percent of GDP, 45 percent of employment and 60 percent of exports. During FY12 the sector registered a growth of 3.1 percent as compared to 2.4 percent during FY11. This increase was mainly due to the positive performance of different sub-sectors in agriculture.

3.7 The growth rate of major crops recovered to 3.2 percent in FY12 from a negative growth of 0.2 percent in FY11. The share of major crops in GDP stood at 6.7 percent. Livestock registered a growth of 4 percent during FY12 and its contribution in GDP was recorded at 11.6 percent. Minor crops contributed 2.1 percent in GDP and registered a decline of 1.3 percent during FY12. This negative trend came about because of extremely low temperatures in the winter season.

Agriculture	Share in GDP		Growth			Contribution to Agri growth	
	FY 2010-11	FY 2011-12	FY 2010/11	FY 2011/12	FY 2011/12 (T)	FY 2010/11	FY 2011/12
		21.2	21.1	2.4	3.1	3.4	0.5
Major Crops	6.7	6.7	-0.2	3.2	3	0	0.2
Minor Crops	2.2	2.1	2.7	-1.3	2	0.1	0
Livestock	11.6	11.6	4	4	4	0.5	0.5

Source: State Bank of Pakistan

3.8 Major crops including wheat, rice, cotton and sugarcane account for 91 percent of value added in the agriculture sector. These four major crops contributed 29 percent on average in the total value added in agriculture and 6 percent in GDP according to Pakistan Economic Survey 2012.

3.9 Table 3.3 gives the production of these four major crops during FY12 along with their percentage changes. Despite being one of the largest contributors to the agricultural sector wheat production declined from 25.214 million tons in FY11 to 23.337 million tons in FY12, recording a negative growth of 7.4 percent.

Table 3.3 Production of major crops and percentage change (million tons; cotton in million bales)			
Crops	FY11	FY12	Growth %
			FY 2011/12
Wheat	25.214	23.337	-7.4
Cotton	11.460	13.595	18.6
Sugarcane	55.309	58.397	5.6
Rice	4.823	6.160	27.7
Maize	3.707	4.271	15.2
Source: State Bank of Pakistan			

3.10 On the other hand, the production of rice increased by 27.7 percent. Likewise, cotton also increased by 18.6 percent from 11.460 million bales in FY11 to 13.595 million bales in FY12. The production of maize recorded an increase from 3.707 million tons in FY11 to 4.271 million tons in FY12. Sugarcane also registered an increase of 5.6 percent.

3.3 Industry

3.11 The industrial sector registered a significant improvement and grew by 3.4 percent during FY12 as compared to a growth rate of 0.7 percent during FY11 (see, table 3.4).

Table 3.4 Growth in Industry (in Percent)			
Industry	Growth		Contribution in Industrial growth
	FY 2010/11	FY 2011/12	FY 2011/12
Industry	0.7	3.4	
Large Scale Manufacturing	1.1	1.8	0.8
Small Scale Manufacturing	7.5	7.5	1.5
Mining	-1.3	4.4	0.4
Construction	-7.1	6.5	0.5
Elec & gas distt	-7.2	-1.6	-0.1
Source: State Bank of Pakistan			

3.12 The Large Scale Manufacturing accounted for much of this improvement and recorded a growth of 1.8 percent in FY11 as compared to 1.1 percent growth during FY12. Small Scale Manufacturing sector showed the same growth of 7.5 percent during FY11 and FY12. Small Scale Manufacturing contributed 1.5 percent of the total increase in Industrial growth. The share of Large Scale Manufacturing (LSM) stood at 0.8 percent in total industrial growth during FY12. According to the Pakistan Economic Survey (2012), the good performance of the LSM sector was mainly due to the growth of sub-sectors including food, beverages, tobacco, textile, pharmaceutical products and mineral products. The construction sector also recovered from a negative growth of 7.1 percent in FY11 to a positive growth of 6.5 percent in FY12 depicting a strong impact on the industrial sector. This increase was due to the reconstruction activities after floods, increase in public works and project loan inflows.

3.13 The electricity and gas shortages continued to be a threat in the revival of economic growth and stability. The sector registered a negative growth of 1.6 percent in FY12 which is relatively lower than 7.2 percent negative growth experienced in FY11.

3.4 Services

3.15 The significance of services sector is undeniable and is recognized all over the world. It has emerged as the strongest sector in Pakistan's economy and has been the major driver of economic growth. The services sector contributed over 55 percent of GDP growth in FY12.

3.16 The services sector consists of the following sub-sectors: Transport, Storage and Communication, Wholesale & Retail trade, Finance and Insurance, Ownership of dwellings, Public Administration and Defense, and Community Social & Personal Services. The sector has registered a growth of 4.02 percent in FY12 mainly dominated by Finance and Insurance at 6.5 percent and social and community services at 6.8 percent.

3.5 Inflation

3.17 It is very encouraging to note that all the three price indexes including Consumer Price Index (CPI), Sensitive Price Index (SPI) and Wholesale Price Index (WPI) have registered a decline in FY2011/12 (see table 3.5).

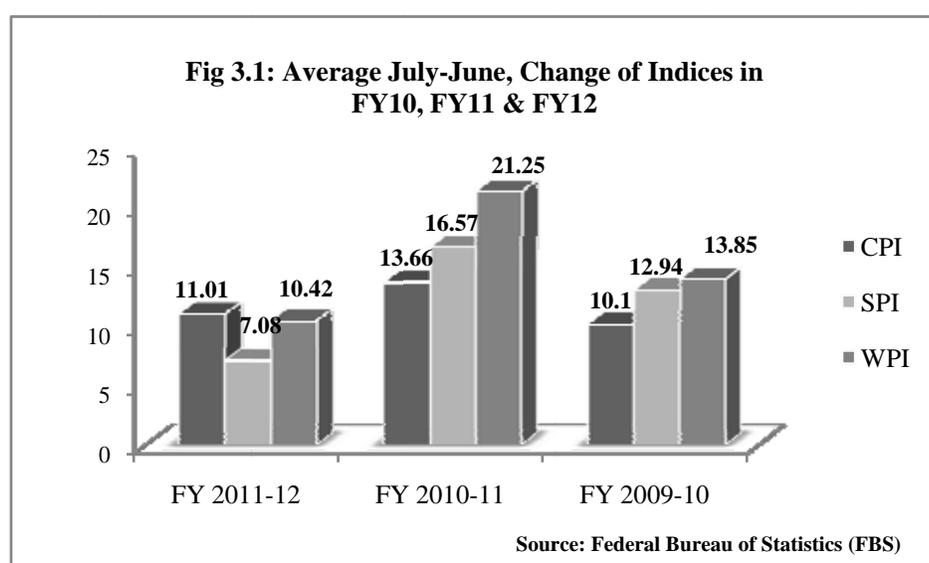
3.18 While CPI has declined by 2.65 percentage points from 13.66 percent in FY2010/11 to 11.01 percent in FY2011/12, the SPI declined by 9.49 percentage points from 16.57 percent

in FY2010/11 to 7.08 percent in FY2011/12. The WPI declined by half (10.38 percentage points) from 21.25 percent in FY2011/12 to 10.42 percent in FY2011/12 (also see, figure 3.1).

Table 3.5 : Period Average of Changes in Price Indices (July-June)			
Index	FY 2011-12	FY 2010-11	FY 2009-10
CPI	11.01	13.66	10.1
SPI	7.08	16.57	12.94
WPI	10.42	21.25	13.85

Source: Federal Bureau of Statistics

3.19 It is evident from the following figure that in comparison to both FY10 and FY11 the CPI, WPI and SPI significantly declined in FY12.



3.20 According to the State Bank of Pakistan, for the first time in five years, actual inflation for FY12 turned out to be lower than the annual target.

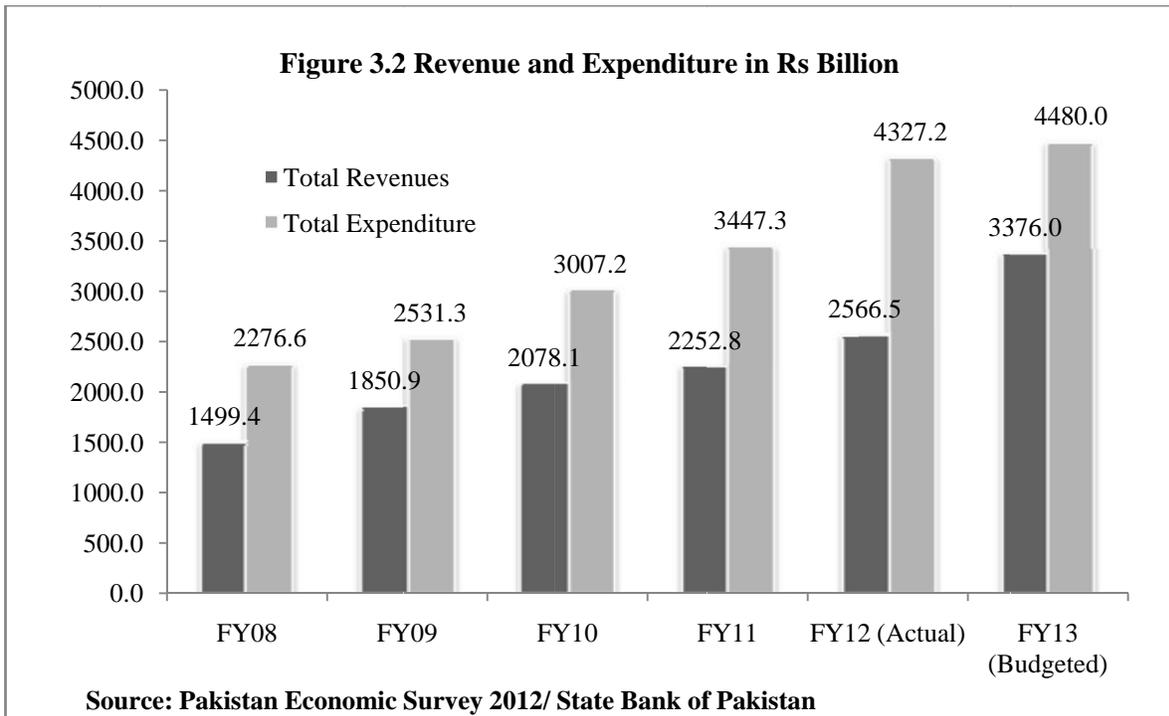
3.6 Fiscal Balance

3.21 The summary of consolidated public finances given in table 3.6 reveals that the fiscal deficit increased to 8.5 percent of GDP in FY12 against the targeted 4.0 percent of GDP (see figure 3.2 and 3.3). The deficit was recorded at 6.6 percent of GDP in FY11. The total deficit stood at Rs.1760 billion with an expenditure of Rs. 4372.2 billion and revenue of Rs. 2566.5 billion in FY12. The total tax revenues increased by 20.8 percent from Rs.1699.3 billion in FY11 to Rs. 2052.9 billion in FY12.

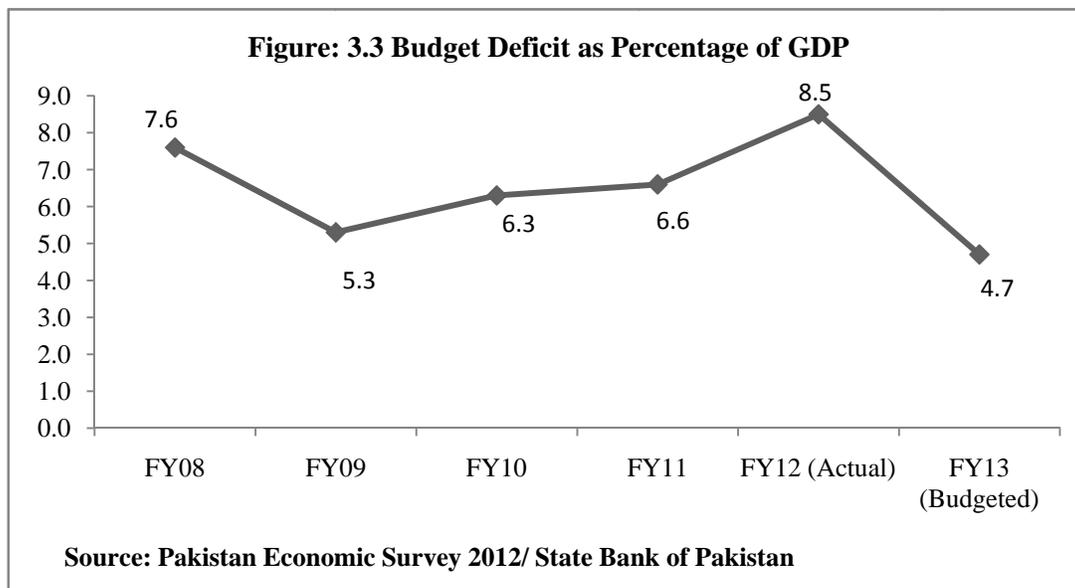
Table: 3.6 Summary of Consolidated Public Finances in Rupees Billion							
Years	FY08	FY09	FY10	FY11	FY12 (Budgeted)	FY12 (Actual)	FY13 (Budgeted)
Total Revenues	1499.4	1850.9	2078.1	2252.8	2870.0	2566.5	3376.0
Tax Revenue	1050.7	1204.7	1472.8	1699.3	2151.0	2052.9	2626.0
Non-Tax Receipts	448.7	646.2	605.3	553.5	719.0	513.6	750.0
Total Expenditure	2276.6	2531.3	3007.2	3447.3	3721.0	4327.2	4480.0
Current Expenditure	1857.6	2041.6	2386.0	2900.8	2976.0	3122.5	3430.0
Development and Net Lending	423.4	455.7	652.8	514.0	745.0	743.9	1050.0
Unidentified	-4.4	34.0	-31.6	32.5	0.0	69.8	
PSEs Debt Consolidation						391.0	
Overall Budget Deficit	777.2	680.4	929.1	1194.5	851.0	1760.7	1104.0
Budget Deficit as % of GDP	7.6	5.3	6.3	6.6	4.0	8.5	4.7
Source: Ministry of Finance/ State Bank of Pakistan							

3.22 According to the SBP, this increase in deficit can be attributed to the following factors: (i) Less than expected collection of PDL, (ii) The PSEs debt, taken over by the federal government, was the result of fiscal slippages in recent years, which had remained unaccounted for. (iii) It was clear at the start of the year that provinces will not have the required surplus, and thus the targeted budget deficit was increased to 4.6 percent of GDP, and (iv) Rising oil prices.

3.23 Expenditures, on the other hand, continued to increase because of debt servicing and the surge in subsidies and transfer payments. Development expenditures, exhibited an encouraging growth of 44.7 percent from FY11 to FY12, which is good for long-term real growth.



3.24 Although the country had been facing high budget deficits in the past, the key challenge in recent years has been of financing the deficit (see figure 3.2). In the past, cheaper external financing had been available, which generally covered more than half the total financing requirements. Thus the domestic banking system has become the major source of deficit financing, which is not only costly, but also carries a high opportunity cost, in terms of crowding-out the private sector investments.

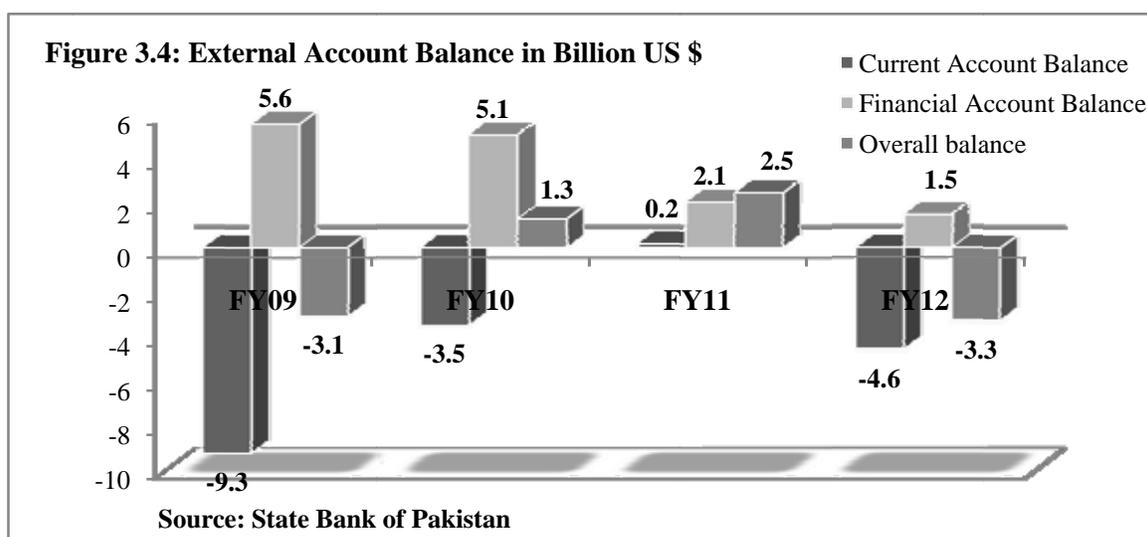


3.7 External Account Balance

3.25 Table 3.7 reveals that Pakistan's external account posted a deficit of US\$ 3.3 billion in FY12, against a surplus of US\$ 2.5 billion in FY11 (also see figure 3.4).

Table: 3.7 Key Indicators of External Account Balance in Billion US \$				
	FY09	FY10	FY11	FY12
Current Account Balance	-9.3	-3.5	0.2	-4.6
Trade balance	-12.6	-11.5	-10.5	-15.5
Exports	19.1	19.7	25.4	24.7
Imports	31.7	31.2	35.9	40.1
Services account balance	-3.4	-1.7	-1.9	-3.0
Income account balance	-4.4	-3.3	-3.0	-3.4
Workers' Remittances	7.8	8.9	11.2	13.2
Financial Account Balance	5.6	5.1	2.1	1.5
Foreign Direct Investment	3.7	2.2	1.6	0.8
Portfolio Investment	-1.1	-0.1	0.3	-0.2
Disbursement of Loans	4.0	4.1	2.8	2.5
Amortization of Loans	1.9	1.9	2.0	1.9
Overall balance	-3.1	1.3	2.5	-3.3
Source: State Bank of Pakistan				

3.26 Data reveals that the trade account was the main source of deterioration: the deficit increased by almost 50 percent from USD -10.5 billion in FY11 to USD -15.5 billion in FY12. According to SBP, this was because prices of Pakistan's main exports fell sharply, and the prices of its major imports increased. In fact, the entire increase in Pakistan's import bill was due to higher prices. The quantity of imports actually declined.



3.27 The fact that Pakistan's external position is heavily dependent on two commodities – oil imports and cotton related exports – highlights its vulnerability to adverse movements in the prices of these commodities.

3.28 On a positive note, however, Pakistan was not the only country to experience a worsening external position. In the backdrop of the global recession, a number of emerging economies have experienced the same. A slowdown in external demand, and domestic supply-side constraints contributed to a decline of 2.7 percent in the country's exports from USD 25.4 billion in FY11 to USD 24.7 billion in FY12. The increase of 11.7 percent in imports, from USD 35.9 billion in FY11 to USD 40.1 billion in FY12 was mainly a function of higher oil prices. In addition, fertilizer imports also contributed to increase in the import bill.

3.29 Services account mirrored performance of the trade account. The services account deficit increased by 58 percent from USD -1.9 billion in FY11 to USD -3.0 billion in FY12. Imports of services increased by 3.3 percent, while exports declined by 14.1 percent during FY12. The rise in trade related services (e.g., insurance, transportation and travel) was the main reason for the increase in services, whereas the non-realization of Coalition Support Fund (CSF) explains the contraction in inflows from services.

3.30 The income account balance deteriorated marginally during FY12, with a higher deficit of US\$ 3.4 billion compared to US\$ 3.1 billion last year. According to SBP, interest payments on IMF loans widened the income account deficit.

3.31 An increase in workers' remittances helped to improve the current account balance. Remittances crossed US\$ 13.0 billion for the first time in the country's history. Remittances exhibited an impressive growth of 18 percent from USD 11.2 billion in FY11 to USD 13.2 billion in FY12. According to SBP report, two factors explain this consistent increase in remittances over the last few years: (i) Increase in number of Pakistanis working abroad. Limited job opportunities within the country appear to have incentivized more skilled workers to seek employment elsewhere; and (ii) Efforts by the government and SBP to channel remittances via the banking system.

CHAPTER 4

PRO-POOR BUDGETARY EXPENDITURES



Pro-Poor Budgetary Expenditures

4.1 Since the initiation of PRSP-II in FY 2008/09, pro-poor expenditures in 17 sectors have been reported regularly on a quarterly and annual basis. This section gives an overview of the expenditures incurred in FY12.

4.2 PRSP Budgetary expenditures for FY12 recorded an impressive YoY growth of 30.86 percent, from 1,513,658 million in FY11 to Rs. 1,980,819 million in FY12. Aggregate Pro-poor expenditures were recorded at 9.59 percent of GDP. The pro-poor expenditures as percentage of GDP have exhibited a consistently increasing trend over the last decade. The positive growth in aggregate expenditures can be attributed to the increased expenditures in all the 17 pro-poor sectors. Among the five broad categories, Safety Nets recorded the highest growth of 37.94 percent; followed by 33.08 percent growth in Human Development', 27.56 percent growth in 'Rural Development', 17.21 percent growth in Market Access and Community Services and 14.88 percent growth in 'Governance'.

Table-4.1 PRSP Sectoral Budgetary Expenditures and Percentage Changes Between FY 2010-11 and FY 2011-12			
Sector	Expenditure (Rs. millions)		Percentage Change
	FY 2010-11	FY 2011-12	
Market Access and Community Services	128,073	150,115	17.21
Roads, Highways, & Bridges	99,567	113,537	14.03
Environment/Water Supply & Sanitation	28,506	36,578	28.32
Human Development	433,689	577,146	33.08
Education	322,811	432,121	33.86
Health	106,017	139,465	31.55
Population Planning	4,861	5,560	14.38
Rural Development	164,638	210,015	27.56
Agriculture	115,511	134,813	16.71
Land Reclamation	3,669	4,340	18.29
Rural Development	19,109	32,977	72.57
People's Works Programmeme-I	5,049	4,296	-14.91
People's Works Programmeme-II	21,300	33,589	57.69
Safety Nets	603,244	832,143	37.94
Subsidies	497,441	689,012	38.51
Social Security & Welfare	18,761	23,465	25.07
Benazir Income Support Programmeme	34,330	40,401	17.68
Pakistan Bait-ul-Maal	3,224	1,786	-44.60
Natural Calamities & Other Disasters	49,115	77,096	56.97
Low Cost Housing	373	383	2.68
Governance	184,014	211,400	14.88
Justice Administration	14,223	17,071	20.02
Law and Order	169,791	194,329	14.45
GRAND TOTAL	1,513,658	1,980,819	30.86

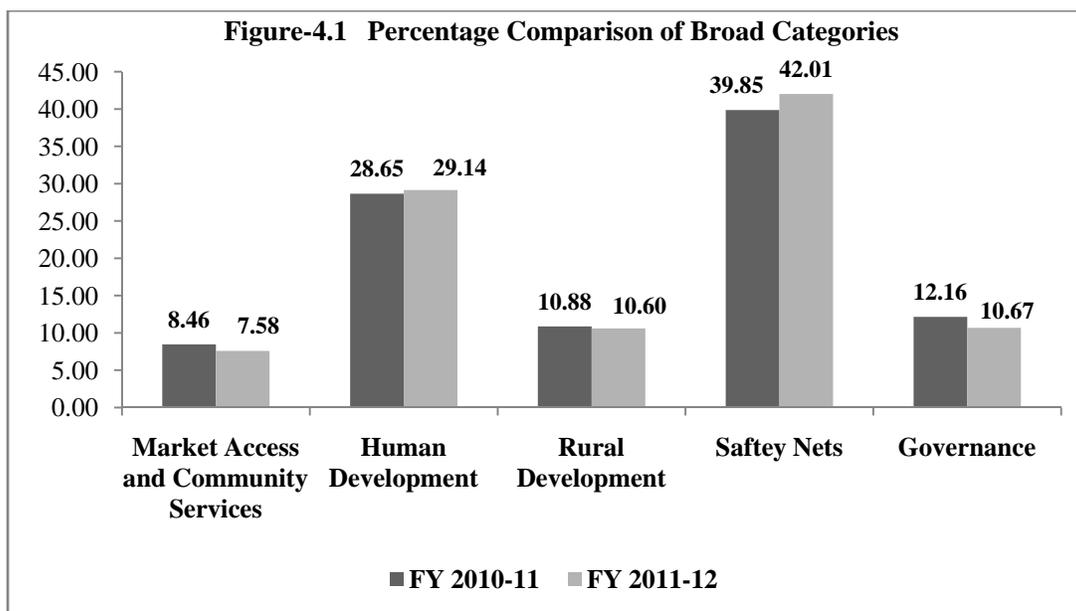
Source: Civil Accounts provided by Accountant General's office.

4.3 Amongst the 17 pro-poor sectors the highest expenditures of Rs. 689,012 million were spent on subsidies that recorded a growth rate of 38.51 percent. This positive trend was witnessed on account of a significant rise in petrol, wheat and other utility item subsidies.

4.4 An increase of 72.57 percent was registered in Rural Development sector. PWP-II expenditures increased by 57.69 percent and Natural Calamities & other Disaster related expenditures increased by 56.97 percent.

4.5 A significant increase of 33 percent was recorded in Human Development expenditures which mirrors the positive growth in expenditures on Education, Health and Population Planning. 'Rural Development' and 'Market Access & Community Services' witnessed a positive growth of 27.5 percent and 17.2 percent respectively, during the FY12.

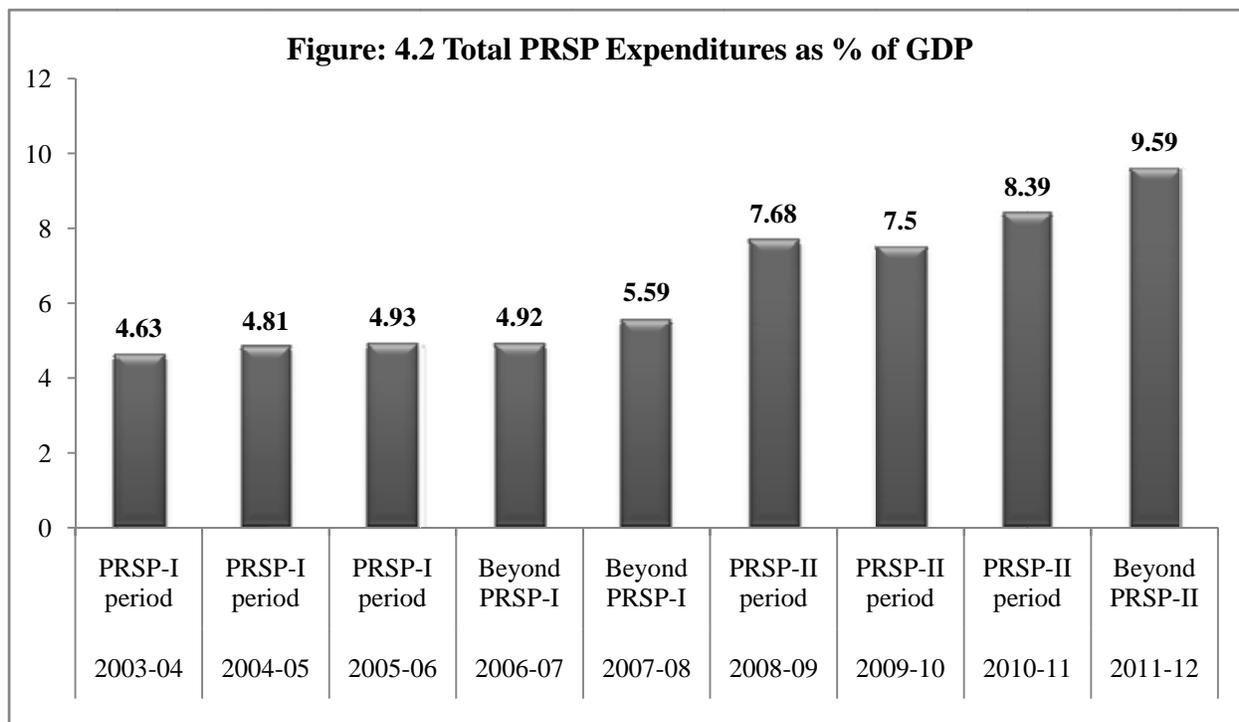
4.6 The growth in Governance related expenditures reflected a positive trend recorded in Justice Admin and Law and Order. Expenditures in these two categories observed a growth of 20.02 percent and 14.45 percent respectively, during FY12.



Source: PRSP Secretariat, Finance Division, Islamabad.

4.7 Figure 4.1 gives the comparison of percentage change in broad categories of PRSP Expenditures during FY11 and FY12. Social Safety Nets exhibited the highest growth of 42.01 percent in FY12 as compared to a 39.85 percent growth in FY11.

4.8 Figure 4.2 and table 4.2 give the overall expenditures made in the 17 pro-poor sectors under the Poverty Reduction Strategy Paper. It is evident from the data given in table 4.3 that the GoP spent well above the required 4.5 percent of GDP (FRDL, Act)⁵ on social sector related expenditures during FY12.



Source: PRSP Secretariat, Finance Division.

4.9 The PRSP expenditures as a percentage of GDP have exhibited a very encouraging trend. From 4.6 percent of GDP in FY2003/04 the expenditures increased to 9.6 percent of GDP in FY2011/12. The total PRSP expenditures increased from Rs. 261,301 million in FY04 to Rs 1,980,819 in FY12. Even beyond the closing of PRSP-II period, the social sector expenditures are well on track and showed an increase of 1.2 percentage points from 8.39 percent of GDP in FY11 to 9.59 percent of GDP in FY12.

4.10 Table 4.2 depicts that expenditures increased significantly from Rs 572,620 million in FY2007/08 to Rs. 977,228 million in FY2008/09 recording an unprecedented increase of 70.6

⁵ **The Commitment made under Fiscal Responsibility and Debt Limitation Act, (2005) in reference to social sector expenditures is as follows:** Ensure “...that social and poverty alleviation related expenditures are not reduced below 4.5 percent of the estimated gross domestic product for any given year...”

percent. This substantial increase can be attributed to the initiation of PRSP-II period under which many pro-poor initiatives were launched.

Years	Period	PRSP Expenditures in Rs Million	PRSP Exp as % of GDP
2003-04	PRSP-I period	261,301	4.63
2004-05	PRSP-I period	316,243	4.81
2005-06	PRSP-I period	376,139	4.93
2006-07	Beyond PRSP-I	426,680	4.92
2007-08	Beyond PRSP-I	572,620	5.59
2008-09	PRSP-II period	977,228	7.68
2009-10	PRSP-II period	1,110,762	7.5
2010-11	PRSP-II period	1,513,658	8.38
2011-12	Beyond PRSP-II	1,980,819	9.59

Source: PRSP Secretariat, Ministry of Finance

4.1 Distribution of Expenditures

4.10 Proportional distribution of PRSP budgetary expenditures in pro-poor sectors (Table 4.3) in FY 2011-12 demonstrated a positive growth in every sector. Subsidies constituted the highest share of 34.78 percent, followed by a share of 21.82 percent in Education, while Law & Order stood at 9.81 percent. The share of Health stood at 7.04 percent while Agriculture held a 6.81 percent share in aggregate PRSP expenditures.

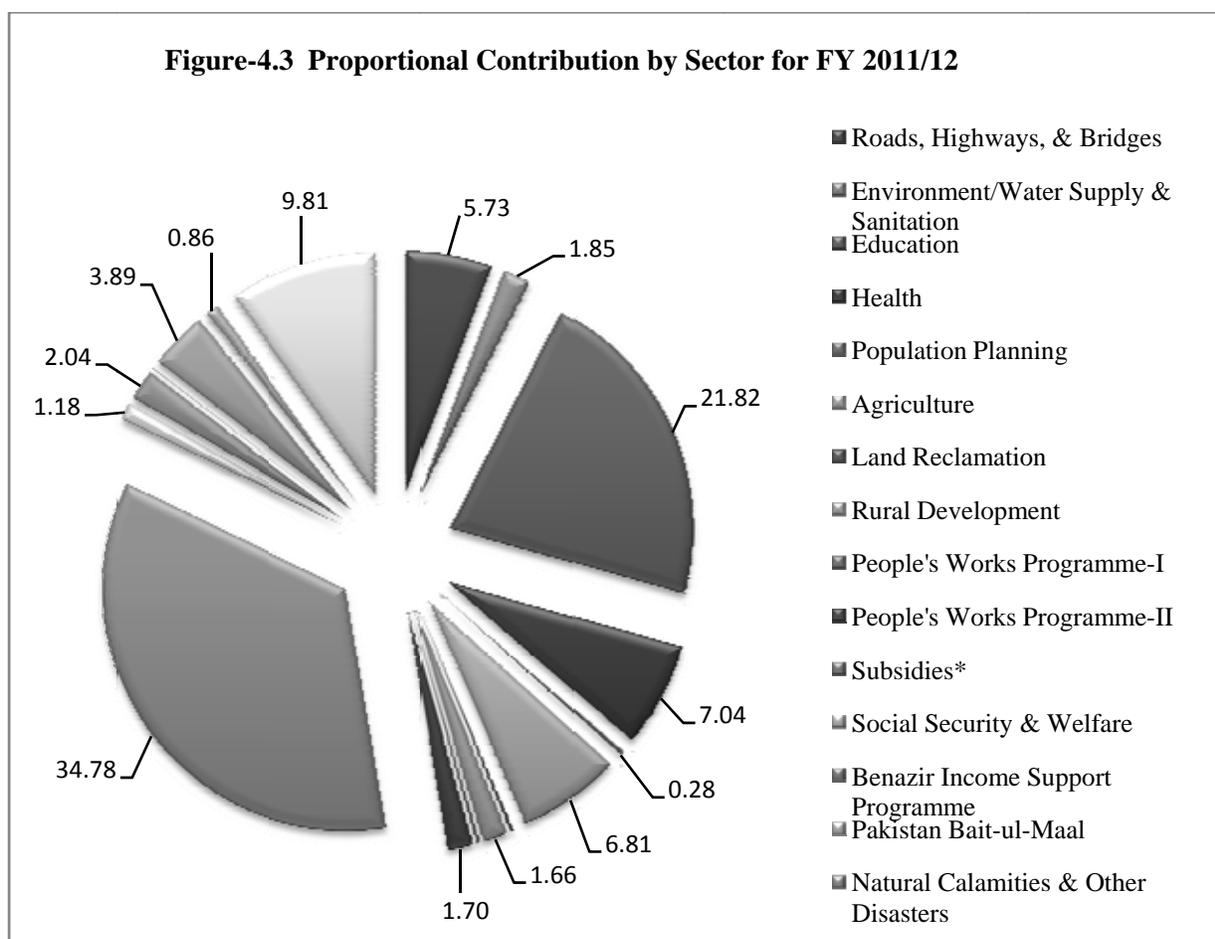
Sector	FY 2010-11	Percentage Share	FY 2011-12	Percentage Share
Roads, Highways, & Bridges	99,567	6.58	113,537	5.73
Environment/Water Supply & Sanitation	28,506	1.88	36,578	1.85
Education	322,811	21.33	432,121	21.82
Health	106,017	7.00	139,465	7.04
Population Planning	4,861	0.32	5,560	0.28
Agriculture	115,511	7.63	134,813	6.81
Land Reclamation	3,669	0.24	4,340	0.22
Rural Development	19,109	1.26	32,977	1.66
People's Works Programmeme-I	5,049	0.33	4,296	0.22
People's Works Programmeme-II	21,300	1.41	33,589	1.70
Subsidies	497,441	32.86	689,012	34.78
Social Security & Welfare	18,761	1.24	23,465	1.18
Benazir Income Support Programmeme	34,330	2.27	40,401	2.04
Pakistan Bait-ul-Maal	3,224	0.21	1,786	0.09
Natural Calamities & Other Disasters	49,115	3.24	77,096	3.89

Low Cost Housing	373	0.02	383	0.02
Justice Administration	14,223	0.94	17,071	0.86
Law and Order	169,791	11.22	194,329	9.81
GRAND TOTAL	1,513,658	100.00	1,980,819	100.00

Source: PRSP Secretariat, Finance Division, Islamabad.

4.11 The highest portion of PRSP expenditures were spent on subsidies, therefore, the shares of other pro-poor sectors were comparatively less in FY12 than in FY11. The share of expenditure incurred on Law and Order relative to total PRSP budgetary expenditures decreased by 1.41 percentage points, nonetheless it still held a 9.81 percent share in total expenditures in FY12. Environment, Water Supply & Sanitation, Population Planning, Land Reclamation, Rural Development, PWP-I & II, Low Cost Housing and Justice Admin held shares of two or more than two percent in overall PRSP expenditures.

4.12 In the remaining sectors, the trend and magnitude has remained nearly constant between FY11 and FY12 with negligible change in their share in overall PRSP expenditures.



Source: PRSP Secretariat, Finance Division, Islamabad.

4.2 PRSP Budgetary Expenditures by Province and Sectors

4.13 Table 4.4 gives the variations in PRSP Budgetary expenditures at Federal and Provincial levels by sectors and their contribution in the overall expenditures. A significant growth of 36.09 percent was recorded in Federal pro-poor budgetary expenditures. At the provincial level, Khyber Pakhtunkhwa led with a growth of 58.36 percent in pro-poor sectors, followed by 43.10 percent growth in Sindh and 17.29 percent growth in Baluchistan. The expenditures incurred in Punjab (14.34 percent) were the lowest due to the decline in expenditures of Natural calamities & other disasters.

Table-4.4 Percentage Change in PRSP Expenditures by Sector and by Province from FY11 to FY12

Sector	Federal	Punjab	Sindh	Khyber Pakhtunkhwa	Baluchistan	Pakistan
Roads, Highways, & Bridges	54.56	6.39	27.38	17.33	5.75	14.03
Environment/Water Supply & Sanitation	26.84	6.58	38.22	136.04	25.34	28.32
Education	-3.65	21.29	48.23	151.56	26.30	33.86
Health	-54.62	47.49	60.67	81.61	40.60	31.55
Population Planning	-95.07	28.88	15.61	58.60	83.42	14.38
Agriculture	-4.87	11.99	38.68	30.38	15.80	16.71
Land Reclamation	---	5.84	19.36	---	---	18.29
Rural Development	54.88	128.26	228.16	69.11	11.69	72.57
People's Works Programmeme-I	-14.91	---	---	---	---	-14.91
People's Works Programmeme-II	57.69	---	---	---	---	57.69
Subsidies	53.68	-1.27	19.64	-50.71	62.46	38.51
Social Security & Welfare	-73.12	31.96	40.49	28.05	20.28	25.07
Benazir Income Support Programmeme	17.68	---	---	---	---	17.68
Pakistan Bait-ul-Maal	-44.60	---	---	---	---	-44.60
Natural Calamities & Other Disasters	146.00	-48.27	86.18	-24.21	-75.15	56.97
Low Cost Housing	---	2.52	6.25	---	---	2.68
Justice Administration	24.18	14.89	26.80	17.83	27.62	20.02
Law and Order	4.61	14.75	29.47	22.74	12.59	14.45
GRAND TOTAL	36.09	14.34	43.10	58.36	17.29	30.86

Source: PRSP Secretariat, Finance Division, Islamabad.

4.14 At the provincial level, there has been a positive growth in expenditures in seven sectors which include; Roads, Highways & Bridges, 'Environment/Water Supply & Sanitation', 'Education', Health, Population Planning, Agriculture, 'Rural Development', Justice Administration and 'Law & Order'. In Federal expenditures, PWP-II underwent a significant increase of 57.69 percent.

4.15 Under Rural Development, the expenditures of Sindh increased significantly by 228.16 percent from 19,109 million in FY11 to 32,977 million in FY12, mainly because of the substantial increase in development expenditures. In Population Planning, there has been an increase in expenditures in the provinces; however, at the Federal level, the expenditures significantly decreased by 95 percent. This clearly reflects the transfer of this subject from the federation to the provinces.

4.16 Subsidies increased by 53.68 percent in Federal area and by 62.46 percent in Baluchistan. Natural calamities & other disasters is the only category where all provinces observed a decline in expenditures, with the exception of Sindh province.

4.3 Current and Development Expenditures

4.17 This section deals with the PRSP Current and Development Expenditures and the differences observed among provinces between the two categories for FY12 and FY11. An increase was observed in both current and development expenditures (see table 4.5). The current expenditures increased substantially as compared to the development expenditures. There was an increase of 30.95 percent in Development expenditures. Current expenditures went up by 30.82 percent from FY11 to FY12. It is evident from the data that current expenditures had a major share in aggregate PRSP expenditures in both FY11 and FY12. In total PRSP expenditures the current expenditures held a 71 percent share while development expenditures constituted a 29 percent share in both FY11 and FY12.

Table-4.5 Total PRSP Current and Development expenditures for FY2011 and FY2012					
	Expenditures (Rs. Millions)			Percentage Share	
	Current	Development	Total	Current	Development
FY 2010-11	1,067,875	445,783	1,513,658	70.55	29.45
FY 2011-12	1,397,047	583,772	1,980,819	70.53	29.47
Percentage change	30.82	30.95	30.86		

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

4.18 Table 4.6 gives the detail of the PRSP current and development expenditures incurred at the provincial and federal levels. An increase in development spending was witnessed among the provinces as their relative shares of revenues increased under the seventh NFC Award. The table illustrates an increasing trend in development expenditures at the federal and provincial levels as compared to current expenditures.

4.19 At the Federal level, a significant growth of 33.24 percent and 48.87 percent in overall current and development expenditures respectively, was recorded from FY11 to FY12. In provinces the provincial total current expenditures increased by 144.84 percent while the development expenditures increased by a significant 121 percent. The increase in provincial expenditures was more than the increase in federal expenditures due to fiscal decentralization initiatives taken under the seventh NFC Award. Growth was observed in both current and development expenditures by all the four provinces with a hefty increase of 52.74 percent in development spending in Sindh. Current spending in Khyber Pakhtunkhwa registered a growth of 72.89 percent, while development expenditures were recorded at 38.25 percent in FY12.

Table-4.6 Percentage Change in PRSP Current and Development Expenditures by Province for FY2011 and FY2012

Province	FY 2010-11		FY 2011-12		Percentage change	
	Current	Development	Current	Development	Current	Development
Federal	513,922	114,635	684,730	170,652	33.24	48.87
Punjab	285,760	187,340	327,964	212,980	14.77	13.69
Sindh	154,781	62,398	215,464	95,309	39.21	52.74
KHYBER PAKHTUNKHWA	63,897	46,206	110,474	63,880	72.89	38.25
Balochistan	49,515	35,204	58,415	40,951	17.97	16.32
Pakistan	1,067,875	445,783	1,397,047	583,772	30.82	30.95

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

4.20 Sector wise percentage change in PRSP Current and Development expenditures in 17 pro-poor sectors has been given in table 4.7. Declining trends were observed in development spending of Low Cost Housing and PWP-I. Remaining sectors witnessed positive trends in development expenditure with the maximum YoY increase recorded in Natural Calamities & Other Disasters and Rural Development. In current expenditure, all but two sectors have witnessed YoY growth i.e. Social Security & Welfare and Pakistan Bait-ul-Maal.

Table-4.7 Percentage Change in PRSP Current and Development Expenditures by Sector for FY2011 and FY2012

Sector	Current	Development	Total
Roads, Highways, & Bridges	16.19	13.64	14.03
Environment/Water Supply & Sanitation	49.51	18.02	28.32
Education	33.31	37.16	33.86
Health	41.98	2.00	31.55
Population Planning	285.31	2.09	14.38
Social Security & Welfare	-30.10	43.80	25.07
Natural Calamities & Other Disasters	49.12	194.46	56.97
Agriculture	4.06	32.19	16.71

Land Reclamation	18.29	---	18.29
Rural Development	47.23	73.96	72.57
Law and Order	14.40	21.13	14.45
Low Cost Housing	13.38	-3.90	2.68
Justice Administration	1.85	120.80	20.02
Subsidies	38.53	38.44	38.51
People's Works Programmeme-I	-	-14.91	-14.91
People's Works Programmeme-II	-	57.69	57.69
Benazir Income Support Programmeme	-	17.68	17.68
Pakistan Bait-ul-Maal	-44.60	-	-44.60
GRAND TOTAL	30.82	30.95	30.86

Source: PRSP Secretariat, Finance Division, Islamabad.

4.4 Effect of Subsidies on PRSP Budgetary Expenditures

4.21 Table 4.8 portrays the impact of subsidies on PRSP budgetary expenditures for FY11. It is split into three categories that include; i) total expenditures with and without subsidies, ii) total current expenditures with and without subsidies, and iii) total development expenditures with and without subsidies during FY11 and FY12. Total expenditures with subsidies incurred from FY11 to FY12 grew by 30.86 percent. Without subsidies expenditures grew by 27.12 percent during the same period. The total expenditures with subsidies stood at Rs. 1980819 million while the total expenditures without subsidies stood at Rs. 1291807 million in FY12. The total amount of subsidies was recorded at Rs. 689012 million. The development expenditures without subsidies stood at Rs. 428,357 million lower than the development expenditures with subsidies which stood at Rs 583,772 million during FY12.

Table-4.8 Impact of Subsidies on PRSP budgetary expenditures FY 2010/11 and FY 2011/12			
	Total Expenditures (Rs. Million)		Percentage Change
	FY 2010-11	FY 2011-12	
Total Expenditures with Subsidies	1,513,658	1,980,819	30.86
Total Expenditures without Subsidies	1,016,217	1,291,807	27.12
Total Current Expenditures with subsidies	1,067,875	1,397,047	30.82
Total Current Expenditures without subsidies	682,693	863,450	26.48
Total Development Expenditures with Subsidies	445,783	583,772	30.95
Total Development Expenditures without Subsidies	333,524	428,357	28.43
Subsidies	497,441	689,012	38.51

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

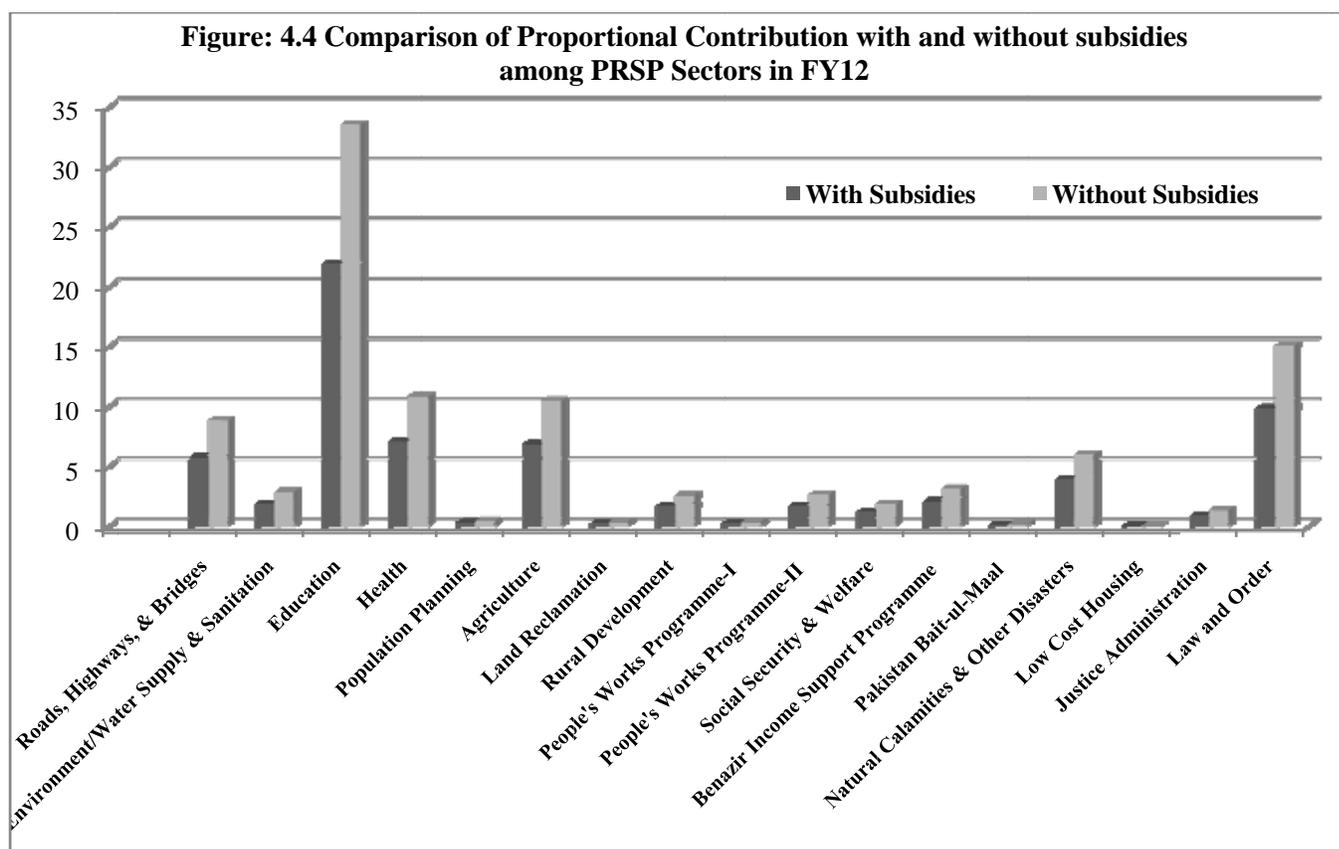
4.22 Table 4.9 & Fig 4.4 shows sectoral trend in terms of proportional contribution by sector with subsidies and without subsidies in PRSP expenditures during FY12. This table illustrates the impact of subsidies on PRSP budgetary expenditures.

4.23 The maximum change was seen in Education sector where the share of expenditures with subsidies stood at 21.82 percent and without subsidies this share increased to 33.45 percent. Share of Law and Order was recorded at 9.81 percent with subsidies. Without subsidies this share increased to 15.04 percent.

Table-4.9 Comparison of Proportional Contribution by Sector in PRSP Expenditures FY 2011-12 (With and Without Subsidies)		
Sectors	With subsidies	Without subsidies
Roads, Highways, & Bridges	5.73	8.79
Environment/Water Supply & Sanitation	1.85	2.83
Education	21.82	33.45
Health	7.04	10.80
Population Planning	0.28	0.43
Agriculture	6.81	10.44
Land Reclamation	0.22	0.34
Rural Development	1.66	2.55
People's Works Programmeme-I	0.22	0.33
People's Works Programmeme-II	1.70	2.60
Social Security & Welfare	1.18	1.82
Benazir Income Support Programmeme	2.04	3.13
Pakistan Bait-ul-Maal	0.09	0.14
Natural Calamities & Other Disasters	3.89	5.97
Low Cost Housing	0.02	0.03
Justice Administration	0.86	1.32
Law and Order	9.81	15.04

Source: PRSP Secretariat, Finance Division, Islamabad.

4.24 In the case of expenditures including subsidies the shares of health and agriculture stood at 7.04 percent and 6.81 percent respectively. Without subsidies these shares increased to 10.80 percent and 10.44 percent respectively. The proportional 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.



Source: PRSP Secretariat, Ministry of Finance

4.5 PRSP Expenditures in Education

4.26 Aggregate PRSP expenditures in the Education sector observed a positive growth of 33.86 percent from Rs. 322,811 million in FY11 to Rs. 432,121 million in FY12. At the provincial level, positive growth was observed in all the provinces with the highest expenditures growth recorded in Khyber Pakhtunkhwa i.e. 151.56 percent; followed by Sindh, Baluchistan and Punjab with 48.23 percent, 26.30 percent and 21.29 percent growth respectively. In Sindh a decline in education sub-sectors was observed in Professional & Technical Universities, Colleges & Institutions, Teacher & Vocational Training and others. At the Federal level education sector expenditures showed a decline of 3.65 percent due to allocation of revenues in favor of provinces under the 7th NFC Award.

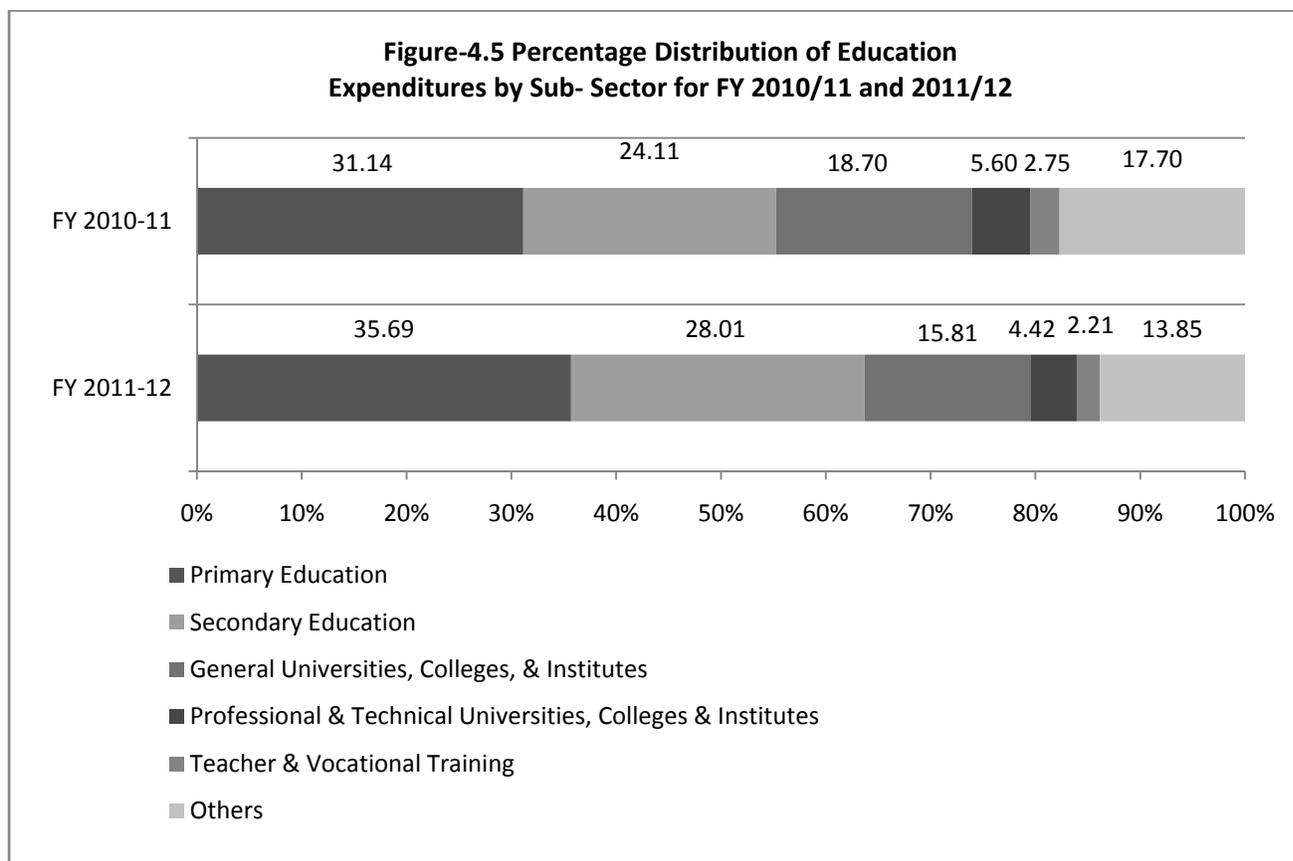
Table-4.10 Percentage Change in PRSP Education Expenditures for FY2011 and FY2012

Education sub-sector	Federal	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan	Total
Primary Education	19.48	13.64	103.63	287.20	11.09	53.44
Secondary Education	18.53	36.51	42.48	200.16	40.13	55.52
General Universities, Colleges, & Institutes	-11.84	49.91	49.05	31.82	24.74	13.19

<i>Professional & Technical Universities, Colleges & Institutes</i>	-5.03	12.58	-13.98	39.34	38.27	5.71
<i>Teacher & Vocational Training</i>	-19.36	9.37	-18.47	---	61.84	7.71
<i>Others</i>	7.45	6.35	-13.10	75.34	20.71	4.72
Total	-3.65	21.29	48.23	151.56	26.30	33.86

Source: PRSP Secretariat, Finance Division, Islamabad.

4.27 Figure 4.5 and Table 4.11 gives the percentage distribution of aggregate Education expenditures and its subsectors. The Primary and Secondary Education expenditures exhibited the highest growth rates with 35.69 percent and 28.01 percent increase respectively in FY12 from 31.14 percent and 24.11 percent growth in FY11. Teacher & Vocational Training held the lowest share in both the years under review.



Source: Strengthening PRS Monitoring, Finance Division, Islamabad.

4.28 The percentage distributions of overall expenditures reveal almost similar trends in provinces and federation. In provinces the highest spending was recorded in Primary education, whereas at federal level 50.64 percent share was held by General Universities, Colleges, & Institutes. In Baluchistan the share of Primary education decreased considerably with a slight increase in Professional & Technical Universities, Colleges & Institutes spending. The

proportion spent on Secondary education by Khyber Pakhtunkhwa and Baluchistan was the highest in comparison to other provinces and stood at 39 percent and 34 percent respectively.

Table-4.11 Percentage Distribution of Education Expenditures for FY2011 and FY2012						
	Federal	Punjab	Sindh	Khyber Pakhtunkhwak	Balochistan	Total
FY 2011-12						
Primary Education	8.70	38.39	48.35	35.58	25.53	35.69
Secondary Education	12.14	29.85	24.91	39.34	34.40	28.01
General Universities, Colleges, & Institutes	50.64	10.65	9.58	10.61	12.14	15.81
Professional & Technical Universities, Colleges & Institutes	14.20	0.96	2.77	7.85	3.71	4.42
Teacher & Vocational Training	1.75	4.15	0.31	0.00	3.95	2.21
Others	12.57	16.00	14.09	6.62	20.27	13.85
Total	100.00	100.00	100.00	100.00	100.00	100.00
FY 2010-11						
Primary Education	7.02	40.98	35.19	23.12	29.03	31.14
Secondary Education	9.87	26.52	25.92	32.97	31.00	24.11
General Universities, Colleges, & Institutes	55.34	8.61	9.52	20.24	12.29	18.70
Professional & Technical Universities, Colleges & Institutes	14.41	1.04	4.77	14.17	3.39	5.60
Teacher & Vocational Training	2.09	4.60	0.56	0.00	3.09	2.75
Others	11.27	18.25	24.03	9.50	21.21	17.70
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: PRSP Secretariat, Finance Division, Islamabad.

4.29 At the provincial level in FY12, Baluchistan held the largest share of 12.14 percent in General Universities, Colleges, & Institutes and 20.27 percent share in Others. Khyber Pakhtunkhwa held a 39.34 percent share in Secondary education and a share of 7.85 percent in Professional & Technical Universities, Colleges & Institutes. Sindh held 48.35 percent share in primary education. Punjab held a 4.15 percent share in Teacher & Vocational Training.

4.30 At the Federal level, the share of primary education, secondary education, and Others, increased by 1.68, 2.27 and 1.3 percentage points respectively from FY11 to FY12. The share of General Universities, Colleges, & Institutes and Professional & Technical Universities, Colleges & Institutes and Teacher & vocational training declined by 4.7, 0.21 and 0.34 percentage points respectively, from FY11 to FY12.

4.6 PRSP Expenditures in Health

4.31 Overall pro-poor expenditures in Health sector increased by Rs. 33,448 million from Rs. 106,017 million in FY11 to Rs. 139,465 million in FY12. In other words, these expenditures portrayed a growth of 31.55 percent from FY11 to FY12.

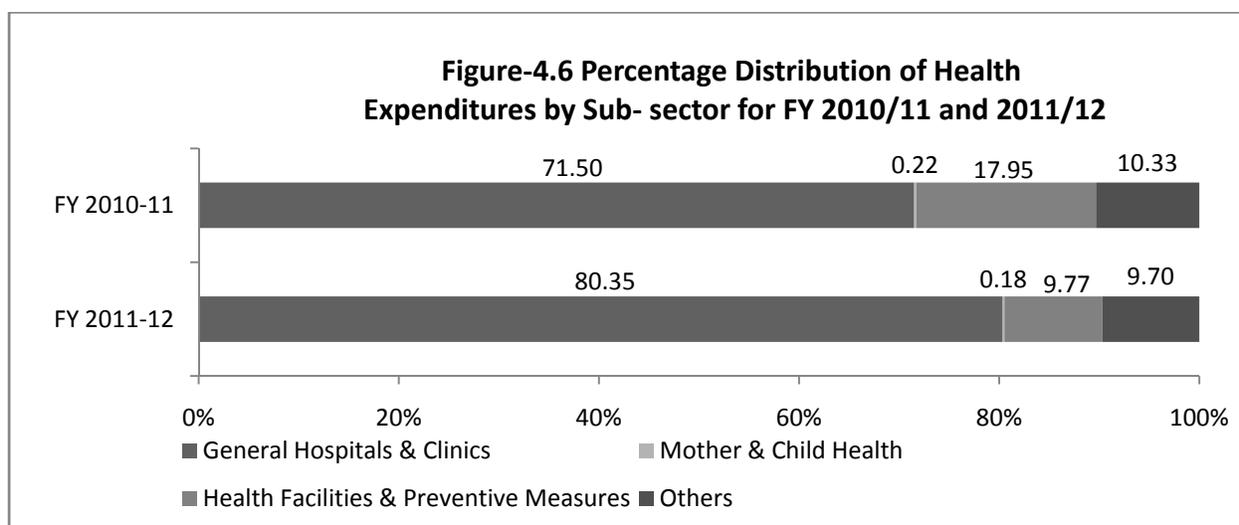
4.32 Percentage change in expenditures incurred on sub-sectors of Health at federal and provincial level during FY11 and FY12 is given below in table 4.12. At the provincial level, all the provinces exhibited positive growth in expenditures with 81.61 percent growth in Khyber Pakhtunkhwak; followed by 60.67 percent growth in Sindh, 47.49 percent growth in Punjab and 40.60 percent growth in Baluchistan. On the contrary, there was a reduction of 55 percent in Federal level Health expenditure that declined from Rs. 22790 million in FY11 to Rs. 10342 million in FY12. The federation witnessed a decline in all sectors of health due to allocation of revenues in favor of provinces under the 7th NFC Award.

Health sub-sector	Federal	Punjab	Sindh	Khyber Pakhtunkhwak	Balochistan	Total
<i>General Hospitals & Clinics</i>	-13.81	48.76	63.92	70.67	38.82	47.83
<i>Mother & Child Health</i>	-100.00	-2.42	---	193.33	---	6.96
<i>Health Facilities & Preventive Measures</i>	-78.74	385.29	34.73	432.20	83.44	-28.42
<i>Others</i>	-36.57	15.71	66.53	15.17	0.80	23.55
Total	-54.62	47.49	60.67	81.61	40.60	31.55

Source: PRSP Secretariat, Finance Division, Islamabad.

4.33 At the sub-sectoral level, General Hospitals & Clinics showed a positive growth of 48 percent. Mother & Child Health recorded a slight growth of 7 percent. ‘Health Facilities and Preventive Measures’ experienced a significant decline of 28.42 percent in expenditures. The overall health expenditures recorded an increasing trend in provinces and a decline in federation due to the promulgation of 7th NFC Award which gives more autonomy to the provinces in terms of resources.

4.34 Proportional distribution of Health expenditures in respective sub-sectors is depicted in Table 4.13 & Fig 4.6. General Hospitals held the maximum in share of 80.35 percent followed by expenditure in others that stood at 9.7 percent. Spending in Mother & Child Health was the lowest in comparison to other sectors during FY11 and FY12.



Source: PRSP Secretariat, Finance Division, Islamabad.

4.35 At the provincial level, 'General Hospitals & Clinics' held the largest share in aggregate health expenditures in all the four provinces and in the federation. Baluchistan held the maximum share in 'Health Facilities and Preventive Measures' and 'others' sub-sectors in FY12.

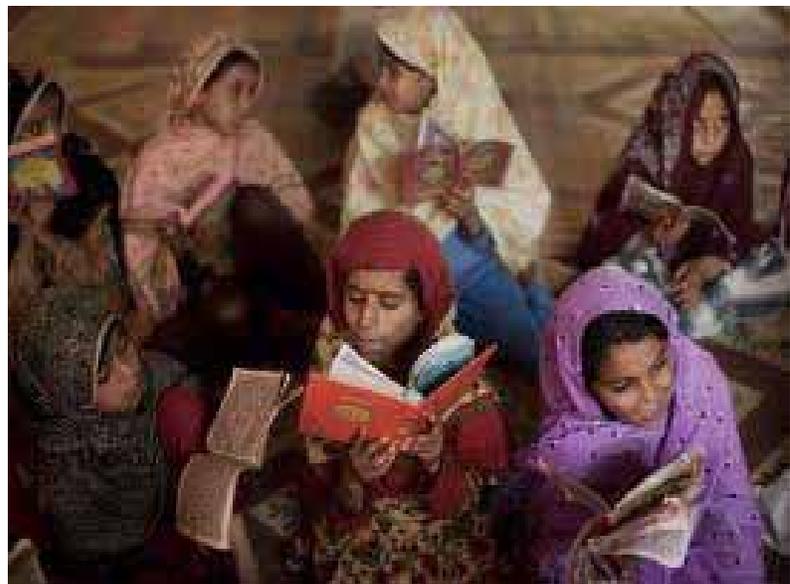
Table-4.13 Percentage Distribution of Health Expenditures for FY2011 and FY2012

Health sub-sector	Federal	Punjab	Sindh	Khyber Pakhtunkhwak	Balochistan	Pakistan
FY 2011-12						
General Hospitals & Clinics	67.51	85.65	78.02	82.29	64.45	80.35
Mother & Child Health	0.00	0.32	0.00	0.22	0.00	0.18
Health Facilities & Preventive Measures	29.02	3.38	10.18	12.37	23.65	9.77
Others	3.47	10.65	11.80	5.12	11.89	9.70
Total	100.00	100.00	100.00	100.00	100.00	100.00
FY 2010-11						
General Hospitals & Clinics	35.55	84.91	76.48	87.57	65.28	71.50
Mother & Child Health	0.04	0.49	0.00	0.13	0.00	0.22
Health Facilities & Preventive Measures	61.94	1.03	12.14	4.22	18.13	17.95
Others	2.48	13.57	11.38	8.08	16.59	10.33
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: PRSP Secretariat, Finance Division, Islamabad.

CHAPTER 5

PROTECTING THE POOR AND THE VULNERABLE



Protecting the Poor and the Vulnerable

5.1 The government realizes that social protection has a major role to play in eliminating poverty and reducing the gap between the rich and the poor. Safety Nets in the form of direct cash transfers, both budgetary and non budgetary include Zakat, Pakistan Bait-ul-Mal (PBM), Employees Old Age Benefit Institutions (EOBI), Workers Welfare Fund (WWF), Benazir Income Support Programme (BISP), and Microfinance. Expenditures on PBM, BISP, and Social Security & Social Welfare have been included in the budgetary part of pro-poor expenditures. Expenditures on Zakat, EOBI and WWF constitute the non-budgetary part of pro-poor expenditures. The performance of these safety nets and other programmes in FY11 has been compared with FY12.

5.2 Disbursement and beneficiaries of all programmes including micro-credit are reported in Table 5.1. Overall transfers under protecting the poor and vulnerable programmes registered a mixed trend. In FY12 the total amount disbursed under different programmes including budgetary and non-budgetary transfers increased by 12.59 percent from Rs. 71,823 million in FY11 to Rs. 80,868 million in FY12. The total number of beneficiaries under all these programmes observed a decline of 39.84 percent from 3,783,554 in FY11 to 2,276,145 in FY12.

5.3 Under aggregate EOBI programmes, a significant increase of 13.07 percent was recorded in disbursements that increased from Rs. 9,365 million in FY11 to Rs. 10,589 million in FY12. A positive growth of 8.81 percent from 336,281 in FY11 to 365,913 in FY12 was recorded in the total number of beneficiaries. In terms of Micro-credit the disbursements witnessed a maximum growth of 17.84 percent from Rs. 42,384 million during FY11 to Rs. 49,946 million during FY12. The number of loans disbursed to the poor also depicted a positive trend as it increased from 1,892,966 in FY11 to 2,253,733 in FY12 depicting a significant growth of 19.06 percent.

5.4 The BISP cash grant programme depicted an encouraging growth in both disbursements and beneficiaries. The total amount disbursed underwent a sufficient growth of 17.68 percent from Rs. 34,330 million in FY11 to Rs. 40,400 million in FY12. The total number of BISP beneficiaries also increased by 28.56 percent in FY12. A slight decrease of 2.82 percent was recorded in disbursements of Worker Welfare Funds (WWF) programmes from Rs. 1,546

million in FY11 to Rs. 1,502 million in FY12. The total number of beneficiaries of all WWF programmes registered an optimistic growth of 9.14 percent from 19,952 in FY11 to 21,775 in FY12.

5.5 The Pakistan Bait-ul-Mal (PBM), pro-poor programmes registered a relatively negative growth of 44.60 percent from Rs. 3,224 million during FY11 to Rs. 1,786 million in FY12. Similarly the number of beneficiaries during the comparison period also exhibited a sharp downtrend of 55.04 percent from 1,885,035 in FY11 to 847,493 in FY12.

Table 5.1: Direct Transfers and Beneficiaries			
Programme	Disbursement / Beneficiaries	FY 11	FY12
Budgetary Transfers			
Pakistan Bait-Ul-Mal	Amount disbursed (Rs. Millions)	3,224	1,786
	Total No of beneficiaries	1,885,035	847,493
BISP	Amount disbursed (Rs. millions)	34330	40400
	Total beneficiaries (million)	3.081	3.961
Social Security & Social Welfare	Amount disbursed (Rs. millions)	18,761	23,465
1. Sub Total: Budgetary Transfers	Amount disbursed (Rs. millions)	56,315	65,651
	Total No of beneficiaries	1,885,038	847,497
Non – Budgetary Transfers			
Zakat	Amount disbursed (Rs. millions)	4,597	3,126
	Total No of beneficiaries	1,542,283	1,040,960
EOBI	Amount disbursed (Rs. millions)	9,365	10,589
	Total No of beneficiaries	336,281	365,913
Workers Welfare Fund (WWF)	Amount disbursed (Rs. millions)	1,546	1,502
	Total No of beneficiaries	19,952	21,775
2. Sub Total: Non budgetary transfers	Amount disbursed (Rs. millions)	15,508	15,217
	Total No of beneficiaries	1,898,516	1,428,648
Total: 1+2	Amount disbursed (Rs. millions)	71,823	80,868
	Total no of beneficiaries	3,783,554	2,276,145
Micro Finance	Credit Amount disbursed (Rs. millions)	42,384	49,946
	Total No of Loans	1,892,966	2,253,733

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

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

5.6 Pakistan Bait-ul-Mal (PBM) is an autonomous body set up under the 1991 Act. It has made significant contributions towards poverty reduction through its various poorest of the poor initiatives such as providing assistance to the destitute, widows, orphans, invalid, infirm and

other needy persons. The PBM provides its services irrespective of gender, caste, creed and religion as per eligible criteria approved by the Bait-ul-Mal board.

5.7 The programmes under Pakistan Bait-ul-Mal (PBM) in terms of Disbursements and Beneficiaries for FY11 and FY12 are given in table 5.2. The total amount disbursed under the Pakistan Bait-ul-Mal pro-poor programmes registered a relatively negative growth of 44.59 percent from Rs. 3,224 million in FY11 to Rs. 1,786 million in FY12. Similarly the number of Beneficiaries during the comparison period also exhibited a sharp downtrend of 55.04 percent from 1,885,035 in FY11 to 847,493 in FY12. (See table no 5.2). The main reason for this decline in FY12 was the decreased disbursements in Langer programmes which focus on providing relief to victims of natural disasters.

Grant Nature	FY11		FY12	
	No of Beneficiaries	Disbursement (Rs. millions)	No of Beneficiaries	Disbursement (Rs. millions)
Child Support Programmeme	35,587	19.767	28,232	58.407
Individual Financial Assistance	57,852	2,487.05	18,014	972.345
Institutional Rehabilitation (Grant-In-Aid to NGOs)/ Civil Society Wing (NGOs)	16,939	60.181	17,635	34.741
National Centre for Rehabilitation of Child Labour	341,319	345.743	479,115	358.876
Vocational / Dastkari Schools/Centres	213,849	137.943	203,039	149.158
Pakistan Sweet Homes (Orphanages)	5,393	135.151	9,826	208.118
Langer Programme	1,214,096	37.835	91,632	4.408
Total Disbursement and Beneficiaries	1,885,035	3,224	847,493	1,786

Source: Pakistan Bait-ul- Mal

5.8 *Child Support Programme (CSP)*: This is a cash transfer programme, 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 programme is running in 12 districts. The total amount disbursed under this programme was Rs.19.767 million in FY11 and Rs. 58.407 million in FY12, thus a substantial increase of 195.47 percent was registered. In terms of the number of beneficiaries, a decline of 20.66 percent was witnessed, from 35,587 in FY 2011 to 28,232 in FY 2012.

5.9 *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. 208.118 million were spent during FY12. The figures depict an increase of 53.99 percent. The number of beneficiaries also showed a significant growth of 82.19 percent from 5,393 in FY11 to 9,826 in FY12.

5.9 National Centers for Rehabilitation of Child Labour (NCsRCL): PBM has a pro-active child labour 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 programme. A total number of 159 centers have been established throughout the country for this purpose. In FY12 an increase of 3.79 percent and 40.37 percent was recorded in both disbursements and beneficiaries respectively.

5.10 Institutional Rehabilitation through NGOs: This programme provides grant-in-aid to registered Non-Governmental Organizations (NGOs) for their projects aimed at institutional rehabilitation of the poor and deserving. PBM disbursed an amount of Rs. 60.181 million in FY11 while in FY12 Rs. 34.741 million were disbursed. Thus a sizable decline of 42.27 percent was recorded in disbursements. The total number of beneficiaries depicted a growth of 4.11 percent from 16,939 in FY11 to 17,635 in FY12.

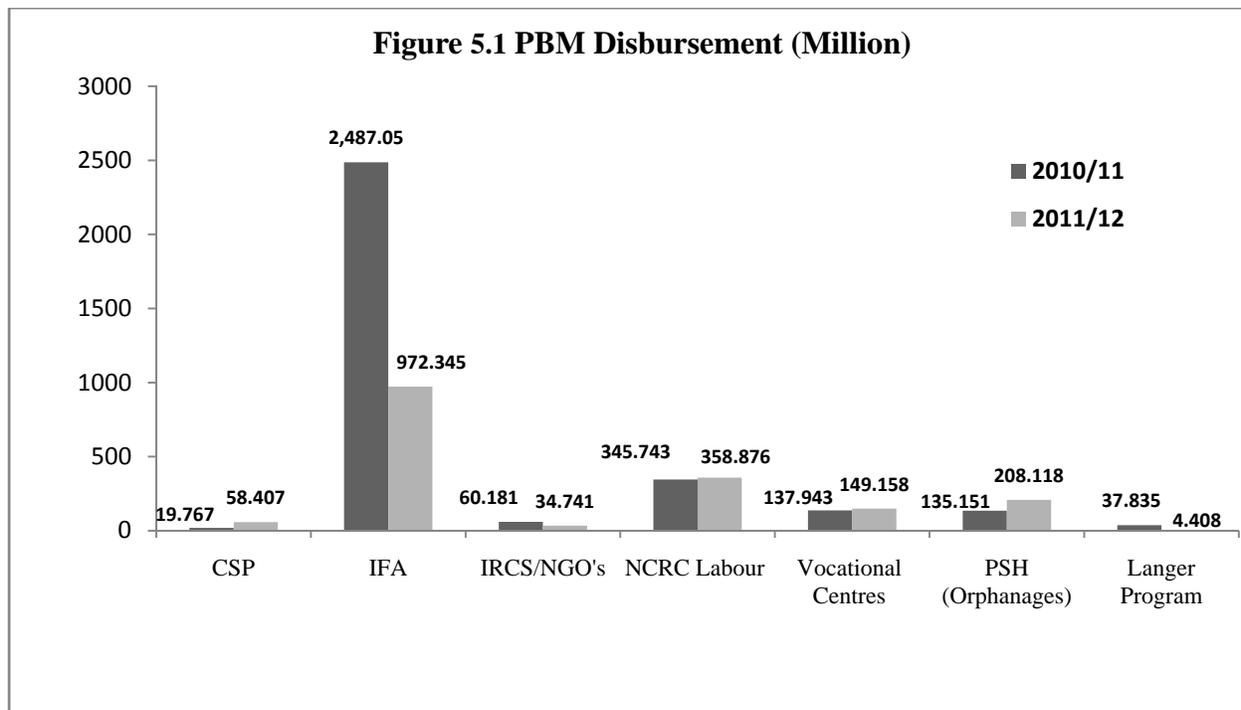
5.11 Vocational/Diversified Vocational Dastkari Schools (V/DVDS): PBM has established Vocational/Diversified Vocational Dastkari Schools (VDS/DVDS) where poor widows, orphans and needy girls are given training in a variety of skills. PBM has established 144 VDS and 15 DVDS throughout the country. A significant growth of 8.13 percent from Rs. 137.943 million in FY11 to Rs. 149.158 million in FY12 was recorded in disbursement. A slight decline of 5.05 percent from 213,849 in FY11 to 203,039 in FY12 was observed in the number of beneficiaries.

5.12 Individual Financial Assistance (IFA): One of the major social dispensation programmes of PBM is IFA. It focuses on providing financial assistance to the destitute and needy. The programme 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. 2,487.05 million in FY11 and 972.345 million in FY12; recording a substantial decline of 60.90 percent. The number of beneficiaries also declined by 68.86 percent, from 57,852 in FY11 to 18,014 in FY12. This decline occurred due to reduction in utilization of budget under Individual Financial Assistance (IFA). During FY11 funds were

utilized in helping flood affectees, on distribution of ration bags and in all four categories of IFA i.e. IFA General, Medical, Education and Rehabilitation were operative. In FY12 however keeping in view the limited resources, PBM preferred medical cases, funds under other categories of IFA were not utilized.

5.13 **Langer Programme:** Under this initiative the PBM provided ration bags to those affected by natural disasters such as the floods of Sindh and of Khyber Pakhtunkhwak. Disbursement figures under this programme illustrated a decline of 88.35 percent from Rs. 37.835 million in FY11 to Rs. 4.408 million in FY12. The total number of beneficiaries also declined by 92.45 percent from 1,214,096 in FY11 to 91,632 in FY12.

5.14 The total budget of PBM is non-lapsable; the balances available at the end of a financial year are utilized in the next year. The unutilized budget accumulated from the previous year's budget was utilized by the Organization till 30th June 2011. In FY12, a budget of Rs. 2 billion was allocated to PBM out of which Rs. 1.786 billion was utilized for on-going programmes while the rest of the budget was utilized for administrative expenditure of the organization. The total disbursements and number of beneficiaries for FY11 and FY12 are reflected in figure 5.1 and figure 5.2, respectively.



5.2 Zakat and Ushar

5.15 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 /Federal Areas.

5.2.1 Zakat programmes in Punjab Province

5.16 Disbursements and beneficiaries seen a decline in Zakat programmes during FY12 if compared with corresponding FY11. Table 5.3 illustrates the total picture of Zakat programmes; i.e. Rs 2090 million were disbursed in FY12 as compared to the disbursement of Rs 2594 million during FY11. Thus a decline of 19.41 percent was observed. During the same period, the number of beneficiaries also decreased by 16.46 percent from 835,616 in FY11 to 697,993 in FY12. Of the total Zakat disbursements, 59.80 percent were disbursed under Regular Zakat Programmes, 59.80 percent under Other Zakat Programmes and 28.89 percent under provincial Level Schemes, while 11.29 percent were disbursed under Provincial level scheme during FY12.

5.17 Disbursements under all programmes of Regular Zakat observed a declining trend. In Guzara allowance a decline of 33.45 percent, in Education stipends a decline of 27.31 percent, in stipends to students of Deeni Madrassahs a decline of 34.40 percent and a decline of 29.53 percent was recorded in marriage assistance to unmarried women. The number of beneficiaries reflected a decline of 6.58, 32.40, 16.23 and 31.29 percent respectively in the above mentioned categories. Programmes under Health care observed a 21.52 percent decline in disbursements while a positive growth of 65.53 percent was recorded in the number of beneficiaries.

5.18 During FY12 under Other Zakat Programmes, no amount was allocated for Eid Grants due to paucity of funds. In the case of funds for Leprosy patients a 50 percent increase was recorded from Rs.1 million during FY11 to Rs. 2 million during FY12. In terms of the number of beneficiaries a downward trend of 8.13 percent was recorded from 123 in FY11 to 113 during FY12. Under Education Stipend tech programme disbursements and beneficiaries depicted a

decrease of 3.3 percent from Rs. 623 million to Rs. 602 million and a 1.1 percent fall in the number of beneficiaries was registered, from 59,797 in FY11 to 59,138 in FY12.

5.19 Under the programme of Provincial Level Health Institutions about Rs. 236 million were disbursed among 135,436 number of beneficiaries during FY12. The social welfare/Rehabilitation & permanent Rehabilitation Scheme of Zakat were discontinued because no natural disasters were witnessed during FY12.

Table 5.3: Comparison of Zakat Programmes in Punjab				
Programmes	FY 2010/11		FY 2011/12	
	Amount Disbursement (Million)	No. of Beneficiaries	Amount Disbursement (Million)	No. of Beneficiaries
Regular Zakat Programmees				
Guzara Allowance	1,201	289,485	799	270,418
Education stipends	246	184,057	179	124,412
Stipends to students of Deeni Madrassahs	145	52,049	95	43,600
Health care	91	32,777	72	54,257
Social welfare / Rehabilitation*	-	-	-	-
Marriage assistance to unmarried women	151	15,456	106	10,619
Sub Total	1,833	573,824	1,250	503,306
Other Zakat Programmemes				
Eid Grants**	97	201,872	-	-
Leprosy Patients	1	123	2	113
Permanent rehabilitation scheme of Zakat	-	-	-	-
Educational Stipend (tech)	623	59,797	602	59,138
Sub Total	761	261,792	604	59,251
Provincial level Schemes				
National level health institutions	-	-	236	135,436
Model Deeni Madrassahs	-	-	-	-
Natural Calamities/Flood Affectees/IDPs	-	-	-	-
Hepatitis –C	-	-	-	-
Subtotal	-	-	236	135,436
Grand Total	2,594	835,616	2,090	697,993

Source: Ministry of Religious Affairs, Zakat & Ushar

* The head social welfare/Rehabilitation & permanent Rehabilitation Scheme of Zakat stand discontinued. ** Due to paucity of funds, no amount could be earmarked for Eid Grant during the year 2011/12.

5.2.2 Zakat programmes in Sindh Province

5.20 Table 5.4 provides disbursement and beneficiaries' detail of Zakat Programmes of Sindh. The overall Zakat disbursement decreased significantly by 48.64 percent to Rs. 387 million in FY12 when compared to Rs. 753.6 million in FY11. During FY12 the number of beneficiaries also decreased by 54.75 percent, to 165,802 from 366,459 in FY11. During FY12, Rs. 206 million were disbursed through Regular Zakat Programme whereas Rs. 143 million was channeled through Provincial Level Schemes and Rs. 38.5 million were disbursed through Other Zakat Programmes.

5.21 Under Regular Zakat programmes, disbursement fell by 71.04 percent, to Rs 206 million in FY12 as compared to Rs. 711.4 million in FY11. The number of beneficiaries also declined by 68.10 percent, from 282,023 in FY11 to 89,950 in FY12. Under other Zakat Programmes an amount of Rs. 38.5 million was disbursed in FY12 through Educational Stipend (tech) among 4,106 number of beneficiaries. An amount of Rs. 108 million were disbursed under provincial level Health Institutions among 64,968 beneficiaries. Under the programme of Natural Calamities/Flood Affectees/IDPs Rs. 35 million were disbursed to 6,778 beneficiaries in FY12.

Table 5.4: Comparison of Zakat Programmes in Sindh				
Programmems	FY 2010/11		FY 2011/12	
	Amount Disbursement (Million)	No. of Beneficiaries	Amount Disbursement (Million)	No. of Beneficiaries
Regular Zakat Programmes				
Guzara Allowance	469.9	119,351	132.3	57,587
Education stipends	97.6	113,024	27.6	13,263
Stipends to students of Deeni Madrassahs	39.3	19,101	12.8	8,593
Health care	46.4	24,731	16.3	7,617
Social welfare / Rehabilitation	-	-	7.8	1,968
Marriage assistance to unmarried women	58.2	5,816	9.2	922
Sub Total	711.4	282,023	206.0	89,950
Other Zakat Programmemes				
Eid Grants	42.22	84,436	-	-
Leprosy Patients	-	-	-	-
Permanent rehabilitation scheme of Zakat	-	-	-	-
Educational Stipend (tech)	-	-	38.5	4,106
Sub Total	42.22	84,436	38.5	4,106

Provincial level Schemes				
Provincial level health institutions	-	-	108	64,968
Model Deeni Madrassahs	-	-	-	-
Natural Calamities/Flood Affectees/IDPs	-	-	35	6,778
Hepatitis –C	-	-	-	-
Subtotal	-	-	143	71,746
Grand Total	753.6	366,459	387	165,802
Source: Auqaf, Religious affairs, Zakat & Ushar department				

5.2.3 Zakat programmes in Khyber Pakhtunkhwa Province

5.22 Table 5.5 provides disbursements and beneficiaries' detail of Zakat Programmes in K.P province. The overall Zakat disbursement decreased significantly by 8.75 percent to Rs. 613 million in FY12 from Rs. 672 million in FY11. A positive increase of 11.96 percent was observed in the number of beneficiaries that increased from 158,228 in FY11 to 177,165 in FY12. A total of 57.8 percent of Zakat was disbursed through Regular Zakat Programme whereas 29.4 percent was channeled through Provincial Level Schemes and 13.05 percent through Other Zakat Programmes in FY12. In FY11 72.02 percent was utilized under regular Zakat programmes and 27.97 percent was disbursed under other Zakat programmes, while no disbursements were made under provincial level schemes. Under Regular Zakat programmes, disbursements declined by 26.98 percent to Rs. 353 million in FY12 from Rs. 484 million in FY11. Similarly, the number of beneficiaries also reflected a reduction of 26.99 percent from 94,179 in FY11 to 68,755 in FY12.

5.23 A decline was also recorded under the Regular Zakat Programmes. These programmes include Guzara allowance that declined by 26.63 percent, Education stipends registered a decline of 27.72 percent, 27.57 percent decline was recorded in stipends to students of Deeni Madrassahs, 27.07 percent decline was recorded in health care, 27.29 percent downfall was registered under marriage to assistance to unmarried women programme. The number of beneficiaries also fell by 26.63, 27.73, 27.57, 27.07 and 27.30 percent in the above mentioned categories respectively, during FY12 as compared to FY11. Under other Zakat programmes sub-category of Educational Stipend (tech) Rs. 80 million were disbursed among 7,277 beneficiaries in FY12. Under the category of provincial level hospitals, Rs. 70 million were disbursed among 27,800 beneficiaries. Under the Calamities/IDPs/Flood affectees category Rs. 110 million were spent on 73,333 beneficiaries in FY12.

Table 5.5: Comparison of Zakat Programmes in Khyber Pakhtunkhwa				
Programmes	FY 2010/11		FY 2011/12	
	Amount Disbursement (Million)	No. of Beneficiaries	Amount Disbursement (Million)	No. of Beneficiaries
Regular Zakat Programmes				
Guzara Allowance	291	48,423	213	35,525
Education stipends	87	9,674	63	6,991
Stipends to students of Deeni Madrassahs	39	12,842	28	9,301
Health care	29	19,376	21	14,129
Marriage assistance to unmarried women	39	3,864	28	2,809
Sub Total	484	94,179	353	68,755
Other Zakat Programmes				
Eid Grants	25	49,224	-	-
Permanent rehabilitation scheme of Zakat	-	-	-	-
Educational Stipend (tech)	163	14,825	80	7,277
Sub Total	188	64,049	80	7,277
Provincial level Schemes				
Provincial level Hospitals	-	-	70	27,800
Model Deeni Madrassahs	-	-	-	-
Natural Calamities/Flood Affectees/IDPs	-	-	110	73,333
Subtotal	-	-	180	101,133
Grand Total	672	158,228	613	177,165

Source: Zakat, Ushar , Social welfare, Special education and women empowerment department, Khyber Pakhtunkhwa

5.2.4 Zakat programmes in Baluchistan Province

5.24 In Baluchistan National level health institutions disbursements stood at Rs. 35.98 million in FY12. Religious Affairs & interfaith harmony department depicted low disbursements because the tenure of Chairmen District Zakat Committees and Chairmen local Zakat Committee ended.

Table 5.6: Comparison of Zakat Programmes in Baluchistan

Programmes	FY 2010/11		FY 2011/12	
	Amount Disbursement (Million)	No. of Beneficiaries	Amount Disbursement (Million)	No. of Beneficiaries
Regular Zakat Programmes				
Guzara Allowance	108	39,603	-	-
Education stipends	32	30,384	-	-
Stipends to students of Deeni Madrassahs	14	8,040	-	-
Health care	11	10,753	-	-
Social welfare / Rehabilitation	-	-	-	-
Marriage assistance to unmarried women	14	1,311	-	-
Sub Total	178	90,091	-	-
Other Zakat Programmes				
Eid Grants	9	17,893	-	-
Leprosy Patients	-	-	-	-
Permanent rehabilitation scheme of Zakat	32	2,074	-	-
Educational Stipend (tech)	-	-	-	-
Sub Total	41	19,967	-	-
National level Schemes				
National level health institutions	-	-	35,975	-
Model Deeni Madrassahs	-	-	-	-
Natural Calamities/Flood Affectees/IDPs	360	71,922	-	-
Hepatitis –C	-	-	-	-
Subtotal	360	71,922	35,975	-
Grand Total	579	181,980	35,975	-

Source: Religious Affairs & interfaith harmony department, Balochistan

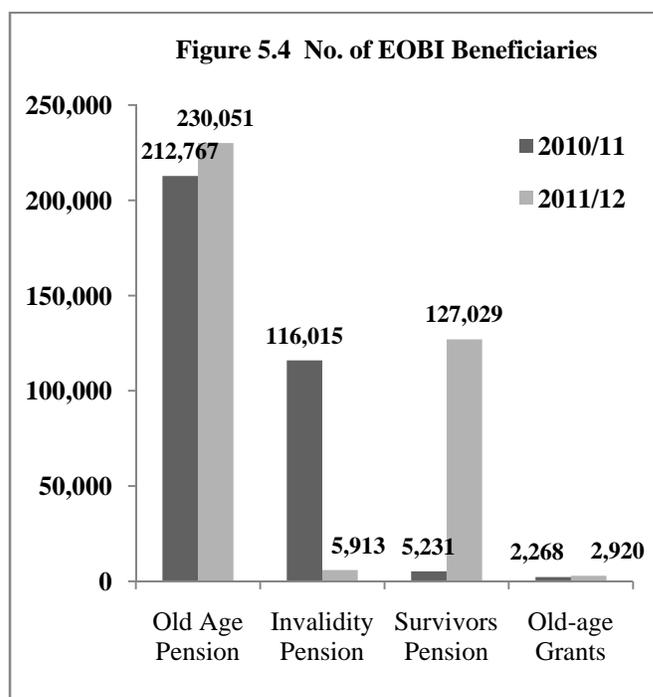
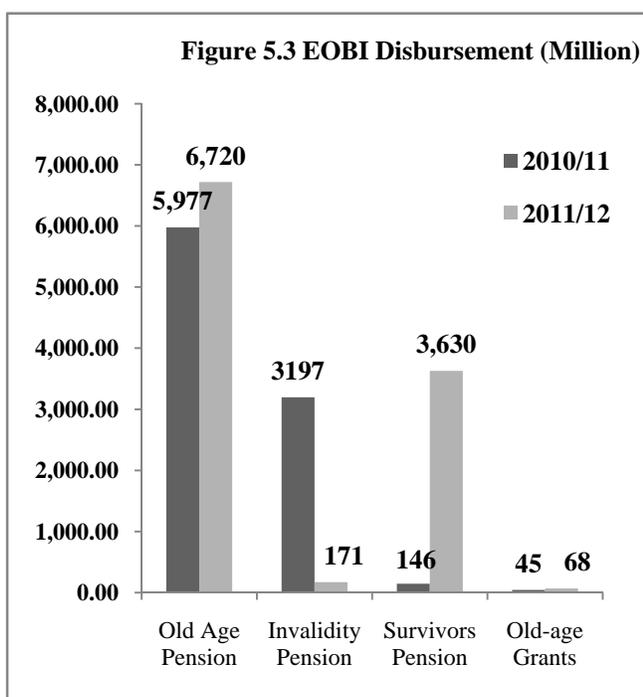
5.3 Employees' Old Age Benefit Institution (EOBI)

5.25 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. EOBI does not receive any financial assistance from the government for carrying out its operations. A contribution equal to 5% of minimum wages has to be paid by the employers of all the industrial and commercial organizations where EOBI act is applicable.

Contributions equal to 1% of the minimum wages by the employees of said organizations has to be made.

Table 5.7: Programmes of Employees' Old Age Benefit Institution				
Programmes	2010/11		FY 2011/12	
	No. of Beneficiaries	Disbursement (Rs. Millions)	No. of Beneficiaries	Disbursement (Rs. Millions)
Old Age Pension	212,767	5,977	230,051	6,720
Invalidity Pension	116,015	3197	5,913	171
Survivors Pension	5,231	146	127,029	3,630
Old-age Grants	2,268	45	2,920	68
Total	336,281	9,365	365,913	10,589

Source: Employees' Old Age Benefits Institution



5.26 Disbursements and beneficiaries under different programmes of EOBI during FY12 and FY11 are given in Table 5.7. Under aggregate EOBI programmes, a significant increase of 13.07 percent was found in disbursements from Rs. 9,365 million in FY11 to Rs. 10,589 million in FY12. The beneficiaries also increased by 8.81 percent from 336,281 in FY11 to 365,913 in FY12 (see figure 5.3 & 5.4)

5.27 Under the Survivors Pension Programme of EOBI a significant growth of 2,386 percent was recorded in disbursements that increased from Rs. 146.0 million to Rs. 3,630 million.

Disbursements in Old Age Grants, observed a modest increase of 51 percent from Rs. 45 million in FY11 to Rs. 68 million in FY12. A 12.43 percent increase was observed in the provision of Old Age Pension Programme from Rs, 5,977 million to Rs. 6,720 million. Invalidity Pension depicted a sizable decline of 94.65 percent from Rs, 3,197 million in FY11 to Rs. 171 million in FY12.

5.28 Beneficiaries under all programmes of EOBI showed an optimistic trend except Invalidity Pension Programme. In Survivors Pension Programme a growth of 2328 percent was registered in the number of beneficiaries from 5,231 in FY11 to 127,029 in FY12. Beneficiaries of Old Age grants also observed an increase of 28.74 percent from 2,268 in FY11 to 2,920 in FY12. An increase of 8.12 percent from 212,767 in FY11 to 230,057 in FY12 was recorded in the Old-age Pension Programme.

5.4 Workers Welfare Fund (WWF)

5.29 Workers Welfare Fund (WWF) was established in 1971 under an Ordinance with a capital of Rs. 100 million provided by the Federal Government. 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.

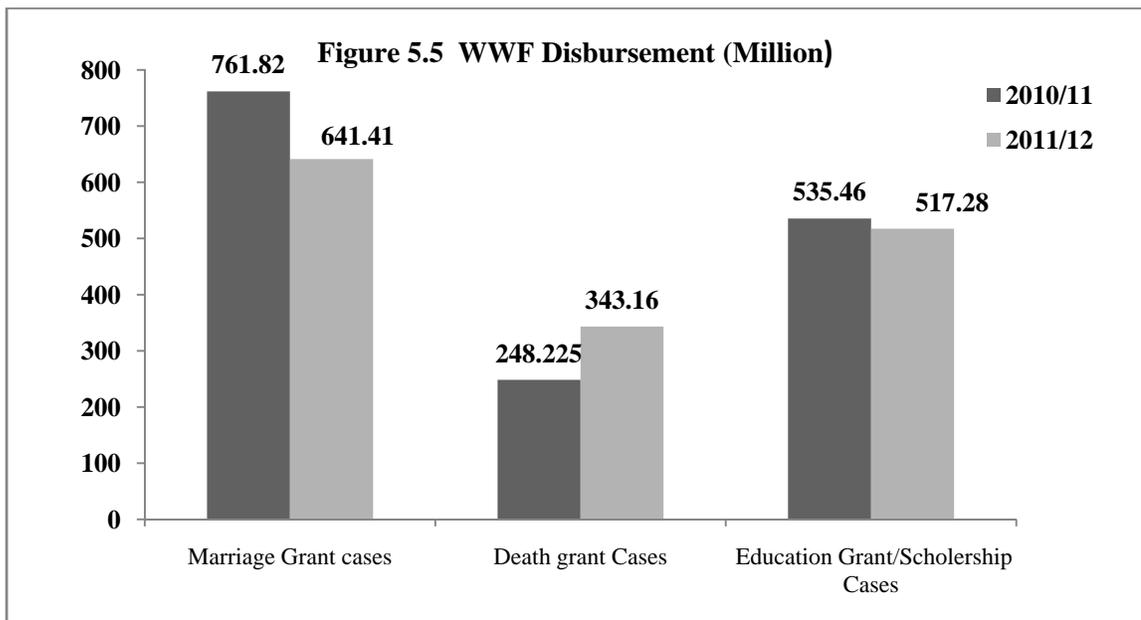
5.30 To receive funds, the industrial worker must fulfill the definition given in the Workers Welfare Fund Ordinance 1971. These include:

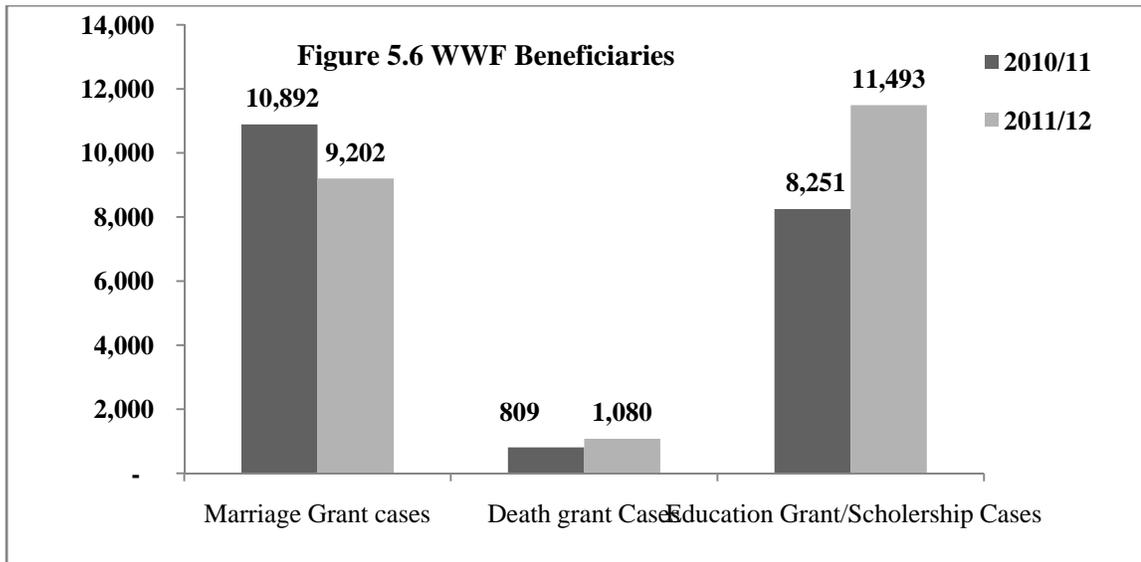
1. The industrial worker under the Industrial Relations Act (IRA), 2009 must fulfill the definition of the labourer,
2. The worker must be registered either with EOBI or with Social Security Institution, and
3. The minimal employment period should not be less than 3 years (in case of death grant, this condition is not applicable).

Table 5.8 Workers Welfare Fund				
Programmes	FY 2010/11		FY 2011/12	
	No. of Beneficiaries	Disbursement (Rs. Millions)	No. of Beneficiaries	Disbursement (Rs. Millions)
Marriage Grant cases	10,892	761.82	9,202	641.41
Death grant Cases	809	248.225	1,080	343.16
Education Grant/Scholarship Cases	8,251	535.46	11,493	517.28
Total Disbursement under all Programmes	19,952	1,545.50	21,775	1,501.85

Source: Workers Welfare Funds (WWF), Ministry of human Resource Development

5.31 Workers Welfare Fund (WWF) disbursements and beneficiaries for FY12 and FY11 are given in Table 5.8. A slight decrease of 2.82 percent was recorded in the disbursements made under aggregate WWF programmes from Rs. 1,545.50 million in FY11 to Rs. 1,501.85 million in FY12. The number of beneficiaries of all WWF programmes registered a sufficient increased of 9.13 percent from 19,952 in FY11 to 21,775 in FY12. The total disbursements made under WWF programmes and the beneficiaries of these programmes are depicted in figures 5.5 and 5.6.





5.32 Disbursements under the category of death grant cases depicted a modest increase of 38.24 percent from Rs. 248.22 million in FY11 to Rs. 343.16 million in FY12. The beneficiaries also increased by 33.49 percent from 809 in FY11 to 1,080 in FY12. Under the Marriage grant programme a decrease of 15.80 percent was recorded in disbursements from Rs.761.82 million to Rs 641.41 million and 15.51 percent in the number of beneficiaries from 10,892 in FY11 to 9,202, in FY12, respectively.

5.5 Microfinance

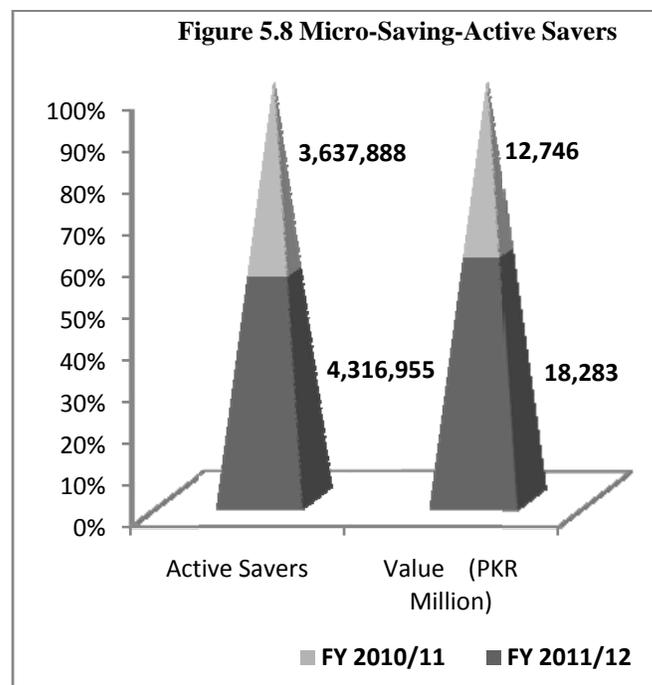
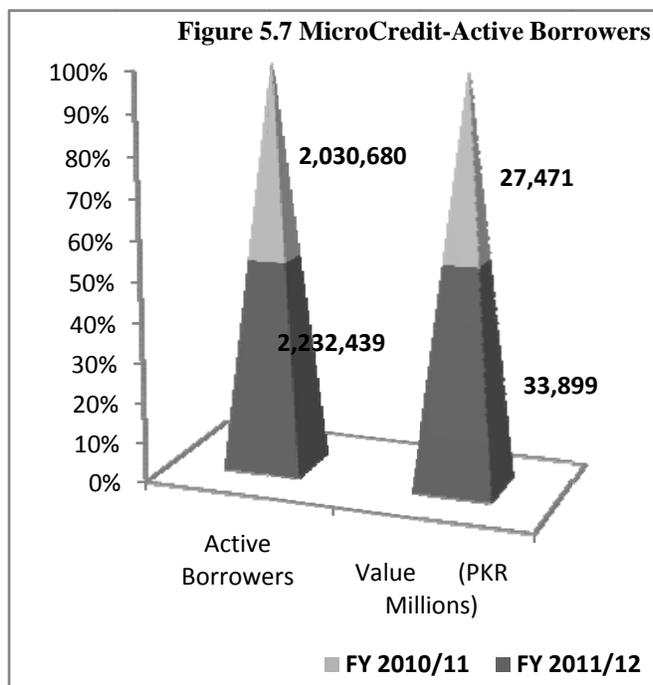
5.33 Microfinance has been widely recognized as an effective strategy to combat poverty by providing financial services especially credit to the poor. The credit programmes offer small loans for employment generation to enhance economic independence of the destitute. Today microfinance encompasses a wide range of financial services such as credit, savings and insurance. Microfinance services help the poor in accumulating assets and building income generating capacities that can provide better access to social services such as health and education, food security, and access to basic necessities of life. In addition, savings help the poor to manage their resources over time and to enable them to plan and finance their investments. Insurance becomes useful in order to mitigate the effects of unexpected shocks such as natural disasters. This has become evident especially after the 2010 and 2011 floods and rains, crop failures, hike in prices, terrorism and macroeconomic shocks. The microfinance industry provides services in three broad categories namely, Micro-credit, Micro-savings and Micro-

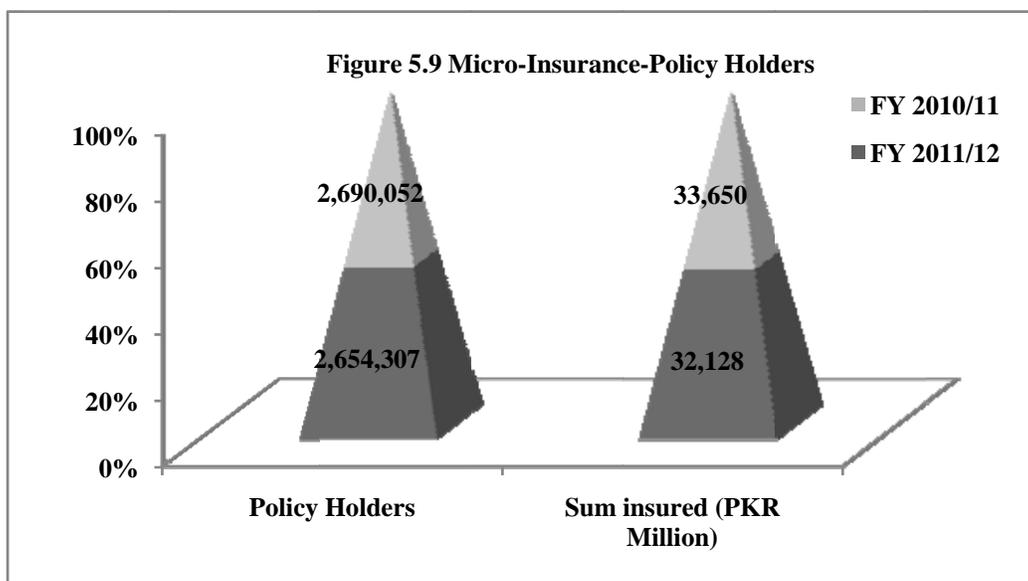
insurance. The performance of Micro-Finance in terms of disbursements and beneficiaries during FY11 and FY12 is given in table 5.9.

Year	Microcredit		Micro-Savings		Micro-Insurance	
	Active Borrowers	Value (PKR Millions)	Active Savers	Value (PKR Million)	Policy Holders	Sum insured (PKR Million)
FY 2011/12	2,232,439	33,899	4,316,955	18,283	2,654,307	32,128
FY 2010/11	2,030,680	27,471	3,637,888	12,746	2,690,052	33,650

Source: Pakistan Microfinance Network (PMN), Islamabad

5.34 Table 5.9 portrays the micro-finance services provided to the poor as micro credit, micro savings and micro insurance in terms of disbursements and beneficiaries during FY11 and FY12. The growth in microfinance services observed a substantial rise under the comparison period in micro credit and micro savings services, whereas micro insurance services recorded a nominal decline.





5.35 In active borrowers, a sufficient increase of 9.94 percent was recorded from 2,030,680 in FY11 to 2,232,439 in FY12. A modest increase of 23.39 percent was observed in the disbursement from Rs. 27,471 million in FY11 to Rs. 33,899 million in FY12. Active savers also illustrated an increase from 3,637,888 in FY11 to 4,316,955 in FY12 reflecting an encouraging trend of 18.66 percent. Micro-savings also portrayed a significant increase of 43.44 percent from Rs.12,746 million in FY11 to Rs.18,283 million in FY12

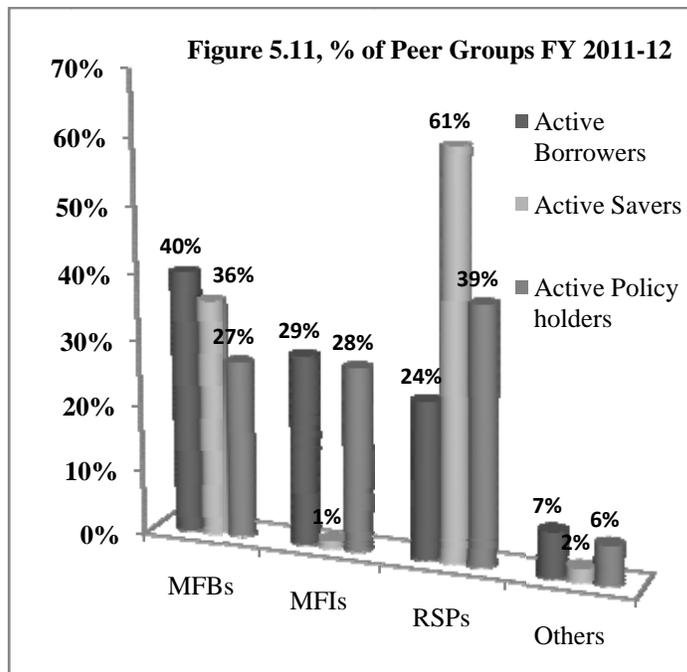
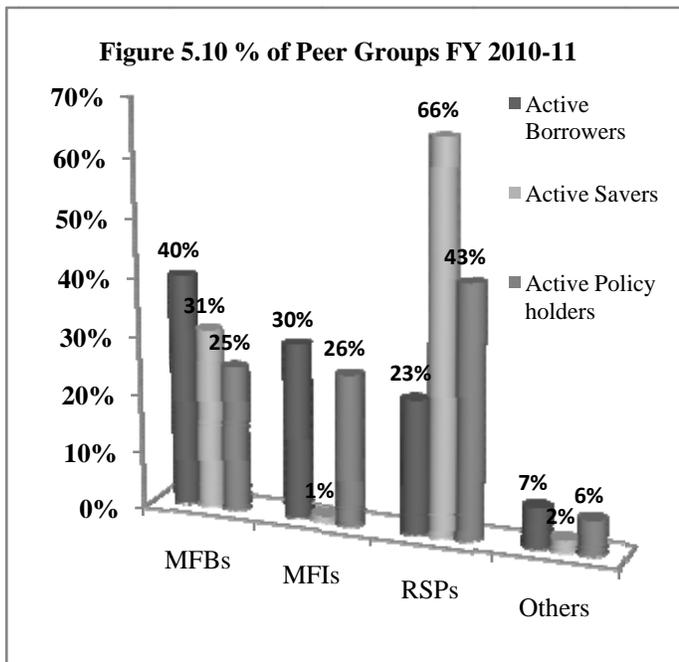
Table # 5.10 Active Borrowers, Active Savers and Active Policy holders by Peer Group

Details	Percentage of Peer Groups			
	MFBs	MFI	RSPs	Others
Active Borrowers, FY 2011/12	40	29	24	7
Active Borrowers, FY 2010/11	40	30	23	7
Active Savers, FY 2011/12	36	1	61	2
Active Savers, FY 2010/11	31	1	66	2
Active Policy holders, FY 2011/12	27	28	39	6
Active Policy holders, FY 2010/11	25	26	43	6

Source: Pakistan Microfinance Network (PMN), Islamabad

5.36 Micro-insurance depicted a negative trend of 1.33 percent from 2,690,052 beneficiaries in FY11 to 2,654,307 beneficiaries in FY12. It also recorded a decline of 4.52 percent in sum insured from Rs. 33,650 million in FY11 to Rs. 32,128 million during FY12.

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



5.37 The overall performance by all peer groups under microfinance services in terms of their percentage share in FY11 and FY12 is given in table 4.10. Among all the peer groups, Micro-Finance Banks (MFBs) occupied the maximum share in Active Borrowers while Rural Support Programmes (RSPs) held the maximum share under Active Savers and Active Policy Holders. In terms of peer groups, under category of active borrowers, share of Micro Finance Banks (MFBs) and “Other” peer groups remained the same as no change was observed from FY11 to FY12. Share in Rural Support Programmes (RSPs) increased by 1 percentage points from 23 percent to 24 percent. Micro Finance Institutions (MFIs) depicted a decline of 1 percentage points from 30 percent in FY11 to 29 percent in FY12.

5.38 Under the category of Saving Programme of active savers, Micro Finance Banks (MFB’s) continued to rise by 5 percentage points from 31 percent in FY11 to 36 percent in FY12. No change was observed in MFI’s and ‘others’ during FY11 to FY12. A considerable decline of 5 percentage points from 66 percent in FY11 to 61 percent in FY12 was recorded in

the active savers of Rural Support Programme. In contrast to Active Borrowers and Active Savers share of peer groups, Active Policy Holders observed a fluctuating trend during FY12 (see figure 5.10 & 5.11).

5.39 In terms of Active Policy holders, Micro Finance Banks (MFBs) and Micro Finance Institutions (MFI's) illustrated an increase of 2 percentage points from 25 percent to 27 percent in Micro Finance Banks (MFBs). A 2 percentage point increase from 26 percent in FY11 to 28 percent in FY12 was recorded in Micro Finance Institutions (MFI's). On the other hand, a decline of 14 percentage points from 43 percent to 39 percent was recorded in Rural Support Programmes (RSPs).

Peer Group		FY 2010/11	FY 2011/12
MFBs	Number of branches/Units	435	488
	Gross Loan Portfolio (Rs. millions)	14,117	18,172
	Average Loan Balance (Rs. million)	17,484	20,483
	Number of Loans disbursed	782,916	977,380
	Credit Disbursements (Rs. millions)	18,742	23,611
	Average Loan Size (Rs.)	22,001	26,761
MFIs	Number of branches/Units	428	473
	Gross Loan Portfolio (Rs. millions)	6,416	7,070
	Average Loan Balance (Rs.)	10,699	11,046
	Number of Loans disbursed	389,977	503,218
	Credit Disbursements (Rs. millions)	8,343	12,172
	Average Loan Size (Rs.)	19,870	33,268
RSPs	Number of branches/Units	734	640
	Gross Loan Portfolio (Rs. millions)	5,350	6,760
	Average Loan Balance (Rs.)	11,356	12,652
	Number of Loans disbursed	575,960	610,965
	Credit Disbursements (Rs. millions)	12,656	10,942
	Average Loan Size (Rs.)	17,018	18,657
Others	Number of branches/Units	144	151
	Gross Loan Portfolio (Rs. millions)	1,587	1,897
	Average Loan Balance (Rs.)	10,412	11,098
	Number of Loans disbursed	144,113	162,170
	Credit Disbursements (Rs. millions)	2,639	3,219
	Average Loan Size (Rs. million)	21,493	20,896
Total	Number of branches/Units	1,743	1,712
	Gross Loan Portfolio (Rs. millions)	27,471	33,899
	Average Loan Balance (Rs.)	13,528	15,185
	Number of Loans disbursed	1,892,966	2,253,733
	Credit Disbursements (Rs. millions)	42,384	49,946
	Average Loan Size (Rs.)	20,270	25,198

Source: Pakistan Microfinance Network (PMN), Islamabad

5.40 The summary of micro-credit indicators for FY11 and FY12 is presented in Table 5.11. The micro finance services illustrated a positive trend as all micro-finance indicators have shown

improvement. The industry expanded its outreach with an encouraging growth in terms of higher gross loan portfolio, average loan balance, number of loans, overall credit disbursements and average loan size, except a very nominal decline in number of branches was observed over the year. The number of branches witnessed an optimistic growth in all micro-credit providers peer groups except in RSP's. Credit disbursement also observed a gradual decline in RSPs category. The rest of the programmes observed an increasing trend in all peer groups in terms of aggregate figures. A nominal decline was observed in the average loan size in "Others" peer group. During FY12 RSPs had the highest no of branches i.e. 640, followed by Micro Finance Banks (MFBs) 488, Micro Finance Institutions (MFI's) 473, and "Others" 151 against the share of 734, 435, 428 and 144 respectively in FY11.

5.41 The **number of loans** disbursed to the poor recorded a positive trend as it increased from 1,892,966 in FY11 to 2,253,733 in FY12 depicting a substantial growth of 19.06 percent. All peer groups illustrated a significant growth under MFB's and "Others" groups. The number of loans for MFB's increased by 24.83 percent from 782,916 in FY11 to 977,380 in FY12. In "Others" the number of loans increased by 12.53 percent from 144,113 in FY11 to 162,170 in FY12. Similarly Micro Finance Institutions (MFI's) also observed a positive change of 29.03 percent from 389,977 in FY11 to 503,218 in FY12. An increase of 6.08 percent was recorded in the Rural Support Programmes (RSP's) from 575,960 in FY11 to 610,965 in FY12.

5.42 The **overall credit disbursements** recorded an improvement of 17.84 percent from Rs.42, 384 million in FY11 to Rs. 49,946 million in FY12. MFIs credit disbursements increased by 45.89 percent from Rs. 8,343 million to Rs. 12,172 million. MFBs disbursements increased by 25.98 percent from Rs. 18,742 million to Rs. 23,611 million, while 21.98 percent increase was recorded in "Others" from Rs. 2,639 million to 3,219 million. The RSPs depicted a decline of 13.54 percent from Rs. 12,656 million in FY11 to Rs. 10,947 million in FY12.

5.43 **Gross Loan Portfolio (GLP)** dominated the major proportion of total finances and increased by 23.39 percent during FY12 from Rs.33, 899 million in FY11 to Rs. 27,471 million in FY12. GLP in all peer groups including MFBs, MFIs, RSPs and "Others" showed a substantial increase of 28.72 percent,10.19 percent, 26.35 percent, 19.53 percent respectively during FY11 to FY12. **Average loan size** also recorded an increase of 24.31 percent. MFIs, MFBs and RSPs recorded a significant increase of 67.42 percent, 21.64 percent, and 9.63 percent

respectively. However, in “Other” peer groups, the average loan size declined from 21,493 in FY11 to 20,896 in FY12.

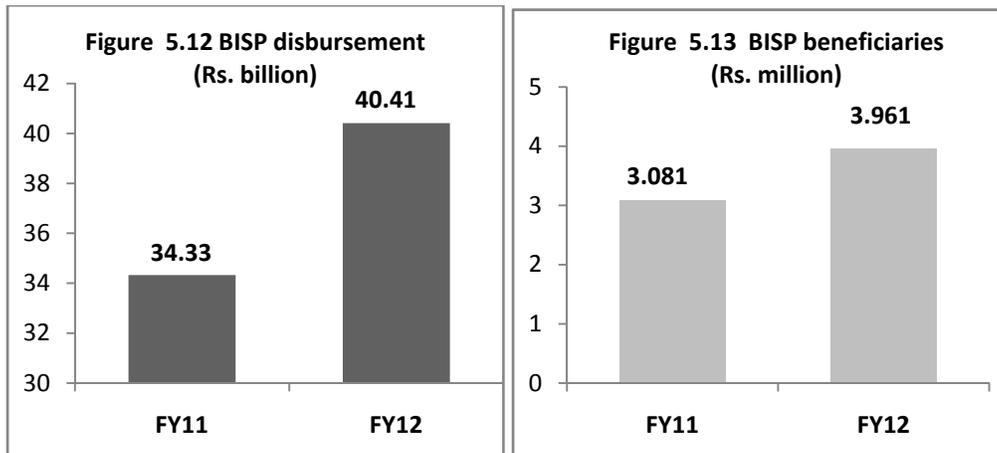
5.6 Benazir Income Support Programme (BISP)

5.44 The Government of Pakistan initiated the Benazir Income Support Programme (BISP) in 2008. The purpose of this programme was to provide income support to the poor in short term with a long-term objective of establishing the national safety net platform that supports the poor and vulnerable groups. The identification of beneficiaries is being done through Proxy Means Test based targeting instruments. The Poverty Score Card (PSC) has been rolled out through a door to door national census. It is being implemented across Pakistan. BISP has introduced a number of technological innovations in social assistance payment system by using smart cards and mobile banking. The cash amount is being disbursed through three major modes of payment which include post offices, smart cards and mobile banking.

Table 5.12: Benazir Income Support Programmeme (BISP)		
	FY11	FY12
Amount disbursed (in Rs. billion)	34.33	40.41
Total beneficiaries (million)	3.081	3.961

Source: BISP, Islamabad

5.45 **Cash Grant Programme:** Table 5.12 gives the total amount disbursed and the number of beneficiaries during FY11 and FY12 (see figure 5.13). The total amount disbursed in FY12 was 40.41 billion while the number of beneficiaries stood at 3.961 million. In FY11 34.33 billion was disbursed collectively while the number of beneficiaries stood at 3.081 million. A rise of 17.7 percent was recorded in the total cash amount disbursed. The beneficiaries also increased by 28.56 percent in FY12.



5.46 BISP has also initiated three graduation programmes i.e. *Waseela-e-Haq* (microfinance for entrepreneurship development), *Waseela-e-Rozgar* (vocational training for improved livelihoods) and *Waseela-e-Sehat* (Life, accident and health insurance). The description of each programme is given below:

5.47 **Waseela-e-Rozgar** grants free of cost vocational training to every beneficiary women or a nominee from her family. The total training cash disbursed under Waseela-e-Rozgar during FY12 was Rs. 44,980,129 million and total stipend disbursed was 68,055,000 million.

5.48 **Waseela-e-Sehat** focuses on improving access to health services and reducing income loss from catastrophic health shocks. Waseela-e-Sehat comprises of Health Insurance and Group Life Insurance Programme providing the underprivileged with basic income support measures. The total number of reported claims during FY11 was 4,653. The total number of enrolled for Group life insurance Scheme (PKR100,000/- each) for the period 2012-14 was 4,138,150.

5.49 **Waseela-e-Haq** aims to provide interest free financial assistance to randomly selected beneficiaries. The selection of these families is being done by computerized balloting process. Waseela-e-Haq is basically designed to promote self-employment among women beneficiaries or their nominees to improve their livelihood. It offers Rs 300, 000 long-term interest free financial assistance based on social capital instead of any physical asset as collateral. The total number of loans disbursed under Waseela-e-Haq in the last quarter of FY2011/12 was 4,727. The number of beneficiaries recorded in Enterprise Development Training (EDT) was 3,699 during the last quarter of FY2011/12.

CHAPTER 6

MONITORING THE PRSP INTERMEDIATE (OUTPUT) INDICATORS



Monitoring the PRSP Intermediate (Output) Indicators

6.1 This section of the report examines the performance of the PRSP-II output (intermediate) indicators for FY12. 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. Technical and vocational training, labour force, employed labour force and unpaid family helpers, PWP I and integrated energy development programme has also been discussed for FY11 and FY12.

6.1 Education Sector

6.2 Education sector intermediate (output) indicators include information about public schools, percentage of teachers trained, and an update on basic facilities in these schools. Progress of these indicators during FY12 and FY11 is discussed below;

6.1.1 Functional Schools

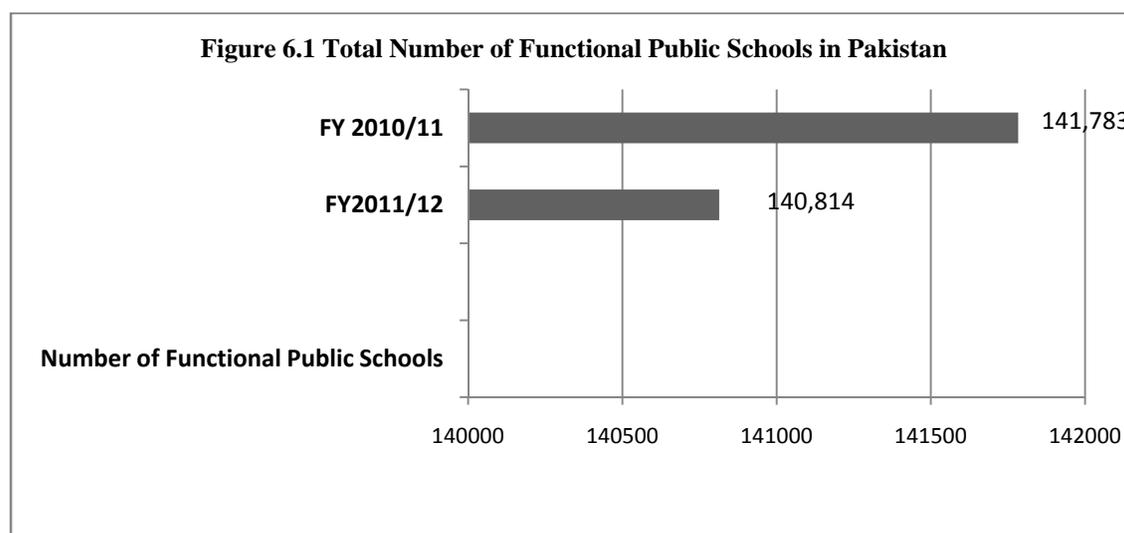
6.3 Number of functional primary and middle schools including mosque schools in Pakistan are reported in table 6.1. A total of 140,814 schools were functional in FY12 against 141,783 in FY11 registering a nominal decrease of 1 percent. During the same period, a slight decrease of 1.08 percent from 126,759 in FY11 to 125,382 in FY12 was observed in the number of primary functional schools. On the flip side middle functional school figures depicted a modest increase of 2.72 percent from 15,024 in FY11 to 15,432 in FY12. The increasing trend in functional schools has contributed in improving the performance of outcome indicators under PRSP-II.

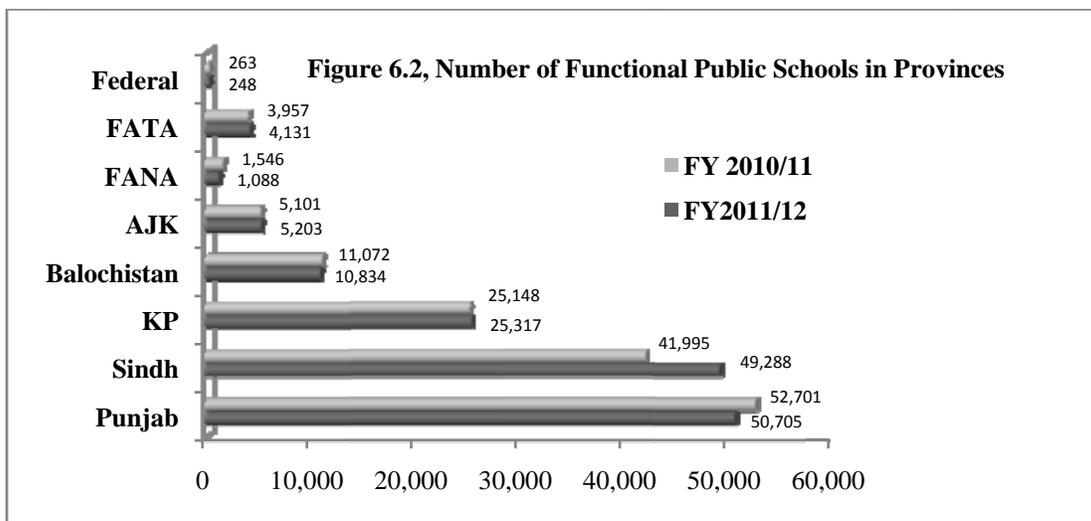
6.4 The provincial and other constitutional entity wise analysis has been reported in table 6.1. Punjab, the most populous province also registered the largest number of functional schools i.e. 50,705 in FY12; followed by 49,288 in Sindh, 25,317 in Khyber Pakhtunkhwa, 10,834 in Baluchistan, 5,203 in AJK, 4,131 in FATA, 1,088 in FANA, and 248 in Federal area. It is encouraging to see an increase of 4.40 percent in FATA from 3,957 in FY11 to 4,131 in FY12. An increase of 3 percent from 41,995 in FY11 to 43,288 in FY12 was recorded in Sindh. An increase of 2 percent from 5,101 in FY11 to 5,203 in FY12 was reported in AJK. Khyber

Pakhtunkhwa registered a 1 percent increase. On the contrary a decline of 29.62, 5.70, 3.79 and 2.15 percent was reported in the number of functional schools in FANA, Federal area, Punjab and Baluchistan respectively in FY12. The main reasons of decrease in functional schools included: i) Due to low enrolment in one school it was merged with another nearer school. ii) Some of the primary schools were altogether closed because of the low enrolment. iii) Some of the primary schools were merged into middle schools.

Region/Province	Year	Primary	Middle	Total
Pakistan	FY2011/12	125,382	15,432	140,814
	FY 2010/11	126,759	15,024	141,783
Punjab	FY2011/12	42,958	7,747	50,705
	FY 2010/11	45,049	7,652	52,701
Sindh	FY2011/12	40,822	2,466	49,288
	FY 2010/11	39,762	2,233	41,995
Khyber Pakhtunkhwa	FY2011/12	22,760	2,557	25,317
	FY 2010/11	22,608	2,540	25,148
Balochistan	FY2011/12	9,790	1,044	10,834
	FY 2010/11	10,116	956	11,072
AJK	FY2011/12	4,176	1,027	5,203
	FY 2010/11	4,094	1,007	5,101
FANA	FY2011/12	914	174	1,088
	FY 2010/11	1,303	243	1,546
FATA	FY2011/12	3,774	357	4,131
	FY 2010/11	3,621	336	3,957
Federal	FY2011/12	188	60	248
	FY 2010/11	206	57	263

Source: Academy of Educational planning and Management(AEPAM), Ministry of Education and training (MET), Islamabad





6.1.2 Percentage of Trained Teachers

6.5 A significant growth of 4 percentage point from 95 percent in FY11 to 99 percent in FY12 was observed in the percentage of the trained teachers at the primary level. An 8 percentage point from 91 percent in FY11 to 99 percent in FY12 was recorded in the number of teachers trained at the middle level (see table 6.2). In Punjab, Baluchistan and ICT 100 percent teachers were trained at the primary level during FY12. In Khyber Pakhtunkhwa the percentage of trained teachers at the primary level remained stagnant at 99 percent during FY11 and FY12.

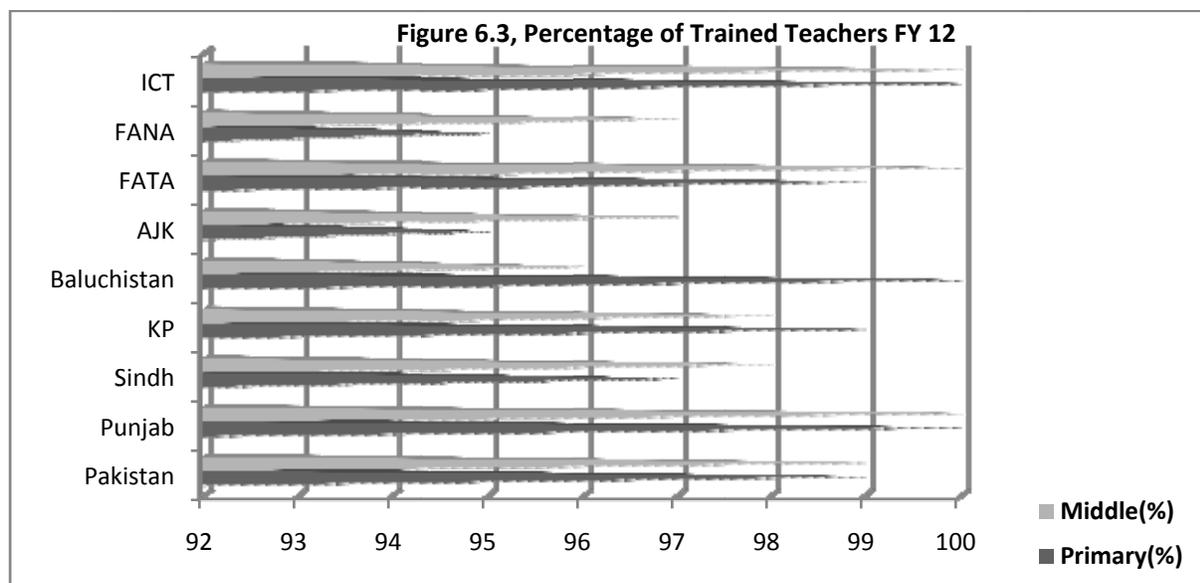
6.6 In AJK province a modest increase of 14 percentage points from 81 percent to 95 percent in the number of teachers trained at the primary level was depicted. In FATA an increase of 31 percentage points from 68 percent to 99 percent was recorded in the number of teachers trained at the primary level. In Sindh a 3 percentage point increase in the number of teachers trained at the primary level from 94 percent to 97 percent was reported.

6.7 Data shows a positive trend in percentage of trained teachers at the middle level during FY12 when compared to FY11. An increase of 13 percentage points from 87 percent to 100 percent was recorded in Punjab. An 11 percentage point increase from 89 percent to 100 percent was reported in FATA. A 9 percentage point increase from 91 percent to 100 percent was recorded in ICT. A 4 percentage point increase from 93 percent to 97 percent was depicted in FANA. A 3 percentage point increase from 94 percent to 97 percent was reported in AJK. A 2 percentage point increase from 96 percent to 98 percent took place in Sindh. In Khyber

Pakhtunkhwa a slight decline of 2 percentage points from 100 percent to 98 percent was recorded. In Baluchistan a 1 percentage point decline from 97 percent to 96 percent was depicted at the middle level in the percentage of trained teachers.

Region/ Province	FY 11		FY12	
	Primary (%)	Middle (%)	Primary (%)	Middle (%)
Pakistan	95	91	99	99
Punjab	94	87	100	100
Sindh	94	96	97	98
Khyber Pakhtunkhwa	99	100	99	98
Baluchistan	99	97	100	96
AJK	81	94	95	97
FATA	68	89	99	100
FANA	94	93	95	97
ICT	92	91	100	100

Source: Academy of Educational planning and Management (AEPAM), Ministry of Education and training (MET), Islamabad



6.1.3. Basic Facilities in Public Schools

6.8 Table 6.3 gives information about the proportion of basic facilities in public schools all over Pakistan. Basic facilities include access to water, latrine, electricity, and boundary wall in schools. At the national level, public schools containing the above mentioned facilities increased in FY12 as compared to FY11.

6.9 The total figures for schools including both primary and middle schools depicted a 64 percent increase in both water and latrines facilities during FY12. The facilities of electricity were found in 50 percent schools contained and 68 percent schools had the facility of boundary wall in FY12. During FY11 67 percent schools had water facility, 64 percent schools latrine facilities, 42 percent schools had electricity and 64 percent had boundary walls.

6.10 The proportion of public schools with *water* reduced significantly by 3 percentage points from 67 percent to 64 percent in FY12 compared to FY11. A significant increase of 8 percentage point from 42 percent in FY11 to 50 percent in FY12 was recorded in electricity. Regarding boundary wall facility a positive change of 4 percentage points was recorded.

6.11 The *Federal Capital* was the only entity where the proportion of public schools had all basic facilities. An optimistic growth of 10 percentage point from 89 percent to 99 percent was recorded in boundary walls. The Federal area increased the proportion of public schools, having water, from 97 percent to 98 percent. The same improvement was recorded in electricity facility which increased from 98 percent to 99 percent. No change was recorded in case of latrines facility during FY11 and FY12.

6.12 In *FANA*, proportion of schools having boundary wall registered an upward trend of 24 percentage points from 33 percent to 57 percent. Regarding electricity facility a significant increase of 20 percentage points from 33 percent to 53 percent was recorded. Proportion of public schools having *water facilities* increased by 18 percentage points from 38 percent to 56 percent. Schools with *latrine facility* improved by 10 percentage points from 42 percent in FY11 to 52 percent in FY12.

6.13 In *AJK* Schools with latrine facilities increased by 3 percentage points from 31 percent to 33 percent. Proportion of public schools having water facilities increased from 30 percent to 31 percent. Electricity facility also observed a nominal increase of 1 percentage points from 16 percent to 17 percent. The proportion of schools having boundary walls also increased by 1 percentage points from 19 percent in FY11 to 20 percent in FY12.

6.14 In *Sindh* Electricity facility recorded a significant increase of 18 percentage point from 24 percent to 42 percent. Proportion of schools having boundary walls registered an increase of 7 percentage points from 53 percent to 60 percent. Proportion of public schools having water facilities increased by 1 percentage point from 49 percent to 50 percent. While Schools with

latrine facilities also increased by 2 percentage point from 56 percent to 58 percent during FY12 when compared to FY11.

6.15 In *Punjab* a slight increase of 2 percentage points from 62 percent to 64 percent was recorded in electricity facility. Proportion of schools having boundary walls increased by 2 percentage points from 82 percent to 84 percent. Proportion of public schools having water facilities improved by 1 percentage point from 88 percent to 89 percent. Schools with latrine facilities recorded a decrease of 3 percentage points from 83 percent in FY11 to 80 percent in FY12.

6.16 In *Baluchistan* a significant increase of 7 percentage points from 19 percent to 26 percent was recorded in Electricity facilities. Proportion of schools having boundary walls also observed an upward trend of 7 percentage points from 32 percent to 39 percent. Schools with latrine facilities increased by 1 percentage points from 19 percent to 20 percent. A sizable decline of 41 percentage points was observed in the proportion of public schools having water facility.

6.17 In *Khyber Pakhtunkhwa*, Schools with latrine facilities increased by 1 percentage point from 74 percent to 75 percent. Proportion of schools having boundary walls increased by 1 percentage points, from 71 percent to 72 percent. The growth in Electricity facility remained at 52 percent in FY11 and in FY12. A 1 percentage point decrease from 66 percent to 65 percent was recorded in water facilities during FY12 when compared with FY11.

6.18 In *Federally Administered Tribal Area (FATA)*, the proportion of schools having boundary walls increase by 4 percentage points from 56 percent to 60 percent. Electricity facility recorded a slight increase of 2 percentage points from 39 percent to 41 percent. No change was observed in the proportion of public schools having water facilities. A decrease of 4 percentage points was noticed in Schools with latrine facilities.

6.1.4 Proportion of Public Schools with Basic Facilities

Region/Province	Years	Level	Water	Latrine	Electricity	Boundary-Wall
			(percent)	(percent)	(percent)	(percent)
Pakistan	FY -12	Primary	63	62	47	66
		Middle	79	83	74	83
		Total	64	64	50	68
	FY- 11	Primary	65	62	39	62
		Middle	81	84	72	80
		Total	67	64	42	64

Punjab	FY -12	Primary	88	78	59	83
		Middle	97	93	90	94
		Total	89	80	64	84
	FY- 11	Primary	87	81	57	80
		Middle	96	96	91	93
		Total	88	83	62	82
Sindh	FY -12	Primary	50	57	41	59
		Middle	59	75	57	79
		Total	50	58	42	60
	FY- 11	Primary	49	55	22	52
		Middle	61	73	42	71
		Total	49	56	24	53
Khyber Pakhtunkhwa	FY -12	Primary	64	74	50	72
		Middle	73	87	69	79
		Total	65	75	52	72
	FY- 11	Primary	65	73	49	70
		Middle	75	87	70	79
		Total	66	74	52	71
Baluchistan	FY -12	Primary	29	17	24	36
		Middle	48	55	47	71
		Total	31	20	26	39
	FY- 11	Primary	72	16	17	30
		Middle	73	53	40	61
		Total	72	19	19	32
AJK	FY -12	Primary	27	28	12	18
		Middle	47	51	35	28
		Total	31	33	17	20
	FY- 11	Primary	26	27	12	17
		Middle	46	50	35	28
		Total	30	31	16	19
FANA	FY -12	Primary	49	45	46	51
		Middle	93	92	91	90
		Total	56	52	53	57
	FY- 11	Primary	32	34	20	26
		Middle	73	85	99	71
		Total	38	42	33	33
FATA	FY -12	Primary	36	34	40	58
		Middle	53	52	56	82
		Total	38	35	41	60
	FY- 11	Primary	36	37	37	54
		Middle	54	54	60	79
		Total	38	39	39	56
Federal	FY -12	Primary	97	97	99	99
		Middle	100	97	100	100
		Total	98	97	99	99
	FY- 11	Primary	97	97	97	89
		Middle	96	96	100	86
		Total	97	97	98	89

Source: Academy of Educational planning and Management(AEPAM), Ministry of Education and training (MET), Islamabad

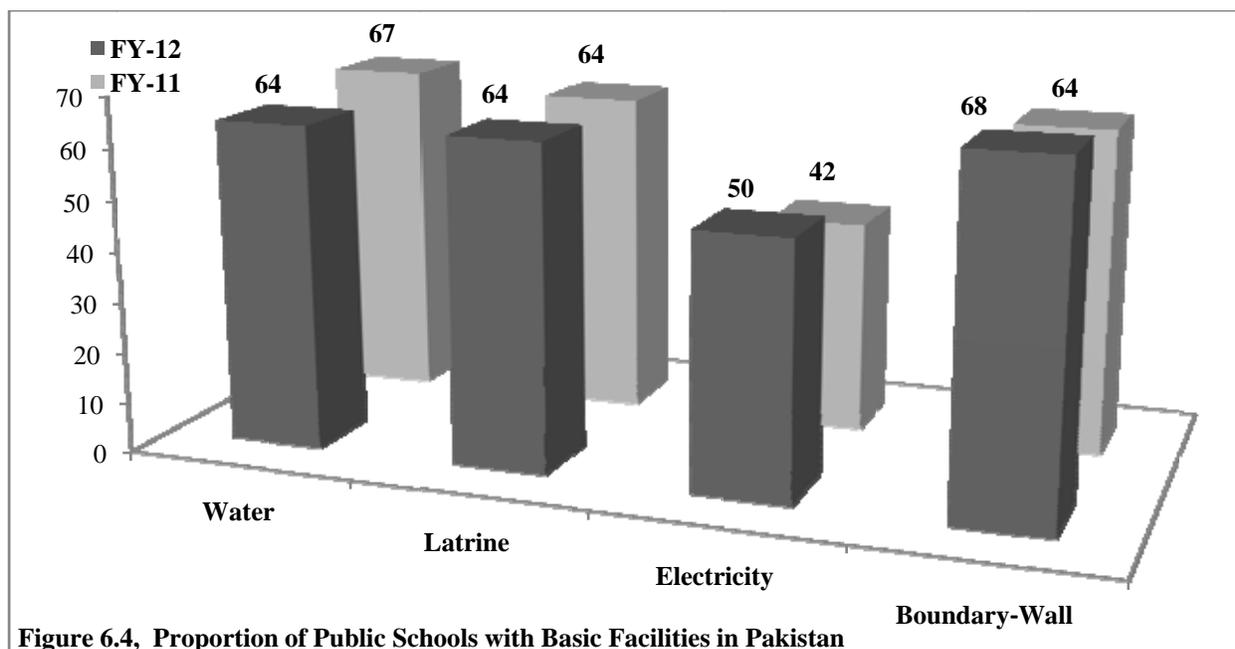


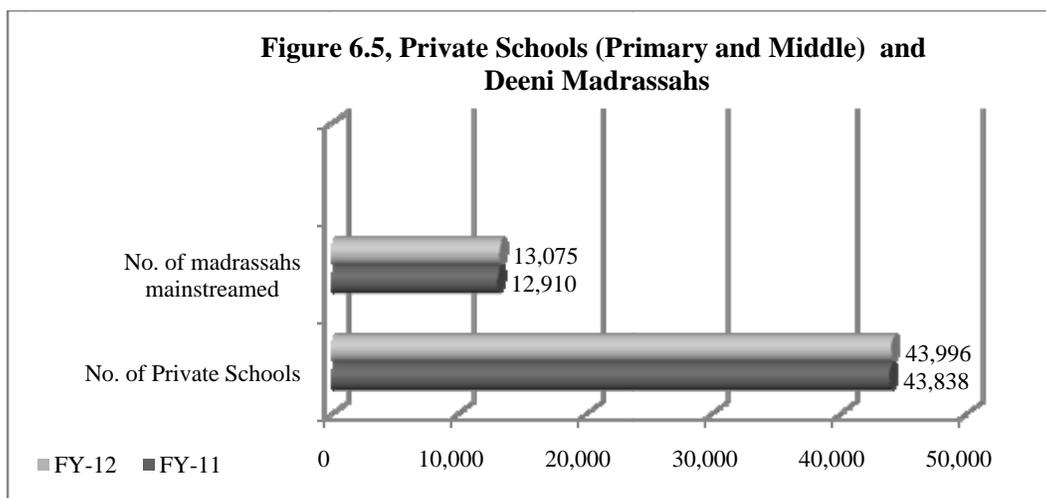
Figure 6.4, Proportion of Public Schools with Basic Facilities in Pakistan

6.1.5 Private Schools and Deeni Madrasahs

6.19 Table 6.4 gives information about private schools and Deeni Madrasahs at both Primary and Middle levels. At the national level, a total number of 43,993 private schools were reported in FY12 against 43,838 in FY11. The private schools increased by 158 in number. Similarly Deeni madrasahs increased from 12,910 in FY11 to 13,075 in FY12.

S. No.	Indicator	FY-11 Actual	FY-12 Actual
1	No. of Private Schools	43,838	43,996
2	No. of Madrassahs mainstreamed	12,910	13,075

Source: Academy of Educational planning and Management (AEPAM), Ministry of Education and training (MET), Islamabad



6.1.6. Technical and Vocational Trainings

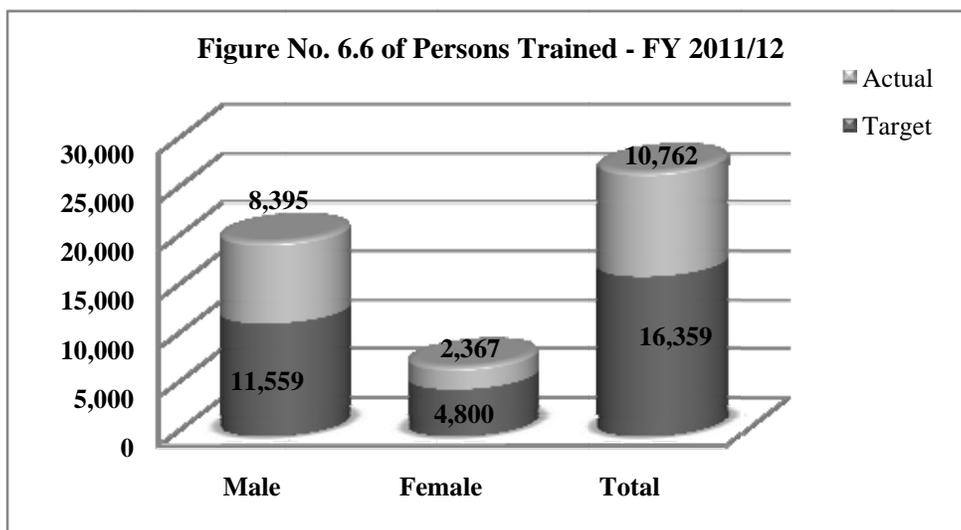
6.20 National Vocational & Technical Training Commission (NAVTTTC) was established in December 2005 as an apex body for Technical & Vocational Training and is attached with the Prime Minister’s Secretariat. Being a federal agency for TVET, NAVTTTC facilitates, regulates, and provides policy direction for skill development in Pakistan. Under the National Vocational & Technical Training Commission (NAVTTTC) Act, 2011 NAVTTTC is responsible for setting-up of national occupational skills standards, development of curriculum, national qualification framework, labour market information analysis, training of trainers, public private partnership and setting-up of institutional standards for TVET providers.

6.21 Since its inception, NAVTTTC has taken several interventions for reforming TVET sector in Pakistan. As a first step it evolved a National Skills Strategy in consultation with all the stakeholders including chamber of commerce, employers, academia, policy makers and donors. The NSS provides a comprehensive action plan for revamping of TVET in the country. Several actions have already been taken which include development of national qualifications system for teachers, code of conduct, accreditation system, skill standards and curriculum in priority areas. The table 6.5 reflects the performance of technical and vocational trainings in FY12.

S. No.	Indicator	FY11/12	
	No of Persons trained by NAVTEC	Target	Actual
1	Male	11,559	8,395
2	Female	4,800	2,367
3	Total	16,359	10,762

Source: National Vocational & Technical Training Commission, Islamabad

6.22 Economic theory provides substantial support to the argument that investment in human capital has a positive impact on economic growth. The establishment of National Vocational and Technical Education Commission (NAVTEC) and a coherent national policy for Technical and Vocational Education & Training (TVET) is expected to play a key role in Pakistan’s economic growth. Pakistan’s global competitiveness depends on the ability of our TVET system to adapt and advance. Through industrial linkages, employment generation and interventions for skill development, the Commission intends to contribute towards poverty alleviation in the country. It aims to provide adequate access to TVET facilities and cater for deficient areas and target groups such as women, workers of the informal sector and the destitute sections of society.



6.23 During FY12, the targeted number of persons to be trained by NAVTEC was 16,359 (see figure 6.6). Out of which, the actual number of trainees (male & female) were 10,762 in FY12. NAVTEC trained 8,395 males against the target of 11,559 in FY12. About 4,800 females were targeted to be trained, out of which 2,367 were trained.

6.2 Health Sector

6.24 This section of the report scrutinizes the performance of the PRSP-II output (intermediate) indicators as immunization coverage and progress made under LHWs for FY12.

6.2.1. TT- Immunization Coverage for Pregnant Women Programme

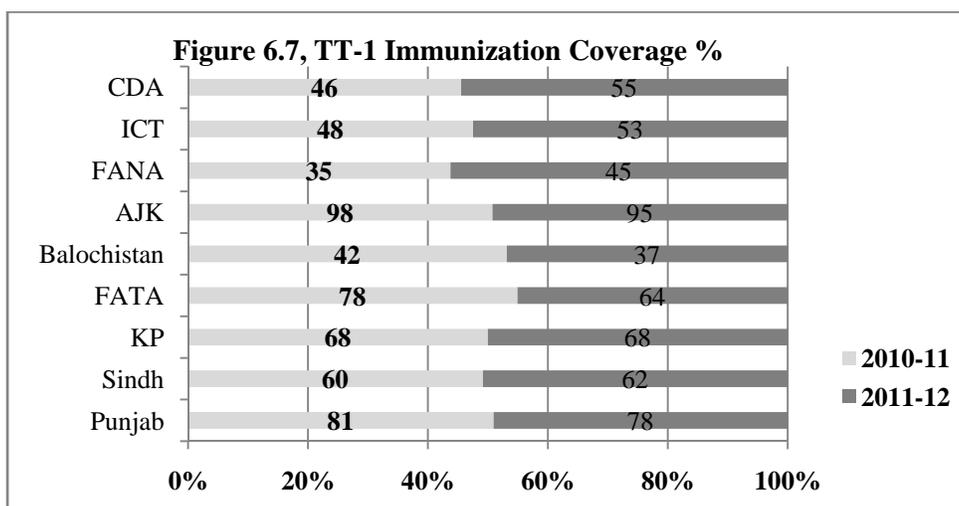
6.25 The National EPI Programme provides immunization against the seven killer diseases. Namely childhood tuberculosis, poliomyelitis, diphtheria, pertussis, neonatal tetanus, measles and hepatitis B. EPI programme was initiated in 1978. It is an effective public health intervention that has a significant 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. The mass immunization campaign has gained a great deal of acceptance across the country.

6.26 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 6.6 for FY12 and FY11. The table clearly reflects that the targeted population for the immunization coverage of pregnant women at the national level increased by 1.62 percent from 6,018,504 in FY11 to 6,115,922 in FY12. TT-1 immunization coverage stood at 70 percent, while TT-2 immunization coverage was recorded at 69 percent during FY12. In these two categories during FY11 immunization coverage stood at 72 percent and at 73 percent respectively.

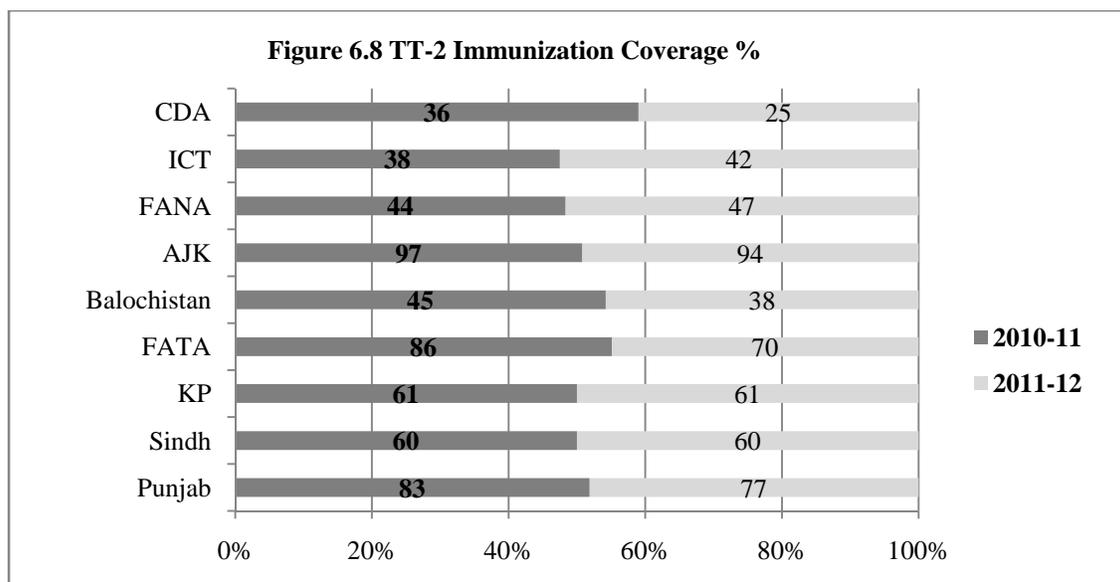
Table 6.6 TT- Immunization Coverage for Pregnant Women Programme FY 2010/11 & FY2011/12						
Provinces	FY11			FY12		
	Target Population	TT-1	TT2+	Target Population	TT-1	TT2+
	(@3.57% Pop)	Cov %	Cov %	(@3.57% Pop)	Cov %	Cov %
Punjab	3,201,844	81	83	3,253,671	78	77
Sindh	1,366,200	60	60	1,388,314	62	60
Khyber Pakhtunkhwa	800,461	68	61	813,418	68	61
FATA	132,407	78	86	134,550	64	70
Balochistan	288,889	42	45	293,565	37	38
AJK	126,389	98	97	128,434	95	94
FANA	54,167	35	44	55,044	45	47
ICT	16,507	48	38	16,774	53	42
CDA	31,642	46	36	32,154	55	25
Pakistan	6,018,504	72	73	6,115,922.00	70	69

Source: Federal EPI Cell, National Institute of Health

6.27 A positive percentage change of 28.57 percentage point from 35 percent to 45 percent in TT-1 immunization coverage ratio was recorded in FANA followed by CDA that registered a 19.56 percentage point increase from 46 percent to 55 percent. ICT recorded a 10.41 percentage point from 48 percent to 53 percent. In Sindh a 3.33 percentage point increase from 60 percent to 62 percent was recorded. In the rest of the regions including FATA, Baluchistan, Punjab, and AJK a significant decline of 17.94 percentage point, 11.90 percentage points, 3.70 percentage points, and 3.06 percentage points respectively was recorded in FY12 as compared to FY11. The coverage ratio of TT-1 immunization remained the same at 68 percent in Khyber Pakhtunkhwa during FY11 and FY12.



6.28 In general TT-2 immunization coverage declined by 5.47 percentage points. A substantial improvement of 10.52 percentage points from 38 percent to 42 percent was recorded in ICT. In FANA 6.81 percentage point increase recorded from 44 percent to 47 percent. Rest of the regions demonstrated a negative decline i.e in CDA 30.55 percentage point from 36 percent to 25 percent. A decline of 18.60 percentage point from 86 percent to 70 percent was recorded in FATA. In Baluchistan a significant downfall observed by 15.55 percentage point from 45 percent to 38 percent. In Punjab decrease of by 7.22 percentage point registered from 83 percent to 77 percent. While in AJK a nominal decrease registered by 3.09 percentage point from 97 percent to 94 percent during FY12 when compared to FY11. In Sindh TT-2 immunization coverage recorded a 60 percent growth in FY11 and FY12.



6.2.2 Population Covered by Lady Health Workers (LHWs)

6.29 Table 6.7 gives the detail of population covered by LHW's. During FY11, total population covered by LHW's was 89 million which included 17 million Urban and 72 million rural populations. In FY12, total population covered by LHW's registered a positive growth of 24.72 percent in Punjab from 49,648,009 to 61,921,256. In Baluchistan optimistic growth was registered by 8.94 percent from 3,474,585 to 3,785,280. In AJK 3.82 percent increases observed from 2,426,088 to 2518870. Contrary to this, FATA observed a negative trend of 7.32 percent from 1,148,724 to 1,064,566. Similarly in Khyber Pakhtunkhwa a slight decrease recorded by 1.70 percent from 12,269,169 to 12,060,068.

6.30 Data reveals the population coverage of LHW's, in rural areas increased by 21.89 percent in Punjab from 41,916,775 to 51,095,437. In Baluchistan registered positive growth of 19.91 percent from 2,138,222 to 2,563,998. In AJK, population of LHW's in rural areas increases by 4.28 percent from 2,228,994 to 2,324,524. While a nominal population of 1 percent recorded in Khyber Pakhtunkhwa from 9,936,221 to 10,023,305 in FY12. Data from Sindh and ICT for the FY12 have not been received yet.

Provinces	FY 2010/11			FY 2011/12		
	Urban	Rural	Total	Urban	Rural	Total
Punjab	7,731,234	41,916,775	49,648,009	10,825,819	51,095,437	61,921,256

Sindh	5,251,572	13,748,811	19,000,383	---	---	---
KHYBER PAKHTUNKHWA	2,332,948	9,936,221	12,269,169	2,036,762	10,023,305	12,060,068
Baluchistan	1,336,363	2,138,222	3,474,585	1,221,282	2,563,998	3,785,280
AJK	197,094	2,228,994	2,426,088	194,346	2,324,524	2,518,870
FANA	154,159	649,887	804,046	164,761	543,164	80,020
FATA	0	1,148,724	1,148,724	0	1,064,566	1,064,566
ICT	39,111	294,203	333,314	---	---	---
Total	17,042,481	72,061,837	89,104,318	---	---	---

6.3.3 Total Strength of Lady Health Workers

6.31 The total strength of LHWs recorded a positive fraction of 2.97 percent from 1345 in FY11 to 1385 in FY12 in FANA; a major strength of Lady Health Worker's deployed in urban area by 29.71 percent from 175 to 227. On the contrast a substantially decreased noticed in Punjab, Khyber Pakhtunkhwa, Baluchistan, AJK and FATA in total strength of LHW's. In Punjab, it declined by 8.04 percent from 52,742 in FY11 to 48,500 in FY12, In Khyber Pakhtunkhwa substantially decreases noticed by 7.20 percent from 14,210 in FY11 to 13,186 in FY12. In Baluchistan 2.40 percent downfall recorded from 6,726 in FY11 to 6,564 in FY12. In AJK 2.35 percent decline observed from 3,148 in FY11 to 3,074 FY12. While in FATA it recorded 1.36 percent from 1,463 in FY11 to 1,443 in FY12. Data from Sindh and ICT for the FY12 have not been received (see table 6.8)

Province	FY 2010/11			FY 2011/12		
	Urban	Rural	Total	Urban	Rural	Total
Punjab	8,125	44,617	52,742	7,517	40,983	48,500
Sindh	4,510	18,444	22,954	---	---	---
KHYBER PAKHTUNKHWAK	1,933	12,277	14,210	1,785	11,401	13,186
Balochistan	2,088	4,638	6,726	2,004	4,560	6,564
AJK	185	2,963	3,148	179	2,895	3,074
FANA	175	1,170	1,345	227	1,158	1,385
FATA	0	1,463	1,463	0	1,413	1,443
ICT	38	305	343	---	---	---
Total	17,054	85,877	102,931	---	---	---

Source: National Programme for Family Planning and Primary Health Care, Ministry of Health

6.3 Environment

6.32 This section discusses the progress of Environment sectors intermediate (output) indicators. These indicators include Land Area Covered by Forests, Protected Land Areas, and Depletion of Ozone Layer.

6.3.1 Percentage of Land Area Covered by Forests

6.33 Ministry of Climate Change is the focal point for national policy and legislative plans and programmes regarding Disaster Management, Environmental Protection and Preservation Initiatives. The Division also deals with other Countries, International Agencies and Forums for Coordination, Monitoring and Implementation of Environmental Agreements. Pakistan is facing one of the highest rates of deforestation in the world. One third of the forest area is productive. Ministry of Climate change launched several projects/schemes to enhance forest covered area in Pakistan. In FY12 the targeted area for forestation stood at 5.6 percent whereas the actual area covered by forests was recorded at 5.01 percent.

S. No.	Indicator	FY 2011-12	
		Target	Actual
	Percentage of land area covered by Forests	5.60%	5.01%

Source: Ministry of Climate Change, Islamabad

6.3.2 Land Area Protected

6.34 In Pakistan, a national park is an area of outstanding scenic merit where the landscape, flora and fauna are protected and preserved in their natural state. Public access to such recreational facilities must be ensured by the government. Clearing land for cultivation, mining or allowing polluted water to flow in National Parks is also prohibited. In addition to National Parks, Pakistan has Wildlife Sanctuaries which are areas set aside for the protection of wildlife. Public access is prohibited or regulated and no exploitation of forests is allowed. Game reserves, hunting and shooting of wild animals is regulated under permit.

6.35 Table no. 6.10 shows that a nominal change of 1.2 percent has taken place in the target and actual percentage of the land area protected during FY12. The target stood at 11.5 percent, whereas the actual area protected was recorded at 12.7 percent.

Table No 6.10, Land Protected Area		
Indicator	FY 2011-12	
	Target	Actual
Protected area percentage of the total area	11.50%	12.7%

Source: Ministry of Climate Change, Islamabad

6.3.3 Depletion of Ozone Layer

6.36 The ozone layer protects the Earth from the ultraviolet radiations of the sun. If the ozone layer is depleted by human action, the effects on the planet could be catastrophic. Ozone is present in the stratosphere. The stratosphere reaches 30 miles above the Earth, and at the very top

Table No 6.11, Depletion of Ozone Layer				
Indicator	FY 2010/11		FY 2011/12	
	Target	Actual	Target	Actual
Ozone depleting substance (level of CFC reduced)	39.6 metric tons of CFC allowed by Montreal protocol to be used for the production of Micro dose inhalers by pharmaceuticals. This exception is given for the calendar year 2011.	Other uses of CFC were banned since December 2009. Only 39.6 MT was allowed for MDLs.	24 metric tons of CFC allowed by Montreal protocol to be used for the production of Micro dose inhalers by pharmaceuticals. This exception is given for the calendar year 2012. Other uses of CFC are banned since December 2009.	Use of CFC has been totally stopped from December, 2012. Its import is banned.

Source: Ministry of Climate Change

it contains ozone. The sun rays are absorbed by the ozone in the stratosphere and thus do not reach the Earth. Harmful uses of CFC have been banned since December 2009. Table 6.11 gives the detail of Ozone depleting substances.

6.4.4 Integrated Energy Development Programme

Table 6.12 Integrated Energy Development Programme					
S. No.	Indicator	FY11		FY12	
		Target	Actual	Target	Actual
1	Per capita consumption of electricity (KWH)	N.A	435	N.A	N.A
2	Energy supplies growth (%)	N.A	64.5	N.A	N.A

Source: Ministry of Petroleum and Natural Resources, GOP N.A Not available

6.37 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 (see table 6.12). Per capita consumption of electricity was recorded at 435 Kilo Watt Hours (KWH), while the energy supply increased by 64.5 percent in FY11.

6.4 People Works Programme-I

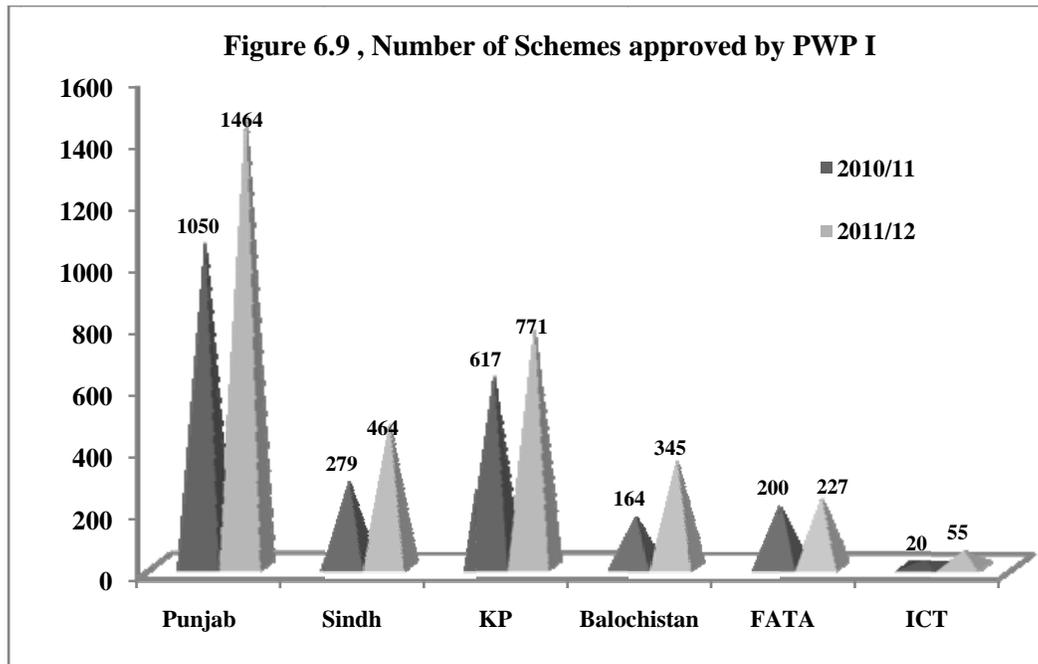
6.38 Peoples Works Programme (PWP) I & II constitute welfare programmes focusing upon small development schemes for provision of electricity, gas, roads, telephone, education, health, water supply, and sanitation facilities to the poor community of rural areas.

Table 6.13 Number of Schemes approved under each category, FY 2010/11 to FY 2011/12										
FY 2010/11										
Province	Road	Electrification	Gas	Telephone	Educ ation	Health	Water Supply	Sanitation	Bulldozers hours	Total Schemes
Punjab	552	264	13	-	24	3	46	148	-	1050
Sindh	111	117	4	-	11	2	27	7	-	279
KHYBER PAKHTUN KHTUN KHTUN KHTUN	285	157	6	-	7	3	122	36	1	617
Baluchistan	40	44	-	-	5	4	68	3	-	164
FATA	148	-	-	-	-	-	51	-	1	200
ICT	-	18	2	-	-	-	-	-	-	20
Total	1136	600	25	-	47	12	314	194	2	2330
FY 2011/12										
Province	Road	Electrification	Gas	Telephone	Educ ation	Health	Water Supply	Sanitation	Bulldozers hours	Total Schemes
Punjab	817	420	5	1	29	1	89	101	1	1464
Sindh	167	136	8	-	47	4	49	22	31	464
KHYBER PAKHTUN KHTUN KHTUN KHTUN	326	238	8	-	7	-	169	22	1	771
Baluchistan	61	123	1	-	26	6	117	9	2	345
FATA	64	4	-	-	-	-	157	-	2	227
ICT	14	26	5	-	7	-	2	1	-	55
Total	1449	947	27	1	116	11	583	155	37	3326

Source: Ministry of Local Government & Rural development

6.39 It is evident from data given in table 6.13 that the total number of schemes under PWP-I have increased substantially from 2330 schemes to 3326 schemes from FY11 to FY12. The development schemes focus on the provision of roads, electrification, gas, telephone, education, health, water supply, sanitation, etc. to the rural poor. In FY12 a total number of 1449 schemes

were approved for roads, 947 for electrification, 583 for water supply, 155 for sanitation, 116 for Education, 37 for bulldozer, 27 for gas and 11 for Health.



6.40 From FY11 to FY12 the performance of development schemes in all provinces showed an optimistic trend. The percentage of schemes approved has gone up in Baluchistan by 110.36 percent from 164 schemes in FY11 to 345 schemes in FY12. In ICT 175 percent increase from 20 schemes to 55 schemes was recorded. In Sindh a significant increase of 66.30 percent from 279 schemes to 464 schemes was observed. In Punjab a 39.42 percent increase from 1050 schemes to 1464 schemes was registered. In Khyber Pakhtunkhwa a 24.95 percent increase from 617 schemes to 771 schemes was registered. A 13.5 percent growth rate was recorded in FATA from 200 schemes to 227 schemes.

6.41 In FY12 a total of 1464 schemes were approved in Punjab. These included 817 schemes for the provision of roads, 420 schemes for the provision of electrification, and 101 schemes for the provision of sanitation, 89 schemes for the provision of water supply. Khyber Pakhtunkhwa managed to undertake 771 schemes during FY12. Among these 326 schemes were introduced for the provision of roads. 238 schemes for the provision of electrification, 169 schemes for the provision of water supply, and 22 schemes were approved for the provision of sanitation.

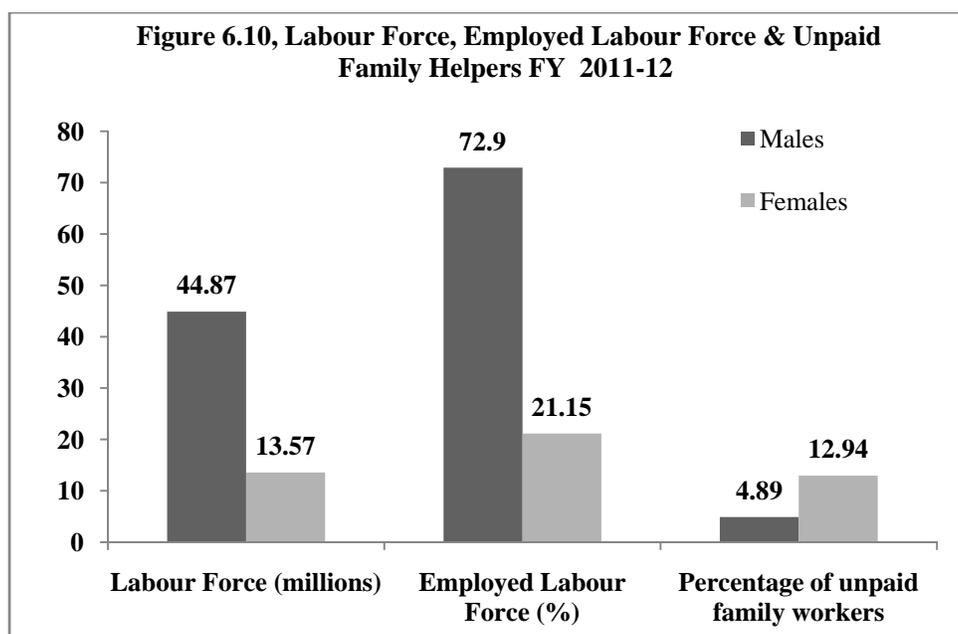
6.42 In Baluchistan a noteworthy increase of 110.36 percent from 164 schemes in FY11 to 345 schemes in FY12, was recorded. In Sindh, 167 schemes were introduced for the provision of roads, 136 schemes for the provision of electricity, 49 schemes for the provision of water supply, 22 schemes for the provision of sanitation, 47 schemes for the provision of education and 31 schemes were introduced for the provision of bulldozers hours. A total of 227 schemes were introduced in FATA in FY12 against 200 schemes in FY11.

6.5 Labour Force, Employed Labour Force and Unpaid Family Helpers

Table 6.14 Labour Force, Employed Labour Force and Unpaid Family Helpers						
	FY11			FY12*		
	Total	Males	Females	Total	Males	Females
Labour Force (millions)	57.24	43.95	13.27	58.44	44.87	13.57
Employed Labour Force (%)	94.05	72.9	21.15	94.05	72.9	21.15
Percentage of unpaid family workers	17.83	4.89	12.94	17.82	4.89	12.94

Source: :- Laour Force Survey 2010/11, Pakistan Bureau of Statistics
Note:- :- Laour Force Survey 2011/12 was not conducted, however absolute figures have been computed by utilizing the population i.e 178.03 m, on 1st jan 2012 based on the population projection supplied by planning commission, ISB

Since the Labour Force survey was not conducted in FY12, computed values are given in the table 6.14.



6.44 During FY12, a total of 58.44 million people became part of the labour force having a share of 44.87 million males and 13.57 million females. Out of the total employed labour force, 72.90 percent were males and 21.15 percent were females. Percentage of unpaid family workers remained constant at 17.83 percent in which 4.89 percent were males and 12.94 percent were females in FY12.

CONCLUSION



Conclusion

7.1 The PRSP-II progress report for FY2011/12 gives a comprehensive analysis of the indicators selected under PRSP-II. The report covers the progress made in macroeconomic indicators, pro-poor expenditures and social safety net programmes during FY2011/12. For the purpose of comparison, the analysis also reports the progress made under the above mentioned areas in FY11.

7.2 On the whole, the macroeconomic situation remained precarious with mounting fiscal and current account deficit. The depreciation of Pakistani Rupee coupled with the rising debt to GDP ratio needs to be kept in check by consistent and practical policies of the government. Certain sectors of the economy have reported encouraging trends which include the progress made in the Agricultural and Industrial sector of the economy. Remittances continued to show an impressive growth trajectory over the past few years.

7.3 The PRSP expenditures reported encouraging progress during FY12. The total PRSP expenditures as a percentage of GDP stood at 9.59 percent. The positive growth in aggregate expenditures can be attributed to the increased expenditures in all the 17 pro-poor sectors. Among the five broad categories, Safety Nets observed a maximum growth of 37.94 percent; followed by 33.08 percent growth in Human Development', 27.56 percent in 'Rural Development', 17.21 percent growth in Market Access and Community Services and 14.88 percent in 'Governance'.

7.4 The progress reported in Social Safety Nets programmes depicted a mixed performance. Under aggregate EOBIs programmes, a significant increase of 13.07 percent was recorded in disbursements that increased from Rs. 9,365 million in FY11 to Rs. 10,589 million in FY12. A positive growth of 8.81 percent from 336,281 in FY11 to 365,913 in FY12 was recorded under the total number of beneficiaries. The BISP cash grant programme depicted an encouraging growth in both disbursements and beneficiaries. The total amount disbursed underwent a sufficient growth of 17.68 percent from Rs. 34,330 million in FY11 to Rs. 40,400 million in FY12. The total number of BISP beneficiaries also increased by 28.56 percent in FY12. The number of beneficiaries of all WWF programmes registered an optimistic growth of 9.14 percent from 19,952 in FY11 to 21,775 in FY12.

7.5 In terms of intermediate output and outcome indicators during FY12, the targeted number of persons to be trained by NAVTEC was 16,359. The actual number of trainees both male and female stood at 10,762 in FY12. NEVTEC trained 8,395 males against the target of 11,559 in FY12. About 4,800 females were targeted to be trained, out of which 2,367 were trained. In FY12, total population covered by LHW's registered a positive growth of 24.72 percent in Punjab from 49,648,009 to 61,921,256.

7.6 To conclude, it may be reiterated that PRSP expenditures have depicted a consistently increasing trajectory over the last decade. Going forward, social sector related expenditures need to be carefully monitored in the wake of 18th Amendment and 7th NFC Award to keep the achievement of outcomes on track.