

FROM STABILISATION  
TO SUSTAINABLE  
GROWTH



# 2022-23 ANNUAL PLAN



Ministry of Planning Development and Special Initiatives  
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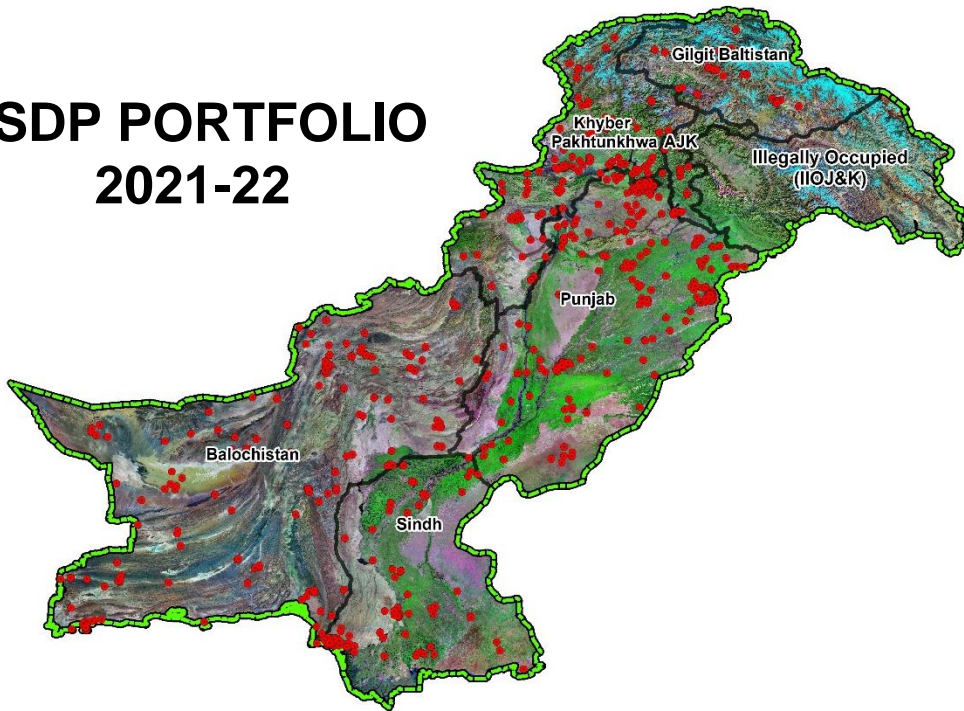


# **ANNUAL PLAN**

## **2022-23**



# PSDP PORTFOLIO 2021-22





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## FOREWORD

Pakistan economy's inherent structural problems became more complex and intense owing to imprudence in policy discourse that nurtured consumption led growth. The tenuous spillover between growth acceleration and the external sector vulnerabilities once again surfaced during current fiscal year 2022. The episode of BoP crisis is different from previous all crises primarily because of the fact that it is driven by deliberate fueling of consumption through policy inducement. In the previous episode of 2018, it was driven by CPEC related machinery imports which were likely to boost growth in future.

The ill-directed fiscal and monetary policies of last four years has created a gigantic challenge of clearing economic mess through painful adjustment and stabilization effort. The consumption-led growth along with a global surge in commodity prices manifested in the highest ever import surge in December 2021 which gradually moderated in April 2022 but the level of imports is still above normal. These developments led to recent fiscal and monetary policy responses aimed at rebalancing growth in aggregate demand with the external sector sustainability. For the first time in the history of the country almost zero releases for development spending in the final quarter of the fiscal year speaks volume about fiscal retrenchment.

The stabilization challenge is complicated by a commodity super-cycle which is likely to prevail over an extended period of time. Russia-Ukraine conflict has added to worldwide negative spillovers effects through commodity markets, trade and financial intermediaries; thereby, dampening economic growth prospects and heightening inflationary pressures. Elevated inflation has already complicated the trade-offs for central banks between containing price pressures and safeguarding growth and SBP is not an exception. Interest rates are expected to rise as central banks tighten policy, exerting pressure on exchange rate and financial flows across emerging markets and developing economies. Moreover, most developing countries, including Pakistan, have limited fiscal policy space and forex reserves to cushion the negative impact of the conflict on their economies.

In this challenging backdrop, the Annual Plan 2022-23 aims to put together difficult tradeoffs for ensuring sustainable economic revival. Notwithstanding, challenging environment, the government's resolve to stabilize and then turnaround the economy is unsurmountable. We are embarking upon an export-led growth strategy based upon not only leveraging existing technological capabilities and productivity endowment but further invest in emerging technologies and building capabilities. It is extremely important to reap demographic dividend by investing in human capital.

The Annual Plan 2022-23 has been prepared focusing on issues of growth with stability, energy, water, food, people centric security, human development, social services and strengthening the federation. The plan highlights internal and external challenges and opportunities. The priority of the government would be to enable economy to work at its full potential to provide a better living for the people, better infrastructure particularly in backward areas, un-interrupted and affordable energy, quality education and health for every citizen.

I appreciate the efforts put in to make this document objective oriented and hard work of the team at M/o PD&SI led by the Secretary PD&SI, Joint Chief Economist (Economic Policy), Members of the Planning Commission, Members of the Review Committee, Chiefs, Officers & Staff of Plan Coordination Section and Information Technology Wing who worked tirelessly in the finalization of the Plan.

**PROF AHSAN IQBAL**

Minister for Planning/Deputy Chairman  
Planning Commission

Islamabad, the 8<sup>th</sup> June, 2022



## Review Committee

- |    |   |                  |
|----|---|------------------|
| 1. | <b>Mr. Zafar ul Hassan</b><br>Joint Chief Economist (Economic Policy)                 | Chairman         |
| 2. | <b>Mr. M. Anwar Hussain Ch.</b><br>Sr. Chief (Technical/Physical Planning & Housing)  | Member           |
| 3. | <b>Mr. Shahid Naeem</b><br>Chief (Economic Research & International Cooperation)      | Member           |
| 4. | <b>Mr. Shahid Zia Cheema</b><br>Chief (Economic Research & International Cooperation) | Member           |
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| 6. | <b>Dr. Haroon Sarwar</b><br>Deputy Chief (Macro)                                      | Member           |
| 7. | <b>Mr. Iqbal Ahmad</b><br>Deputy Chief (Physical Planning & Housing)                  | Member           |
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# EXECUTIVE SUMMARY

## State of the Economy

Fiscal year 2021-22 started with positive prospects as the growth supportive policies induced aggregate demand pressures hence, the tenuous spillover between growth acceleration and the external sector vulnerabilities resurfaced. The structural characteristics of balance of payments constrained growth along with a global surge in commodity prices manifested in the highest ever import surge. These developments led to fiscal and monetary policy responses aimed at rebalancing growth in aggregate demand with the external sector sustainability. While combination of macroeconomic indicators is reflecting spurt in economic activity, yet the external sector balancing in an escalating globally inflationary environment remained a massive challenge for the economy.

The economy was expected to consolidate on the growth momentum generated in 2020-21 hence GDP of 4.8 percent was envisaged for 2021-22 with respective contributions from agriculture (3.5 percent), industry (6.5 percent) and services (4.7 percent). This growth target was based upon the assumption that positive response to the continued support from fiscal and monetary stimulus packages besides other factors including favorable weather conditions, vaccination drive to reach maximum population and easing of COVID-19 related restrictions before the end of first half, managing current account deficit, consistent economic policies etc.

The growth exceeded the target and grew by 5.97 percent on the back of agriculture sector (4.4 percent), industry (7.2 percent) and services Sector (6.2 percent) and all three sectors also surpassed their respective sectoral targets. Large Scale Manufacturing has recorded a growth of 10.5 percent during July-March 2021-22 as compared to 4.1 percent over the corresponding period of 2020-21.

The aggregate demand pressures remained strong as reflected through sale of durables, higher imports of consumables and credit uptick for the private sector. Credit to private sector reached its highest ever level. This increase in demand was mainly due to good financing terms offered by banks and rising incomes during the period.

The per capita income maintained its growth momentum and grew at last years' level of 5.5 percent in real terms. This is the fastest growth in per capita in almost 4 decades. Growth in per capita income in dollar terms slowed down from 15 percent last year to 8.4 percent in 2021-22, however it increased in absolute terms to \$1798 in 2021-22 as against \$1676 last year.

The investment-to-GDP ratio has increased from 14.6 percent of GDP in 2020-21 to 15.1 percent in 2021-22, owing mainly because of increase in public investment which inched up by 3.4 percent of GDP in 2021-22 from 3.0 percent of last year whereas, private investment increased by 21 percent in nominal terms but stagnated at 10 percent of GDP. National Savings is expected to decline to 11.1 percent of GDP in 2021-22 from 14.1 percent in 2020-21. Pakistan's reliance on external borrowing increased as investment needs were not being financed by national savings. The level of foreign saving is projected to increase from 0.5 percent in 2020-21 to 4.1 percent of GDP in 2021-22.

## Fiscal and Monetary Developments

Fiscal deficit has widened to 3.8 percent of GDP in July-March 2021-22 compared to 3 percent of GDP in the corresponding period. The deficit primarily originated from expenditure side as total expenditure grew by unprecedented 27 percent on the back of 58 percent increase in overall development spending and the increase is spearheaded by the provincial governments where development expenditure nearly doubled over the previous

year. Current expenditure of the Federal Government exploded by 21 percent mainly because of arrears clearance of subsidy, purchase of vaccines and extraordinary increase in grants.

Money Supply ( $M_2$ ) growth has slowed down to 6.2 percent during July-April 2021-22 compared to 7.5 percent in the same period of last year. The contributions of NFA dragged down this overall  $M_2$  growth by 5.4 percentage points and the contribution of NDA stood at 11.7 percentage points with a growth of 12 percent compared to 2.4 percent last year. NFA contraction is basically a reflection of overall balance of payments situation where depletion of forex reserves is reflected in contraction of NFA by 182.3 percent whereas in the comparable period NFA increased by 198.4 percent.

### **Inflation**

Inflationary pressures during 2021-22 remained elevated due to combination of factors related to sharply rising international energy & commodity prices and unfavorable exchange rate adjustments. The average inflation was recorded at 11.3 percent during July-May 2021-22 as compared to 8.8 percent in the comparable period of last year. However, the inflation is now evenly contributed by food and non-food contrary to mainly food driven uptick in the inflation last year.

Average food inflation remained relatively lower at 12.1 percent compared to 12.9 percent during the same period of last year whereas, non-food inflation rose up to 10.7 percent during the period compared to 6.1 percent during the same period of last year. The major contributors of inflation include higher global commodity prices, spike in electricity charges, POL prices and transportation cost.

### **External Sector**

The current account posted a deficit of \$13.8 billion (3.5 percent of GDP) during July-April 2021-22 as against \$543 million (0.2 percent of GDP) last year. Trade deficit deteriorated by \$10.9 billion. Exports grew by impressive 28 percent and stood at \$26.8 billion; however, import's growth of 39 percent outpaced the export growth and stood at \$59.8 billion. Higher inflows of remittances and export receipts were able to offset just over half of this increase. Services account deterioration is primarily caused by higher shipment cost. Imports related to transport services increased by 91.9 percent and its major contribution came from 88.9 percent increase in sea transport. Export of services registered 18 percent growth with significant increase of 29 percent in ICT related exports. However, services import registered much faster growth of 34 percent that led to widening of services trade balance.

Increase in exports was across the board with textile leading with a growth of 56 percent followed by food group (16 percent), petroleum (1 percent) and other manufacturing exports (13 percent). Textile exports increased responding well to government's provision of regionally competitive electricity tariffs, higher export financing and other incentives. It was predominantly price effect (65 percent) in textile sector whereas quantum effect (35 percent) also played a role to enhance the export volumes.

Total increase in imports during the period is explained by petroleum group (91 percent), transport group (43 percent), agri-chemical group (33 percent) and metal group (31 percent).

Remittances reached \$26.1 billion showing a growth of 7.6 percent during July-April 2021-22 over the same period of last year owing to Government's digitalization initiatives.

## Economic Outlook 2022-23

With the likely resumption of IMF program, the economic outlook for the next fiscal year 2022-23 is expected to result in orderly rebalancing between imperatives of economic growth. The external sector vulnerabilities need to be addressed, particularly in the light of extent of global slowdown and the expected abatement of global inflation in commodity prices and the stability of exchange rate movements. Fiscal adjustment efforts, addressing worsening trade balance, and mitigating political and economic uncertainty will result in slowdown in economic growth. Keeping in view external and local uncertain economic environment, GDP growth will slightly taper off and is envisaged at 5 percent for 2022-23 on the back of agriculture (3.9 percent), manufacturing (7.1 percent) and services sector (5.1 percent). Investment will also be moderated because of fiscal and current account compression. Inflation will stay in double digit as global inflationary pressures will not taper off very quickly.

## Building Capabilities for Sustainable Growth

### Employment Situation

According to Labour Force Survey 2020-21, the employed labour force reached to 67.2 million in 2020-21 from 64 million in 2018-19 showing an addition of 3.2 million to employed work force during the said period. The unemployed labour has slightly decreased further from 4.7 million in 2018-19 to 4.5 million in 2020-21 indicating that unemployed labour reduced by 0.2 million which shows that unemployment rate goes down during the same period from 6.9 percent to 6.3 percent (decrease of almost 0.6 percent).

### Skill Development

Robust mechanism for skills provision to youth is essential for economic growth through increased employment and productivity at workplace. The current plan envisages implementation of well- focused interventions and reforms to convert the raw human resources into skilled labour in accordance with latest trends/demands in local and international markets by linking training institutes with industry. *Kamyab Jawan* Program focuses on youth empowerment by providing skills needed for getting gainful employment, subsidized loans entrepreneurship and opportunity to participate in sports & counselling services. Imparting top trending skills in international markets to youth, enhancing existing capacity of TVET Institutes, establishing quality assurance procedures for TVET institutes, empowering women through appropriate legislation and provision of start-ups opportunities are major interventions for skill development sector.

### Digital Pakistan

Information technology has assumed a central enabling role in the emerging dynamics of a knowledge society and knowledge economy. Pakistan was ranked at number four for freelance development in the world and IT exports have increased 29.29 percent in 2021-22. Pakistan, which has about 60 percent of its 227 million population in the 15 to 29 age group, represents an enormous human and knowledge capital. Pakistan has more than 19,000 IT companies & call centers across 160 cities and the number is growing even year by year.

The government strives to improve its citizens' quality of life and economic well-being by ensuring availability of accessible, affordable, reliable, universal and high-quality ICT services. Incentives to bolster growth include 100 percent equity ownership, 100 percent repatriation of capital/dividends, tax exemption on IT & ITeS export revenues, tax exemptions to startups and subsidized state of the art Software Technology Parks. Digital Pakistan aim is to create a

digital ecosystem with infrastructure and institutional frameworks for the rapid delivery of innovative digital services, applications and content.

### **IT & Telecom**

Information Technology (IT) is an effective tool to improve dissemination of information, provision of services and enhancing accountability. In Pakistan, ICT sector is showing growth in many areas such as Financial Technology, Internet of Things and Robotics. To become an important player in ICT, a tremendous coordinated effort will be made as it has potential to expand more in the future. Pakistan stands at a juncture of time where we can become part of and surf the rising wave of new technologies era and thus be counted in the global arena. Pakistan ranks 99<sup>th</sup> among the 132 economies featured in Global Innovation Index (GII) 2021 and improved by 8 positions from 107 in 2020 Index.

### **Building Knowledge Economy**

The government allocated Rs.42.4 billion to HEC for implementation of 168 development projects (128 ongoing & 40 new approved projects) of Public Sector universities/HEIs in 2021-22. Based upon rationalization of PSDP and the utilization pace, the HEC portfolio for PSDP 2021-22 has been rationalized to Rs. 32.3 billion.

To complete both ongoing and new prioritized projects of universities/HEC in next 4-5 years, the allocation of Rs. 40-45 billion will be required each year. The key initiative such as projects related to Gilgit Baltistan Development Plan, projects related to Sindh Development Plan and Development of IIT plus 10 universities across the country in each region are being planned during next financial year. An amount of Rs.44.179 billion including foreign aid of Rs.1.300 billion has been proposed for Higher Education Sector in 2022-23.

### **Institutional Reforms to Transform Governance**

During 2021-22, the government has taken a number of initiatives to modernize the procedures of Planning, Financial matters, Revenue collection, Judicial system, Visa issuance and introduced Performance Management Systems. An amount of Rs.16 billion including foreign aid of Rs.1.5 billion has been proposed for the governance sector in PSDP 2022-23. The allocation indicates an increase of 100 percent over the last year's allocations.

### **Modernizing Infrastructure for Growth Acceleration**

#### **Energy Sector**

The energy sector of Pakistan has overcome the protracted demand-supply challenge by proper planning and implementation of large number of power generation projects. A generation capacity of 3,275 MW is expected to be added by end-June, 2022 and another 2,928 MW by end-June 2023. Pakistan's first ever Matiari-Lahore HVDC Transmission Line project developed by the private sector with capacity of  $\pm 660$  kV became operational on commercial basis during 2021-22. Karachi Nuclear Power Plant Unit-3 (K-3) with installed capacity of 1,145 MW has also been connected to the National Grid in Current Fiscal Year. The transmission capacity will be enhanced by 4,230 MVA on 220kV network up to June 2023 for evacuation of additional power generated during 2022-23.

During the year 2021-22, Sui Northern Gas Pipeline Limited (SNGPL) and Sui Southern Gas Company Limited (SSGCL) collectively added 387,712 new consumers (including domestic,



commercial and industrial) against the target of 437,326. Moreover, both the Sui Companies added 3,251 km transmission and distribution pipelines against target of 3,167 km.

### **Reversing Water Scarcity**

The Annual Plan 2021-22 sought guidance from the guiding principles of National Water Policy such as: a) water augmentation, b) water conservation, c) groundwater management and d) protection of infrastructure. During the next fiscal year 2022-23, programs to minimize the conveyance losses, system modernization will be continued along with other storage and conservation measures. All efforts would be imparted to maintain overall water availability (at farm gate including groundwater) at the level of 130 MAF. During this period, out of total 91 on-going water sector projects/studies, about 15 are expected to be completed. Implementation of large dams would take substantial time; short term strategies will be adopted like construction of medium/small dams through-out Pakistan.

Out of total water sector's development Program for the next financial year 2022-23 amounting to Rs. 95,560 million, an amount of about Rs. 60,000 million (Rs. 39,000 million for large dam & Rs. 21,000 million for medium and small dams) has been proposed.

### **Strengthening Efficiency of Transport & Logistics**

The transport sector is an important component of the economy and a common tool used for development. The Govt. of Pakistan being aware of this fact is contributing considerable amount of capital investment and support to the enrapture projects at national level and provincial level as well. After the development and approval of the National Transport Policy 2018, the broader direction has been set for each of the sub sector of transport and logistics and every line Ministry is working to align its project priorities with the NTP and objectives of the master plan, to contribute in right way for the development of the Transport and logistic sector. The Government of Pakistan is investing large amounts of human and financial resources into the development of the transport sector for the last five years. Such investments are also being supported through the foreign funding / investments envisaged in China Pakistan Economic Corridor (CPEC) program, the Central Asia Regional Economic Cooperation (CAREC) program and other foreign-assisted initiatives. Further to meet the funding gap especially for road infrastructure and urban mass transit projects work on alternative / innovative modes of investments such as PPPs (BOTs) has also been initiated and the projects of public value/benefits and of high economics and financial rate of return are being explored and initiated for procuring financing through these innovative methods. Some of the examples are Lahore – Sialkot Motorway, Sialkot (Sambrial) – Kharian motorway and Kharian Pindi Motorway. The project of KCR was also being designed to be carried out on PPP mode and recently approved by the ECNEC. The PSDP for 2021-22 provided an outlay of Rs. 251 billion for the federal program under T&C sector. Against this, an expenditure of Rs.146 billion is expected to be incurred by the end of FY 2021-22, giving an overall utilization of 58 percent. An allocation of Rs.227 billion has been made for the development programme of the sector of Transport, including VGF support for PPP/ BOT Projects. For regional equitable development a large number of projects which were initiated under federally financed GB package, Sindh / Karachi Transformation Plan, South Punjab Development Package and Southern Baluchistan Development Package in the FY PSDP 2021-22 will continue to receive the balance allocation for timely completion.

### **Transforming Delivery of Social Services**

## **Health**

The Annual Development Plan 2022-23 is an extension of the efforts to embark upon previous year's achievements and move in a direction to gain maximum public trust for health sector initiatives. The Universal Health Coverage through Social Health Protection Programs at federal and provincial levels are the priority areas. The government enhanced its focus on financial support under-developed areas in the provinces like merged districts of Khyber Pakhtunkhwa, South Balochistan and South Punjab to rebuild health resilience. The rolling out of the essential package of health services will be another significant milestone in the region which may become the most cost-effective initiative for decreasing the burden of disease. Development programs for 2022-23 will be aligned with SDGs goals and support achievement of Universal Health Coverage at all levels.

## **Nutrition**

Nutrition is a multi-sectoral subject and combating malnutrition necessitates coordinated Multisectoral measures across the sectors. During the fiscal year 2022-23, the focus of government will remain on the development of National Nutrition Thought Management Program, finalization of Multisectoral Nation Nutrition Action Plan, and the development of ECD policy framework- feasibility study. A National Food Safety Policy, nutrition finance tracking, and a research study on climate change impacts on nutrition will also be initiated to guide decision making. Furthermore, establishment of Multisectoral National Nutrition Information Management System, and launching of Urdu version of Pakistan Dietary Guidelines for Better Nutrition and revised Food Composition Table will be carried out in the fiscal year with the support of development partners to combat data gaps and raise nutrition awareness and advocacy.

## **Education**

According to Pakistan Social and Living standards Measurement (PSLM) 2019-20 completion rates at primary, lower secondary and upper secondary level education are 67 percent, 47 percent and 23 percent respectively. Disparities in, literacy, youth literacy, primary and secondary level are 0.71, 0.82, 0.88 and 0.89 respectively. Focus of the Federal government is on raising quality of education as it produces human resource for the economic growth of the country. Provincial/Area Governments priority areas for 2022-23 include enhancing access, quality, improving governance, reducing OOSC, capacity building, monitoring & evaluation, and improving assessment in the field of Basic and College Education.

Total amount of demanded allocation for the year 2022-23 is Rs. 4,767.578 million as compared to Rs. 4,873.74 million in 2021-22 for Basic & College Education. Allocation in Provincial/Area Governments' ADPs 2021-22 was Rs. 88.9 billion as compared to ADPs 2020-21 worth Rs. 80.6 billion, portraying 10.31 percent higher than the previous year ADPs.

## **Deepening People Centric Security**

### **Social Protection and Poverty alleviation**

The government is fully committed and accords priority to adequately resourcing the various delivery of social protection mechanisms of the vulnerable segments of the society. It aims to target areas of exclusion to reduce inequalities, enhance equal opportunities and participation of socially excluded segments of the society. The PSDP 2022-23 initiatives will focus on empowering the poor and the needy persons with disabilities and vulnerabilities across the country.

The Annual Plan for 2022-23 aims to ensure inclusion of the vulnerable people in poverty reduction and social development plans, policies & interventions to enhance their socio-economic mobility. The Plan also aims at providing an enabling environment for the development of national framework for equitable socio-economic development in line with constitutional obligations, national priorities, local needs, and international commitments. Funds amounting to Rs. 184.682 million have been allocated for the 11 schemes of human rights and Rs. 500 million for 2 schemes of poverty alleviation and social safety of social welfare sector under PSDP 2022-23.

### **Cities as Engine of Inclusive Growth**

Pakistan has the highest rate of urbanization in South Asia. As per Population Census of 2017, urbanization increased from 32.52 percent to 36.38 percent from 1998 to 2017, and it is estimated that, by 2025, nearly half of the country's population will be living in cities. To address the increasing urbanization issues and challenges, an allocation of approximately Rs. 39.0 billion has been made in 2022-23 for the physical planning and housing sector programs. The important programs include Sustainable Urban & Regional Development Plans and Smart Cities; ensure affordable housing for all (urban & rural) through construction of mass housing projects along with water supply and sanitation facilities.

### **Expanding Outreach of Digital Media**

Mass Media plays an important role disseminating information relating to government policies, programmes, projects and initiatives. Likewise, other countries, media has emerged with a sizeable growth potential with over 100 million internet users, 185 million mobile subscriptions and more than 50 million people active on social media platforms. In order to further the growth and stabilization of Mass Media, the government has allocated funds to the tune of Rs. 2,100.000 million in PSDP 2022-23 to Ministry of Information & Broadcasting for digitalization of production and transmission infrastructure of Pakistan Television Corporation (PTVC) and Radio Pakistan with thrust on reaching out to far flung and uncovered pockets particularly in Balochistan and Azad Jammu & Kashmir (AJK).

### **Preserving National Heritage**

The government accords high priority to preserving and promoting national heritage with a view to maintaining social cohesion across all the communities and religions in the country. Initiatives taken to further the objective includes; provision of funds for improving socio-economic condition of minorities, promotion of literature and betterment of writers/authors through selected interventions carried out by National Heritage and Culture Division. For the said purpose, an amount of Rs. 550.00 million has been allocated in PSDP 2022-23.

## **Strengthening the Federation – Leaving No One Behind**

### **Less Developed Special Areas**

During 2021-22 various programmes/projects were implemented in AJ&K, GB & Merged Districts of KP, which were primarily focused on the improvement of socioeconomic conditions. An amount of Rs.72.2 billion were allocated which were fully utilized during the planned period. The plan for 2022-23 focuses on timely achievement of developmental targets through major chunk of allocation for completion of ongoing schemes. The planned development activities are expected to bring a considerable improvement in provision of existing facilities to these areas.

### **Regional Equalization Programmes**

The present government, in this spirit, has taken three broad initiatives focused on improving economy, enhance energy availability and employability, and reduce income inequality in targeted areas of Southern Balochistan, Gilgit Baltistan and Sindh. These initiatives are respectively spelled out under four umbrella projects, namely (i) Accelerated Development Plan for Southern Balochistan; (ii) Gilgit Baltistan Development Package; (iii) Karachi Transformation Plan; and Sindh Development Plan. The government intends to trigger pro-poor and equitable growth with increased public investment in deprived regions and communities to strive for a more inclusive country that leaves no one behind.

### **CPEC Planned Activities**

CPEC currently places a strong emphasis on industrialization, agricultural modernization & science & technology development. The goal is to reap the dividends of the investments made in the first phase (2015-20) in the Transport & Energy infrastructure projects, many of which specifically the infrastructure projects on the CPEC western alignment are also carried forward to CPEC second phase (2021-25). With the completion of the on-going and pipeline projects, Gwadar port's hinterland will further be expanded and better position the port city in the overall regional connectivity framework.

Tourism, petroleum sector development, and Information Technology areas have also been opened up for cooperation with China to maximize the benefits of CPEC. Measures are also being taken to facilitate Chinese investment particularly in the Special Economic Zones/Free Zone in Pakistan, which will aid in the effective and efficient realization of CPEC objectives, eventually leading to overall economic prosperity in Pakistan.

## Abbreviations and Acronyms

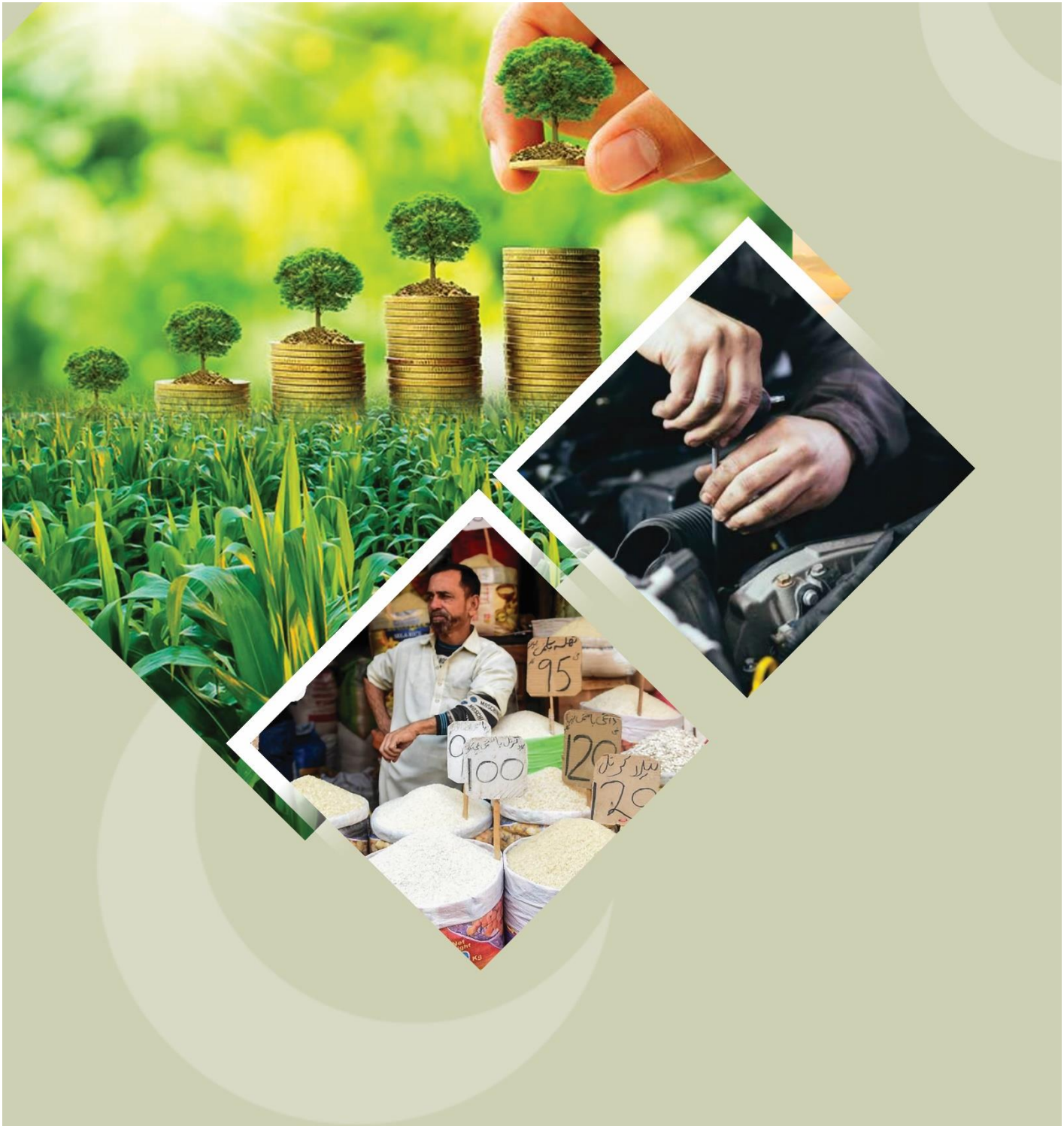
ADP	Annual Development Programme
AIP	Accelerated Implementation Strategy
APCC	Annual Plan Coordination Committee
ARE	Alternate and Renewable Energy
ASRA	Agriculture Sector Risk Assessment
BISP	Benazir Income Support Programme
BoP	Balance of Payment
BPO	Business Process Outsourcing
CBN	Cost of Basic Needs
CCI	Council of Common Interests
CCP	Competition Commission of Pakistan
CDWP	Central Development Working Party
CLICK	Competitive and Livable City of Karachi
CMI	Census of Manufacturing Industries
COVID-19	Corona Virus Disease of 2019
CPEC	China-Pakistan Economic Corridor
CPI	Consumer Price Index
CSA	Climate-Smart Agriculture
CSO	Civil Society Organizations
DISCOs	Distribution companies
DOAM	Department of Archaeology & Museums
DPP	Department of Plant Protection
ECD	Early Childhood Development
EPI	Expanded Programme on Immunisation
ERRA	Earthquake Reconstruction and Rehabilitation Authority
FBR	Federal Board of Revenue
FCT	Food Composition Table
FDI	Foreign Direct Investment
FP	Family Planning
FTF	Federal Task Force
GAP	Global Action Plan
GCF	Green Climate Fund
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GIZ	Deutsche Gesellschaft für International Zusammenarbeit
GLLSP	Gwadar Lasbella Livelihood Support Project
GNP	Gross National Product

GPEI	Global Polio Eradication Initiative
GPI	Gender Parity Index
GPP	Governance & Policy Project
HEC	Higher Education Commission
HEIs	Higher Education Institutions
HIES	Household Integrated Economic Survey
HIV	Human Immunodeficiency Virus
HRD	Human Resource Development
HRH	Human Resource for Health
IBC	Indicative Budget Ceiling
ICT	Information and Communication Technology
ICT	Islamabad Capital Territory
IEC	Information, Education and Communication
IFA	Individual Financial Assistance
IFL	Interest Free Loan
IGCEP	Indicative Generation Capacity Expansion Plan
IMB	Independent Monitoring Board
IMF	International Monetary Fund
IMR	Infant Mortality Rate
ITeS	IT & IT enabled Services
JCC	Joint Cooperation Committee
JWG	Joint Working Group
LNG	Liquefied Natural Gas
LOI	Letter of Intent
LPG	Liquefied Petroleum Gas
LSM	Large-Scale Manufacturing
M2	Money Supply
MAF	Million Acre Foot
MMCFD	Million Standard Cubic Feet per Day
MoIPC	Ministry of Inter-Provincial Coordination
MoPD&SI	Ministry of Planning, Development and Special Initiatives
MPMG	Mera Pakistan Mera Ghar
NAC	National Accounts Committee
NAPHDA	Naya Pakistan Housing and Development Authority
NAVITTC	National Vocational and Technical Training Commission
NDA	Net Domestic Assets
NEC	National Economic Council
NEECA	National Energy Efficiency and Conservation Authority
NEPRA	National Electric Power Regulatory Authority

NER	Net Enrolment Rate
NFIS	National Financial Inclusion Strategy
NFY	Next Financial Year
NGOs	Non-Governmental Organizations
NHA	National Highway Authority
NHSP	National Health Support Plan
NHSR&C	Ministry of National Health Services, Regulations and Coordination
NICs	National Incubation Centre
NPMV	Non-Project Missed Volume
NTDC	National Transmission & Despatch Company
NTP	National Transport Policy
NYDF	National Youth Development Framework
OGRA	Oil and Gas Regulatory Authority
P3A	Public Private Partnership Authority
PAO	Principal Accounting Officer
PASS	Poverty Alleviation and Social Safety
PBC	Pakistan Broadcasting Corporation
PBM	Pakistan Bait ul Mal
PBS	Pakistan Bureau of Statistics
PCFMS	Planning Commission Forms Management System
PCRWR	Pakistan Council of Research in Water Resources
PDGN	Pakistan Dietary Guidelines for Better Nutrition
PDL	Petroleum Development Levy
PEFA	Public Expenditure & Financial Accountability
PEMRA	Pakistan Electronic Media Regulatory Authority
PETCORE	Pakistan Petroleum Corehouse
PFM	Public Financial Management
PIK	Potsdam Institute for Climate Impact Research
PLAN	Pollution Load Assessment Network
PMNS	Pakistan Multi-sectoral Nutrition Strategy
PMT	Proxy Means Test
PNCA	Pakistan National Council of Arts
POs	Partner Organizations
PPAF	Pakistan Poverty Alleviation Fund
PPIB	Private Power and Infrastructure Board
PRI	Pakistan Remittance Initiative
PRIDE	Punjab Resource Improvement and Digital Effectiveness
PSDP	Public Sector Development Programme
PSEs	Public Sector Enterprises

PSF	Pakistan Science Foundation
PSLM	Pakistan Social and Living Standards Measurement Survey
PSPA	Punjab Social Protection Authority
PSQCA	Pakistan Standards and Quality Control Authority
PSW	Pakistan Single Window
PTA	Pakistan Telecommunication Authority
PTVC	Pakistan Television Corporation
PWDs	Population Welfare Departments
PWDs	Persons With Disabilities
QAA	Quality Assurance Agency
RLNG	Regasified Liquid Natural Gas
SBP	State Bank of Pakistan
SDGs	Sustainable Development Goals
SDGSUs	Sustainable Development Goals Support Units
SECP	Securities and Exchange Commission of Pakistan
SEZ	Special Economic Zone
SIDCL	Sindh Infrastructure Development Co. Ltd.
SMEDA	Small & Medium Enterprises Development Authority
SMEs	Small and Medium Enterprises
SNGPL	Sui Northern Gas Company Limited
SPRU	Social Protection Reform Unit
SROs	Statutory Regulatory Orders
SSGCL	Sui Southern Gas Company Limited
STFP	Strategic Trade Policy Framework
STP	Spanning Tree Protocol
TBTTP	Ten Billion Trees Tsunami Programme
TDL	Total debt and liabilities
TDPs	Temporarily Dislocated Persons
TDS	Tariff Differential Subsidy
UCT	Unconditional Cash Transfer
UHC	Universal Health Coverage
UNEP	United Nations Programme
WASH	Water, Sanitation and Hygiene
WeT	Waseela-e-Taleem
WTO	World Trade Organization
YES	Youth Entrepreneurship Scheme

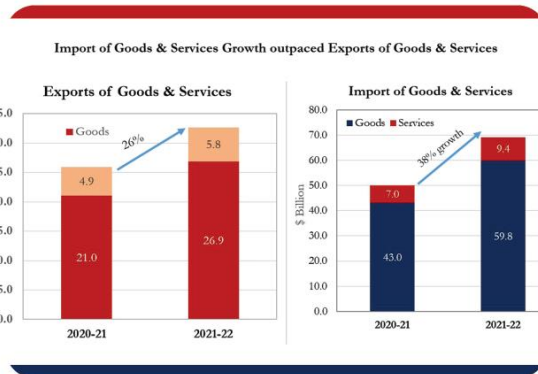
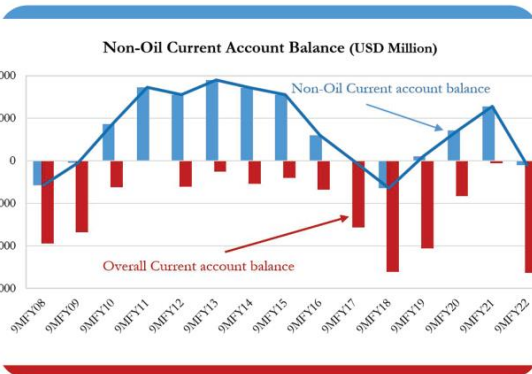
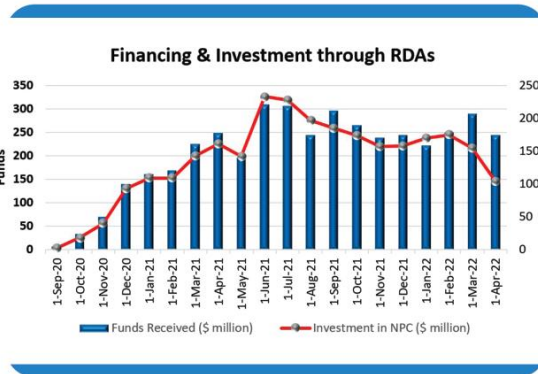
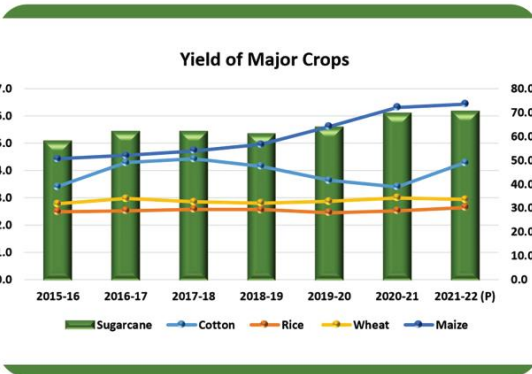
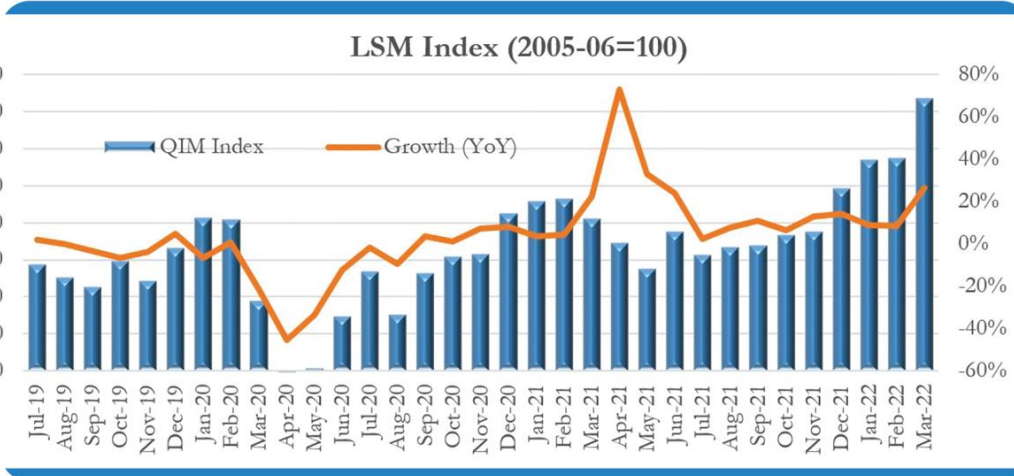




# STATE OF THE ECONOMY

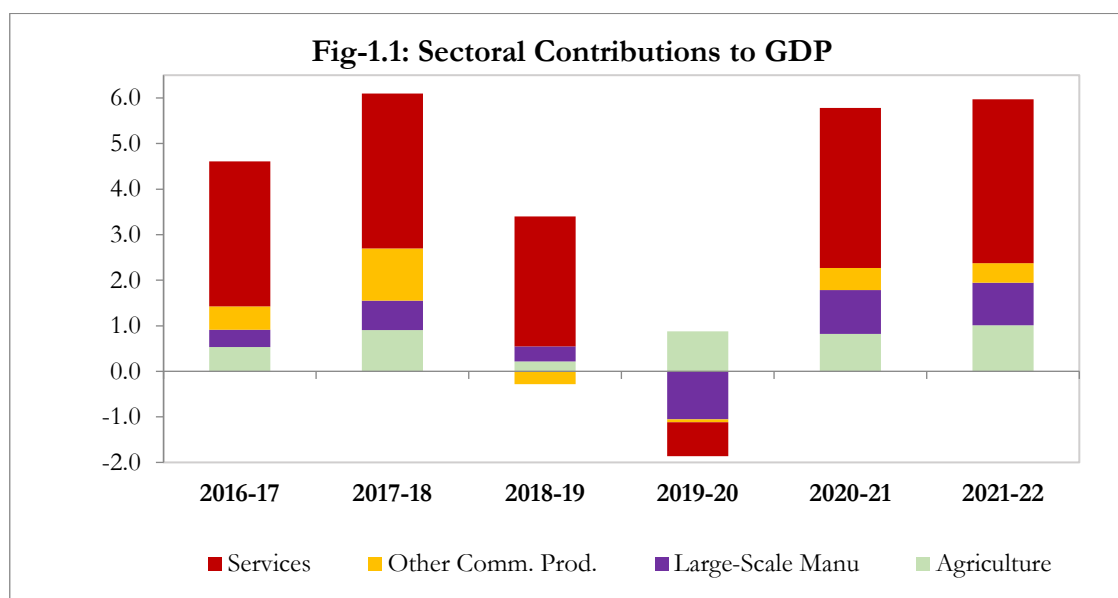
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Chapter 1



## STATE OF THE ECONOMY

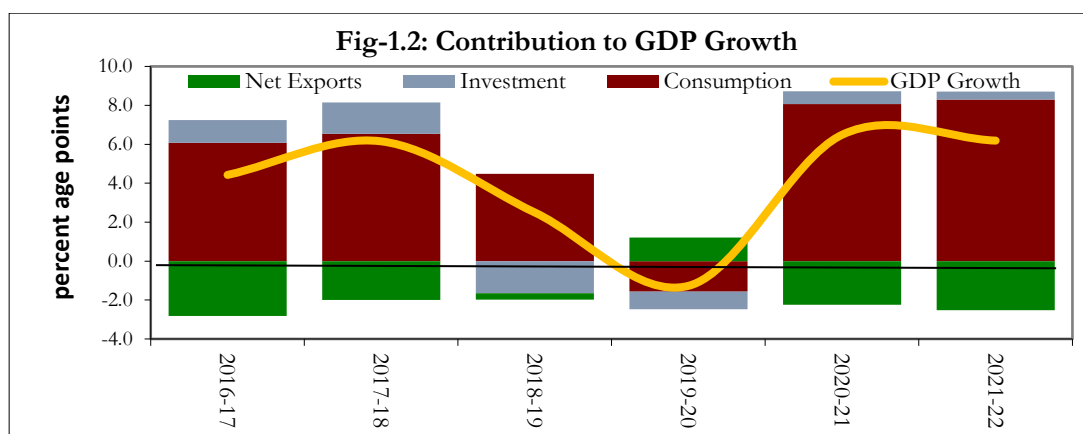
The fiscal year 2021-22 started with the growth supportive policies in the budget for the year, however they added aggregate demand pressures hence, the tenuous spillover between growth acceleration and the external sector vulnerabilities resurfaced. The structural characteristics of balance of payments constrained growth along with a global surge in commodity prices manifested in the highest ever surge in imports. The government had to rollback stimulus for growth in January 2022 through mini budget. Moreover, fiscal and monetary policy responses aimed at rebalancing growth in aggregate demand were introduced. The consumption led growth spurt complicated, the external sector balancing in an escalating globally inflationary environment.



In its latest Economic Outlook April 2022, IMF has projected global growth to slow down from 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This is a downward revision of its earlier projection of January 2022 by 0.8 percentage points for 2022 and 0.2 percentage points for 2023. Economic growth projections for emerging market & developing economies in Asia region have also been revised downwards from 7.3 percent in 2021 to 5.4 percent in 2022 and 5.6 percent in 2023, mainly owing to relatively more intense Ukraine conflict-related spillover impact than the advanced economies. Accompanying growth slowdown, IMF projections for imports volume by advanced economies is a slowdown from 9.5 percent in 2021 to 6.1 percent in 2022 and 4.5 percent in 2023 while exports volume projections by emerging market & developing economies is a major slowdown from 12.3 percent in 2021 to 4.1 percent in 2022 and 3.6 percent in 2023. IMF is projecting inflation to remain elevated for longer than expected, driven by conflict-induced commodity price increases and broadening price pressures. IMF has adjusted their projections for inflation to 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies — 1.8 and 2.8 percentage points higher than the January projections.<sup>1</sup>

<sup>1</sup> Ukraine has imposed export quotas on sunflower oil, wheat, oats, livestock; Indonesia, which has a global market share of 50 percent, stopped palm oil exports; Turkey stopped exports of butter, lamb, goats, maize & vegetable oils; Russia has banned exports of fertilizer, sugar and grains; while China has banned exports of

The economy was expected to consolidate on the growth momentum generated in 2021-21 hence GDP of 4.8 percent was envisaged for 2021-22 with respective contributions from agriculture (3.5 percent), industry (6.5 percent) and services (4.7 percent). This growth target was based upon the assumption that positive response to the continued support from fiscal and monetary stimulus packages besides other factors including favorable weather conditions, vaccination drive to reach maximum population and easing of COVID-19 related restrictions before the end of first half, managing current account deficit, consistent economic policies etc. Net exports dragged growth downward whereas consumption drove almost entire growth with modest contribution from investment (See Fig-1.2).



**Table-1.1: Composition of GDP Growth  
Point Contribution**

Flows	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Average 2015-22
Private Consumption	5.6	6.0	4.7	-2.4	7.9	8.7	5.1
Public Consumption	0.5	0.6	-0.2	0.9	0.2	-0.4	0.3
<b>Total Consumption [C]</b>	<b>6.1</b>	<b>6.5</b>	<b>4.5</b>	<b>-1.6</b>	<b>8.1</b>	<b>8.3</b>	<b>5.3</b>
Gross Fixed Investment	1.1	1.5	-1.7	-0.9	0.6	0.3	0.2
Change in Stocks	0.1	0.1	0.0	0.0	0.1	0.1	0.1
<b>Total Investment [I]</b>	<b>1.2</b>	<b>1.6</b>	<b>-1.6</b>	<b>-0.9</b>	<b>0.7</b>	<b>0.4</b>	<b>0.2</b>
Exports (Goods & Serv.) [X]	0.2	0.9	1.2	0.1	0.7	0.9	0.7
Imports (Goods & Serv.) [M]	3.0	2.9	1.5	-1.1	2.9	3.4	2.1
<b>Net Exports [X-M]</b>	<b>-2.8</b>	<b>-2.0</b>	<b>-0.3</b>	<b>1.2</b>	<b>-2.2</b>	<b>-2.5</b>	<b>-1.5</b>
Aggregate Demand (C+I+X)	7.5	9.0	4.0	-2.3	9.4	9.6	6.2
Domestic Demand (C+I)	7.2	8.2	2.8	-2.5	8.7	8.7	5.5
<b>GDP MP</b>	<b>4.4</b>	<b>6.2</b>	<b>2.5</b>	<b>-1.3</b>	<b>6.5</b>	<b>6.2</b>	<b>4.1</b>

The aggregate demand pressures remained strong as reflected through sale of durables, higher imports of consumables and credit uptick for the private sector. Credit to private sector reached its highest ever level. Google mobility index shows 59 percent increase in mobility across Pakistan over the baseline (pre-Covid), which means that economic activity is likely to be even higher than pre-Covid level. In this backdrop, the economy surpassed the envisaged target of 4.8 percent with the wide margin and registered strong growth of 6 percent. This growth was contributed by agriculture sector (4.4 percent), industry (7.2 percent) and services Sector (6.2 percent) and all three sectors also surpassed their respective sectoral targets.

## Sectoral Review

fertilizer. World Bank is projecting that, during 2022, prices of non-energy goods, like agricultural products and metals, would increase by 20 percent while wheat prices are expected to rise more than 40 percent.

## Agriculture Sector

**Agriculture** sector exceeded its envisaged targets of Annual Plan 2021-22 (3.5 percent) given the strong crop sector performance. Agriculture sector posted growth of 4.4 percent against the last year growth of 3.5 percent. Production of important crops is given in Table 1.2.

Sugarcane, rice and maize crops achieved record production with impressive increase in per acre yield. Although, cotton production remained below target during 2021-22, however, it was 17.9 percent greater than the crop output of last year. Keeping in view almost 7 percent reduction in area under cultivation, the performance of cotton crop is also impressive.

**Table 1.2: Production of Important Crops**

Crop	Unit	Target	Crop Production		Percent Change	
			2020-21	2021-22 (P)	Over target	Over 2020-21
Cotton	Million Bales	10.5	7.1	8.3	-20.7	17.9
Rice	Million Tons	8.2	8.4	9.3	13.7	10.7
Sugarcane	Million Tons	74.5	81.0	88.7	19.0	9.4
Wheat	Million Tons	27.8	27.5	26.4	-5.1	-3.9
Maize	Million Tons	9.0	8.9	10.6	18.2	19.0

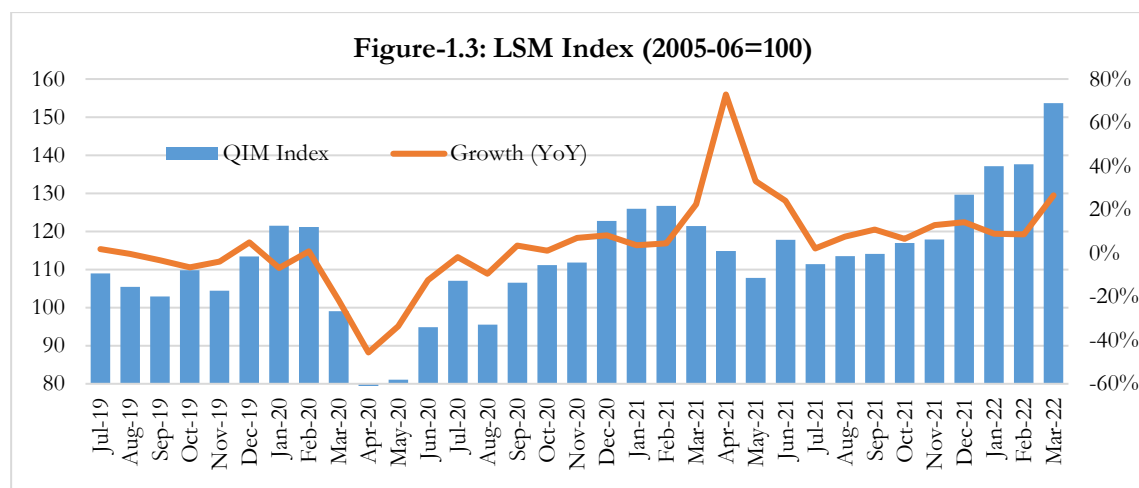
Source: Pakistan Bureau of Statistics

Wheat yield was affected by urea availability and disruptions in irrigation water supply, increase in rust prevalence and high temperatures in the last fortnight of March (heat wave). The estimated production is less than the target as well as last year crop production - mainly due to decrease in area and yield. The short supplies of fertilizers and irrigation water / less rains during Rabi 2021-22 are major factors which resulted in recent lower than target production of wheat which is 3.9 percent lower than last year's production. Livestock, forestry and fishery subsectors posted growth of 3.3 percent, 6.1 percent and 0.3 percent, respectively.

State Bank of Pakistan (SBP) has assigned annual indicative agricultural credit disbursement target of Rs. 1,700 billion for 2021-22, which is 24.5 percent higher than last year's disbursement of Rs. 1,366 billion. During the July-March 2021-22, agriculture credit of Rs. 958 billion has been disbursed, which is fractionally higher than the disbursements during the comparable period of last year.

## Industrial Sector

Industry sector was projected to grow by 6.6 percent based upon LSM target of 6 percent, construction 10.7 percent and Electricity & Gas Distribution 8.3 percent. Large Scale Manufacturing has recorded a growth of 10.5 percent during July-March 2021-22 as compared to 4.1 percent over the corresponding period of last year (See Fig 1.3). Out of 22 groups, 17 groups contributed positively towards this growth while 5 groups recorded decrease in their production during July-March 2021-22 [Figure 1.3]. The automobile sector has recorded an annual growth of 54.1 percent in July-March 2021-22 mainly due to high production of cars/jeeps, light commercial vehicles and trucks. This increase in demand was mainly due to good financing terms offered by banks and rising incomes during the period. Food products, Textile, Wearing Apparels, Iron & Steel products and wood sectors are the other major contributors toward this growth whereas, the rubber products, electric equipment and pharmaceuticals adversely affected growth in LSM index.



Source: Pakistan Bureau of Statistics

Construction sector registered growth of 3.1 percent based upon government initiative of *Mera Pakistan Mera Ghar* and construction sector related amnesty scheme. Electricity Generation & Gas Distribution sub-sector grew by 7.9 percent during 2021-22, while the growth in Mining & Quarrying (M&Q) sub-sector contracted by 4.5 percent. Major factors for deceleration of growth in M&Q sub-sector included significant decrease in production of limestone (-21.7 percent) and marble (-3.4 percent).

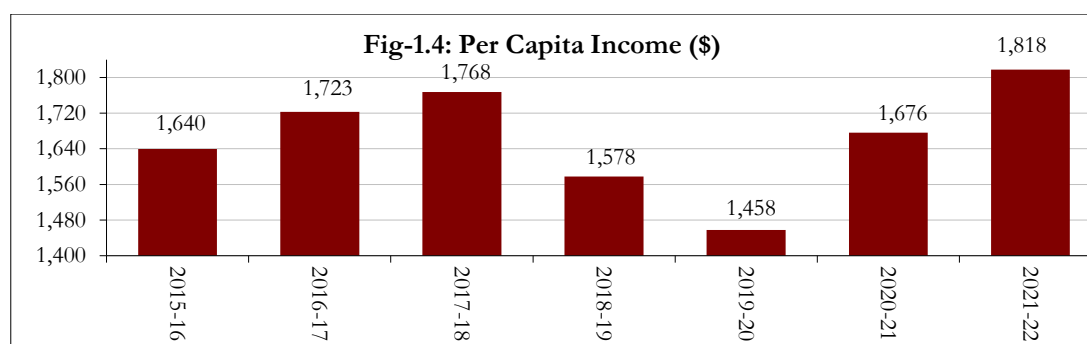
### Services Sector

Services sector's performance is mostly dependent upon the performance of Commodity producing sectors. The Commodity producing sectors during 2021-22 grew by 5.7 percent, therefore, the performance of dependent Services has also posted higher outturns in Wholesale & Retail trade (10.04 percent), Transportation and storage (5.4 percent) etc. In particular, the *Naya Pakistan Housing Initiative* has not only contributed towards growth in construction (Industrial sector) but also led to positive spillover impact in related Services sector such as Banking and Real Estate services which grew by 4.9 percent and 3.7 percent respectively. I.T. related services posted momentous growth of 11.9 percent, which is complemented by impressive I.T. exports numbers (29 percent growth) as well during 2021-22.

Overall growth in Services sector during 2021-22 remained 6.2 percent - with major contributions from WRT (10.0 percent), T&S (5.4 percent), Hotels & Restaurants services (4.1 percent), Information & Communication (11.9 percent), Finance & Insurance (4.9 percent), Real Estate Services (3.7 percent), Public Admn. & Social Security (-1.2 percent), Education (8.7 percent), Health (2.3 percent) and Other Private services (3.8 percent).

### Per Capita Income

The per capita income maintained its growth momentum and grew at last years' level of 5.5 percent in real terms. This is the fastest growth in per capita in almost 4 decades. Per capita income in dollar terms slowed down from 15 percent last year to 8.4 percent in 2021-22. Per capita income increased to \$1798 in 2021-22 as against \$1676 last year.



### Investment and Savings

The investment-to-GDP ratio has increased from 14.6 percent of GDP in 2020-21 to 15.1 percent in 2021-22, owing mainly because of increase in public investment which inched up to 3.4 percent of GDP in 2021-22 from 3.0 percent last year and private investment stagnated at 10 percent of GDP despite of 21 percent increase in nominal terms. However, in real terms, private investment contracted marginally by 0.5 percent, mainly due to 25 percent fall in investment related to electricity & gas distribution sector. Private investment increased by 49 percent in real terms in the construction sector because of incentive package given by the government. Manufacturing sector witnessed increase of 8.9 percent in real terms in 2021-22 as against 12.9 percent. Private investment in the crop sector of agriculture registered high double-digit growth of 25.6 percent which is close to 26 percent real growth in the crop sector attracted last year. Public sector investment inched up to, while private sector investment share in GDP remained stationary at 10 percent level (Annex II).

Credit offtake for fixed investment has increased by 139.7 percent, while credit for working capital and trade finance has posted growth of 502 percent during the July-April 2021-22 (See Table-1.3). Startup activities in the country attracted unprecedented \$350 million investment from the global markets during CY21, which reflects seizing of potential investment opportunities for the growing business enterprises. SECP has incorporated the highest number of companies in a calendar year by registering 5,764 companies which is 48 percent higher than 2020.

**Table-1.3: Credit to Private Businesses (Jul-April 2021-22)**

(Rs. Billion)

	2020-21 (Jul-Apr)			2021-22 (Jul-Apr)		
	Working Capital & Trade Finance	Fixed Investment	Others	Working Capital & Trade Finance	Fixed Investment	Others
<b>Total</b>	<b>87</b>	<b>146</b>	<b>59</b>	<b>524</b>	<b>350</b>	<b>233</b>
Manufacturing	51	107	19	511	229	152
Textile	-11	48	31	197	104	104
Wholesale & Retail trade	-7	7	10	26	1	22
ICT	-2	2	1	-6	85	2
Others	45	30	29	-7	35	57

Source: SBP

National Savings are expected to decline to 11.1 percent of GDP in 2021-22 from 14 percent in 2020-21. Pakistan's reliance on external borrowing increased as investment needs were not being financed by national savings. The level of foreign saving is estimated to increase from 0.5 percent in 2020-21 to 3.9 percent of GDP in 2021-22.

## Fiscal Development

Fiscal deficit has widened to 3.8 percent of GDP in July-March 2021-22 compared to 3 percent of GDP in the corresponding period. The deficit primarily originated from expenditure side as total expenditure grew by unprecedented 27 percent on the back of 58 percent increase in overall development spending and the increase is spearheaded by the provincial governments where development expenditure nearly doubled over the previous year. Current expenditure of the Federal Government exploded by 21 percent mainly because of arrears clearance of subsidy and extraordinary increase in grants.

Total expenditure increased by 1.2 percent points of GDP which is higher than the increase in fiscal deficit. Current expenditure increased by 1.5 percent points of GDP, of which 0.6 percent points came from increase in grants and 0.5 percent points from increase in subsidy. Entire increase in fiscal deficit is contributed by additional subsidy and grants. Additional subsidy was budgeted to clear outstanding amount of Rs.135 billion of IPPs and Rs.118 billion of PHPL. Additional grants were because of increased size of *Ehsaas* programme and special grants to HEC.

Interest payments has, in fact, decreased from 3.8 percent of GDP to 3.3 percent while consolidated development expenditures registered a growth of 58 percent during 9M2021-22. Federal PSDP actually increased by 17 percent but provincial ADPs increased by 86 percent. Federal government deficit widened from 3.7 percent last year to 4.9 percent this year whereas overall, fiscal deficit increased to 4 percent of GDP during July-March 2021-22 as against 3 percent in the comparable period of last year. Increase in provincial surplus from 0.7 percent of GDP last year to 0.9 percent has compensated some portion of increase in federal budget deficit (See Table-1.4).

**Table-1.4: Consolidated Fiscal Operations (July-March 2021-22)**

(Rs. Billion)

	Jul-March		Percent Change	Percent of GDP	
	2020-21	2021-22		2020-21	2021-22
<b>Total Revenue</b>	<b>4,993</b>	<b>5,874</b>	<b>17.7</b>	<b>9.0</b>	<b>8.5</b>
<b>A) Tax Revenue</b>	<b>3,765</b>	<b>4,822</b>	<b>28.1</b>	<b>6.8</b>	<b>7.2</b>
a) Federal	3,395	4,384	29.1	6.1	6.5
b) Provincial	370	438	18.4	0.7	0.7
<b>B) Non-Tax Revenue</b>	<b>1,228</b>	<b>1,052</b>	<b>-14.3</b>	<b>2.2</b>	<b>1.6</b>
a) Federal	1,145	959	-16.3	2.1	1.4
- Petroleum Dev Levy	369	126	-66.0	0.5	0.2
b) Provincial	82	94	14.1	0.1	0.1
<b>Total Expenditure</b>	<b>6,645</b>	<b>8,440</b>	<b>27.0</b>	<b>12.0</b>	<b>12.6</b>
<b>A) Current Expenditure</b>	<b>6,085</b>	<b>7,378</b>	<b>21.2</b>	<b>11.0</b>	<b>11.0</b>
a) Federal	4,157	5,210	25.3	7.5	7.8
- Subsidies	204	575	181.6	0.4	0.9
- Grants to Others	424	920	116.8	0.8	1.4
b) Provincial	1,928	2,168	12.4	3.5	3.2
<b>B) Development Expenditure &amp; Net Lending</b>	<b>723</b>	<b>1,051</b>	<b>45.4</b>	<b>1.3</b>	<b>1.6</b>
a) PSDP	654	1,033	57.9	1.2	1.6
- Federal	264	309	16.9	0.5	0.5
- Provincial	390	724	85.7	0.7	1.1
b) Net Lending to PSEs	55	18	-66.5	0.1	0.0
<b>Fiscal Deficit</b>	<b>1,652</b>	<b>2,566</b>	<b>55.3</b>	<b>3.0</b>	<b>3.8</b>

Source: Ministry of Finance



On the revenue side, the tax revenue of the federal government witnessed hefty increase of 0.8 percent points of GDP whereas provincial tax efforts remained at previous year level. This is despite the fact that the government withdrew all its domestic taxes on important revenue sources such as levies on POL products. This has also impacted its performance in non-tax revenues side as well because petroleum development levy (PDL) witnessed 66 percent fall in collection. The government tried to insulate inflationary impact of the global price hike by initially drastic reduction in sales tax and PDL and lately completely withdrew these taxes on domestic consumption. Import related taxes on POL products compensated loss to some extent.

Net revenue of the federal government has increased by 8.1 percent whereas federal expenditures grew by 24.8 percent in the first 3 quarters. FBR tax collections remained on track as they witnessed 29 percent increase during July-April 2021-22. This tax collection is 105 percent of the tax target up to April. Non-tax revenue decreased by 16.3 percent.

**Table-1.5: FBR Tax Receipts (imports vs domestic)**

(Rs. Billion)

	July-May		Percent Change
	2020-21	2021-22	
Direct	1473	1894	28.5
Sales Tax (Domestic)	744	645	-13.3
FED Domestic	231	268	15.8
<b>Domestic Total</b>	<b>2,449</b>	<b>2,807</b>	<b>14.6</b>
ST Imports	1035	1636	58.0
FED Imports	21	21	2.2
Customs Duty	660	884	34.0
<b>Imports Total</b>	<b>1,716</b>	<b>2,541</b>	<b>48.1</b>
<b>Total Taxes</b>	<b>4,164</b>	<b>5,348</b>	<b>28.4</b>
<b>Share of Import taxes</b>	<b>41.2</b>	<b>47.5</b>	-
Import Growth during the period		USD	44.3
Import Growth during the period		Rs.	58.4

Source: FBR

FBR taxes that primarily originated from imports and taxes collected at import stage accounted for 47.5 percent of all net collected taxes. Imports in the period are up by 44.3 percent and taxes at import stage are up by 48.1 percent. Direct taxes are up by 28.5 percent in July-May 2021-22 but taxes collected on domestic economic activity are also up by 14.6 percent (Table-1.5). Primary reason for the lower growth in domestic taxes is contraction of 13.3 percent in sales taxes on domestic economic activity because of lowering and finally eliminating incidence of sales tax on POL products by the government to mitigate impact of rising prices of oil imports. Another area where the government took revenue hit is the palm oil where restricted domestic pass-through of international prices kept domestic prices under check.

### Monetary Developments

Money Supply ( $M_2$ ) growth has slowed down to 6.2 percent during July 01, 2021-May 13, 2022 compared to 7.5 percent in the same period of last year. The contributions of NFA dragged down this overall  $M_2$  growth by 5.4 percentage points and the contribution of NDA stood at

11.7 percentage points with a growth of 12 percent compared to 2.4 percent last year. NFA contraction is basically a reflection of overall balance of payments situation where depletion of forex reserves is reflected in contraction of NFA by 182.3 percent whereas in the comparable period NFA increased by 198.4 percent. Overall balance of payments was comfortably placed and current account deficit was just at \$543 million last year which is reflected in forex reserves build-up. This 2021-22, the current account balance is totally reversed and thus reflected in contraction of NFA.

A positive development is that the growth in NDA is driven by expansion in credit to non-government sector which increased by 14.4 percent as against 4.9 percent in the comparable period of last year. The claims on government, on the other hand, increased by 11.3 percent compared to 4.9 percent in the same period of last year. Requirements for budgetary support increased by 10.4 percent against 4.3 percent last year while private sector credit went up by 17 percent compared to 6.1 percent last year. Reserve money growth went up by 13.2 percent as against 0.2 percent last year. Reserve money is driven by tremendous growth of 18.3 percent in claims on scheduled banks.

### Inflation Outturns

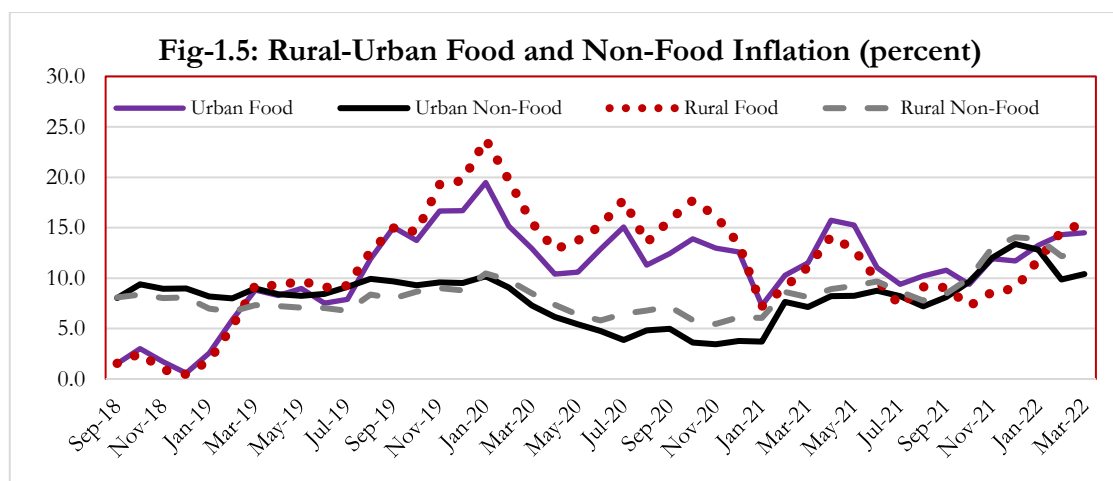
Inflationary pressures during 2021-22 remained elevated due to combination of factors related to sharply rising international energy & commodity prices and unfavorable exchange rate adjustments. The average inflation was recorded at 11.3 percent during July-May 2021-22 as compared to 8.8 percent in the comparable period of last year. However, the inflation is now mainly contributed by food as was the case in last year as well.

Average food inflation remained relatively lower at 12.1 percent compared to 12.9 percent during the same period of last year whereas, non-food inflation rose up to 10.7 percent during 11M2021-22 compared to 6.1 percent during the same period of last year. The global spike in the commodity markets is feeding into domestic inflationary pressures through imported intermediate and consumer goods. The previous inflationary pressures were primarily driven by non-core components like food and energy, however, recently core components also started to reflect the impact of rising effective import prices. The major contributors of inflation include higher global commodity prices, spike in electricity charges, POL prices and transportation cost.

Recent tapering off of the pandemic was more than offset because of sanctions on Russia and oil disruptions, and Indonesian decision to impose ban on palm oil exports. IMF has raised the inflation forecast for developed, developing and emerging economies as “with elevated price pressures expected to persist for longer. Supply-demand imbalances are assumed to decline over 2022 based on industry expectations of improved supply, as demand gradually rebalances from goods to services, and extraordinary policy support is withdrawn”. Crude oil prices which witnessed slight downward trend during November and first fortnight of December, bounced back and started escalating since January 2022, and touched a 7-year high level. Palm oil prices continued their upward swing to touch new height.

	July-May	
	2020-21	2021-22
CPI National	<b>8.8</b>	<b>11.3</b>
Food	12.9	12.1
Non-Food	6.1	10.7
CPI Urban	<b>8.0</b>	<b>11.1</b>
Food	12.6	12.4
Non-Food	5.4	10.2
Core	5.9	7.8
CPI Rural	<b>10.1</b>	<b>11.6</b>
Food	13.4	11.7
Non-Food	7.2	11.5
Core	7.6	8.6

Source: PBS



Comparison of inflation drivers indicates that, during the last year, rising food prices was the main driver in overall inflation, while during July-May 2021-22, inflation is being mainly driven by rising prices of non-food items, particularly energy. Energy component alone contributed 2.4 percent points to the urban CPI. Core component increased its contribution from 3.2 percentage points to 3.7 percentage points but contribution of food declined from 5.2 percent to 4.5 percent [See Fig-1.5]. Energy prices are likely to remain elevated for next few months.

Sensitive Price Index (SPI) averaged 16.7 percent during July-May 2021-22 compared to 13.5 percent in the comparable period of last year. However, SPI for the month of May 2022 stood at 14.1 percent compared to 19.7 percent in May 2021 which reflects continuation of sharp spike in the inflationary pressures owing to higher food prices particularly edible oil and other imported food items. Notwithstanding, the SPI decelerated from 19.5 percent in January to 14.1 percent in May 2022.

### External Sector Developments

The policy measures taken during 2021-22 focused on strengthening export-oriented sectors in order to improve the balance of payments position. The year witnessed both, exports and imports touching the all-time high mark. The current account posted a deficit of \$13.8 billion (3.5 percent of GDP) during July-April 2021-22 as against \$543 million (0.2 percent of GDP) last year. **Current account deficit** widened due to constantly growing import volume of energy and non-energy commodities, along with a rising trend in the global prices of oil, food and metals besides import of COVID-19 vaccines. Trade deficit deteriorated by \$10.9 billion due to import growth outpacing export growth by a fair margin. Highest ever inflow of remittances and export receipts owing to supportive government policies were able to offset just over half of the increase in imports. As a result, the economy posted a robust growth in exports to the tune of 28 percent; however, imports growth of 39 percent outpaced the export growth. All other accounts including income, services and current transfers contributed to widening of current account deficit leading to a depletion of foreign exchange reserves and consequent depreciation of Pak. Rupee. Foreign Direct Investment and Foreign Portfolio Investment registered a cumulative net inflow of US\$1,574 million.

**Table-1.8: Deterioration of Current Account**

US\$ Million	
(July-April, FY 2021 to FY 2022)	
CAD Deterioration	13,779
<b>Negative Contribution</b>	
Trade Balance Deterioration	10,928
o/w Increase in import	16,763
Service Balance Deterioration	1,485
Primary Income Balance Deterioration	802
Secondary Income Balance Improvement	21
<b>Positive Contribution</b>	
Increase in Export	5,835
Increase in Remittances	1,848

Source: SBP

The current account deficit of US\$ 13.8 billion during Jul-April 2021-22 has distorted overall BoP position, which resulted in CAD surpassing the target. Details of overall BoP is given in Annex III. Highest ever inflow of workers' remittances, projected at around US\$ 31,257 million during FY22, will help contain the CAD at around US\$ 16,000 million compared to the target of US\$ 4,447 million by end of FY22.

Services account deterioration is primarily caused by higher shipment cost. Imports related to transport services increased by 91.9 percent and its major contribution came from 88.9 percent increase in sea transport. With the easing of Covid-19 related restrictions, travel services also witnessed increase of 62.3 percent (See Table-1.9). Overall services imports surged by 34 percent in July-April 2021-22. Export of services registered 18 percent growth with significant increase of 29 percent in ICT related exports.

**Table-1.9: Services Account**

	(\$ Million)			
	July-April		Change	
	2020-21	2021-22	Absolute	Percent
Services Import	6,988	9,365	2,377	34
Transport	2,666	5,117	2,451	92
Sea Transport	2,177	4,112	1,935	89
Travel	608	987	379	62
<b>Services Export</b>	<b>4,897</b>	<b>5,789</b>	<b>892</b>	<b>18</b>
ICT	1,700	2,198	498	29
Other Business Services	1,181	1,356	175	15
Travel	426	463	35	9

Source: SBP

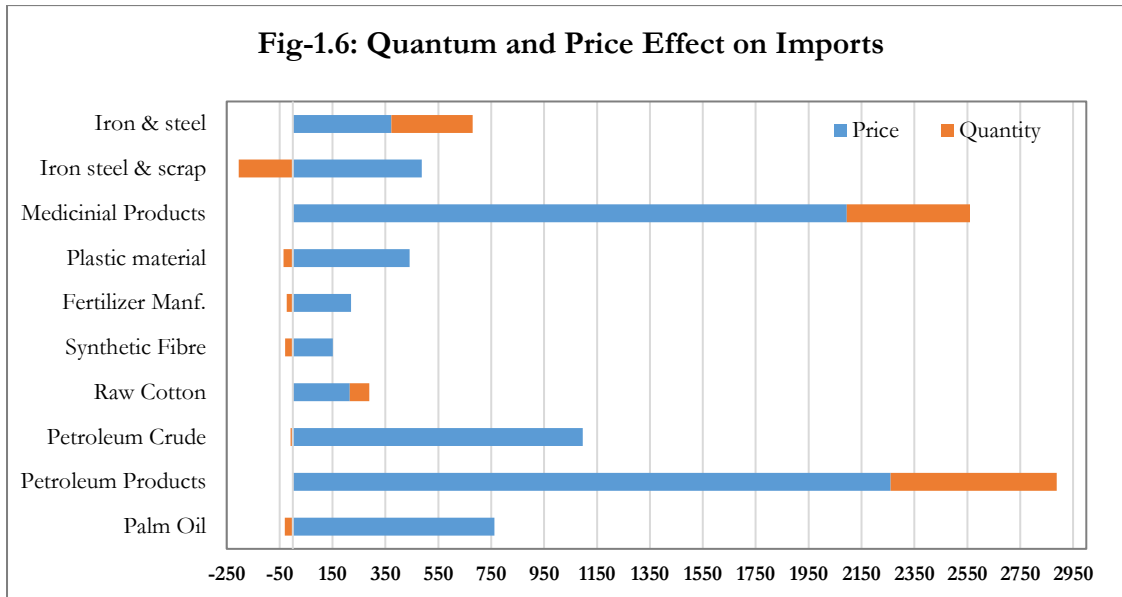
The *surge in merchandized imports* is phenomenal – which grew by 39 percent during the period July-April 2021-22 over the same period of 2020-21. Point contribution of various import items is given in Table-1.10. The table shows that point contribution of Petroleum group remained the highest followed by Agri Chemical group.

**Table 1.10: Contribution of Various Groups in Imports during July-April 2021-22**

Commodities	July-April (US\$ million)		Absolute Change	Percent Change	Point Contribution to Change
	FY 2020-21	FY 2021-22			
<b>A. Food Group</b>	<b>5,947.49</b>	<b>6,837.75</b>	<b>890.26</b>	<b>15.0</b>	<b>2.1</b>
Edible Oil (Soya & Palm)	2,005.46	2,917.68	912.22	45.5	2.1
<b>B. Machinery Group</b>	<b>6,638.96</b>	<b>8,063.17</b>	<b>1,424.21</b>	<b>21.5</b>	<b>3.3</b>
Power Generating	726.27	675.96	(50.31)	-6.9	-0.1
Telecom	2,101.47	1,948.92	(152.56)	-7.3	-0.4
<b>C. Transport Group</b>	<b>2,178.79</b>	<b>3,120.60</b>	<b>941.81</b>	<b>43.2</b>	<b>2.2</b>
Road Motor Vehicle	1,675.55	2,587.50	911.95	54.4	2.1
<b>D. Petroleum Group</b>	<b>7,589.11</b>	<b>14,468.72</b>	<b>6,879.61</b>	<b>90.7</b>	<b>16.0</b>
Petroleum Products	3,661.39	7,611.94	3,950.55	107.9	9.2
Petroleum Crude	2,487.70	3,994.71	1,507.00	60.6	3.5
Natural Gas, Liquefied (LNG)	1,312.49	2,754.47	1,441.98	109.9	3.4
<b>E. Textile Group</b>	<b>3,919.99</b>	<b>4,756.98</b>	<b>836.99</b>	<b>21.4</b>	<b>1.9</b>
<b>F. Agri Chemicals Group</b>	<b>6,692.48</b>	<b>8,898.20</b>	<b>2,205.73</b>	<b>33.0</b>	<b>5.1</b>
Plastic Material	1,989.77	2,659.05	669.28	33.6	1.6
Fertilizers	427.31	649.64	222.34	52.0	0.5
Medicinal Products	622.93	730.75	107.82	17.3	0.3
<b>G. Metal Group</b>	<b>3,743.86</b>	<b>4,915.53</b>	<b>1,171.67</b>	<b>31.3</b>	<b>2.7</b>
Iron & Steel Scrap	1,393.84	1,880.62	486.78	34.9	1.1
Iron & Steel	1,751.60	2,285.24	533.64	30.5	1.2
<b>H. Miscellaneous Group</b>	<b>978.96</b>	<b>978.38</b>	<b>(0.58)</b>	<b>-0.1</b>	<b>0.0</b>
<b>I. All others items</b>	<b>5,347.32</b>	<b>7,760.59</b>	<b>2,413.27</b>	<b>45.1</b>	<b>5.6</b>
<b>Total Imports</b>	<b>43,036.96</b>	<b>59,799.92</b>	<b>16,762.96</b>	<b>39.0</b>	<b>39.0</b>

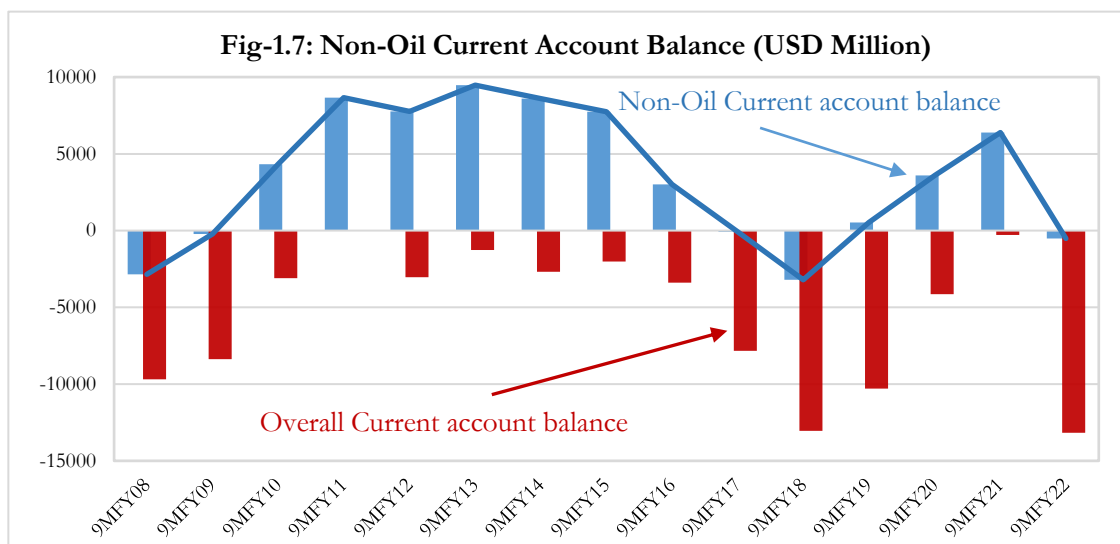
Source: SBP & Planning Commission

Figure 1.6 shows the price effect is more pronounced in imports than the quantum in most of the items, specifically POL, edible oils and medicines. Around 73 percent of increase in imports is explained through higher global prices. Total increase in imports during the period (on shipment basis) is US\$21 billion having a share of petroleum group (US\$8.3 billion), vaccine & medicine (US\$2.9 billion), raw materials (US\$5.5 billion), iron and steel (US\$2.1 billion), road motor vehicles (US\$1.2 billion) and textiles (US\$781 million). Import of textile machinery surged by 56 percent while textile group imports surged by 25 percent as import of raw material for domestic industry was inevitable owing to a decline in the domestic cotton production for the last three consecutive years.



Petroleum group contributed almost two-fifth of the increase in imports while the rest of sectors shared increment evenly. Petroleum products contributed the single largest share (40 percent increase) while the second largest increase was accounted by vaccine imports (US\$2.9 billion increase). Raw materials accounted for 26 percent share in increase in imports just above the share of machinery group at 6.7 percent.

During July-March 2021-22, Non-oil current account balance is marginally in deficit and in sheer contrast with non-oil current account surplus for the last two and half years [See Fig-1.7]. Petroleum prices rose significantly and quantity also witnessed a surge which is the main driver of inflation in the country.



The import share of consumer goods has remained higher than the import share of capital goods in total imports. However, the consumers' goods curve is getting steeper while that of capital goods is getting flatter. These trends indicate that policy measures to contain growth in non-essential (consumer) imports is yet to create an impact. The surge in imports are primarily driven by the global prices and quantum effect is just 13 percent (See Table-1.11).

**Table 1.11: Imports by Economic Category (Percentage Share)**

Period	Consumer Goods	Raw Material		Capital Goods
		Consumer Goods	Capital Goods	
Jul-21	17.6	45.4	9.9	27.1
Aug-21	21.7	44.2	9.3	24.8
Sep-21	21.1	43.8	10.1	25.0
Oct-21	20.7	43.3	11.6	24.2
Nov-21	26.5	40.1	10.3	23.0
Dec-21	27.3	38.7	9.9	24.1
Jan-22	20.6	43.2	11.6	24.6
Feb-22	18.6	43.5	11.4	26.5
Mar-22	19.0	44.4	11.8	24.7

Source: PBS

**Exports (fob)** grew by 27.8 percent during July-April 2021-22 and reached \$26.8 billion (\$21 billion last year). Increase in exports was across the board with textile leading with a growth of 61 percent followed by food group (18 percent), petroleum (0.7 percent) and other manufacturing exports (14 percent). Textile exports increased by \$3.3 billion responding well to government's provision of regionally competitive electricity tariffs, higher export financing and other incentives. It was predominantly price effect (65 percent) in textile sector whereas quantum effect (35 percent) also played a role to enhance the export volumes. Quantity exported increased in all cases which implies growth in exports is broad based. Point contribution of various goods exported in total exports is given in Table 1.12.

**Table 1.12: Contribution of Various Groups in Exports**

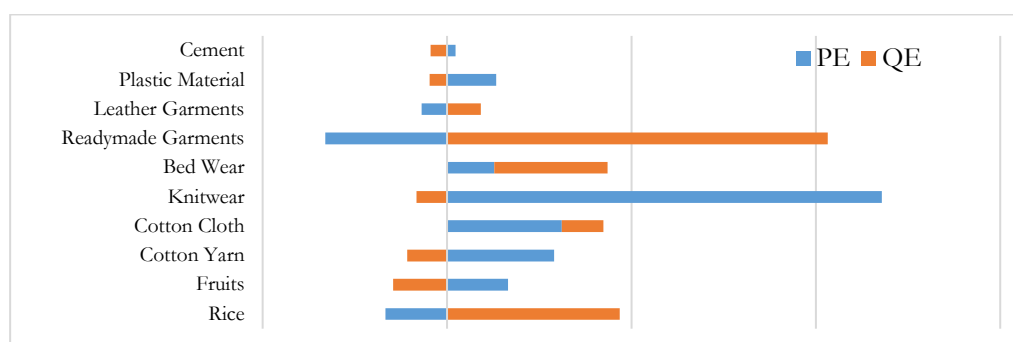
Commodities	July-April (US\$ million)		Absolute Change	Percentage Change	Point Contribution
	2020-21	2021- 22			
<b>A. Food Group</b>	<b>3,738.67</b>	<b>4,356.49</b>	<b>617.82</b>	<b>16.5</b>	<b>2.9</b>
Rice	1,832.47	2,206.76	374.28	20.4	1.8
<b>B. Textile Group</b>	<b>11,704.17</b>	<b>15,089.64</b>	<b>3,385.46</b>	<b>28.9</b>	<b>16.1</b>
Cotton Yarn	692.36	975.62	283.26	40.9	1.3
Cotton Cloth	1,543.78	1,889.54	345.75	22.4	1.6
Knitwear	2,730.49	3,729.97	999.48	36.6	4.8
Bed Wear	2,223.68	2,691.51	467.82	21.0	2.2
Readymade Garments	2,300.25	3,024.59	724.34	31.5	3.4
<b>C. Petroleum Group &amp; Coal</b>	<b>195.23</b>	<b>346.59</b>	<b>151.37</b>	<b>77.5</b>	<b>0.7</b>
<b>D. Other Manufacturers Group</b>	<b>3,156.03</b>	<b>3,581.50</b>	<b>425.47</b>	<b>13.5</b>	<b>2.0</b>
Chemicals and Pharma. Pro.	929.96	1,198.55	268.59	28.9	1.3
Leather Manufactures	460.36	541.87	81.51	17.7	0.4
Sports Goods	387.08	423.34	36.26	9.4	0.2
Surgical Goods & Medical Instruments	403.32	397.73	-5.58	-1.4	0.0
<b>E. All other Items</b>	<b>2,222.89</b>	<b>3,477.91</b>	<b>1,255.03</b>	<b>56.5</b>	<b>6.0</b>
<b>Total Exports</b>	<b>21,016.98</b>	<b>26,852.13</b>	<b>5,835.15</b>	<b>27.8</b>	<b>27.8</b>

Source: SBP & Planning Commission

Increase in exports, as highlighted in the above table, is across the board with textile group is leading (56 percent) followed by food group (16 percent), petroleum group (1 percent) and other manufacturer (13 percent). Textile group exports went-up by US\$ 3.4 billion on account of significant increase in export of knitwear (US\$ 1 billion) and readymade garments (US\$ 724 million). Food group exports surged by US\$ 618 million, of which rice exports increased by US\$ 374 million during period under review.

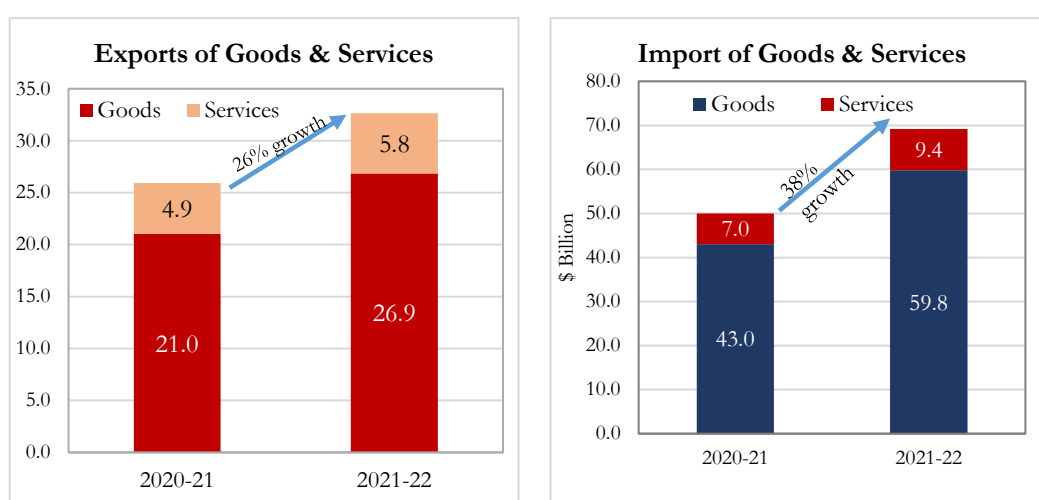
Due to lockdowns in many countries, global production slowed down resulting in shortages and increase in prices of some of the commodities at international level. The price and quantum effect of selected export items showed positive trend. Apart from exports in the textile group, significant change is observed in exports of rice, fruits, plastic material and cement (See Fig 1.8).

**Figure - 1.8: Quantum and Price Effect in Exports**



Export of services registered 18 percent growth with significant increase of 29 percent in ICT related exports. Import of services registered much faster growth of 34 percent that led to widening of services trade balance. Exports of non-traditional exports also witnessed a deceleration of growth as it increased by 17 percent (See Fig-1.9).

**Fig-1.9: Import of Goods & Services Growth outpaced Exports of Goods & Services**



**Remittances** reached US\$26.1 billion showing a growth of 7.6 percent during July-April 2021-22 over the same period of last year. Government’s digitalization initiatives helped in boosting remittances in the recent past. Remittances are consistently in US\$2.5 billion on average for the last 24 months barring January and February 2022, and remittances in April



2022 touched the highest ever level (US\$3 billion) in a single month. Although, recently remittance inflows from Saudi Arabia and UAE are depicting declining trend particularly in the current fiscal year, it is expected that oil prices led resource generation in gulf will lead to more projects and possible jobs for Pakistani labour force. Further efforts are required to contain this trend in the future, particularly in the Gulf countries.

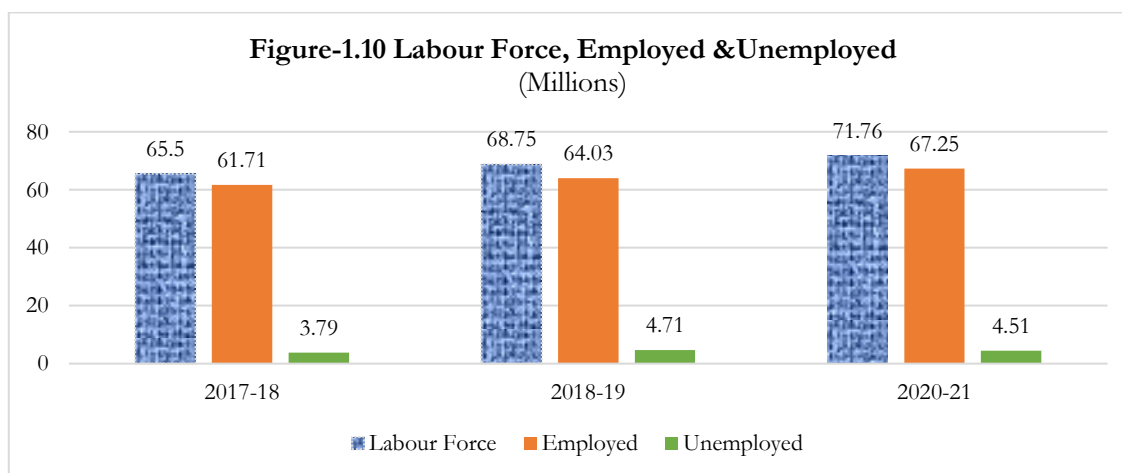
**Gross Foreign Exchange Reserves** reached US\$16.2 billion by week ending May 26, 2022 with commercial banks holding of US\$6 billion and SBP reserves of US\$10.2 billion. Forex reserves are still providing import cover of less than 3 months. Gross forex reserves fell by over US\$5 billion only in March 2022.

Real and nominal exchange rates have depreciated continually since May 2021. **Real Effective Exchange Rate (REER)** is close to its fair value at 96.8 whereas Nominal Effective Exchange Rate (NEER) has depreciated more aggressively since May 2021 primarily because of enormous pressure on imports. As a result of recent policy measures, the rising trend of aggregate demand pressures is being contained through higher tariffs on non-essential imports and raising cash margin requirements. As a result, it is expected that exchange rate pressure will abate and help in better anchoring inflation expectations.

### Employment

According to Labour Force Survey 2020-21, the employed labour force reached to 67.2 million in 2020-21 from 64 million in 2018-19 showing an addition of 3.2 million to employed work force during the said period. The unemployed labour has slightly decreased further from 4.7 million in 2018-19 to 4.5 million in 2020-21 indicating that 0.2 million people were added to employed labour force which shows that unemployment rate goes down during the same period from 6.9 percent to 6.3 percent (decrease of almost 0.6 percent). The unemployment rate of 6.3 percent is still high mainly because of slowdown of economic activities in employment intensive sectors, higher population growth and a huge skill gap.

Pakistan continues to face a set of complex economic, social and political challenges, including; low levels of investment and high inflation rates. Consequently, the outlook of the labour market continues to be gloomy, especially in the context of creating higher quality jobs. However, government initiatives have taken various initiatives/packages in addition to provincial initiatives to boost economic activities, mitigate the adverse impact of COVID-19 on employment generation and creating employment opportunities in various sectors of the economy. The figure-1.9 summarizes the employment situation in the country during the financial years 2017-18, 2018-19 & 2020-21.



### Performance Review of PSDP 2021-22

Federal PSDP 2021-22 was approved by the National Economic Council (NEC) on June 07, 2021 at a size of Rs 900 billion including foreign assistance of Rs 100 billion. M/o PD&SI, in consultation with Finance Division, simplified the procedure of quarterly releases in two equal instalments of 50 percent for current financial year. During the last quarter releases were slowed down due to revision in PSDP. Moreover, PAOs were empowered for re-appropriation and punching of sanctions to ensure timely availability of funds.

Ministry of PD&SI recommended necessary adjustments in PSDP for ensuring maximum utilization. Meanwhile, the Finance Division in the last quarter revised the PSDP from Rs. 900 billion to Rs. 550 billion. Hence, Portfolio of each Ministry was rationalized as per approved guidelines. Due to revision, the projects targeted for completion have suffered. The number of projects targeted to be completed by 30.06.2022 reduced from 320 to only 170 projects costing Rs. 285 billion.

### **Economic Outlook 2022-23**

With the likely resumption of IMF programme, the economic outlook for the next fiscal year 2022-23 is expected to result in orderly rebalancing between imperatives of economic growth and addressing the external sector vulnerabilities; particularly in the light of extent of global slowdown and the expected abatement of global inflation in commodity prices and the stability of exchange rate movements. Fiscal adjustment efforts, addressing worsening trade balance, mitigating political and economic uncertainty will result in slowdown in economic growth.

Economy is expected to consolidate on the growth momentum generated during this year and a keeping in view external and local uncertain economic environment, GDP growth will slightly taper off and is envisaged at 5 percent for 2022-23 (Annex-I). The expected consolidation of momentum in commodity producing sectors will complement the targeted growth in the services sector. The growth targets are subject to favourable weather conditions, contained pandemic situation, managing current account deficit, consistent economic policies and supportive monetary and fiscal policies. Given all these constraints the government is pursuing innovative ways to take the growth to aspirational target of 6 percent.

#### **Agriculture Sector**

The projected agriculture growth performance at 3.9 percent is mainly contingent upon revival of cotton and wheat production, consistent availability of water, certified seeds, fertilizers, pesticides and agriculture credit facilities. Revival of both these crops will not only support growth momentum but will also ease out BoP pressures through lesser import requirements.

#### **Industrial Sector**

Remarkable industrial performance over past two years is expected to consolidate and augmented production capacity during these years will anchor the growth momentum. Construction sub-sector benefited from the government package and grew by 8.3 and 3.1 percent during last two years. This momentum is expected to continue during 2022-23 due to work in progress and pipeline investments. Moreover, several initiatives that cut across numerous sectors are already under implementation to spur industrialization (Annex-I).

The broad-based revival of LSM is projected to slowed down to 7.4 percent during 2022-23 mainly because of adjustments in fiscal and external sectors. The momentum through exports of textiles is likely to keep growth at decent level. Moreover, collateral-free credit guarantee scheme for SMEs will also underpin overall manufacturing sector growth prospects. There are downside risks of high cost and low supplies of energy inputs, exchange rate related uncertainties and Russia-Ukraine war related supply shocks, which can impact manufacturing sector. However, the buoyancy in construction sector, with spillovers in allied industries, and

with the new entrants in the car industry, the overall manufacturing sector is projected to post growth of 7.1 percent during 2022-23.

### **Services Sector**

Services sector is also expected to rebound and register higher growth with growing economic activity amid improved vaccination rollout. Services sector is targeted to grow by 5.1 percent in 2022-23 which is still lower than its five-year pre-COVID-19 annual average growth of 5.3 percent. This growth is supported by 6.5 percent growth in wholesale & retail trade, 4.5 percent in transport, storage & communication, 5.1 percent in finance & insurance, 3.8 percent in real estate activities, 4.9 percent in education related services, 4.0 percent in general government services and 5 percent in other private services (Annex-I). Expected performance in both agriculture and industrial sectors will complement the targeted growth in services sector.

### **Investment and Savings**

Investment level for the year 2022-23 is expected to decrease slightly to 14.7 percent of GDP due to stabilization and uncertain economic environment. Fixed Investment is expected to grow by 13 percent on nominal basis, however as percentage of GDP it will decrease marginally and will remain around 13 percent of GDP in 2022-23. National Savings are targeted at 12.5 percent of GDP (Annex-II).

### **Fiscal and Monetary Policy**

Fiscal consolidation will be pursued and efforts will be made to bring down fiscal deficit through combination of revenue enhancement and expenditure management policies. Monetary policy stance will remain vigilant and supportive of demand management policies.

**External sector** will improve upon import compression measures. Export outlook will be impacted by global demand compression and increasing protectionism in the world. There is need to initiate some targeted import substitution measures like considering support prices for oil seed (canola) production for local farmers to boost local edible oil production to replace US\$ 4 billion imports of it.

### **PSDP 2022-23**

Owing to fiscal constraints, Finance Division initially indicated size of Rs. 700 billion, however, Ministry of PD&SI pursued for the minimum requirement of Rs. 800 billion including Rs. 60 billion as Foreign Aid and Rs. 73 billion as VGF to augment investment on PPP/BOT basis which was considered by APCC in its meeting held on 04<sup>th</sup> June, 2022. The APCC, after detailed deliberation with Provinces and Federal Ministries/Special Areas recommended the size of Federal PSDP 2022-23 at Rs.800 billion which was approved by the NEC in its meeting held on 8<sup>th</sup> June, 2022.

Focus of PSDP 2022-23 has been centered around improvements in sectors such as water resources, transport and communication, energy, higher education, health, science & technology and balanced regional development etc. Broad sectoral break-up of PSDP 2022-23 is highlighted at Annex-IV.

<b>Annex-I</b>					
<b>Gross Domestic Product</b>					
(at Constant Prices of 2015-16)					
Items	2019-20	2020-21	2021-22		2022-23
	Final	Revised	Target	Prov.	Target
<b>1. COMMODITY PROD. SECTORS</b>	<b>-0.6</b>	<b>5.4</b>	<b>5.0</b>	<b>5.7</b>	<b>4.8</b>
<b>A) AGRICULTURE</b>	<b>3.9</b>	<b>3.5</b>	<b>3.5</b>	<b>4.4</b>	<b>3.9</b>
Important Crops	5.2	5.8	2.2	7.2	3.5
Other Crops	9.2	8.3	3.2	5.4	5.0
Cotton Ginned	-4.1	-13.1	10.0	9.2	6.0
Livestock	2.8	2.4	3.7	3.3	3.7
Fishery	3.4	-0.5	5.0	6.1	6.1
Forestry	0.6	0.7	5.0	0.3	4.5
<b>B) INDUSTRY</b>	<b>-5.7</b>	<b>7.8</b>	<b>6.6</b>	<b>7.2</b>	<b>5.9</b>
Mining & Quarrying	-7.2	1.2	4.1	-4.5	3.0
<b>Manufacturing (I+II+III)</b>	<b>-7.8</b>	<b>10.5</b>	<b>6.2</b>	<b>9.8</b>	<b>7.1</b>
I) Large-Scale Manufacturing	-11.2	11.5	6.0	10.5	7.4
II) Small & Household	1.4	9.0	8.3	8.9	8.3
III) Slaughtering	5.9	6.1	3.6	6.2	3.0
Electricity Generation & Gas Distribution	-3.1	2.5	8.3	7.9	3.5
Construction	3.5	6.3	10.7	3.1	4.0
<b>II) SERVICES</b>	<b>-1.3</b>	<b>6.1</b>	<b>4.7</b>	<b>6.2</b>	<b>5.1</b>
Wholesale & Retail Trade	-5.3	10.6	4.7	10.0	6.5
Transport, Storage & Communications	-9.0	5.2	4.6	5.4	4.5
Accommodation and Food Services Activities (Hotels & Restaurants)	4.1	4.1	4.1	4.1	4.1
Information and Communication	13.1	8.2		11.9	6.0
Financial and Insurance Activities	-0.9	4.5	5.2	4.9	5.1
Real Estate Activities (OD)	3.8	3.6	4.0	3.7	3.8
Public Administration and Social Security (General Government)	3.0	-0.5	4.5	-1.2	4.0
Education	3.3	3.3		8.7	4.9
Human Health and Social Work Activities	6.2	2.8		2.2	3.0
Other Private Services	4.5	5.5	5.0	3.8	4.8
<b>GDP(bp)</b>	<b>-0.94</b>	<b>5.74</b>	<b>4.8</b>	<b>5.97</b>	<b>5.01</b>
Source: PBS and Planning Commission					
Note: All numbers are in Percentage growth					

<b>Annex-II</b>					
<b>Macroeconomic Framework</b>					
<b>(Current Market Prices)</b>					
					Rs. Billion
<b>Items</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>		<b>2022-23</b>
	<b>Final</b>	<b>Revised</b>	<b>Target</b>	<b>Prov.</b>	<b>Target</b>
GDP (bp)	44,747	52,213	50,806	62,678	73,385
Indirect Taxes (Net)	2,794	3,582	3,070	4,272	4,695
GDP (mp)	47,540	55,796	53,876	66,950	78,080
Net Factor Income from Abroad	2,731	3,908	4,663	4,408	4,964
GNP (mp)	50,271	59,704	58,539	71,358	83,044
External Resources Inflow (net)	703	296	377	2,723	1,716
<b>Total Resources/ Uses</b>	<b>50,974</b>	<b>60,000</b>	<b>58,916</b>	<b>74,082</b>	<b>84,760</b>
<b>Total Consumption</b>	<b>43,936</b>	<b>51,835</b>	<b>50,239</b>	<b>63,951</b>	<b>73,249</b>
<b>Total Investment</b>	<b>7,039</b>	<b>8,166</b>	<b>8,677</b>	<b>10,131</b>	<b>11,511</b>
Fixed Investment	6,230	7,217	7,761	8,992	10,184
Public incl. General Govt.	1,345	1,660	2,362	2,289	2,597
Private	4,885	5,557	5,399	6,704	7,587
Changes in Stocks + Valuables	808	949	916	1,138	1,327
<b>National Savings</b>	<b>6,336</b>	<b>7,869</b>	<b>8,300</b>	<b>7,407</b>	<b>9,795</b>
	<b>As % of GDP</b>				
Total Investment	14.8	14.6	16.1	15.1	14.7
Fixed Investment	13.1	12.9	14.4	13.4	13.0
Public incl. General Govt.	2.8	3.0	4.4	3.4	3.3
Private	10.3	10.0	10.0	10.0	9.7
National Savings	13.3	14.1	15.4	11.1	12.5
External Resources Inflow (net)	1.5	0.5	0.7	4.1	2.2
<b>Memo Items</b>					
Inflation	9.9	10.3	8.0	13.3	11.5
GNP (mp) Per Capita (Rs)	230,349	268,223	246,414	314,353	358,766
Source: PBS & Planning Commission					

## Annex-III

## Balance of Payments

(US \$ Million)

	July-April			% Change	Projections	
	2020-21	2020-21	2021-22		2021-22	2022-23
<b>Current Account Deficit</b>	<b>-1,852</b>	<b>-543</b>	<b>-13,779</b>	<b>2,437.6</b>	<b>-15,572</b>	<b>-9,019</b>
<b>Trade Balance</b>	<b>-28,155</b>	<b>-22,020</b>	<b>-32,948</b>	49.6	<b>-40,554</b>	<b>-34,048</b>
Exports	25,630	21,017	26,852	27.8	31,168	32,357
Imports	53,785	43,037	59,800	<b>39.0</b>	-71,721	-66,405
<b>Services (Net)</b>	<b>-1,875</b>	<b>-2,091</b>	<b>-3,576</b>	<b>71.0</b>	<b>-4,348</b>	<b>-4,594</b>
Credit	5,937	4,897	5,789	18.2	6,902	7,165
Debit	7,812	6,988	9,365	34.0	-11,250	-11,760
<b>Income (Net)</b>	<b>-4,670</b>	<b>-3,720</b>	<b>-4,522</b>	<b>21.6</b>	<b>-5,274</b>	<b>-5,933</b>
Credit	602	404	549	35.9	650	580
Debit	5,272	4,124	5,071	23.0	-5,924	-6,513
<b>Current Transfers (Net)</b>	<b>32,848</b>	<b>27,288</b>	<b>27,267</b>	<b>-0.1</b>	<b>34,603</b>	<b>35,557</b>
Current Transfers Credit	33,140	27,543	27,517	-0.1	34,912	35,936
Worker Remittances	29,370	24,229	26,077	7.6	31,396	32,495
Current Transfers Debit	292	255	250	-2.0	-309	-379

Source: SBP &amp; Planning Commission

## Annex-IV

## Sectoral Summary of PSDP 2022-23

		Revised PSDP 2021-22	PSDP 2022-23
<b>A.</b>	<b>Infrastructure</b>	<b>330</b>	<b>395</b>
i.	Energy	77	76
ii.	Transport & Communications	146	202
iii.	Water	79	92
iv.	Physical Planning & Housing	28	25
<b>B.</b>	<b>Social</b>	<b>103</b>	<b>185</b>
i.	Health & Population	18	24
ii.	Education including HEC	32	51
iii.	SDGs Achievement Programme/initiatives	40	70
iv.	Others	13	40
<b>C.</b>	<b>Special Areas (AJK, GB)</b>	<b>46</b>	<b>39</b>
<b>D.</b>	<b>Merged Districts of Khyber Pakhtunkhwa</b>	<b>38</b>	<b>50</b>
<b>E.</b>	<b>Science &amp; I.T</b>	<b>11</b>	<b>25</b>
<b>F.</b>	<b>Governance</b>	<b>4</b>	<b>17</b>
<b>G.</b>	<b>Production Sectors</b>	<b>11</b>	<b>16</b>
i.	Food & Agriculture	8	11
ii.	Industries	3	5
<b>H.</b>	<b>ERRA</b>	<b>7</b>	<b>0.5</b>
<b>I.</b>	<b>VGF / PPP</b>	<b>-</b>	<b>73</b>
	<b>Total</b>	<b>550</b>	<b>800</b>



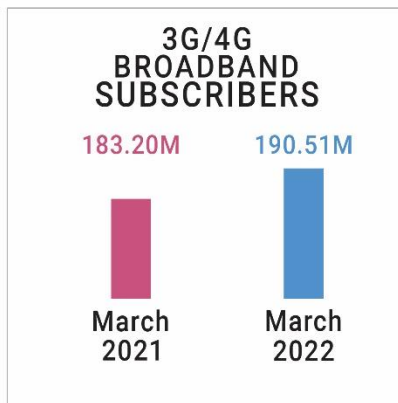
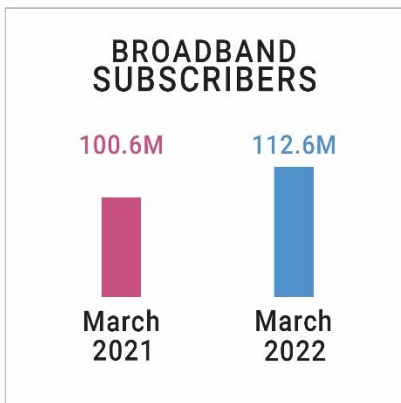
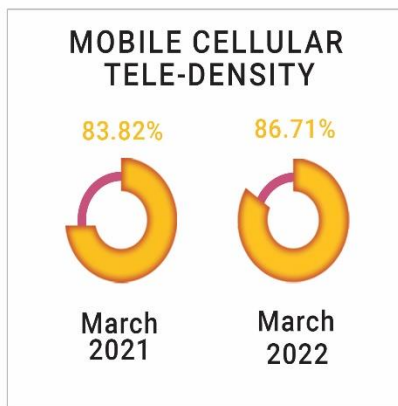
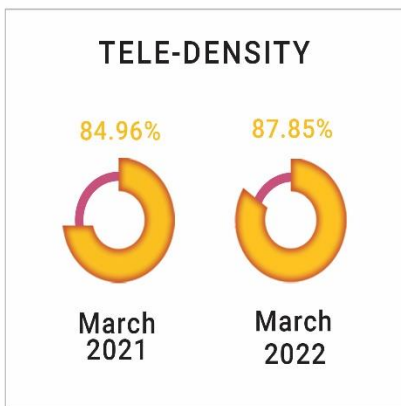




# BUILDING CAPABILITIES FOR SUSTAINABLE GROWTH

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Chapter 2



## RESEARCH & DEVELOPMENT THROUGH

- Office of Research Innovation & Commercialization (ORICs)
- Business Incubation Centers (BICs)
- National Centers of Excellence

## CHAPTER 2

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### BUILDING CAPABILITIES FOR SUSTAINABLE GROWTH

Building capabilities is one of the key drivers for sustainable economic growth and development. It requires sufficient investment in the sectors such as; Information and Communication Technologies (ICT), Youth and Skill Development, Science & Technology, Higher Education and Institutional Reforms and Governance. Export designated sectors have low to negative TFP while high TFP sectors are not major export contributors. Pakistan needs to improve its productivity growth, increase the skill levels of its workforce and consequently move toward better living standard for its people. These multifarious challenges could only be addressed by widespread adoption of technology.

The government is committed to supporting development of knowledge-economy based on three main verticals; access, quality and relevance to economic development. Although, access to higher education has increased, yet Pakistan lags behind comparable countries in this respect. The other two objectives, namely quality and relevance also need significant improvement. Governance refers to the process and structures that are designed to ensure rule of law, accountability, transparency, responsiveness, stability, equity and inclusiveness, empowerment, and broad-based participation. The present government is cognizant of the importance of improving governance as a key enabler of effective service delivery, successful outcomes of various public policies and programmes that are critical for sustainable economic growth and development.

#### **PSDP Performance Review 2021-22: Youth & Skill Development**

Pakistan is the fifth most populous country having 64 percent of its population below the age of 30. Majority of youth is living in an environment of multi-dimensional and intersectional vulnerability to socio-economic disparities. Government has given priority to youth empowerment and productivity in National Youth Development Framework (NYDF) based on 3 Es; i.e. Education, Employment and Engagement. NYDF identifies strategic, practical and timely investments in six major thematic areas i.e. mainstreaming marginalized youth, employment & economic empowerment, civic engagement, social protection, health & wellbeing and youth- focused institutional reforms. In line with NYDF, a comprehensive “*Kamyab Jawan* programme” is currently being implemented through collaborative action by Federal and Provincial Governments at national, provincial and grass root level. Technical & Vocational Education & Training (TVET) is also included in long term development plan of National Skill Strategy (NSS) and globally agreed 17 Sustainable Development Goals (SDGs).

During 2021-22 an amount of Rs. 5,412.8 million was allocated for ongoing Skill development projects/schemes. The major physical and financial progress under PSDP -2021-22 is given in Table 2.1.

**Table 2.1: Youth and skill development initiatives under PSDP 2021-22**

(Rs. Million)

S. No	Project Name	Project Cost	Financial Allocation 2021-22	Utilization 2021-22	Physical Targets achieved.
i.	<i>Humarmand</i> Pakistan-Skill For All Programme under <i>Kamyab Jawan</i> Programme	9,880.00	5,000.00	2,725.00	<ul style="list-style-type: none"> <li>• Training of 74,737 youth in Conventional and High Tech/High End trades.</li> <li>• Skill Testing &amp; Certification of 23000 youth under RPL, 100 TVET Qualification out of target of 200, specific facilitation centers in 10 cities, apprenticeship training of 2000 youth, 535 TVET institutes accredited nationally and 10 TVET institutes accredited internationally</li> <li>• Agreement signed with Directorate of Religious Education, for establishing 70 TVET labs in Madrassas</li> </ul>
ii.	Introducing Matric-TECH Pathways for Integrating Technical and Vocational Education and Training and Formal Education	315.00	215.00	113.00	<ul style="list-style-type: none"> <li>• Established 27 TVET Labs for 15 selected schools in ICT, AJ&amp;K and GB.</li> <li>• Developed 08 technical Qualifications.</li> <li>• - Hiring of 54 TVET Instructors in 15 selected schools are under process</li> </ul>
iii.	Establishment of Polytechnic Institute for Boys at Skardu”.	601.99	197.82	197.82	Constructed RCC Roof of ground floor, 1 <sup>st</sup> floor of Mechanical Block, Electrical Block, Related Subject Block, Civil Department Block, Admin Block and residential block. Work on Hostel Block, CC roofing and ground floor are in progress.

Other PSDP funded initiatives being implemented are:

- i. Introducing Matric-TECH Pathways for Integrating Technical and Vocational Education and Training and Formal Education at an estimated cost of Rs.315.00 million aims at establishing 27 new labs / workshops in public sector schools and colleges of general education stream. Total 1500 targeted youth (middle pass) will be enrolled in specific TVET disciplines / technologies as per geographic and market needs.
- ii. Establishment of Polytechnic Institute for Boys at Skardu at an estimated cost of Rs. 601.996 million, aims at provision of 3 years’ post-secondary diploma courses in civil, electrical and mechanical technologies with annual intake of 120 (40 each) dropout students per year.

### Special Initiatives for Youth Development- (*Kamyab Jawan* Programme)

In line with National Youth Development Framework (NYDF) the government had designed a comprehensive programme named “*Kamyab Jawan* Programme”. The seven components of *the* programme are illustrated below:

#### a) Youth Entrepreneurship Scheme (YES)

Subsidized loan amounting to Rs. 33.7 billion has been disbursed to 21,583 Youth (25 percent quota for female). Details are given in Table 2.2.

**b) Hunarmand Skill for All**

The programme at an estimated cost of Rs. 9.9 billion is being implemented country-wide. The major scope of the project covers conventional and High Tech/High End training.

**c) Green Youth Movement (GYM)**

The project at an estimated cost of Rs. 238.2 million is being implemented country-wide focusing on achieving sustainable development by investing in human capital, which will help to curb climate change, conserve nature and propel green economy.

**d) Kamyab Jawan Talent Hunt Youth Sports League**

The project at an estimated cost of Rs. 898 million is being implemented country-wide through HEC focusing on Talent Hunt, fitness programmes, coaching & trainings, regional/provincial competitions, emerging players programme, national championships and international universities & others championships etc.

**e) Kamyab Jawan Sports Academies (High Performance & Resource Centers) and Youth Olympics**

The project at estimated cost of Rs. 1937.4 million (local: Rs. 1833.6 million and FEC: Rs. 103.8 million) is being implemented through HEC for establishment of various sports academies all over the country.

**f) Kamyab Jawan Innovation League**

The project at an estimated cost of Rs. 450.110 aims to promote innovative ideas from students that are directed to 8 thematic areas which are aligned with Sustainable Development Goals (SDGs) i.e. food & security, water management & sustainability, climate change & environment, I.T. & telecom, sociology & philosophy, urban planning, innovation governance & reforms, and sustainable energy. Under this project, 300,000 youth across the country will directly benefit and 1,500 innovative ideas will be selected for start-ups.

**g) Kamyab Jawan Markaz**

The project at an estimated cost of Rs. 447.466 million focuses on facilitation of youth in career counselling, entrepreneurship, and job placement, creation of Sports activities, student clubs/societies for complimenting sporting behavior and creating a better talent pool.

**Table: 2.2 Loans disbursed under YES programme**

(Rs Million)

S. #	Gender	No. of Beneficiaries	Disbursed Amount
1.	Male	18,837	30,963.8
2.	Female	2,703	2,611.5
3.	Transgender	7	20.3
<b>Total</b>		<b>21,583</b>	<b>33,705.9</b>

**PSDP Planned Activities for 2022-23: Youth & Skill Development**

All youth development initiatives including *Kamyab Jawan* Programme are well aligned with National Skill Strategy and National Youth Development Framework. These initiatives are ongoing and will be continued during 2022-23. Key priority areas will be:

- i. Scaling-up of the existing model of “Skill for All”.
- ii. Ensuring young people representation and participation by recognizing their achievements through publicly valuing them as part of our society.
- iii. Development of Pakistan first ever Youth Development Index (YDI) for focused interventions to improve the ranking of Pakistan on this Index.
- iv. Enhancing the role of private sector in TVET, promoting entrepreneurship culture through skill development in employable skills.
- v. Engaging universities into youth talent hunt and career counselling
- vi. Technical training on High-End Technologies, Distance/ Online Learning Systems for freelancing etc.
- vii. Provision of equal opportunities to marginalized segments of society.
- viii. Exploring Public Private Partnerships (PPP) for training opportunities.

### **PSDP Performance Review 2021-22: Digital Pakistan**

Information and Communication Technologies (ICT) serve as an effective tool for the dissemination of information and provision of services. It enhances productivity, optimization of resources, transparency and accountability. The ICT sector of Pakistan is showing promising growth in many areas such Software Development, Business Processes Outsourcing and Provision of Digital Services. The ICT sector performed well during the pandemic and brought in precious foreign remittance. Despite the recent success of this sector, it has the potential to expand many folds. The Government of Pakistan (GoP) is well aware of the potential of ICT and the role it can play in financial revival. In this regard, GoP is striving to develop a nurturing environment for the development of ICT throughout Pakistan and to enable ICT to make it an important contributor of the economy.

Pakistan’s Information Technology (IT) sector is carving a differentiated position as the preferred source for software development, BPO and freelancing. Pakistan was ranked at number four for freelance development in the world and IT exports have increased almost 100 percent during the last three years. Pakistan, which has about 60 percent of its over 200 million population in the 15 to 29 age group, represents an enormous human and knowledge capital. The Government of Pakistan (GOP) strives to improve its citizens’ quality of life and economic well-being by ensuring availability of accessible, affordable, reliable, universal and high-quality ICT services. GOP strongly believes in mass adoption of emerging digital technologies and innovative applications to enable cross-sector socio-economic development and transformation of economic activities, governance models, social interaction, and achievement of sustainable development goals.

Digital Pakistan aims to create a digital ecosystem with infrastructure and institutional frameworks for the rapid delivery of innovative digital services, applications and content. The Government wants to improve Pakistan’s ICT ranking based on international indices and benchmarks measuring the business & innovation environment, infrastructure, affordability, skills readiness, and socioeconomic impact and the provision of data to the international rating agencies. Pakistan ranks 99<sup>th</sup> among the 132 economies featured in Global Innovation Index (GII) 2021 and improved by 8 positions from 107 in 2020 Index.

On the physical infrastructure level, in telecommunication sector, tele-density increased from 84.96 percent to 89 percent (as of March 2022). The 3G/4G broadband services had another phenomenal year of rapid growth with subscribers increasing from 95 million in Jan 2021 to 116 million in March 2022.

An allocation of over Rs. 6.0 billion for IT/telecom and over Rs. 7.0 billion for space related projects were made giving high priority to projects that were supposed to add to the development of knowledge-based economy.

### **PSDP Planned Activities for 2022-23: Digital Pakistan**

Major thrust in ICT sector for 2022-23 will include:

- i. Establishment and operations of Special Technology Zones (STZs) which will comprise Information Technology (IT) Parks, Software Technology Parks (STP), Business Process Outsourcing (BPO) Complexes, R&D facilities, and Excellence Centers for tech-driven businesses and startups engaged in providing IT & IT enabled Services (ITeS).
- ii. Subsidized trainings and certifications on cutting edge technologies like Machine Learning, Cyber Security, Cloud computing etc.
- iii. Facilitate IT companies to get ISO27001 and ISO27701 certifications. It will help to upskill BPO industry to bring more business from European countries.
- iv. Standardization of IT Industry which will cover certification of 100 call centers on ISO18295.
- v. Establishment of 50 STPs in Pakistan with Rental Subsidy to facilitate IT industry.
- vi. Technology Research Center in collaboration with industry players, to improve & create new cutting-edge technologies.
- vii. Establishment of Cloud infrastructure.

### **PSDP Performance Review 2021-22: Building Knowledge-Economy**

The Government of Pakistan in its long-term Vision 2025 has defined several goals for growth and development including Knowledge Economy through higher education and research. Higher Education Commission (HEC) in consultation with Planning Commission through its development portfolio, focuses on three main objectives: access, quality and relevance of higher education to the economic development of the country. Based on Pakistan Vision 2025, HEC has developed its own HEC Vision 2025 for higher education. It presents a broader landscape of Higher Education Sector and future strategic frameworks.

Under PSDP 2021-22, the government allocated Rs.42.450 billion to HEC for implementation of 168 development projects (128 ongoing & 40 new approved projects) of Public Sector universities/HEIs (Table 2.3). However, Finance Division with the approval of federal government revised PSDP from Rs. 900 to Rs. 700 billion. Accordingly, HEC portfolio for PSDP 2021-22 has been rationalized to Rs. 32.338 billion.

**Table: 2.3 HEC'S Ongoing and New Schemes (PSDP 2021-22)**

(Rs. Billion)

Sr. No	Descriptions	No. of Projects	Total Cost	Cumulative Exp. Up to June, 2021	Throw-forward	PSDP Allocation FY 2021-22	Revised Allocation FY 2021-22
<b>A</b>	<b>Ongoing Schemes</b>						
i	Local	126	281.9	113.5	168.4	27.7	24.0
ii	Foreign Aid	2	15.2	3.1	12.0	2.0	2.0
	Total (A)	128	297.0	116.6	180.4	29.7	26.0
<b>B</b>	<b>New Schemes</b>						
iii	Universities/HEIs/HEC	32	45.5	-	45.5	7.6	3.8
iv	Gilgit Baltistan Package	1	0.6	-	0.6	0.1	0.04
v	Sindh Development Plan	7	8.7		8.7	5.1	2.5
	Total (B)	40	54.9	--	54.9	12.7	6.4
	<b>Total (A+B)</b>	<b>168</b>	<b>352.0</b>	<b>116.6</b>	<b>235.4</b>	<b>42.4</b>	<b>32.3</b>

During the period i.e. (July, 2021 – February, 2022) of current financial year, an amount of Rs. 19.403 billion (around 48 percent of the rupee allocation) has been released to HEC/public sector Universities/HEIs.

### Increase in Access

To enhance the equitable access to quality higher education, the number of universities has been increased to 233 (Public Sector: 141 & Private Sector: 92). Similarly, the number of sub-campuses of these universities has also been expanded to 115 (Public Sector: 82 & Private Sector: 33). Ultimately, the total enrollment has also been increased to around 2 million (Table 2.4 and Table 2.5).

### Quality of Higher Education

Quality Assurance Agency (QAA) is involved in the systematic implementation of quality enhancement procedures/criteria to attain improved levels of international compatibility and competitiveness at the institutional level.

**Table 2.4 Enrollment (provisional) Region, Sector and Gender-wise of Pakistani HEIs for the year 2019-20**

Region	Public			Private			Male	Female	Total
	Male	Female	Total	Male	Female	Total			
ICT	377,997	407,345	785,342	26,705	18,577	45,282	404,702	425,922	830,624
Punjab	228,385	236,749	465,134	108,693	69,095	177,788	337,078	305,844	642,922
Sindh	115,464	74,942	190,406	62,080	34,983	97,063	177,544	109,925	287,469
Khyber Pakhtunkhwa	92,524	33,319	125,843	33,106	6,811	39,917	125,630	40,130	165,760
Balochistan	33,048	7,646	40,694	737	187	924	33,785	7,833	41,618
Azad Jammu & Kashmir	12,474	13,587	26,061	907	1,085	1,992	13,381	14,672	28,053
GB	3,692	3,567	7,259	0	0	0	3,692	3,567	7,259
<b>Total</b>	<b>863,584</b>	<b>777,155</b>	<b>1,640,739</b>	<b>232,228</b>	<b>130,738</b>	<b>362,966</b>	<b>1,095,812</b>	<b>907,893</b>	<b>2,003,705</b>



**Table 2.5 Faculty Region, PhD, Non-PhD in Pakistani HEIs during 2019-20  
(Provisional)**

Province/Region	Non-PhD	PhD
ICT	5,580	3,710
Punjab	13,277	6,926
Sindh	10,084	3,339
Khyber Pakhtunkhwa	3,767	2,676
Balochistan	1,731	472
Azad Jammu & Kashmir	909	364
Gilgit Baltistan	129	88
<b>Total</b>	<b>35,477</b> <b>(67 percent)</b>	<b>17,575</b> <b>(33 percent)</b>

### PSDP Planned Activities for 2022-23: Building Knowledge Economy

Under the PSDP 2022-23, the government allocated Rs. 44.179 billion including foreign aid of Rs. 1.300 billion to HEC for implementation of 151 development projects (138 on-going and 30 new projects) of public sector universities/HEIs.

As on 1<sup>st</sup> July, 2022, the throw-forward for both ongoing and new prioritized projects of universities/HEC being funded through PSDP is estimated to be more than Rs. 200.00 billion. To complete these projects during next 4-5 years, the allocation of Rs. 40.00 to 45.00 billion will be required every year. The details are reflected in Table 2.6.

**Table 2.6 Throw-forward and proposed allocation for NFY 2022-23**

(Rs. Billion)						
Sr. No	Descriptions	No. of Projects	Total Cost	Cumulative Likely Exp. Up to June, 2022	Throw-forward as on 1st July, 2022	Proposed PSDP Allocation 2022-23
<b>A</b>	<b>Ongoing Schemes</b>					
i	Local	130	284.995	111.584	173.411	29.894
ii	Foreign Aid	2	15.737	3.145	12.591	2.000
	<b>Total (A)</b>	<b>132</b>	<b>300.731</b>	<b>114.729</b>	<b>186.002</b>	<b>31.894</b>
<b>B</b>	<b>New Schemes</b>					
i	Local	25	30.491	-	30.491	4.806
ii	Foreign Aid	1	1.594	-	1.594	0.300
	<b>Total (B)</b>	<b>26</b>	<b>32.084</b>	<b>-</b>	<b>32.084</b>	<b>5.106</b>
	<b>Total (A+B)</b>	<b>158</b>	<b>332.816</b>	<b>114.729</b>	<b>218.086</b>	<b>37.000</b>
<b>C</b>	<b>Development Packages (Over &amp; Above Allocation)</b>					
i	GB Package	1	0.649	0.080	0.569	0.050
ii	Sindh Development Plan	7	8.742	5.070	3.672	3.672
iii	Balochistan Package	1	0.385	-	0.385	0.100
	<b>Total (C)</b>	<b>9</b>	<b>9.777</b>	<b>5.150</b>	<b>4.627</b>	<b>3.822</b>
	<b>G - Total (A+B)</b>	<b>167</b>	<b>342.592</b>	<b>119.879</b>	<b>222.713</b>	<b>40.822</b>

### Research & Development

To promote Research for Innovation and ensure sustainable economic growth, HEC has taken the following concrete steps:

### Office of Research Innovation & Commercialization (ORICs)

For FY 2022-23 in addition to 76 existing, 05 more ORICs are targeted to be notified. Further to enhance the skills of Research Management Team training programmes would be scheduled in collaboration with national and international partners.

### Business Incubation Centers (BICs)

HEC has established 29 BICs at leading public sector universities across Pakistan. The innovation ecosystem will further be strengthened by facilitating the existing and adding new BICs. Total of 08 New BICs will be established and 06 will be further evaluated for consideration in 2022-23.

### National Centres of Excellence

Research and Innovation Wing (R&IW) is providing the policy support, coordination, and monitoring of all existing centers by providing university statutes and 04 US-Pakistan Centers of Advanced Studies.

### Quality of Higher Education

QAA-HEC is in the process to enhance capacity and evaluate 30 more institutions during the next financial year i.e. FY 2022-23. QAA is also planning to introduce new policy interventions to make the quality assurance processes more relevant and effective for the HE sectors at large.

### Programme Level-Undergraduate

For the FY 2022-23, QAA-HEC is in process of establishing new Accreditation Councils in various professional disciplines such as Life Sciences and Social Sciences. Fourteen Programme Evaluators/Reviewers Workshops for the Accreditation Councils be conducted.

### Programme Level-Postgraduate (Ph.D. & MS/MPhil)

For the FY 2022-23, QAA intends to review the postgraduate programmes of 25 universities besides five workshops for PhD approved Supervisors across country.

Other key initiatives being planned during NFY are given as under:

S. #	Initiatives	Targets for FY 2022-23
1	Overseas Scholarships	Award 684 foreign scholarships and 400 IRSIP
2	Indigenous Scholarships	Award 2,000 indigenous/local scholarships
3	Need-Based Scholarships	Award 2300 needs-based scholarships in above-mentioned programmes
4	Capacity Building Component	Train 400 needs-based scholarship
5	Post Doc	Award 200 Post.Doc
6	The Ehsaas undergraduate scholarships	Award 12,000 (tentatively) new scholarships
7	Faculty Exchange Programme	Select about 10-12 faculty
8	Prime Minister's Electric Wheelchair Scheme for University Students	Distribute 200 wheelchairs
9	The HEC Approved Supervisors programme	1500 PhD faculty

## **PSDP Performance Review 2021-22: Institutional Reforms to Transform Governance**

An amount of Rs. 8.0 billion including foreign aid of Rs.1.7 billion was allocated for the governance sector in 2021-22 however due to economic constraint PSDP allocations for the sector was revised downwards to Rs. 4.0 billion against which an amount of Rs. 3.23 billion has been spent to accomplish reform agenda. The focus of investment remained in the area of innovation, capacity building, performance management, service delivery, justice sector, police, research, civil service and public sector reform including regulatory framework during 2021-22.

**Justice Sector Reforms:** The focus of justice sector reforms during 2021-22 remained to improve delivery of justice through improving capacity, performance, transparency, efficiency, effectiveness, accountability, rule of law etc. Several interventions in line with Sustainable Development Goals (Goal 16) have been initiated. Law and Justice Commission of Pakistan in collaboration with Superior courts introduced I.T. based reforms initiatives to automate courts procedures and functions of judiciary and other related institutions under case management system project. To facilitate litigants and other segments of society, a comprehensive training programme for officers/ staff of all district courts and Federal Courts has been devised. To reduce administrative cost, trials through Video Conferencing facilities between Jails and Courts has been established. Various laws/ rules/ regulation have been consolidated to reduce number of legislations on identical subjects. Similarly, the *Wafaqi Mohtasib* Secretariat (WMS) has been strengthened. WMS has introduced online hearing system of complaints resolution. A project titled **“Upgradation and Expansion of ‘Data Center’ of Wafaqi Mohtasib (Ombudsman)’s Secretariat”** has also been initiated/completed. Amendments in relevant laws have also been made to combat corruption. This will strengthen the NAB and FIA to fight against corruption and also support investigation process.

**Revenue Reforms:** Federal Board of Revenue (FBR) under the Pillar-II of Vision 2025 has undertaken number of initiatives to improve service delivery, enhance resource mobilization efforts, increase Tax-to-GDP ratio, simplification of rules and regulations, separation of tax policy from tax administration, facilitation of trade etc. The main emphasis of tax reforms remained on promoting voluntary tax compliance through enhanced facilitation of taxpayers, improvement of ICT based Data and Systems for broadening of tax base and improving accountability and transparency.

A project titled **“Pakistan Single Window (PSW)”** is being implanted for establishing an ICT based integrated platform for efficient management of trade related information and decision making during 2021-22. Piloting of 1<sup>st</sup> Phase of PSW Lite catering to integration of government departments who currently issue 80 percent of Licenses, Permits, Certificates and Other documents. Other Government Agencies targeted under the initiatives includes: Department of Plant Protection (DPP), (AQD), Pakistan Standards and Quality Control Agency (PSQCA). Meanwhile, to facilitate digital payments FBR is collaborating with SBP and private commercial banks. The new system will try to remove the requirement of I-Form, E-Forms and other documents currently in practice for import and export business.

### **Public Financial Management**

Public Financial Management (PFM) Act 2019 was passed by the parliament to bring discipline and clarity in the financial management of the Federal Government. In order to implement PFM law in its true spirit, a project titled, “Capacity Building of Finance Division for Implementation of PFM Policy Framework in Federal Government” at a cost Rs. 320

million has been launched in the Finance Division. The project aims to build the capacity and provide necessary technical and HR support to the Ministry of Finance (MoF) for the implementation of PFM Act. The Project Development Manual has been amended by incorporating the provisions of PFM Act. The development procedures have been simplified to make the development process smooth and simple. The salary package of employees recruited under development projects has been enhanced at rate of 75 percent.

In order to support the implementation of National Financial Inclusion Strategy (NFIS), World Bank funded project titled, “Pakistan Financial Inclusion and Infrastructure Project” is being implemented at a cost of US\$137 million. Which aim to reach 65 million active digital transactions accounts by 2023, with 20 million active accounts to be held by adult women.

The State Bank of Pakistan (Amendment) Act, 2022 has clearly defined price stability as the primary objective of the SBP. The responsibility of formulation and implementation of the exchange rate policy has been entrusted to the SBP. Treasury Single Account (TSA); Further the SBP (Amendment) Act 2022 prohibits SBP to directly lend to the government. It also requires the government to retire the outstanding stock of debt owed to SBP as per maturity profile after re-profiling at end June-2019.

Securities and Exchange Commission of Pakistan (SECP) has undertaken major reforms to rejuvenate capital markets and promote Ease of Doing Business. SECP has revamped numerous regulatory regimes and removed bottlenecks by focusing on digitalization and automation.

To encourage regulatory compliance, the Competition Commission of Pakistan has prepared and released the guidelines for Competition Compliance programme. The guidelines elaborate on the do’s and don’ts of compliance in an easy to comprehend manner.

**Reforms and Innovation in Government:** Two Task Forces i.e. **“Civil Service Reform”** and **“Government Restructuring and Austerity”** have been constituted to improve efficiency of civil services, align public service with emerging needs and address various weaknesses/gaps highlighted from time to time. The provincial governments have also constituted Task Forces to reform the civil service and provincial government structure. An Implementation Committee has been constituted to implement the reform proposals/recommendations.

The Task Forces at federal level have finalized recommendations in various areas including; induction, training, security of tenure, process of Posting of the Secretaries, selection process of the Chief Executives of 65 autonomous bodies, corporations , revision of promotion criteria, amendment in rules for forced retirement, revitalization of Secretaries Committee, performance contracting, roadmap for E-Governance, Public Financial Management-Delegation of Financial Powers, re-organization of 441 Federal Government organizational entities etc. On the directions of the Federal Cabinet, Performance Contracts based on individual and organizational KPI’s of Ministries/Divisions of the entire government have been developed.

The Ministry of Planning, Development & Special Initiatives has published the Manual for Development Projects while manual for Human Resources for hiring of key positions in Ministry and its attached department have been finalized. A diagnosis study of vacant executive positions in the federal undertaken. Guidelines for appointments of Project Director and staff were prepared. A Public Private Partnership (PPP) Authority (P3A) has been established to deal with PPP projects. Pay and Pension Commission has been established to review the existing pay & pension and remove disparities therein.

**Public Information and Statistical Management:** Sustainable Development Goals Support Units (SDGSUs) are working at Federal and Provincial level to provide support to the Federal and Provincial governments for strengthening, coordinating, reporting and monitoring mechanism for SDGs; mainstreaming of SDGs in local development plans and strategies; supporting integrated and innovative approaches to accelerate progress on SDGs on priority areas; and provide policy support, research & analysis and knowledge management for SDGs. Under *Ehsaas* programme, more than Rs.150 billion has been disbursed to the venerable segments of society.

Pakistan Bureau of Statistics (PBS) has been attached with the Ministry of Planning, Development and Special Initiatives to support the Ministry in evidence-based policy making and for making the PBS as an independent data providing agency. PBS compiled GDP/ GNI at current and constant prices by industrial origin for 2021-22. Base year for GDP has been changed from 2007-08 to 2015-16. PBS has started working for the Census 2022 on digital format and all population blocks have been digitized under the project titled **“Updation Rural Frame of Census/ Surveys”**. To strengthen the Ministry of Planning, Development and Special Initiatives to perform its functions effectively, number of projects have been launched to provide support in project monitoring, IT services and evaluation, conducting research etc. PSDP project approval process has been automated under inelegant Project Automation System (iPAS) which is fully implemented.

**Law & Order and Police Reforms:** In order to improve law and order situation in the country, National Security Policy covering all national and international issues has been prepared in consultation with all the stakeholders. Meetings of National Security Committee to deliberate upon and take decisions on matters related to national security are being convened regularly. A regime to cater for FATF recommendations for combating money laundering and terrorist financing has been introduced for capital market intermediaries through implementation of the SECP Anti-Money Laundering Regulations and Guidelines. The Directorate of Anti-Money laundering and Counter Terrorism Financing (AML/CTF) is being strengthened.

FIA and NAB has been strengthened to combat corruption in the country. To improve governance, procedures and processes involved in combating corruption have been digitized; major efforts have been made to create awareness among general public against corruption. In addition, enforcement and prosecution has been strengthened. Seven ICT Police Stations are functioning as Model Police Stations under the project titled **“Establishment of Model Police Stations in ICT”**. The 2<sup>nd</sup> Phase of the project has been launched to convert the remaining police stations into model police stations of ICT.

## **Governance Reforms in Provinces**

### **Punjab**

Punjab Government has launched project titled, “Punjab Resource Improvement and Digital Effectiveness (PRIDE) programme” with assistance of World Bank at a total cost of Rs. 91,753.48 Million (US\$ 554.00 million). The programme aims to increase own source revenue and improve reliability of resource allocations and access to digital services for people and the firms in Punjab. Programme will support selected actions under Public Financial Management Reform Strategy (PFMRS) 2020-25. The programme will finance specific expenditures for ICT investment and institutional capacity building in critical areas.

### **Sindh**

Based on Public Expenditure & Financial Accountability (PEFA) report a PFM Reform Strategy and Action Plan was developed and approved by the Provincial Cabinet in June,

2021. The Government of Sindh has a strong commitment to openness in public sector governance, transparency in fiscal operations and reform for better service delivery to the citizens. PFM Reform Strategy is to strengthen the existing PFM systems and processes aiming at proficient fiscal forecasting system, policy based medium term budgetary framework, disciplined and orderly budget execution, resource allocation aligned with the priorities of the Government and efficient and effective use of public resources. Major reforms carried out / completed under the project include:

- i. Establishment of tax reform unit, debt management unit, internal audit unit, information management unit, MTBF Cell.
- ii. Development of Sindh tax revenue mobilization plan for tax collecting agencies.
- iii. SOPs for Finance Department developed and capacity of officers / officials enhanced in areas of Internal Audit, Accounting, Automation, SAP etc.
- iv. Established a state of art data centre facility in Finance Department as well as Sindh Revenue Board.
- v. Diagnostic study regarding actuarial valuation of employee benefits scheme carried out to ascertain the accrued liabilities.
- vi. IT support was provided to Treasuries, Public Accounts Committee, Bureau of Statistics (Planning and Development Department), Excise & Taxation Department etc.
- vii. ADP Dash Board developed with Geo-tagging of development schemes.

The Government of Sindh is also implement project titled “Competitive and Livable City of Karachi Project (Click) at a cost of Rs. 33.6 billion (US \$ 240 million) with the assistance of World Bank Share to improve water supply, and sewerage system etc.

### **Khyber Pakhtunkhwa**

The Government of Khyber Pakhtunkhwa (GoKP) has formulated specific strategies and action plans to improve governance and efficient service delivery. The most robust one is the Chief Minister Good Governance Strategy which has been launched in March 2022 having five pillars i.e. open government and transparency, public services delivery, citizen participation, accountability and innovation & technology. A total of 205 performance indicators have been identified in various sectors aimed at improving the services delivery of government while simultaneously gauging the performance of various government office holders.

Major Reforms initiatives achieved in the year under review are as follows:

- i. Automation of ADP and PC-I to PC-V formulation through Planning Commission Forms Management System (PCFMS)
- ii. Establishment of state-of-the-art Data Center
- iii. Establishment of Centralized GIS Facilities
- iv. Revision Extension of M&E setup to District level in Khyber Pakhtunkhwa and Merged Areas
- v. Organizational Structuring & Strengthening of legal framework- Formulation of PPP Rules / Policy
- vi. Procurement Regime- Formulation of Rules regarding Selection of Private Partners (2020)

- vii. Formulation of Economic Development Plan and District Development Plan for all districts including Merged Areas.

### **Balochistan**

The Government of Balochistan launched “Governance & Policy Project (GPP)” with the financial assistance of Multi Donors Trust Fund (MDTF) which aims at overall increase of provincial revenue, bringing in-place the required level of assistance through systematic approach including gap analysis, baseline studies, need assessments and intense review of current process in-place and addressing the challenges towards improved Public Financial Management(PFM) and Public Investment Management(PIM) Reform interventions.

To enhance the capacity of government officials in the area of project management, monitoring & evaluation, and appraisal, financial management, procurement etc. trainings have been imparted at National Institute of Management (NIM), Pakistan Planning and Management Institute (PPMI) and Lahore University of Management Sciences (LUMS).

### **PSDP Planned Activities for 2022-23: Institutional Reforms to Transform Governance**

An amount of Rs. 16.0 billion including foreign aid of Rs. 1.5 billion has been proposed for the governance sector in 2022-23. The allocation indicates an increase of 100 percent over the last year’s allocations.

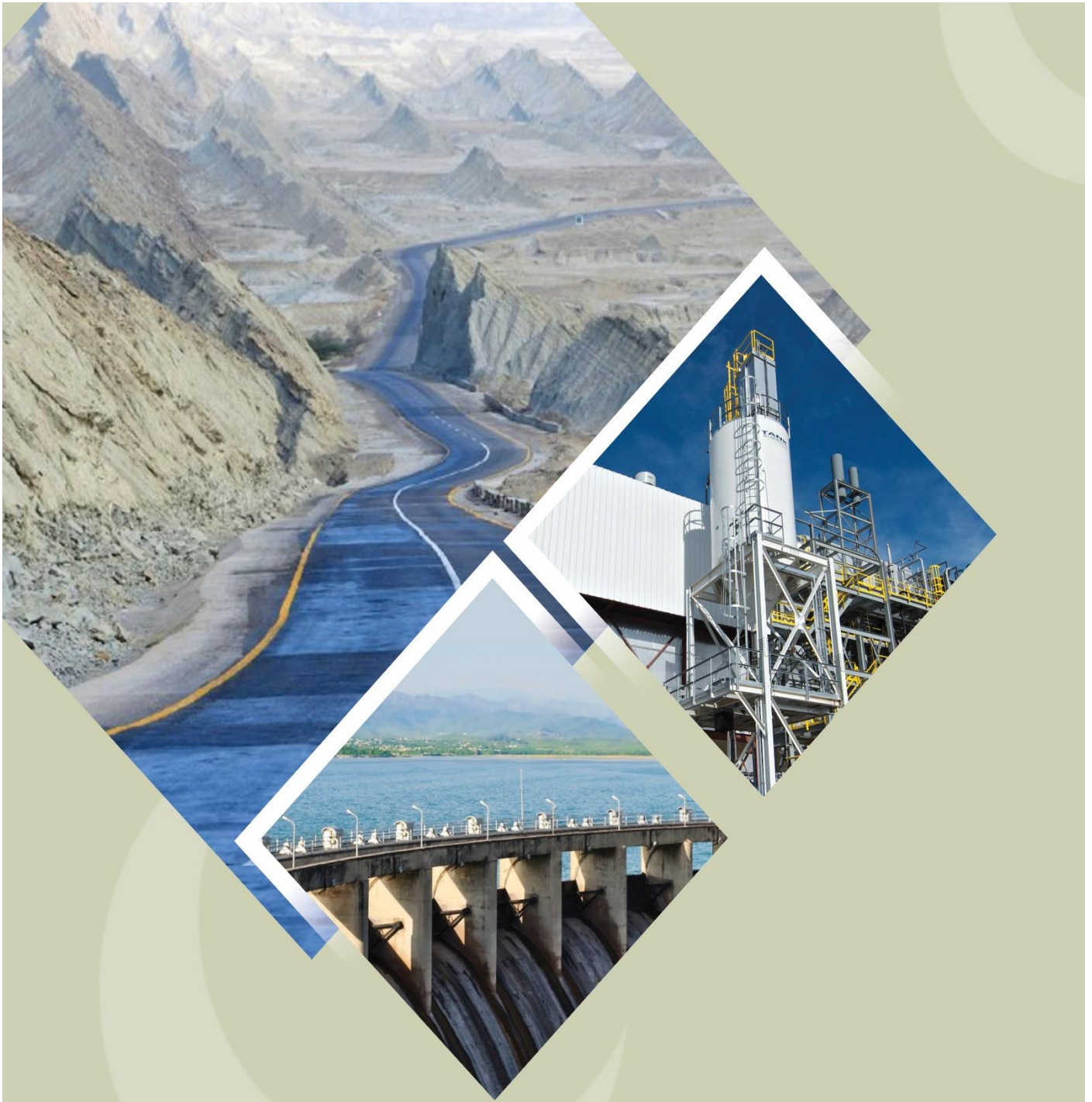
#### **Sectoral Plan / Strategy for 2022-23**

A progressive regulatory and legal policy framework for smooth and sustainable economic development and effective implementation of government policies would be the main theme of the Plan. The strong legal and regulatory institutions will protect public interests through formulation and application of the rules and regulations, democratic accountability, and implementation of performance contracts at all levels. Civil service reforms and government restructuring will be introduced on the recommendation of task forces constituted by the Prime Minister. PPP Authority will be strengthened for effective implementation of public-private partnerships projects. The NAB, Auditor General Office, FIA and other federal and provincial anti-corruption institutions will be strengthened through capacity building and financial and administrative autonomy. The key gaps in the economic and social statistics, including the quality and coverage of management information systems, national accounts, poverty estimation, monitoring and analysis, district and sub-district data will be addressed systematically.

Capacity of institutions responsible for monitoring and evaluation of development projects will be strengthened. E-governance will remain special focus of the reforms for effective delivery of public services. Governance mechanism among federal and provincial levels for coordination of collective measures will be strengthened to manage emergent crises including; pandemics. Border control measures to reduce illegal border crossings as well as flow of immigrants will be enhanced. The programmes which are already under implementation at federal and provincial levels will also be continued and new projects for strengthening institutions will be initiated.



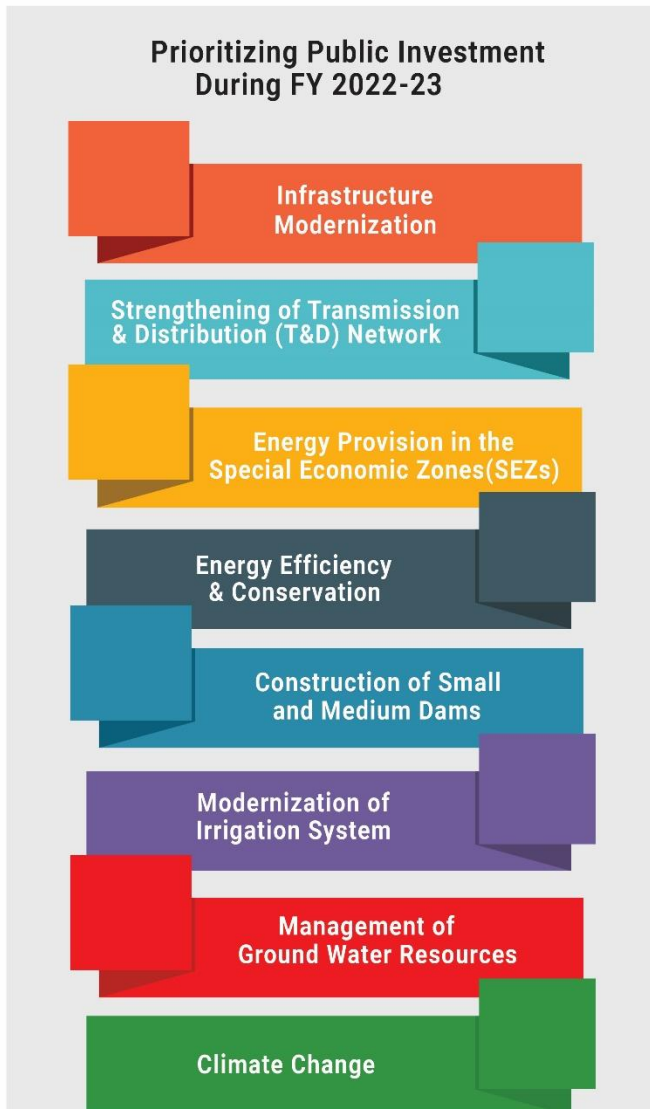
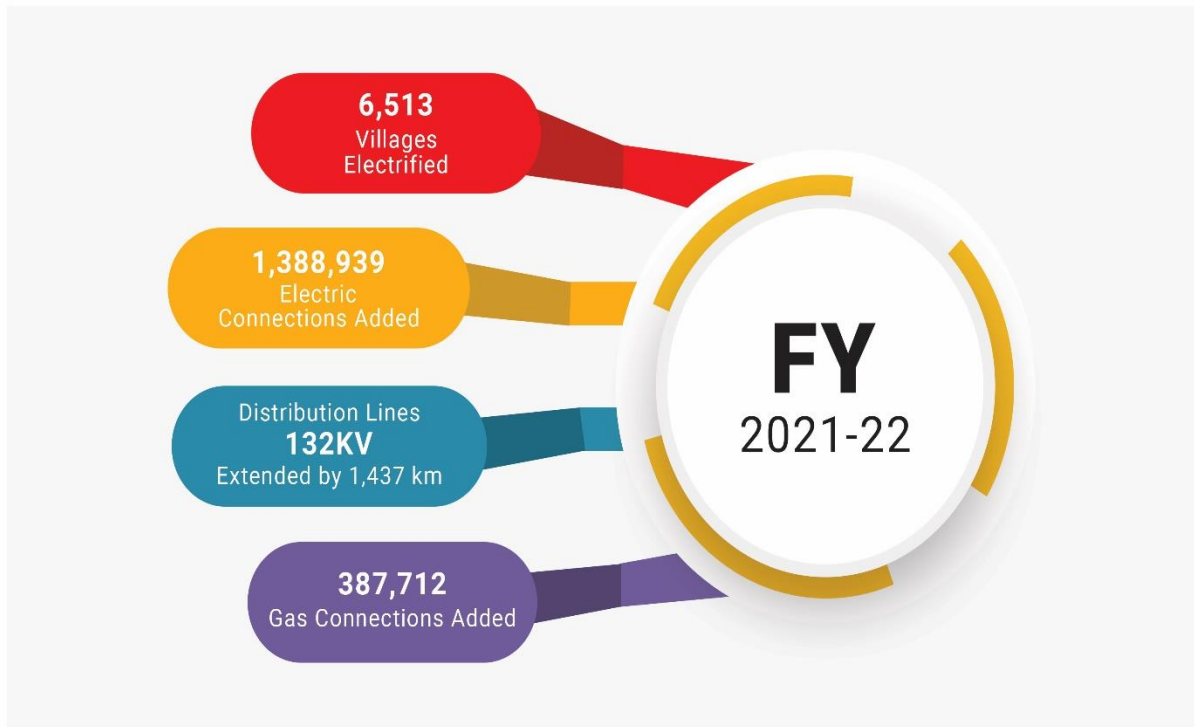




# MODERNIZING INFRASTRUCTURE FOR GROWTH ACCELERATION

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Chapter 3



# High Impact

## Infrastructure Projects Under PPP Mode by P3A

<b>Sukkur Hyderabad</b> Motorway Project	<b>Sialkot Kharian</b> Motorway Project
<b>Kharian Rawalpindi</b> Motorway Project	<b>Karachi Circular</b> Railway

## CHAPTER 3

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# MODERNIZING INFRASTRUCTURE FOR GROWTH ACCELERATION

Economic growth is not possible without efficient and modern infrastructure as it helps reduce the transactions costs and time, foster trade and investment and help achieve economies of scale. Production can only keep pace with the demand when inputs and resources are available on time and at competitive prices. It is therefore imperative that the government invests in improving the quality of infrastructure as well as its coverage so as to help industry and business compete in the market and foster development.

### **Building Sustainable Energy Infrastructure**

Electricity, in the contemporary era, is considered to be a potential driver of a nation's economy and with the commitment towards the 2030 agenda for Sustainable Development, affordability, reliability, sustainability and accessibility have become indispensable traits of electricity. The present-day scenario comprises of an excess of expensive electricity in the national grid, leading to ever growing problem of circular debt. Hence, need of the hour is not to fund new power generation project from the PSDP unless it is a least-cost project under Indicative Generation Capacity Expansion Plan (IGCEP). Energy mix for power generation will progressively shift towards domestic coal, renewable and hydropower resources, as the least cost and sustainable option.

In the coming years, strengthening of Transmission & Distribution (T&D) network and energy provision in the Special Economic Zones (SEZs) will be prioritized from the public investment. PSDP investment in transmission will only be made in projects identified in Transmission System Expansion Plan (TSEP) while in DISCOs, the PSDP financing for DISCOs will be limited to the strategic roadmaps prepared by the DISCOs under National Electricity Plan (NE Plan). By the end of 2021-22, 3,275 MW installed capacity will be added to the national grid, with nuclear power plants topping the list with a contribution of 1,145 MW and increasing the cumulative toll to 37,951 MW. Power System Planning Department of NTDC has confirmed that the available capacity during peak summer and peak winter of 2021-22 will be 30,360 MW and 20,800 MW, respectively, against estimated peak load of 24,574 MW and 14,994 MW during summer and winter seasons, respectively. In the transmission sector, 2,400 MVA, 3,653 MVA and 4,000 MW capacity will be added by June, 2022 on 500kV, 220kV and  $\pm 660$  kV HVDC Voltage levels, respectively. The distribution system will be boosted by addition of 2,578 MVA on 132kV Voltage levels with the addition of 1,389,939 consumers and electrification of 6,513 villages by June, 2022.

During 2022-23, 2,928 MW of new generation capacity will be added in the national grid including major contribution of 1,650 MW from local coal. Consequently, the NTDC/CPPA-G basket will have a cumulative capacity of 40,879 MW. Power System Planning Department of NTDC has confirmed that the available capacity will be 32,703 MW and 22,339 MW against estimated peak load of 26,346 MW and 15,410 MW during summer and winter seasons, respectively, of FY 2022-23. The transmission sector will not witness any significant capacity addition during 2022-23 when only 4,230 MVA will be added on 220kV level. The capacity addition at distribution level of 132kV voltage level will be 4,385 MVA, with the addition of 1,614,219 consumers and electrification of 10,506 villages during 2022-23.

Seven projects for provision of power supply to Special Economic Zones (SEZs), with the cumulative cost of Rs. 19,855 million, were included in PSDP 2021-22. Further, three (3) number of new schemes in respect of Power Sector, with total estimated cost of Rs. 1,354 million, were approved under Accelerated Development Plan for Southern Balochistan while two new schemes of power sector projects, with total estimated cost of Rs. 41,747 million, were approved under Socio-Economic Development Plan of Gilgit-Baltistan.

During 2021-22 total nine Energy (Fuel) Sector projects implemented by the Petroleum Division have an allocation of Rs. 2,958 million. The nine (09), includes five (05) gas pipeline projects to SEZs. By June, 2022 three projects are expected to be completed.

## PSDP Performance Review 2021-22 and Planned Activities 2022-23: Greening the Power Sector

### Generation System

The generation mix of energy in the country is currently dominated by fossil fuels, including; Oil, RLNG, Gas, Local and imported coal, with gross share of 66 percent, subsequently, adding expensive electricity to the generation mix. The induction of power generation capacity under ‘Take or Pay’ and ‘Must Run’ regime, as an effort to bridge the demand supply gap by past governments, continued to hurt the power sector, with the power plants having low utilization factor were prioritized during dispatch condition and paid Non-Project Missed Volume (NPMV) cost, in case of non-evacuation of available power from these plants. The installed capacity as on June 2021 was 34,676 MW (excluding K-Electric system). Details of existing source/fuel-wise generation capacity is given in Table 3.1.

**Table 3.1: Existing Source/ Fuel wise Generation Capacity (MW)**

Source/Fuel	As on June 2021 (MW)	Percent Share
Solar	400	1.15
Wind	1,235	3.56
Hydel	9,898	28.54
Coal (Local)	660	1.90
Coal (Imported)	3,960	11.42
Gas	3,427	9.88
RLNG	5,838	16.84
Oil	6,507	18.77
Baggase	259	0.75
Nuclear	2,490	7.18
<b>Total Capacity</b>	<b>34,676</b>	<b>100.00</b>

Source: NTDC

An amount of Rs. 222,144 million were allocated in PSDP 2021-22 for power sector projects including self-financed projects by Power Sector Corporations excluding cost of IPPs (Table 3.2).

**Table 3.2: Power Sector PSDP Allocations 2021-22**

Department	Number of Projects	(Rs. Million)
		Allocation 2021-22
Power Division (Generation, Transmission and Distribution Projects)	98	102,607
Pakistan Atomic Energy Commission (Power Projects)	2	16,575
Kashmir Affairs and Gilgit Baltistan (Power Projects)	7	10,850
WAPDA Hydropower Generation Projects	14	92,112
<b>Total</b>	<b>121</b>	<b>222,144</b>

Source: PSDP 2021-22

An amount of Rs. 197,106 million is proposed in PSDP 2022-23 for power sector projects of generation, transmission and distribution including government budgeted, self-finance projects of Power Sector Corporations excluding IPPs details in Table 3.3.

**Table 3.3: Power Sector PSDP Allocations 2022-23**

Department	Number of Projects	(Rs. Million)
		Allocation 2022-23
Power Division (Generation, Transmission & Distribution Projects)	94	83,801
Pakistan Atomic Energy Commission (Power Projects)	2	15,923
Kashmir Affairs and Gilgit Baltistan (Power Projects)	8	5,795
WAPDA Hydropower Generation Projects	13	91,587
<b>Total</b>	<b>117</b>	<b>197,106</b>

Source: PSDP 2022-23

Following is the brief detail of initiatives to be taken during 2022-23:

- i. Energy mix for power generation will need to gradually move towards domestic coal, renewable and hydropower resources, as the least cost and sustainable option.
- ii. Policy for the development of Alternate and Renewable Energy (ARE 2019) has been approved by the Federal government which states that the guiding principles and incentives for increasing the share of ARE in generation. ARE Policy will be extended to GB and AJ&K and will be implemented on fast-track basis across the country to increase the share of renewables as per the targets envisaged in the policy.
- iii. All the future projects will be governed by IGCEP and least-cost principle for generation prioritization.
- iv. All inefficient and loss-making power plants of state-owned GENCOs of low efficiency need to be closed in phases and only efficient power plants should run on merit.
- v. AEDB and PPIB performing similar functions, in respect of ARE projects, will be merged. In this regard, the Private Power and Infrastructure Board (Amendment) Bill, 2022 has been introduced in the National Assembly on 21<sup>st</sup> January, 2022 and GoP has assigned the responsibility of PPIB to manage AEDB till its merger into PPIB. This merger will also facilitate the Competitive Trading Bilateral Contract Market (CTBCM) where PPIB as single entity will act as Independent Auction Agent (IAA) for conducting the auctions/biddings on behalf DISCOs.

- vi. 3,275 MW power will be added during 2021-22 in the national grid. As a result, the installed capacity will be enhanced from 34,676 MW to 37,951 MW. Details of source-wise installed capacity is provided at Table 3.4.

**Table 3.4: Installed Capacity up to June, 2022 (MW)**

Source/Fuel	Addition 2021-22 (MW)	Up to June 2022 (MW)
Solar	100	500
Wind	660	1,895
Hydel	380	10,278
Coal (Local)	990	1,650
Coal (Imported)	-	3,960
Gas	-	3,427
RLNG	-	5,838
Oil	-	6,507
Bagasse	-	259
Nuclear	1,145	3,635
<b>Total Capacity*</b>	<b>3,275</b>	<b>37,951</b>

Source: NTDC

\* Installed capacity added till March 6, 2022 is 910 MW and 2,365 MW yet to be commissioned up to 30<sup>th</sup> June 2022

## Transmission System

During 2021-22, the NTDC transmission system has been strengthened by addition of 2,400 MVA, 3,653 MVA and 4,000 MW on 500kV, 220kV and  $\pm 660$  kV network, respectively, for evacuation of additional power to the National Grid. The existing transmission lines have been extended by addition of 549 km, 990 km and 1,772 km on 500 kV, 220 kV and  $\pm 660$  kV respectively. Detailed achievements and targets for transmission sector is given in Table 3.5.

Initiatives planned for transmission system during 2022-23 are as follows:

- i. Private sector participation in transmission will be encouraged.
- ii. An integrated plan for national and provincial transmission systems shall be prepared under Transmission System Expansion Plan (TSEP). All Provincial Grid Companies (PGC) and Special Purpose Transmission Licensees (SPTLs) will share their respective expansion plans with the National Grid Company (NGC), prior to implementation, in order to get them synchronized with TSEP.
- iii. The capacity of NTDC will be enhanced to immediately implement Supervisory Control and Data Acquisition and construct /operate HVDC transmission lines and Land Acquisition Acts needs to be reviewed and amended after suitable consultations with all stakeholders.
- iv. Right of way/ land acquisition issues in the implementation of generation, transmission and distribution sector projects will be addressed with the support of concerned provincial government.

**Table 3.5: Transmission Capacity (Achievements & Targets)**

Items	Existing Capacity June 2021			Achievements/ Enhancement up to June 2022			Targets / Cumulative Addition up to June 2023		
	500 kV	220 kV	±660 kV	500 kV	220 kV	±660 kV	500 kV	220 kV	±660 kV
Transmission Capacity (MVA/MW)	26,060	30,760	0	28,460	34,413	4,000	28,460	38,643	4,000
Length of transmission line (km)	7,992	11,289	0	8,541	12,279	1,772	9,157	12,437	1,772
No. of Grid Stations/Conversations	16	45	0	17	48	2	17	49	2

### Distribution System

The chronic issues of high T&D Losses (with an average of 20.34 percent up to June, 2021), low percentage recovery of outstanding liabilities (mean recovery of 88.51 percent reported for DISCOs till June, 2021) and weak governance system have shackled the distribution system of Pakistan. The unrealistic targets set by the regulator in respect of investments create an investment gap in the DISCOs and they fail to achieve desired results due to overall governance issues. Consequently, the Circular Debt is building up at an increasing rate.

A total of 6,513 villages were electrified and 1,388,939 connections were added in the 2021-22. In addition, the distribution lines i.e. 132 kV lines were extended by 1,473 km. Detailed performance review in respect of DISCOs is given at Table 3.6. Following is the brief to be undertaken during 2022-23.

- i. Placement of independent Board of Directors and explore the option of outsourcing of DISCOs management functions/ operations without ownership transfer and also explore area franchising structure for improvement in DISCOs efficiency with a clear transaction structure.
- ii. Induction of experienced personnel at all levels on merit basis who will be made sufficiently independent in the decision-making process.
- iii. Competitive market to be established from single-buyer model to multi-player model. In this regard, the regulator i.e. NEPRA will be made capable of managing a competitive, multi-player market.
- iv. "The rehabilitation of existing distribution network of DISCOs is needed to overcome the losses and poor service delivery issues. Proper implementation and tracking of Energy Loss Reduction (ELR), Distribution of Power (DOP) & Secondary Transmission and Grids (STG) projects across DISCOs may be ensured by enhancing capacities and/or considering outsourcing of operations and maintenance.
- v. Roadmap for Privatization of DISCOs will be finalized by Privatization Commission at the earliest in consultation with all stakeholders.
- vi. Distribution network for GB and AJ&K DISCOs will be established at par with the other DISCOs currently functioning in the country.

**Table 3.6: Performance review / Achievements of Distribution Companies up to June, 2022**

Name of DISCO	132 kV MVA Added	132 kV Transmission Line (Km) Added	11 kV MVA Added	11 kV Transmission Line (Km) Added	400 Volt Transmission Line (Km) Added	Consumers Added (Nos.)	Loss Reduction (percent)	Village Electrification (Nos.)
FESCO	260	295	156	218	53	240,438	0.20	450
GEPSCO	135	74	83	386	139	210,000	(0.13)	416
HESCO	133	11	27	23	1	22,873	0.90	135
IESCO	395	213	48	151	14	116,797	(0.35)	279
MEPCO	348	93	3,736	825	81	352,712	0.26	1,231
PESCO	322	111	28	210	136	131,371	1.10	2,933
QESCO	92	141	80	423	274	10,009	0.10	719
SEPCO	135	279	50	477	259	15,211	(0.95)	60
TESCO	320	137	-	180	40.6	415	0.33	220
LESCO	438	120	937	1,275	589	289,113	(0.40)	70
<b>Total</b>	<b>2,578</b>	<b>1,473</b>	<b>5,145</b>	<b>4,167</b>	<b>1,716</b>	<b>1,388,939</b>	<b>1.06</b>	<b>6,513</b>

### Energy Efficiency & Conservation

- i. Pakistan has the potential to save up to 10-15 percent (10-12 MTOE) of primary energy supply through energy efficiency and conservation. To achieve this goal, National Energy Efficiency and Conservation Authority (NEECA) has developed NEECA Strategic Plan 2020-23, which will be implemented in three phases. The first phase (FY-2019-20) was the 'institutionalization of the energy efficiency and conservation at the national and provincial levels. The second phase (FY-2020-21) was the 'operationalization' of policy & actions, and the third phase (FY-2022-23) will be the 'implementation' of action plans.
- ii. NEECA is working on the projects of Building code, Electric Vehicles and appliances efficiency.
- iii. NEECA has developed draft National Energy Efficiency and Conservation Policy with the consultation of all stakeholders involved, which will serve as the guiding principle and provide roadmap for energy efficiency and conservation measures. The draft policy is under approval with the Cabinet.
- iv. NEECA has conducted several studies including 'Pakistan renewable hydrogen energy pre-feasibility study', 'E-mobility study on Electric Vehicle Charging Stations' and 'Industrial Decarbonization study for Pakistan'. NEECA has also conducted energy audits of 37 Sugar Industries and 10 Captive Power Plants during the CFY and has launched Minimum Energy Performance Standards of Appliances i.e. LEDs and Motors.
- v. NEECA will be carrying out third phase i.e. Implementation of its Strategic Plan (2020-23) with the aim to achieve the 3 MTOE energy saving by 2023 in five strategic sectors of economy, as detailed below:
  - 1.3 MTOE by 2023 by the implementation of minimum energy performance standards (MEPs) in the industrial sector.



- 0.5 MOTE in the building sector by the implementation of building codes and mandatory labeling schemes in all new construction in domestic, commercial and public sector.
- 0.5 MTOE energy by 2023 in the transport sector.
- 0.4 MTOE through the intervention of various Energy Efficiency (EE) Programmes in the Power Sector.
- 0.3 MTOE in the agriculture sector.

### Gas Consumer Addition and Pipelines Construction

During the year 2021-22, Sui Northern Gas Pipeline Limited (SNGPL) and Sui Southern Gas Company Limited (SSGCL) collectively added 387,712 new consumers against target of 437,326 showing 88 percent achievement. Moreover, 3,251 km transmission and distribution pipelines constructed against target of 3,167 km which reflects 102 percent achievement (details in Table 3.7).

**Table 3.7: Gas Consumer Addition and Pipelines Construction**

S No	Items	Unit	Targets 2021-22	Expected Achievement by June 2022	Percent Achievements	Targets 2022-23
<b>A.</b>	<b>Gas Consumers Added</b>					
<b>1.</b>	<b>SNGPL</b>					
i.	Domestic	Nos.	300,000	300,000	100	400,000
ii.	Commercial	Nos.	2800	2000	72	2800
iii.	Industrial	Nos.	250	100	40	250
	Sub Total	Nos.	303,050	302,100	99	403,050
<b>2.</b>	<b>SSGCL</b>					
i.	Domestic	Nos.	133,284	85,000	64	133,010
ii.	Commercial.	Nos.	800	522	65	775
iii.	Industrial	Nos.	192	90	47	235
	Sub Total	Nos.	134,276	85,612	64	134,020
	<b>Total (SNGPL + SSGCL)</b>	<b>Nos.</b>	<b>437,326</b>	<b>387,712</b>	<b>88</b>	<b>537,070</b>
<b>B.</b>	<b>Transmission &amp; Distribution Extension</b>					
<b>1.</b>	<b>SNGPL</b>					
	Transmission & Distribution	Km	1,532	2,327	151	9,605
<b>2.</b>	<b>SSGCL</b>					
	Transmission & Distribution	Km	1,635	924	56	1,102
	<b>Total (SNGPL + SSGCL)</b>	<b>Km</b>	<b>3,167</b>	<b>3251</b>	<b>102</b>	<b>10,707</b>

Regarding PSDP Projects, total nine (09) Energy (Fuel) Sector projects with an allocation of Rs. 2,958 million were implemented by the Hydrocarbon Development Institute of Pakistan (HDIP), Sui Companies and Inter State Gas System Ltd. (ISGS) under Petroleum Division. Out of 9 projects, three projects including one lab testing facility upgradations by HDIP and two gas supply schemes to Special Economic Zones by SNGPL and SSGCL are to be completed by June, 2022.

## Petroleum Sector Projects in PSDP 2022-23

During 2022-23, with proposed allocation of Rs. 960.05 million, Petroleum Division will continue implementing five on-going projects including Expansion and Up-gradation of Pakistan Petroleum Corehouse (PETCORE) for its Sustainable Operations to Facilitate Oil & Gas Exploration Research in Pakistan, Strengthening, Up Gradation and ISO Certification of Karachi Laboratory Complex (KLC) at HDIP Operation Office, Karachi Project and three Supply of Gas projects to SEZs (details in Table 3.8).

**Table 3.8: PSDP 2022-23 proposed allocation (Fuel Sector)**

(Rs. Million)

S. No.	Name of Project	PSDP 2022-23 Allocation
1	Expansion and Up-gradation of Pakistan Petroleum Corehouse (PETCORE) for its Sustainable Operations to Facilitate Oil & Gas Exploration Research in Pakistan	303.71
2	Strengthening, Up Gradation and ISO Certification of Karachi Laboratory Complex (KLC) at HDIP Operation Office, Karachi	224.89
3	Supply of 10 MMCFD RLNG to Bostan Special Economic Zone, (SSGCL)	100.00
4	Supply of 13 MMCFD RLNG to Bin Qasim Industrial Park, (SSGCL)	74.71
5	Supply of 40 MMCFD gas/RLNG to Allama Iqbal Industrial City Special Economic Zone (SEZ), Faisalabad” (SNGPL)	256.74
	<b>Total</b>	<b>960.05</b>

## PSDP Performance Review 2021-22: Reversing Water Scarcity

Rising population, reservoir sedimentation, dwindling supplies, and climate change impacts have put the country’s limited water resources under immense stress. Storage enhancement coupled with conservative and efficient use of available water resources is direly needed for provision of safe drinking water, sustainable agricultural and industrial growth. Government’s strategy of “Integrated Water Resources Management” recognizes the need to introduce appropriate policy measures, institutional reforms and knowledge-based interventions to make water infrastructure and management system more efficient and sustainable.

Water Resources sector’s on-going development programme during 2021-22, costing Rs. 1,724.36 billion, focusses on water augmentation, water conservation, groundwater management, protection of infrastructure from water logging/salinity and floods. Out of total budget allocation of Rs. 90.31 billion, Rs. 78.81 billion has been released. It is expected that the remaining allocated budget will be utilized by June, 2022. Additional funding was provided to the projects on fast track and near completion through re-appropriation for their timely closure. Out of total 91 on-going projects, 25 projects/feasibility studies are likely to be completed by June, 2022.

In Balochistan, Sindh, Punjab and Khyber Pakhtunkhwa about Rs. 26.77 billion are likely to be utilized during 2021-22 on construction of medium/small/delay action dams and recharge dams. Province-wise details of allocations during 2021-22 are at Table 3.9.

**Table 3.9: Dams – Province-wise details**

Province	Allocations 2021-22
Punjab	Rs. 3,954 million (Ghabir & Papin Dams).
Sindh	Rs. 3,850 million (Darawat & Nai Gaj, Small dams in Kohistan and Nagarparkar areas of Sindh).
KP	Rs. 4,710 million (Remodelling of Warsak Canal, Sanam dam, Kundal Dam, Pezu Dam, Baran dam and 20 small dams in Nowshera, Karak, Swabi, Mansehra & Kohat).
Balochistan	Rs.14,256 million (Winder Dam, Garuk Dam, Awaran Dam, Panjgur Dam, Kharan Dam, Shenzak Dam, Sunni Ghar Dam, Gish Kor Dam, Const. of 100 small dams (Package-III & IV), Basool Dam, Mangi dam, 300 small dams in Killa Abdullah District & other small dams).

### PSDP Planned Activities 2022-23: Reversing Water Scarcity

The National Water Policy, 2018 aims at reducing conveyance losses through watercourses lining; increase storage capacity of live storage; increase water use efficiency by introducing modern irrigation techniques; replace and refurbish irrigation infrastructure; maintain transparent water accounting system by monitoring river flows using telemetric monitoring; and developing a standardized and uniform mechanism for data collection of various parameters of water resources including but not limited to rivers/canals gauge and discharge, rainfall/snowfall, depth to groundwater table, surface/subsurface water quality parameters, river/canal and reservoirs sedimentation. To achieve these objectives, following strategic actions would be prioritized:

- i. Management of existing water resources in a holistic perspective.
- ii. Formulation of Implementation Framework for NWP, 2018.
- iii. Managing water requirements through Integrated Water Resources Management.
- iv. Raising public awareness regarding conservation of water by introducing technologies for water recycling and reuse.
- v. National Development Framework for water resources development.
- vi. Construction of large/ medium/ small and recharge dams and modernizing existing irrigation system.
- vii. Conservation measures (lining of irrigation channels and On-farm Water Management) to be transferred to the Provinces.
- viii. Completion of water sector project having physical progress more than 80 percent.
- ix. Launch of National Flood Protection Plan-IV to protect infrastructure, agricultural lands & abadies from floods.

During 2022-23, initiatives like; developing water storages, flow measurement of IBIS through Automatic Telemetry System, demand management, rainwater harvesting, decreasing water losses, ground water regulation and management, reclamation of degraded land due to water logging and salinity and increase in O&M cost of Irrigation Infrastructure and Water Charges (Abyana) in consultation with the stakeholders would be taken.

During 2022-23, maximum funds, out of total Water Sector allocation of Rs. 95.56 billion, are earmarked for the above-mentioned priority development programmes.

**Expected Water availability at Farm Gate:** Overall water availability (surface & groundwater) at farm gate hovers around 131.02 MAF. This includes 96.06 MAF Surface Water against 100.62 MAF in 2020-21 at Canal head. At Farm gate, the Surface Water remained 80.23 MAF against 81.87 MAF in 2020-21. Improvement in surface water supplies at farm gate is mainly attributed to reduction of conveyance losses on account of canal lining/remodeling, rehabilitation/modernization of existing irrigation system, construction of small/medium dams, check dams and retention weirs. Another 50.8 MAF of water supplies has been contributed to the system from underground fresh water aquifer mainly by private tube wells. However, there is need to study its impact on ground water table deterioration.

**Large/ Medium/ small Dams:** Out of total Water Sector's Development Programme amounting to Rs. 95.56 billion for 2022-23, an amount of Rs. 39,000 million has been proposed for construction of large/ medium dams (including Rs. 27,000 million for Diamer Basha Dam & Rs. 12,060 million for Mohmand Dam) and Rs. 19,000 million for small/ check & delay action dams in all over Pakistan. It is, expected that about 15 on-going medium/ small dam projects will be completed during 2022-23.

**Kachhi Canal:** Rs. 3,471 million and Rs. 6,000 million has been proposed for Kachhi canal Phase-I (Part-A) and B (Remaining works) respectively to achieve the target of culture command area of 102,000 acres of agriculture land in Balochistan.

**Nai Gaj Dam:** Remaining works of project will be started to develop the command area of about 28,800 acres in the district of Dadu, Sindh. A sum of Rs. 5,000 million has been proposed for this project.

**Naulong Dam:** A sum of Rs. 500 million has been proposed to the project for the development of 47,000 CCA in district of Jhal Magsi, Balochistan.

**Greater Water Supply Scheme K-IV:** To address acute drinking water supply problem of Karachi, on-going project of 260 MGD water supply to Karachi has been allocated Rs. 20,000 million in the PSDP 2022-23.

**Conservation measures through modernization of existing irrigation system:** To minimize the huge conveyance water losses and field application losses, modernization of existing irrigation system is under execution from federal PSDP. It is proposed to gradually shift this programme for financing through Provincial ADPs in coming years. An amount of Rs. 1,110 million is proposed for 2022-23 for the improvement/ rehabilitation /modernization of irrigation system and "lining of irrigation channels in saline zones".

**Flood Management:** An allocation of Rs. 1,500 million during 2022-23 to complete small flood schemes all over Pakistan. A PC-I titled Flood Protection Services Project-III costing over Rs. 90 billion is being processed for approval.

Of the total allocation of Rs. 95.56 billion for Water sector during 2022-23, Rs. 76.6 billion are earmarked to WAPDA, Rs. 17.46 billion to Provinces (Punjab, KPK, Sindh & Balochistan) and Rs. 1.5 billion to Normal / Emergent Floods Protection Schemes.

### **Climate Change, Environment and Ten Billion Tree Tsunami**

Global Climate Risk Index 2021 ranks Pakistan as the 8<sup>th</sup> most vulnerable country susceptible to negative effects of climate change. The effects of climate change are being felt with a greater intensity with every passing year. During 2000-19, Pakistan has lost USD 3.7 billion annually on an average due to climate change impacts. Pakistan is also among the top five countries having the least clean air, despite having a meagre contribution in global Green House Gas (GHG) emissions. Pakistan, once a water rich country with water availability of more than 5,000 cubic meters per person per year in 1947, has become a water

stressed country with 1,000 cubic meters per capita per year, which is expected to further reduce to 860 cubic meters per person by 2025 to become the first water scarce country in South Asia. The water resources of Pakistan are severely affected by Climate Change, having serious implications due to abrupt changes in rainfall patterns. Southern parts of the country are facing lengthy droughts; and in the north, frequent and strong floods are damaging the geography. Glaciers are melting swiftly; progressively increasing the threat of Glacial Lake Outburst Floods (GLOF).

## PSDP Performance Review 2021-22: Climate Change

PSDP allocation to Climate Change Division for FY2021-22 stood at Rs. 14.327 billion compared to Rs. 5.0 billion in FY21. During the year 2021-22, focus of the government remained on massive afforestation under “Ten Billion Trees Tsunami Programme - Phase-I Upscaling of Green Pakistan Programme (TBTTP, Revised) (Rs.125.1843 billion)” with plantation target of 3.296 billion. PSDP allocation for TBTTP for FY22 was Rs. 14.0 billion. The main objective of the project is to facilitate transition towards environmentally resilient Pakistan by mainstreaming notions of adaptation and mitigation through ecologically targeted initiatives covering afforestation, biodiversity conservation and enabling policy environment in line with the SDG 15 (15.1, 15.2, 15.5, 15.7), Climate Change Policy 2021(5.6 Carbon Sequestration and Forestry Policy) and National Determined Contributions (5.2 Adaptation Action and 7.1: High priority Areas). The targets achieved by TBTTP project in Phase-I is in Table 3.10.

**Table 3.10: Targets Achieved under TBTTP Project (Phase-I)**

S #	Province/ Territory	Plantation/ Regeneration/ Distribution Progress			Total Achievements till June 2022 (million Plants)
		2019-20	2020-21	Till March 2021-22	
1	KP	167.9	223.1	173.3	564.2
2	Punjab	58.0	10.7	144.6	213.3
3	Sindh	177.0	231.4	222.1	630.5
4	Balochistan	2.9	3.2	3.2	9.4
5	AJ&K	69.1	41.5	25.0	135.6
6	GB	4.7	17.7	4.4	26.8
<b>Total</b>		<b>479.6</b>	<b>527.5</b>	<b>572.6</b>	<b>1,579.7</b>

Source: MoCC

There is a need to carry out third party evaluation and monitoring to validate the plantation claims and progress under TBTTP, based on agreed ToRs for a consortium of national and international bodies for validation of progress of TBTTP. PC-Is for Development of “National Parks, Wetlands, Ecotourism sites and Safari Parks” and “Pollution Load Assessment Network (PLAN)” have been approved at an estimated costs of Rs. 3,985 million and Rs. 500 million respectively as sub-components of TBTTP. “National Parks, Wetlands, Ecotourism sites and Safari Parks” aims to improve wild life habitat and promotion of ecosystem in Pakistan, while “PLAN” aims to develop technical capacity to support environmental monitoring system in Islamabad for the improvement of air and water quality.

In order to ensure sustainable maintenance to TBTTP activities after completion of the its phase-I in 2023 in KP, PC-I titled “Billion Tree Afforestation Support Project” with total cost of Rs 4,546.85 million with 50/50 percent cost sharing from KfW and KP provincial government has been approved in 2021-22.

## **Pakistan Meteorology**

Weather data across the boundary with India has always been a matter of concern, which can be monitored using weather surveillance radar for quantitative precipitation estimation so as to be able to estimate and issue potential flood warning before time. PSDP allocation to Aviation Division (Pakistan Metrological Department) for FY2021-22, at Rs. 1,872.092 million and foreign aid of Rs. 1,686.108 million include projects “Installation of Weather Surveillance Radars” at Karachi, Multan and Sukkur with an estimated costs of Rs. 1,580 million, Rs. 1,848.650 million and Rs. 2,522 million respectively.

## **Non-PSDP Performance Review 2021-22: Climate Adaptation and Resilience for South Asia (CARE)**

CARE project is being funded by World Bank for year 2020-25 through implementation partners Asian Disaster and Preparedness Centre (ADPC) and Regional Integrated Multi-hazard Early Warning System (RIMES). The implementation partners intervene through following three sectors to support the key line ministries at the federal and provincial levels.

Climate-smart Agriculture (CSA) sector contributes towards achieving the goals of national food security policy by promoting sustainable productivity, strengthening farmers' resilience, and reducing agriculture's greenhouse gas emissions. The interventions under CSA sector include identifying climate hotspots in Punjab province to improve adaptation planning in Punjab and support designing of action-oriented programmes. Agriculture sector risk assessment (ASRA) has provided information on geo-spatial database, while review of existing policy framework with regards to agriculture & climate change has also been completed.

The Integrated Water Resource Management sector aims to improve management of groundwater resources (including demand and supply) to mitigate drought and support the government for development of regulations on water extraction. A study on water demand and supply in key sectors of Sindh has also been completed. This will support developing the ground water strategy for Sindh in drought affected areas. The intervention will develop a groundwater atlas which will contribute towards achieving the integrated water resources management objectives of the National Water Policy 2018. The study on techno-commercial feasibility of pearl farming in coastal belt of Pakistan has been completed to address climate migration.

The Policy, Planning and Finance sector aims to mainstream climate change considerations into development policy and planning processes, which is the key objective of Pakistan's National Climate Change Policy 2021. This includes designing of climate indicators for incorporating into project planning, design processes and development of national guidelines on climate policy, planning and finance. The outcomes linked to climate finance will result in development of an appraisal framework, necessary to implement the National Climate Change and Disaster Risk Reduction (DRR) policies. This will also attract international financing including Green Climate Fund (GCF) under the Nationally Determined Contributions (NDCs).

## **Climate -Smart Agriculture Investment Planning**

The Alliance of Biodiversity International and consortium has designed Climate Agriculture Investment Plan for Punjab and Khyber Pakhtunkhwa. The project is being carried out in partnership with the MoPD&SI, with funding from Deutsche Gesellschaft fur International Zusammenarbeit (GIZ) GmBH, and technical contributions from the Potsdam Institute for Climate Impact Research (PIK).

## **PSDP Planned Activities 2022-23: Climate Change**

- i. Disaster Risk Management, Early Warning Systems
- ii. Availability of clean drinking water in Pakistan
- iii. Transition towards environmentally resilient Pakistan through adaptation and mitigation targeting ecological initiatives consistent with the Pakistan's NDCs objectives
- iv. Attaining Land Degradation Neutrality (LDN) to generate eco-system services and provide additional support to mitigation of GHG in Pakistan
- v. Promote eco-tourism and improve the carbon sinking capacity
- vi. To establish real time monitoring of ambient air quality through establishment of monitoring stations, in periodic manner, throughout Islamabad

### **Sectoral Plan and Strategy 2022-23**

“Capacity Building on Water Quality Monitoring and SDG 6 (6.1) Reporting (USD 7.4 million)”, with an allocation of Rs. 23.00 million in the PSDP 2022-23, aims at maintain water quality management labs (36 district labs in Punjab, 7 divisional labs in KP, One Lab in PCRWR at national level), capacity building for water policy and lab operations, knowledge and experiences sharing with Korean Government, strengthening coordination among M/o CC and Provincial Governments.

PSDP 2022-23 has earmarked Rs. 9,450.582 million for “Ten Billion Trees Tsunami Programme-Phase-I Upscaling of Green Pakistan Programme (Revised)” for achieving the target of planting 500 million trees.

PSDP 2022-23 has earmarked Rs. 563.035 million and Rs. 1,245 million for installation of weather surveillance radars at Multan and Sukkur respectively. While Pakistan Meteorological Department has developed project for “Establishment of new Meteorological Observatory at Naran and Hostel for Operational Staff at Balakot” which are estimated to cost of Rs. 150 million.

### **Key Interventions / Programmes for 2022-23**

- i. Government of Pakistan shall be allocating significant amount of funds to ensure efficient delivery of “Ten Billion Trees Tsunami Programme-Phase-I Upscaling of Green Pakistan Programme (Revised)”.
- ii. Set the target of 2000 million trees to achieve the targets under TBTP in 2022-23.
- iii. Establishment of 22 National Parks at an area of 223606.4 km<sup>2</sup> throughout Pakistan.
- iv. Establishment of Air and Water Monitoring Network initially at Islamabad to be replicated throughout Pakistan.
- v. Support KP Forest Department for sustainability of TBTP.
- vi. Increase the pace of planning and implementation mechanism to make cities more climate resilient under Climate Resilient Urban Human Settlement Units Project.
- vii. To establish Weather Surveillance Radar at Multan and Sukkur.

## **PSDP Performance Review 2021-22: Strengthening Efficiency of Transport & Logistics for Domestic Commerce and Regional Connectivity**

High-density transport infrastructure and highly connected networks are associated with high levels of development. Efficient transport systems provide economic and social opportunities that have positive multiplier effects through better access to markets, employment, and additional investments. On the other hand, deficient transport systems hamper capacity, reliability and increase economic costs in terms of missed opportunities and lower quality of life. Owing to strategic geographical location, Pakistan has the potential to develop into a transit economy. Hence, work on projects to promote regional connectivity is of vital importance.

To Plan and manage the transport infrastructure, National Transport Policy 2018 has already been approved, which sets policy guidelines for each of the sub-sector / mode of the transport. Pakistan's transport network can benefit from modernization, intermodal connectivity, utilizing the different transport modes more effectively.

The PSDP for 2021-22 provided an outlay of Rs. 251 billion for the federal programme under T&C sector. Against this, an expenditure of Rs. 146 billion is expected to be incurred by the end of FY 2021-22, giving an overall utilization of 58 percent. Since owing to financial constraints only 70 percent of the funds allocated, have been authorized / released on the projects. A large number of Road sector projects under various Federal Ministries were ongoing, therefore an amount of Rs. 214 billion were originally allocated towards road sector.

### **Railway Sector**

Against an allocation of Rs. 29.5 billion (including Foreign Aid of Rs. 3.1 billion) for 36 schemes of Railways, an expenditure of Rs. 15.2 billion is incurred during 2021-22, giving utilization of 53 percent. The focus was on the improvement of existing infrastructure, signaling system, and procurement and manufacture of rolling stock like; locomotives including high horse powers locos, coaches, and bogie wagons. Further, the ML-I project was also got approved during 2021-22 at the cost of US \$ 6.8 billion and the implementation is expected to be kick start shortly. In order to address the security concerns of the Chinese Side, it is decided to prepare a separate PC-I for provision of security of ML-I. On the orders of the honorable Supreme Court the MoR has also initiated the work on Karachi Circular Railway and in this regard a PC-I on Public Private Partnership mode has also been approved by the ECNEC.

### **Maritime / Ports & Shipping Sector**

Against an allocation of Rs. 4.4 billion (including Foreign aid of Rs. 2.4 billion) for 14 schemes pertaining to T&C Sector of Maritime Affairs, an expenditure of Rs. 1.2 billion is incurred by 2021-22, showing utilization of about 27 percent. During 2021-22 major ongoing projects include construction of Eastbay Expressway; procurement of Port Allied equipment and jetties in Gwadar and Korangi Fisheries harbour department development projects. It is reported that 04 number of projects are expected to be completed by the GPA by the end of 2021-22.

### **Defence Production Sector**

Against an allocation of Rs. 1.7 billion for 2 schemes, an expenditure of Rs. 0.9 billion is incurred on the project of infrastructure upgradation of Karachi Shipyard and Engineering Works (KS&EW) and the project of PMC Gwadar, giving an overall utilization of 53 percent.

### **Aviation Sector**

Against an allocation of Rs. 1.1 billion (including Foreign aid of Rs. 500 million) for one scheme, Rs. 600 million expenditure from Pak. Rupee /local funding is expected to be incurred on the project of NGIA. The revised PC-I of NGIA project was approved by the



ECNEC at the revised cost of Rs. 51.3 billion including Chinese grant of Rs33.8 billion in November 2021.

### **Road Sector**

**National Highway Authority:** Against the allocation of Rs. 125.75 billion (including Foreign aid of Rs. 22.2 billion) for 68 schemes, an expenditure of Rs. 74.4 billion is incurred for completion of ongoing works of various National and Regional Connectivity Road projects by the Federal Government. During the year, funds were utilized to gear up the slow moving and ongoing projects, especially, for Gwadar links and regional connectivity, and for those projects, which were near to completion. The work was completed on the early harvest projects of CPEC and simultaneously on the western alignment projects funded by PSDP; new schemes under BoT / PPP framework namely “Sambrial Kharian Motorway” and “Sukkur – Hyderabad Motorway” has been initiated successfully by the NHA.

### **Road Safety**

Against the allocation of Rs. 262.8 million for three schemes, an expenditure of Rs. 184 million is expected to be incurred for completion of ongoing works for providing necessary infrastructure on securing the newly built Motorways and National Highways.

### **National Transport & Research Centre (R&D)**

Against the allocation of Rs. 51.6 million for three schemes, an expenditure of Rs. 36 million is expected to be incurred for completion of ongoing studies of Accident Data, permanent Traffic Count and Freight transport.

### **Construction Technology Training Institute – CTTI - (R&D)**

Against the allocation of Rs. 113.154 million for one scheme, an expenditure of Rs. 79 million is expected to be incurred for completion of newly initiated scheme of Construction of 1 x Dormitory for 200 Students at CTTI, Islamabad.

### **Provincial Road Infrastructure**

Against the allocation of Rs. 57.3 billion for 43 schemes, an expenditure of Rs. 34 billion is expected to be incurred for completion of ongoing works of various provincial road projects fully or co-financed by the Federal Government. To support the provinces and equitable development of regions of south Punjab, South Balochistan and northern areas a number of projects with Federal Funding was initiated after approval of the Special packages by Federal Cabinet for South Balochistan and South Punjab.

Against an allocation of Rs. 5.9 billion for 7 schemes, Rs. 3 billion is expected to be incurred on continuation of works of construction of Rathua Haryam Bridge; development along LoC, Nuasehri Laswa Bypass road; Up-gradation of Road from RCC Bridge Konodas to Naltar Air Force Base Via Nomal and the newly approved projects under GB package to improve interprovincial connectivity of Gilgit Baltistan and AJ&K.

Against an allocation of Rs.7.5 billion for 6 schemes, an expenditure of Rs. 5.2 billion is expected to be incurred on the projects of Sindh Infrastructure Development Company limited, envisioned with the goal of improvement of infrastructure of Sindh, especially, Karachi.

Against an allocation of Rs. 10.5 billion for 55 projects, Rs. 7.3 billion is expected to be incurred for completion of the ongoing works of various provincial & Federal road projects for the community good.

Against an allocation of Rs. 5.9 billion for 7 schemes, an expenditure of Rs. 3 billion is expected to be incurred on the projects of Islamabad urban areas.

Against an allocation of Rs. 452.91 million for 1 scheme, an expenditure of Rs. 385 million is incurred on the project of Construction of Bridge at Zero Line for Kartarpur Sahib Corridor.

## **PSDP Planned Activities 2022-23: Strengthening efficiency of Transport & Logistics for Domestic Commerce and Regional Connectivity**

An allocation of Rs. 227 billion has been made for the development programme of the sector.

### **Public Private Partnership Authority (P3A)**

Public Private Partnership Authority (P3A), established to facilitate and assist federal implementing agencies in developing, structuring and procuring their infrastructure projects on Public Private Partnership modalities and to regulate federal PPP transactions. Through P3A (Amendment) Act, 2021, the P3A introduced establishment of Public Private Partnership Working Party (the “P3WP”) and Risk Management Unit. Two dedicated funds; Viability Gap Fund (VGF) and Project Development Facility will facilitate the implementing agencies for grant of VGF and funding support for preparing commercially viable and bankable feasibility studies.

The project preparation, appraisal, procurement and approvals were also systematized by introducing the concepts of (a) Project Concept Proposal (PCP), (b) Project Qualification Proposal (PQP) and (c) Project Proposal. The P3A Amendment Act mandated the P3WP to assess, consider and approve the PCP and PQP. The Project Proposal requires approval of P3A Board.

P3A Act, 2017 also provides for receipt of fee from the successful private party at the time of financial close. The total accumulative fee that has been accrued to P3A comes to Rs. 971 million, which will be paid by the private parties after the financial close. This provision was incorporated in all bidding documents including in the P3 Agreements.

### **P3A Role in Infrastructure Development**

During 2021-22, P3A undertook various infrastructure projects under PPP modality, the break-up and cost of each infrastructure project is given in Table 3.11.

**Table 3.11: High impact infrastructure projects under PPP Mode**

(Rs. Billion)

<b>S#</b>	<b>Name of the Project</b>	<b>Implementing Agency</b>	<b>Cost</b>	<b>Status</b>
1	Sukkur-Hyderabad Motorway Project (M-6)	NHA	300	Under negotiations

2	Sialkot-Kharian Motorway Project	As above	27	Executed, Financial Close Period
3	Kharian-Rawalpindi Motorway Project	As above	80	Approved by P3A Board, under procurement Process
4	Karachi Circular Railway	Pakistan Railways	220	Under Procurement Process
<b>Total</b>			<b>627</b>	

P3A is actively pursuing and engaged with various implementing agencies for the infrastructure related projects during 2022-23 (Table 3.12).

**Table 3.12: Infrastructure projects to be implemented during 2022-23**

S#	Project	Implementing Agency	Status
1	Karachi-Pipri Freight Corridor	Pakistan Railways	Technical & Financial Feasibility studies are underway.
2	Construction of Plan House	M/o PD&SI	Transaction Advisor is being hired for feasibility study
3	Pakistan Post Logistic Project	Pakistan Post	Transaction Advisor is hired for feasibility study
4	E-buses Project in Islamabad	Capital Development Authority	Transaction Advisor is yet to be hired for feasibility study

P3A is actively pursuing to engage federal and provincial state-owned entities, to provide them the financial and legal services for their infrastructure projects for a fee. The benefit of such an endeavor would be two-fold; first being the implementing agencies would be developing P3 projects under the direct advisory supervision of P3A and secondly, P3A would be building capacity of the implementing agencies starting from initial screening, appraisal, preparation, procurement up to the implementation of a project. On this account, P3A is engaged with the Province of Balochistan and Gilgit-Baltistan to help, advise and capacitate them for undertaking their various initiatives under P3 modality.

### Building Project Pipeline

P3A is continuously engaged with different implementing agencies at Federal level as well as with provincial entities to build a project pipeline. It is pertinent to mention here that building a project pipeline does not mean that all of such projects can be undertaken as P3 candidates, for which P3A is about to finalize a proper screening and appraisal mechanism to select the most viable projects which can be proceeded with as potential P3 candidate projects, provided such projects meet the criteria and approval process provided for in P3A Act, 2017 (as amended) and the regulations framed thereunder.

P3A is also entitled to provide advisory services to implementing agencies in accordance with the provisions of P3A Act (as amended) and owing to the recent amendment in Public Procurement Rules, 2004 introduced through Rule 42(f), P3A is actively pursuing for engaging other state-owned entities, federal as well as provincial, to provide them the financial and legal services for their infrastructure projects for a fee. The benefit of such an endeavor would be two-fold; first being the implementing agencies would be developing P3 projects under the direct advisory supervision of P3A and secondly, P3A would be building capacity of the implementing agencies starting from initial screening, appraisal, preparation, procurement up to the implementation of a project. On this account, P3A is engaged with the Province of Balochistan and Gilgit-Baltistan to help, advise and capacitate them for undertaking their various initiatives under PPP modality.

## **Initiatives under CPEC Framework**

The second phase of CPEC is well underway, with an emphasis on industrialization and the development of Special Economic Zones (SEZ), agriculture modernization, science and technology cooperation, promotion of ICT enabled environments and the establishment of IT & High Technology Zones, and socioeconomic development. The overall goal is to reap the benefits of the first phase (2015-20) investment, which has created an enabling environment for investment in other sectors by mostly filling the existing infrastructure and energy gaps. The 10<sup>th</sup> Joint Cooperation Committee (JCC) has several deliverables that have been identified by all stakeholders. A summary of the proposed action plan for 2022-23 is as under.

### **Connectivity**

On the Western alignment, Zhob-Quetta section is under construction whereas the D. I. Khan - Zhob section is under discussion with Chinese side for financing and expected to be launched in the FY 2022-23. G2G Joint Working Group (JWG) on Transport Infrastructure has been notified to prepare proposals of Realignment of Thakot - Raikot Section during 2022-23.

The concessional Financing Agreement for landmark ML-1 project is to be finalized in the 2<sup>nd</sup> quarter of the 2022-23, and subsequently, arrangement will be made for ground-breaking of the project. The construction work on New Gwadar International Airport is underway and likely to achieve CoD by October 2023.

The new projects proposed for inclusion in the CPEC framework in the 10<sup>th</sup> JCC meeting include (i) D. I. Khan-Peshawar Motorway (365 km), (ii) Swat Expressway Phase II (82 km), & (iii) Dir Expressway (26 km).

### **Energy Initiatives under CPEC Framework**

Six energy projects within installed capacity of around 3,284 MW are currently under construction, out of which 720 MW Karot Hydropower and 330 MW Thar Energy Ltd are expected to be completed in the fourth quarter of FY 2021-22. The 330 MW Thal Nova, 320 MW Thar Block-I and 884 MW Sukkhi Kinari HPP are expected to be completed in FY 2022-23. Work on 1,124 MW Kohala, 700.7 MW Azad Pattan HPP and 300 MW Gwadar Coal Power Project will start in the FY 2022-23.

### **Industrial Cooperation**

Significant progress has been made on utility provision under the industrial cooperation during the 2021-22, on which, work will continue during 2022-23. Investment plans to attract investors, particularly Chinese, have been floated. The response from international investors including from China, US, Canada, UK and Germany, is encouraging.

Joint Industrial Diagnostic Studies, on the pattern of Textile Diagnostic Study carried out in 2020-21, are planned with a view to identify impediments in other sectors of mutual interest. Both sides have agreed in the 6<sup>th</sup> JWG meeting in April 2022 to form a sub-working group on Industrial Cooperation to promote the Mines and Mineral sector of Pakistan. In addition, CRBC and KPT are finalizing Investment Framework Agreement for Karachi Coastal Comprehensive Development Zone.

### **Port City - Gwadar**

To make Gwadar a smart port city, development of port and allied infrastructure, operationalization of Free Zone, and implementation of Gwadar Master Plan along with other social sector projects, are under way. Connectivity of the Free Zone to the port via the

substantially completed Eastbay Expressway, incentive package for investors, significantly increase the value proposition of the Free Zone makes Gwadar as an attractive investment destination. Investment and Marketing Plan for Gwadar Port and Free Zone has been launched in the 2021-22.

Pak-China Friendship hospital is expected to complete in November 2022, while work on 1.2 MGD Desalination Plant has commenced with the target to complete it in early 2023. In addition, the following projects are expected to be launched in 2022-23: (i) Construction of Breakwater, (ii) Dredging of Breathing areas and Channels, (iii) Gwadar Smart Environment Sanitation System and Landfill project for Gwadar, (iv) Construction of Boat making industry on Gwadar West bay, and (v) 5 MGD Desalination Plant in Gwadar.

### **Agriculture Modernization**

A comprehensive National Action Plan for Agriculture Modernization has been prepared in terms of capacity building, germplasm resources, agricultural product processing, agricultural technology extension, fishery science and technology, aquaculture, and aquatic product processing. It also includes establishment of FMD free zones, market information & agricultural trade and cooperation for agricultural development, as agreed between the two sides. Other initiatives proposed for 2022-23 in agriculture sector include: Corporate Agriculture Farming, deceleration of FMD Free Zones and local production of FMD vaccines and mechanization harvesting and post harvesting processes.

### **Science & Technology Cooperation**

In Science & Technology, China-Pakistan Knowledge Corridor; establishment of Science & Technology Parks; establishment of China-Pakistan Technology Transfer Center; Capacity Building and Training for Teachers for Science & Technology Engineering Mathematics (STEM) Education in Pakistan; Establishment of mechanism/expert panel to facilitate mutual recognition and accreditation of Engineering education has been planned. The following Science & Technology projects under CPEC are planned to be initiated during 2022-23: (i) Establishment of the China-Pakistan Joint Research Center on Earth Sciences in Quaid-e-Azam University, Islamabad. (ii), Acquisition of Oceanographic Research Vessel, (iii) Establishment of Institute of Smart Semiconductor Technology, and (iv) Establishment of Silicon Solar Cells & PV Panel Fabrication Facility of 500 MW/annum.

### **Information Technology Cooperation**

Cooperation under Information, Communication and Technology (ICT) under CPEC include: expansion of optical fiber cable network; cooperation in special technology zones; mobile manufacturing; cooperation in emerging technologies such as the Internet of things, artificial intelligence, cloud computing, cyber security; data centres, digital payment system, capacity building and skill development training in both emerging and conventional technologies.





# TRANSFORMING DELIVERY OF SOCIAL SERVICES

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Chapter 4

A Progressive Action Plan  
for improving Family Planning  
information and services

Primary Completion  
rate: 67%  
(PSLM 2019-20)



Routine immunization  
coverage for children  
under EPI -76%

The inclusion of transgender,  
disabled persons in the PSDP  
supported Sehat Sahulat Programme



## CHAPTER 4

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### TRANSFORMING DELIVERY OF SOCIAL SERVICES

Social service delivery is an integral part of the public policy. The government is obligated to address the social issues faced by the vulnerable segments of the society and transforming delivery of social services in such a way that disparities and exclusions are minimized, and progress towards Agenda 2030 is expedited. Social services are linked with universal human rights, democratic principles, religious and cultural values. Food, shelter, education, health care, and security are an integral part of social services.

#### **PSDP Performance Review 2021-22: Supporting Provinces to Improve Effectiveness of Population Welfare**

The rising population remains a major challenge as depletion of resources is primarily triggered by increasing population. Unfortunately, Pakistan is amongst the countries having a higher population growth rate. The subsequent COVID-19 pandemic has also hampered the service delivery aspect of contraceptive availability. In the post devolution scenario emanating from the 18<sup>th</sup> amendment of the constitution of Pakistan, the primary responsibility for interventions and implementation remains with the provinces. However, the federal government recognizes its due role in terms of coordination to achieve national economic objectives.

The SDGs Agenda 2030 envisages key targets as part of SDGs 3 & 5 with due acknowledgement to the reduction in maternal mortality ratio, universal access to Sexual and Reproductive Health Services (S&RH) and integration of reproductive health (RH) into national policy frameworks. The forums of population sector have played an instrumental role in outlining the issues pertaining to this sector by suggesting appropriate measures to resolve such issues and contribute towards sustainable development. Therefore, inter-provincial collaboration and public-private interactions were highly encouraged and practised during 2021-22.

A Federal Task Force (FTF) under the chair of the President of Pakistan has been constituted. On the basis of 4<sup>th</sup> FTF the Information, Education and Communication (IEC) material was developed and disseminated among the concerned stakeholders. The Donors Conference on Population Dynamics and Family Planning was held in November, 2021 with the purpose to increase domestic and international financing for better resource allocation to Population and Family Planning Programmes. The conference was instrumental in garnering the commitment of international and local donors to address the financing gap on population.

The Planning Commission envisioned certain interventions at the federal and provincial level which were aimed at making advancements and improvements in core areas of the population. These areas were provision of contraceptive commodities, streamlining service delivery mechanisms, advocacy campaigns and involvement of the private sector. A series of consultative meetings, were held during 2021-22 and subsequently progress was shared by the provincial Population Welfare Departments (PWDs).

The Planning Commission also organized multiple forums in which high impact strategic interventions for youth were discussed and a framework has been drafted. Besides the framework was developed to gauge the progress in the implementation of the interventions made by the Federal MoNHSR&C and Provincial PWDs.

## PSDP Planned Activities 2022-23: Supporting Provinces to Improve Effectiveness of Population Welfare

The population needs to be looked at holistically, specifically with regard to the needs of the development priorities of the country. Economic sustainability relies on the population denominator and instead of merely incurring resource liability; the population growth rate must commensurate with the sustainable equitable development priorities of Pakistan. Realizing this, the Government of Pakistan has assigned top priority to population planning and; acknowledges it as the key driver of national economic growth.

The federal government intends to work on multiple fronts including opening up opportunities of providing public sector funds for social development and formulating a sustainable mechanism for ensuring contraceptive commodity security to avoid stock-outs, advocacy and awareness campaigns, functional integration of health and population departments etc. Besides this, the population sector needs dedicated funding for its interventions. These would not be limited to PSDP or ADP only and a specialized Population fund is also required to be established.

**Investment in Population Sector:** The PSDP 2022-23 is planned to achieve the sectoral goals as envisaged in SDGs and Family Planning (FP) 2030 Agenda. Although there was an improvement in maternal child health indicators during the last decade, but unfortunately the FP indicators remained stagnant despite increased investment by federal and provincial Governments. Therefore, a progressive action plan for improving FP information and services was approved by the CCI. In this regard, key activities planned for 2022-23 are as under:

- i. Conduct sensitization sessions of religious leaders, media officials and other key stakeholders on CCI recommendations.
- ii. To develop and disseminate IEC material, population narrative
- iii. To develop IEC material/ media tool kit on population narrative
- iv. Advocacy and capacity building to accelerate the FP programme in AJ&K & GB (through PWDs).

Two projects on population funded through federal PSDP are set to reach their due targets by the end of 2021-22 as per the details (Table 4.1).

**Table 4.1: PSDP Projects 2021-22 & 2022-23**

(Rs. Million)					
Sr. No	Name of Project	Total Cost	Allocation 2021-22	Utilization	Demand for 2022-23
1	Population Welfare Programme GB (2017-20)	272.8	107.8	53.9	Nil
2	Implementation of National Action Plan on Population (2021-25)	1,998.8	250.0	217.5	250

**Strengthening of Population Data Ecosystem:** Keeping in view the importance of evidence-based policies and accountability, there is a dire need to establish a Center devoted to in-depth analysis of policy-relevant data that also serves as a forum for discussion of policy implications of results as well as strengthens the capacity for population & development modelling and statistical skills.

**Population Forum (Consultative Meeting):** The Population Forum (consultative meeting) has entered its next phase where performance mapping would be carried out and the federal government along with provincial PWDs have initiated progress towards achieving key goals of interventions proposed through this forum. The aim is to facilitate the attainment of sectoral goals and to increase the outreach of FP services by making improvements in the existing mode of operations. With performance mapping and grids, it is anticipated that the interventions would improve service delivery of FP. The forthcoming sessions planned to be organized during 2021-22 and 2022-23, would deliberate on operationalization of interventions at provincial and district levels.

### **PSDP Performance Review 2021-22: Supporting Provinces to Improve Delivery of Healthcare & Better Nutrition**

With the ongoing pandemic, health systems worldwide including Pakistan's have faced challenges ranging from vaccination against COVID-19 at an affordable cost to strengthening resilience of health systems to combat viral load and building capacity of Human Resource for Health (HRH) for enhancing health service skill levels. The Annual Plan 2021-22 focused on achieving the key objective of Universal Health Coverage (UHC) aligned with SDGs. The improvement in quality of health services was ensured through up-gradation of existing health facilities and affordability of health services delivery was ensured through implementation of the Universal Coverage of Social Health Protection initiative in Punjab and Khyber Pakhtunkhwa provinces.

During 2021-22, Planning Commission took initiative to stock-take bottlenecks and streamline project activities of PSDP supported umbrella PC-I of COVID-19. Allocations for COVID-19 umbrella PC-I were prioritized for health sector projects of NHSRC Division and all the provinces. The provincial governments have also contributed to strengthen health sector approach to achieve UHC targets within their ADP 2021-22 resources.

The Punjab ADP 2021-22 has provided financial support of Rs. 17 billion for 300 schemes of Primary & Secondary Health Department and Rs. 78 billion for 69 schemes of the Specialized Healthcare & Medical Education Department. The Provincial Government has allocated 77 percent of funds towards the establishment of specialized healthcare facilities to the tune of Rs.60 billion and 2 percent of allocations to the tune of Rs. 1.7 billion for Medical Education, Rs. 3 billions for Preventive Healthcare and Rs. 9 billion for Primary Healthcare initiatives.

Sindh financed 25 percent of allocations in the ADP 2021-22 towards the establishment of teaching hospitals. The Provincial Government has allocated Rs. 11 billion for up-gradation of infrastructure and Rs. 1 billion for Medical Education making 6 percent share of total allocations in ADP 2021-22. The Provincial government have also extended the support of Rs. 10 billion through ADP 2021-22 to match the Federal PSDP grant for COVID-19 portfolio at 50:50 cost sharing basis.

The Government of Khyber Pakhtunkhwa has financed 164 schemes with allocation of Rs. 22 billion for health sector with total cost of Rs. 142 billion. The Provincial Government allocated Rs. 10.5 billion for investment to improve services in category-C hospitals whereas about 73 percent of total allocations to the tune of Rs. 25 billion for Medical Teaching Institutions and Rs. 7 billion for Medical Education.

The Government of Balochistan earmarked 191 schemes in ADP 2021-22 amounting to Rs. 48 billion out of which Rs. 11 billion has been allocated for the health sector in the provincial budget.

The Government of Azad Jammu & Kashmir (AJ&K) has financed 24 schemes to the tune of Rs. 6.7 billion with allocation of Rs. 1.6 billion for health sector. The Government of Gilgit Baltistan financed 184 schemes to the tune of Rs. 9.5 billion with allocation of Rs. 1.2 the billion for health sector.

## **Nutrition**

Government has taken several steps and made efforts to ensure nutrition security and address the unacceptably high levels of malnutrition, through multisectoral approaches. Various nutrition interventions, both direct and indirect, and initiatives taken during 2021-22 are given as under:

- i. Improving food security and nutrition, minimizing the impacts of COVID-19 on livelihoods of poorest households in South Punjab has been launched with key components/interventions as scaling up community food banks; start-up grants to skilled women, youth and farmers; social mobilization; and piloting for dietary diversification.
- ii. As part of the national Early Childhood Development (ECD) Policy Framework development, key reports including ECD Policy Mapping in Pakistan, National Policy Dialogue, and ECD Parenting Package have been disseminated to inform/share evidence-based recommendations, potential challenges, and opportunities to leverage existing structures and resources.
- iii. A nutrition specific project, “Tackling Malnutrition Induced Stunting in Pakistan” has been devised by the Ministry of MNHRC to significantly reduce the burden of stunting and wasting among children focusing on direct health interventions in 67 districts, across the country. The project is in process of approval.
- iv. Multisectoral National Nutrition Action Plan (MNNAP), to materialize the Pakistan Multisectoral Nutrition Strategy (PMNS 2018-25) and achieve its objectives, has been drafted.
- v. Nutrition interventions “Improving nutrition and food security through kitchen gardening, advocacy, awareness & capacity building” under Gwadar-Lasbela Livelihoods Support Project (Phase-II) (GLLSP-II) have been initiated in Gwadar and Lasbela districts of Balochistan.
- vi. The government has presented its multisectoral nutrition commitments in the Nutrition for Growth Summit 2021 to expedite the efforts to tackle the global challenges of malnutrition.
- vii. The Pakistan Dietary Guidelines for Better Nutrition (PDGN) has been translated into the national language for masses.
- viii. Revised National Food Composition Table (FCT) comprising of data on nutrient composition of 157 raw & 179 cooked food items based on 12 agro-ecological zones is being prepared. The data of raw food items nutrient composition has been validated, and of cooked food items is under process.
- ix. For nutrition awareness and advocacy, training sessions have been integrated into the regular training courses of Pakistan Planning and Management Institute (PPMI) and regularly conducted to sensitize and educate officers of diverse federal and provincial institutions and departments.

- x. Consultations have been made with nutrition partners for the development of multi-sectoral national nutrition markers/nutrition lens for allied sectors to build functional capacity of stakeholders in developing and financial tracking of nutrition sensitive projects.
- xi. Development of a Multi-sectoral National Nutrition Management Information System (MNNMIS) is in hand, as a resource point for nutrition information across the sectors.

### Food Availability & Cost of Food Basket

Food security is completely linked to the availability of food. During 2021-22, the availability of major food items remained consistent (Table 4.4). A slight decrease was observed in the availability of cereals, milk, and edible oils while fruits and vegetables' availability significantly increased during the year. The availability of other food commodities i.e. eggs, fish and sugar remained nearly constant. The availability of per capita calories remained above the minimum calorie needs of the general population similarly to the previous years.

**Table 4.4: Availability of Major Food Items (kg) per Capita per Annum\***

Food Items	2020-21	2021-22 (P)**	2022-23 (E)***
Cereals	170.8	164.7	166.0
Pulses	7.6	7.3	7.4
Sugar	28.5	28.3	28.8
Milk (Liter)	171.8	168.8	169.4
Meat (Beef, Mutton, Chicken)	22.9	22.5	23.1
Fish	2.9	2.9	3.0
Eggs (Dozen)	8.2	8.1	8.2
Edible Oil/ Ghee	15.1	14.5	15.0
Fruits & Vegetables	52.4	68.3	70.3
Calories/day	<b>2786</b>	<b>2735</b>	<b>2773.0</b>

\* Food availability is calculated on the basis of domestic food production, imports and exports data. The production data has been collected from Ministry of National Food Security and Research and import, export data from Pakistan Bureau of Statistics;

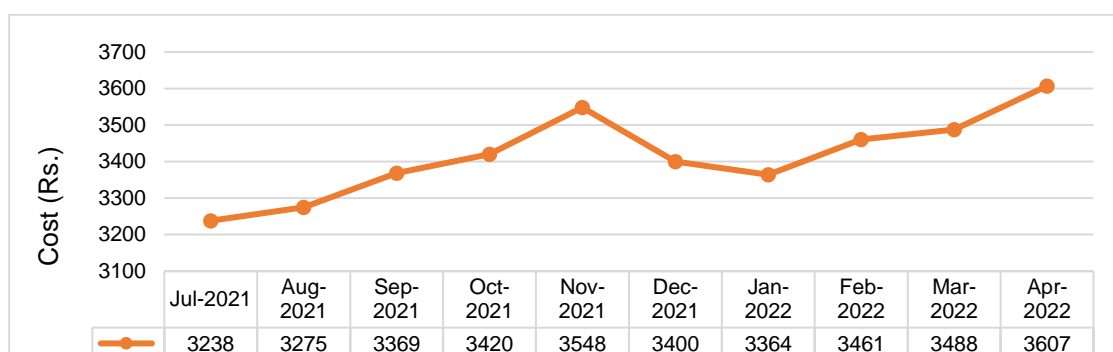
\*\*P: Provisional;

\*\*\*E: Estimated, the food availability estimation for 2022-23 is on the basis of provisional data;

Source: Ministry of Planning Development & Special Initiatives

### Cost of Food Basket

During 2021-22, the cost of food basket per capita per month, providing 2150 kcal and 60g protein/day, remained fluctuating (Figure 4.1). The cost gradually increased by 10 percent (Rs. 3238 to Rs. 3548) from July to November 2021 followed by a sharp drop of 5 percent from November to January (Rs. 3548 to Rs. 3364). From January to April 2022, the cost increased by 7.2 percent (Rs.3364 to Rs. 3607). In general, the cost of food basket remained above Rs.3200 and increased by 11.3 percent during 2021-22 (July, 2021- April, 2022).

**Figure 4.1: Cost of Food Basket (Rs.) per Capita per Month (July 2021-April 2022)**

Source: Nutrition Section, Planning Commission, PBS

## PSDP Planned Activities 2022-23: Supporting Provinces to Improve Delivery of Healthcare & Better Nutrition

### Special Initiatives to implement disease surveillance and response capabilities

The Annual Plan 2022-23 for health is concentrating upon achieving goals as envisaged for the preceding year and aligned with SDGs. The Government is committed to improving healthcare policy, health systems governance and coordination to achieve UHC aligned with the SDGs through ADP 2022-23. The Federal and Provincial Governments will prepare policy documents on hospitals coping with COVID-19 issues, Public Health Architecture, Population based Yardstick for small, medium and large size hospitals, Policy & Institutional Framework for Social Health Insurance and National Human Resource for Health (HRH) Plans.

### Special Initiatives

The priorities of the Federal Government and Provincial Governments have evolved to include all eligible citizens for the provision of free of cost health services to achieve UHC. The inclusion of transgender, disabled persons in the Federal PSDP supported *Sehat Sabulat* Programme and all citizens regardless of their poverty status in the Punjab and Khyber Pakhtunkhwa supported Social Health Insurance programme will be the mainstay of the priority agenda with clearly defined distinctive roles and responsibilities of Federal and Provincial Government in light of obligations of SDGs in providing maximum benefit to the population of Pakistan with equitable, affordable and quality healthcare services. Other major initiatives include the following:

- i. **Polio Eradication Programme:** Pakistan has made important progress towards eradication of polio in the country. The recent decline in the number of positive Polio cases has encouraged Global Polio Eradication Initiative (GPEI) think tank to feel that world is close to global interruption of polio virus circulation as the wild and vaccine-derived polioviruses are running low in last two endemic countries i.e. Pakistan and Afghanistan. The 19<sup>th</sup> Independent Monitoring Board (IMB) report agreed that this last stride of poliovirus circulation may be interrupted by the repurposing of polio staff, assets and ways of working. Pakistan has a real opportunity to end transmission by continuation of strategic focus on reaching children in high-risk areas of the country, enhancing surveillance quality, and conducting high-quality campaigns to close immunity gaps.

- ii. **Safe Blood Transfusion Services (SBTS) Programme:** The Safe Blood Transfusion Services Programme at ICT is on the verge of completing project activities. The momentum built up by the programme implementation is crucial to take its position from the development side to sustainable side. Federal Government recognizes the pivotal role of strengthening healthcare services with backup support of provision of adequate and highest quality of safe blood transfusion services system in the country. The self-sustaining activities are crucial therefore a revised project document be implemented to fill the gap of implementation activities for 2022-23. The support of the German Government through KFW Development Bank in this initiative will also be instrumental in this context.

**COVID-19 Response:** The PSDP supported Provincial sub-projects under the umbrella PC-I titled **“COVID-19 Responsive and Other Natural Calamities Control Programme”** shall continue to be executed during 2022-23. The COVID-19 umbrella PC-I was approved by the ECNEC at a total cost of Rs. 70 billion without FEC, with equal matching amount/share to be provided by the provincial governments. In health sector alone, fourteen (14) sub-projects of Punjab, two (2) each of Khyber Pakhtunkhwa and Balochistan and one (1) each for Sindh, Azad Jammu & Kashmir (AJK) and Gilgit Baltistan (GB) were approved by the CDWP as per the details given in Table 4.2.

**Table 4.2: Details of PSDP funded projects for COVID-19 Portfolio**

(Rs. Million)

Sr. #	Province/ Federal Area	Number of projects approved	Total Cost of projects	Federal Share	Federal Funds Allocated	Federal Funds Released
1.	Punjab	14	39,469.352	19,734.676	19,734.676	19,590.767
2.	Sindh	01	20,822.040	10,411.020	10,411.020	10,411.020
3.	Khyber Pakhtunkhwa	02	10,037.234	5,018.617	5,018.617	5,018.617
4.	Balochistan	02	10,914.304	7,807.134	7,807.134	2,936.980
5.	M/o NHSRC	01	4544.158	4544.158	750.000	375.000
6.	Azad Jammu Kashmir	01	1102.640	1102.640	00.000	00.000
7.	Gilgit Baltistan	01	1637.785	1637.785	00.000	00.000
<b>Total</b>		<b>22</b>	<b>88,527.510</b>	<b>50,256.030</b>	<b>43,721.450</b>	<b>38,332.380</b>

Financial Review of development schemes for health sector is at Table 4.3.

**Table 4.3: Financial Review of Development Schemes for 2022-23 (Health Sector)**

(Rs. Million)

Status of Schemes	No. of Schemes	Total Cost	Proposed Allocation
On-going	34	85,738.700	11,827.300
New	11	27,151.680	2,172.700
<b>Total</b>	<b>45</b>	<b>219,123.488</b>	<b>14,000.000</b>

**Malaria Control Programme:** Malaria control Programme under the grant from Global Fund is Principal recipient for control of Malaria. The Directorate of Malaria Control shall continue to prepare proposals and liaise with international agencies for securing support of such partner agencies. The Directorate is also providing the technical and material resources to the provinces for successful implementation of disease control strategies and diseases surveillance at the provincial level.

**Tuberculosis (TB) Control Programme:** The National Tuberculosis (NTB) Control Programme is also principal recipient of the Global Fund grant through mechanism of Single Stream Funding (SSF). The International community is eager to support NTB programme due to high burden of disease. Pakistan ranks 5<sup>th</sup> amongst the high burden countries in the world. The prevalence, incidence, and mortality per 100,000 population per year from TB in Pakistan are 340, 259 and 20 respectively. The programme aspires to effectively end the TB epidemic in Pakistan by 2035.

**Human Immunodeficiency Virus (HIV)/ Acquired Immune Deficiency Syndrome (AIDS) Control Programme:** The upsurge of HIV/AIDS cases in Pakistan has urged the GoP and Development Partners to revisit and reform strategies to re-install a sense of increased commitment and leadership among the national authorities and the leaders at all levels. The formulation of new strategy to control HIV/ AIDS incidence will be aligned with the long-term development policies and programme efforts for HIV and AIDS prevention and control for 2022-23 and onwards.

**Enhanced Focus on Primary Health and Health Promotion:** The Government is committed to improving the health service delivery to achieve Universal Health Coverage in close coordination with the provincial Health departments across the country. The World Bank (WB) supported National Health Support Plan (NHSP). The NHSP programme will focus on providing technical, financial and managerial support to the federal and provincial governments to strengthen services at Primary Health Care (PHC) level as well as developing institutional and policy framework for PHC.

**Essential Package of Health Services for Improved services and DCP-3:** The Disease Control Priority-3 (DCP-3) will spearhead energizing package of Essential Universal Health Coverage (EUHC) for 2022-23. The strategy for EUHC will be developed through a consultative and collaborative process and hospitals & health service delivery outlets will ensure Minimum Service Delivery Standards (MSDS) for quality health services.

**Social Health Protection & Universal Health Coverage (UHC):** Localizing the SDG-3 target and indicators has established linkages between Universal Health Coverage and Social Health Protection. The UHC 3.8 is a composite of two indicators that are 3.8.1 on 'coverage of essential health services and 3.8.2 on the 'proportion of country's population with catastrophic spending on health'. The GoP along with the Provincial Government of Punjab and Khyber Pakhtunkhwa are investing in social health protection initiatives which embark on highlighting SDG-3 focus on health and well-being to achieve UHC target by 2030.

**Communicable Diseases and Emergency Disease preparedness:** Initiatives to accelerate and scale-up the national response to the communicable disease epidemics and disease preparedness shall be institutionalized. This shall be geared up by increased political commitment, availability of sustainable resources and setting functional mechanisms for multi-sectoral actions and effective coordination at national level.

**Reproductive, Maternal, New-born, Child and Adolescent Health and Nutrition:** The focus would be on first 1000 days of human life cycle to avoid all forms of stunting and malnutrition in children.

**Human Resources for Health (HRH):** The Government is cognizant of the gap between the availability of doctors and access to health service delivery which will be addressed as a priority. Currently, the shortage of paramedical staff including nurses needs to be reduced/improved.



**Health Management Information System (HMIS) and Research:** A comprehensive and accurate health information system with the incorporation of technologies for informed health policy and evidence-based decision-making shall be implemented.

**Civil Registration and Vital Statistics (CRVS):** A robust approach will be adopted to include all the Federal/ provincial areas and area governments for improvement in civil registrations and vital statistics, especially in the area of birth registration and death registration from hospital records in compliance of ICD-10 standards. CRVS reforms shall be implemented in 2022-23.

### **Nutrition - Key Programmes/Interventions**

The key programmes/interventions planned for 2022-23 to improve nutrition security that will remain focus of the government during 2022-23 include the following:

- i. **National Nutrition Thought Management Coordination Programme:** To sensitize various nutrition actors, community leaders and raise nutrition awareness among masses for behavioral changes towards nutrition, a national programme will be developed in collaboration with relevant public and private stakeholders. The programme will promote quality research on nutrition fostering Public Private Partnership (PPP) for increasing availability and access to indigenous nutritious food products.
- ii. **National Food Safety Policy:** A comprehensive national policy to create an enabling policy environment and provide strategic guidance on food safety issues in the country will be formulated by taking on board all the relevant stakeholders. The policy will result in a harmonized implementation arrangement to improve the safety and quality of food along the food chain and to improve food trade.
- iii. **School Nutrition Programme:** For combating short-term hunger, fostering growth and development, and improving the children's nutritional status and educational achievements, school meal programmes will be initiated by the federal and provincial governments with the support of development partners.
- iv. **Multisectoral National Nutrition Information Management System:** A comprehensive multisectoral nutrition information system for better understanding of the nutrition situation, monitoring progress and informed decision making will be established at the Nutrition Section to increase access to information on multisectoral nutrition indicators.
- v. **ECD Policy Framework:** Feasibility study of ECD Policy Framework will be prepared and a PC-I will be devised accordingly.

### **PSDP Performance Review 2021-22: Supporting Provinces to Improve Education**

Pakistan is facing many challenges in providing access to education for boys and particularly for girls. As per National Education Policy 2009, primary school should be with a radius of 1.5 kilometers. Gender Parity Index (GPI) needs improvement by enhancing more human and financial resources and initiating national campaign to enroll the girls to schools. Special incentives are offered to parents to send their female children to school. Quality of education needs improvement by providing Student Teacher Ratio (STR) of 40:1, provision of qualified and trained teachers, improving basic infrastructure facilities like; electricity, drinking water, boundary walls, toilets and availability of building in good condition. Student friendly environment and improved teaching -learning process with the annual academic programme

also adds value to the quality of education. The governance system in the education sector needs a higher-level intervention to effectively manage and implement the education sector plans to attain the objectives and targets of education.

According to Pakistan Social and Living standards Measurement (PSLM) 2019-20 completion rates at primary, lower secondary and upper secondary level education are 67 percent, 47 percent and 23 percent respectively. Disparities in, literacy, youth literacy, primary and secondary level are 0.71, 0.82, 0.88 and 0.89 respectively. According to PSLM 2019-20, Net Enrollment Rates (NER) at Primary level (Age 5-9, Excluding Katchi Class) are 56 (Urban), 49 (Rural) and 51 (Total) respectively, NER at Middle level (Age 10-12) are 27 (Urban), 19 (Rural) and 21 (Total) respectively and NER at Secondary level (Age 13-14) are 17 (Urban), 10 (Rural) and 13 (Total) respectively. Literacy Rates (10 Years and Older) are 74 (Urban), 52 (Rural) and 60 (Total) respectively. Youth Literacy Rates (15-24 Years) are 84 (Urban), 65 (Rural) and 72 (Total) respectively. Adult Literacy Rates (15 Years and Older) are 72 (Urban), 48 (Rural) and 57 (Total) respectively. Percentages of Out of School Children are 22 percent (Urban), 37 percent (Rural) and 32 percent (Total) respectively. Pakistan's Human Development Index (HDI) is 154 as per HDI Report 2020.

Total allocation of Rs. 4,873.74 million was earmarked for 24 projects in PSDP 2021-22 which is about 12 percent more than allocation in previous year. 21 out of these 24 schemes were ongoing and 03 were new. 21 schemes pertain to the M/o Federal Education & Professional Training (MoFE&PT) whereas one was initiated by the M/o Defense and 02 schemes were related to M/o Finance. Details given are given at Table 4.5.

**Table 4.5: Projects reflected in Federal PSDP 2021-22**

(Rs. Million)			
Areas of Development Schemes	Number of Projects	Total Cost	Allocation
COVID-19 related Projects	2	4,110.46	1,160.40
Curriculum Reform	1	425.1	105.7
Establishment of School/College	11	6,473.70	2,070.24
Knowledge Economy Projects	2	275.79	160.07
Madaris Reform	1	1,253.42	200
Project Planning	1	89	47
Teachers' Recruitment	1	2,36.64	33.96
Upgradation of schools/colleges	5	11,156.04	1,096.38
<b>Grand Total</b>	<b>24</b>	<b>24,020.14</b>	<b>4,873.74</b>

Source: Federal PSDP 2021-22- M/o Planning, Development & Special Initiatives, Islamabad

## **PSDP Planned Activities 2022-23: Supporting Provinces to Improve Education**

One of the prime objectives is to raise the quality of education through enhancing capacity of teachers and educational managers, improving learning environments, strengthening institutional capacity for resilience against unforeseen situations and upgrading school infrastructure etc. Concerted efforts are required to direct human and financial resources to take initiatives to reduce Out of School Children. Access and equity in education may be elevated through establishing new schools and colleges with the prime focus on girls' education through new PC-Is. To enhance national harmony, peace, stability and socio-economic development in the country through mainstreaming of religious education and to ensure a level playing field for everyone to learn and grow well, uniformity in education is one of the top priorities of education sector.

Punjab Education Sector Plan 2019-20 to 2023-24, priority areas include; improving teaching and learning practices for a better outcomes, providing adequate access to education for children from pre-primary to secondary, including marginalized and children with special needs, promoting quality education in a safe, inclusive and conducive learning environment for children and strengthen good governance of the education sector for equitable access and high-quality education.

School Education Sector Plan and Roadmap for Sindh (2019–24), areas of intervention include: raising quality education, bringing out of school children in schools, enhancing literacy programmes, improving the child friendly environment for primary students, augmenting recruitment of teachers, training and development of teachers, building capacity of educational leadership and management and establishing efficient monitoring & evaluation. Balochistan Education Sector Plan (2020-25), priority areas are governance and management, reforming data and research, access and participation, child care and welfare, assessment & examination and teaching and learning in education sector.

Federal Government has proposed 23 projects (22 on-going and 01 new) related to the Basic and College Education for 2022-23. An amount of Rs. 3,091.785 million has been proposed for allocation for 22 projects in Federal PSDP 2022-23. Detail of these projects has been given in Table 4.6.

**Table 4.6: Financial Review of Development Schemes for 2022-23 (Education Sector)**

(Rs. Million)			
Status of Schemes	No. of Schemes	Total Approved Cost	Proposed Allocation
On-going	22	24,361.652	2,947.455
New	01	441.774	144.33
<b>Total</b>	<b>23</b>	<b>24,803.426</b>	<b>3,091.785</b>



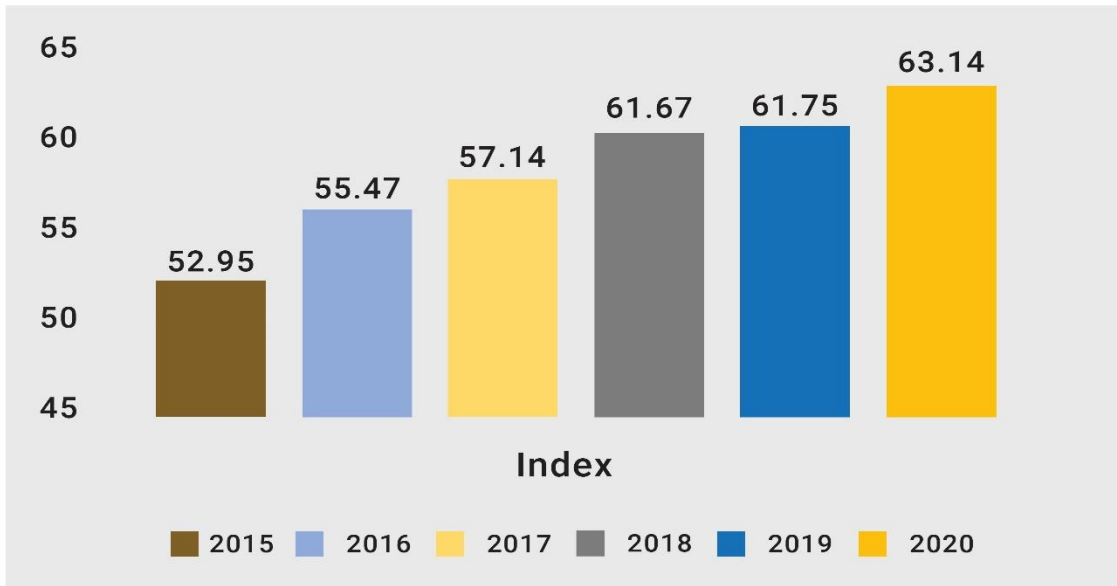


# DEEPENING PEOPLE CENTRIC SECURITY

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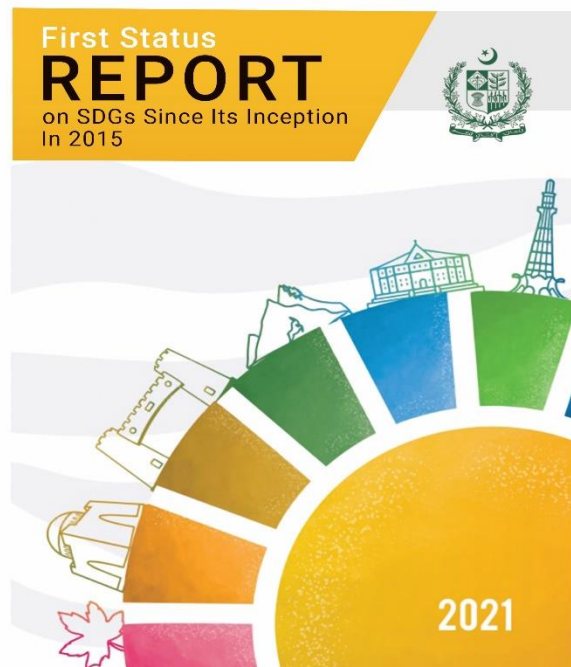
Chapter 5

### SDGs Index



■  
**2016**  
Data On Only  
21 Indicators was available

■  
**133**  
National indicators  
reported in  
**2021**



## CHAPTER 5

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### DEEPENING PEOPLE-CENTRIC SECURITY

The state is obliged to provide every citizen the opportunity to improve his/her choices and quality of life. Putting people first through investing in human capital and deepening people centric security is prerequisite for sustainable, inclusive, long-term growth and poverty reduction. This requires capitalizing upon existing social capital, strengthening it and improving the human skill base of the population to optimally contribute to and effectively benefit from economic growth. Pakistan has to make significant leap forward in areas like education, health and social development to catch up with its peers. The government envisions a strategy for developing a united and equitable society through a balanced development approach, social uplift and rapid broad based growth. This will ensure provision of opportunities and fruits of economic development to all segments of society.

#### Review of SDGs Achievements

Pakistan's 21.9 percent population is living below the national poverty line according to the HIES data of 2018-19 compared to 24.3 percent in 2015-16. Urban poverty has declined to 11 percent from 12.5 percent whereas, rural poverty has declined to 28.2 percent from 30.7 percent between 2015-16 to 2018-19.

Pakistan is striving to make progress towards SDGs amid challenges of ensuring quality education, skill development and job creation. There has been improvement in several indicators related to reduction in poverty, access to health and internet services and reduction in disaster losses. Major interventions contributing to improve/deteriorate SDGs index for each SDG goal are given in Annex 5.1. Pakistan has committed to submit 2<sup>nd</sup> VNR by July 2022 to highlight the country's progress towards SDGs. VNR is a country-led initiative requiring inclusive and participatory process at the national and sub-national levels, ensuring multi-stakeholder participation.

Process of compiling VNR was initiated in December, 2021 and several consultations with federal ministries and provincial line departments were done for orientation of the stakeholders as per the UN guidelines. Second meeting of the NEC Sub-Committee on Sustainable Development Goals (SDGs) 2021, deliberated upon 2<sup>nd</sup> Voluntary National Review (VNR) at the UN High Level Political Forum (HLFP), Pakistan SDGs Status Report, Data Rules for SDGs national reporting and development of partnership with all stakeholders for mapping their contribution in SDGs implementation. Data rules for national reporting were also approved by NEC Sub-Committee. The Data Rules were drafted to overcome the challenges of multiple sources, overlaps and duplications, definition according to Meta data or international definition, frequency of data and the issue of disaggregation.

In the first phase of university engagement programme, approximately 40 universities are selected to be engaged for alignment of research with SDGs. This includes consortium and collaborations among universities for knowledge sharing and localizing SDGs and the proposal of introducing 'sustainability credits' by encouraging students for community service.

#### Policy Architecture of Social Protection System

The four global goals directly related to social protection – SDG 1 (no poverty), SDG 3 (good health), SDG 5 (gender equality) and SDG 10 (reducing inequalities) are extremely important for country's national development. Social Protection envisages provision of policies, interventions, system, benefits and guarantees with the aim to provide decent and stable living standard for the poor, needy and vulnerable people. It emphasises people in need, enabling

them to cope up with the risks and building their capacity to participate and benefit from available opportunities to exit from poverty and mitigate vulnerability.

The social welfare sector has adopted an inclusive development approach by focusing on the most marginalized segments of the society through different programmes, projects, interventions and non-PSDP initiatives. The targeted beneficiaries of social services are poor, vulnerable, disadvantaged, women, elderly, persons with disabilities, transgender, religious minorities with the aim to target areas of exclusion to reduce inequalities, enhance equal opportunities, reducing human rights violations, gender empowerment and enhanced safety net coverage and mainstreaming gender into development process.

Pakistan has several social security schemes for formal sector employees and public sector workers (Government Servants' Pension-cum-Gratuity Scheme, the Employees' Old Age Benefits Institutions, Public Sector Benevolent Funds and Group Insurance, Employees' Social Security Institutions, Provincial Employees' Social Security Scheme and the Workers' Welfare Funds etc.) but face challenge up to some extent to cover workers of the informal sector/economy.

### **Policy and Legislative Initiatives**

Human development, inclusive growth, and knowledge economy are the integral part of the Pakistan's growth and development agenda. Implementation of Human rights are central to all these indicators. Ministry of Human Rights has taken various legislative, policy and awareness measures, which are aligned with the development agenda and SDGs, to uplift the communities through sustainable development and reduce Human Rights violation. The initiatives are at the priority under PSDP portfolio of Ministry of Human Rights. The implementation of the SDGs is another crucial component of growth as envisioned under Agenda 2030.

In PSDP 2021-22, funds of Rs. 462 million were allocated to 13 projects of Ministry of Human Rights, out of which 10 projects were ongoing and 03 new projects including projects of Directorate General of Special Education. Funds amounting to Rs. 747.00 million were allocated to two development schemes of Poverty Alleviation & Social Safety Division including – *Tahafuz* Pilot Project and Monitoring & Evaluation Unit for *Ehsaas* Programme (*Ehsaas* Delivery Unit). In PSDP 2022-23, funds of Rs. 184.682 million have been allocated for 11 on-going projects of Ministry of Human Rights, and Rs. 500 million for 02 projects of Poverty Alleviation & Social Safety Division.

### **Impact and Performance of Internationally Acclaimed Social Safety Initiatives**

#### ***Ehsaas* Programme**

The Government has started various programmes under *Ehsaas* Umbrella project to uplift the marginalized people. It is an umbrella initiative of over 288 policies and programmes, and the list is growing on need basis to mitigate the shocks like COVID-19 and price hike. In the wake of price hike, government has started *Ehsaas Rashan Riayat* programme to provide relief to at least 20 million families. In addition, *Ehsaas Kafaalat* is an unconditional cash transfer programme that includes cash stipends of Rs. 2,000 per month and bank account for 80 million poorest women across all districts of the country. Through *Ehsaas Amdan* programme, assets are given to the deserving to enable them to graduate out of poverty. For the purpose of this programme, these assets include; livestock (goats, cows, buffaloes and poultry), agricultural inputs, body of *Chingchi* rickshaws, and inputs for small retail outlets and small enterprises etc.



### ***Ehsaas* Programme (out of PSDP) – Umbrella Social Protection Initiatives**

The Division of Poverty Alleviation and Social Safety is implementing the *Ehsaas* umbrella initiatives. The move is designed to bring all the organizations i.e. Benazir Income Support Programme (BISP), Pakistan Bait-ul-Maal (PBM), Pakistan Poverty Alleviation Fund (PPAF) & Trust for Voluntary Organization (TVO) working on helping the poor, under one umbrella. Some of the major initiatives under *Ehsaas* is given in Annex 5.2.

#### **Protection of Minorities Initiatives (Out of PSDP):**

- i. Financial Assistance under Minorities Welfare Fund (MWF) – 3,186 beneficiaries belonging to minority communities were provided financial assistance amounting to Rs. 13.4 million during 2021-22
- ii. Minorities Students Scholarship Programme – Rs. 37 million were granted to 2,866 students of minority community during 2021-22
- iii. A grant of Rs. 50,000/- for marriage of daughters of widow/orphan girls of Minority Community on case-to-case basis.
- iv. Small Development Schemes for repair and maintenance of religious/worship places of minorities amounting to Rs. 30.00 million.
- v. Financial help of Rs. 300,000 to Rs. 500,000 is being extended to the victims and their families in emergency faced by minorities in different areas of the country, on case-to-case basis.

### **Performance of Pakistan Poverty Alleviation Fund (PPAF)**

#### **National Poverty Graduation Initiative (NPGI)**

**Interest Free Loans (IFL)** programme is one of the major components of the NPGI being implemented by PPAF through its 21 partner organizations. The range of IFLs is Rs. 20,000 to PKR 75,000. So far 1.7 million loans (48 percent loans to women) have been disbursed with a value of Rs. 60.2 billion. As many as 2.8 million IFLs will be provided (50,000 loans per month) for the next four years to 1.7 million households.

**Benazir Income Support Programme (BISP)** is a flagship social protection programme of the government and is effectively largest single safety net focusing on empowering poverty-stricken women via unconditional cash transfer initiatives. The Programme has been expanded from an allocation of Rs. 102 billion in FY 2016 to Rs. 190 billion in FY 2021.

**Unconditional Cash Transfer (UCT):** The Unconditional Cash Transfer Programme has been strengthened as *Kafalat* Programme through which monthly cash stipend of Rs. 2,000/- is given to at least 7.0 million most deserving and poorest women country wide. It is a non-PSDP funded programme which is impartial in selection of recipients as data for this programme design was collected through the census, analyzed to assign ‘poverty scores’ to households, by employing ‘proxy means test’ (PMT) methodology.

#### ***Waseela-e-Taleem (WeT)***

Under *Ehsaas Waseela-e-Taleem*, conditional cash transfer to the children of *Kifalat* beneficiaries for education in lagging districts was ensured by providing them cash support from class one to twelve. This programme is operational in all districts of Pakistan and 4.4 million beneficiaries have been enrolled.

## **Pakistan Bait ul Mal (PBM)**

First time in the history of Pakistan, PBM is going to establish *Dar-ul-Ehsaas* in Islamabad with the capacity to accommodate 100 orphan girls where orphan girls will be provided with shelter, food, clothes, quality education & other basic facilities.

**Individual Finance Assistance (IFA):** Under IFA there were 23,000 people/ beneficiaries during 2021-22 who got treatment of fatal diseases through government hospitals to protect them from catastrophic expenditures.

***Dar-ul-Ehsaas (Orphanages):*** PBM has established *Dar-ul-Ehsaas* for 10,000 orphans and minimum boarding standards were incorporated in the policy to enhance living standard of orphanages. Work on conversion of orphanages into model orphanages have been initiated and 7 *Darul Ehsaas* have so far been converted, incorporating guidelines of Minimum Boarding Standards policy.

***Ehsaas Kada (Old Homes):*** There were 60 beneficiaries/ shelter-less senior citizens who were given residential accommodation and necessary facilities under the initiative.

***Ehsaas Panagahs*** were opened in different places to take care of the people, who sleep on roadside and can't afford meals. The main objective behind this initiative was to protect the honor of economically weaker and poor segments of society. 27 *panagahs* have so far been opened in different parts of country, serving meals and providing shelter to millions of people.

***Ehsaas Kafaalat*** was launched on January 31, 2020. *Kafaalat* is an unconditional cash-transfer programme that provides payments of Rs. 14,000 every 6 months, savings bank accounts and improved access to mobile phones for poor and disadvantaged women across the country. The number of *Kafaalat* beneficiaries has increased to 8.2 million. With an increase in the number of beneficiaries, the government also enhanced the fund for the programme to Rs.250 billion. It was Rs.116 billion in 2018-19, Rs.196 billion in 2019-20 and Rs.250 billion at present.

***Ehsaas Nashonuma:*** Founded with the primary goal of assisting with the diet of malnourished newborns and mothers, believed to be up to 40 percent of the population, *Ehsaas Nashonuma* programme is now operational through 50 facilitation centers in 15 districts of AJ&K Balochistan, Gilgit-Baltistan, Khyber Pakhtunkhwa, Sindh, Punjab and Islamabad. 93,201 pregnant and lactating women and children under two years of age have been enrolled in the programme. Eligible pregnant and lactating women (PLW) and children less than 2 years of age receive specialized nutritional food and quarterly cash stipends of Rs. 1,500 for PLWs and boy child and Rs. 2,000 for the girl child

**Undergraduate Scholarship** – This programme has awarded up to 100 percent of a five-year degree tuition fee and Rs 4000 per month living stipend to 50,000 meritorious candidates.

**Emergency cash transfer:** This is the main initiative of the *Ehsaas* programme. It distributed emergency payments of Rs. 12,000 per household in 2021, with a total outlay of Rs 203 Billion.

***Langar Scheme / Meal on Wheels (Koi Bhooka Na Soyaa):*** 40 trucks are being operational in different cities providing meals to the most vulnerable and thus ensuring elimination of hunger in the country.

**Institutional Rehabilitation for NGOs:** PBM provides assistance to the NGOs. Moreover, TVO get ahead and got exemption from Government of Pakistan for seeking/ utilizing foreign funding for poverty alleviation of the rural poor of the country.

## **Provincial and Area Government's Initiatives for Poverty Alleviation**

Developing appropriate social protection framework is recognized as a strategy to achieve inclusive growth. The Punjab Growth Strategy and Khyber Pakhtunkhwa's Integrated Development Strategy recognized the importance of social protection. Since the 18th Amendment, provincial government's primary responsibility for social protection, is up to the provinces to develop their own policies, based on the national framework, considering their specific contexts, needs and the prioritization of resource allocations. So far, draft policies have been developed in the Punjab and Khyber Pakhtunkhwa (KP) and work is underway in Sindh, where the Government has notified a committee to develop a provincial Social Protection Policy. The provinces of the Punjab and KP have taken the initiative by setting up structures for coordinating social protection at the provincial level namely, the Punjab Social Protection Authority (PSPA) and the KP Social Protection Reform Unit (SPRU). Each province's Planning & Development Department (P&DDs) is the administrative department responsible for the province's social protection coordination structure.

Many initiatives have been taken by the Provinces for protection of minorities such as putting ban on hate speech & literature, limiting unnecessary use of loud speaker and promotion of religious diversity through cultural and religious tourism.

## **Gender Equality and Sustainable Development**

**Policy Dialogue on Youth Action Prioritized Agenda:** The national policy dialogue on youth action agenda for mainstreaming the persons with disabilities was arranged by the Planning Commission focusing on education, training, employment and rehabilitation of the persons with disabilities. Further, consultations have been held for improving the gender parity index for taking concerted efforts with support of all the stakeholders including parliamentarians, representatives of federal ministries and provincial departments, youth representatives from private sector.

**National Gender Policy Framework** was launched on 8<sup>th</sup> March 2022 on the occasion of International Women Day to contextualize and sensitize the gender dimension in the policy making. The focal persons on gender policy framework have been nominated by the federal government and provincial Departments.

## **Cities as Engine of Inclusive Economic Growth**

Urbanization is one of the most powerful, irreversible force in the world. It is an essential part of most nations' development towards a stronger and more stable economy. Pakistan has the highest rate of urbanization in South Asia. As per the Population Census of 2017, urbanization increased from 32.52 percent to 36.38 percent during 1998 to 2017 which has been further increased to 37.20 percent by 2020. It is estimated that, by 2025, nearly half of the country's population will be living in cities. An allocation of approximately Rs. 28 billion was made in PSDP 2021-22 to various federal ministries and line departments for implementation of physical planning & housing sector programmes / projects. Similarly, the provincial governments allocated substantial amount for the execution of projects relating to the sector, i.e., Punjab Rs. 49.6 billion, Sindh Rs. 22.8 billion, Khyber Pakhtunkhwa Rs. 16.1 billion, Balochistan Rs. 21.4 billion and Azad Jammu and Kashmir Rs. 4.8 billion.

The Ministry of Planning Development and Special Initiatives launched COVID-19 Responsive and other Natural Calamities Control Programme under special initiative programmes to mitigate COVID-19 impact. The programme inter-alia includes to expand the coverage of improved Water, Sanitation and Hygiene (WaSH) facilities. To achieve this objective, Rs. 5 billion were allocated to National Programme for WaSH.

Sectoral objectives/ outlook for 2022-23 is as under:

- i. Ensure sustainable development of housing sector; increasing available shelter and housing options by high-density living conditions.
- ii. Increase housing stock through facilitation to the Ministry of Housing & Works, Pakistan Housing Authority, National Housing Authority, FGEHA, and *Naya* Pakistan Housing & Development Authority; besides, provincial governments to initiate housing programmes / projects, particularly for low-income residents.
- iii. Increase progress on achievement of SDGs by providing technical and financial assistance to provincial governments in devising and implementing physical planning & housing programmes/projects including social housing, urban water supply, sanitation & solid waste management infrastructure / services.
- iv. Provide assistance to provincial governments for development of response plan for innovative and targeted solutions to upgrade water supply and sanitation infrastructure and services that ensure equitable and sustainable access to drinking water and safe wastewater management.
- v. Improve existing service delivery and performance of local service delivery organization through promotion/facilitation to provincial/local governments to launch programmes on Public-Private-Partnership mode.
- vi. Enhance efficiency of urban land markets, through appropriate and affordable land use, building standards and regulations by aiding provincial/ local governments to initiate urban land management programmes.

### ***Naya* Pakistan Housing Programme**

To improve availability of adequate housing in the country, the government envisions to increase the number of housing units manifold in coming years and has taken several measures to support the provision of financing for the housing and construction sector. The government augmented these efforts by introducing the government markup subsidy Scheme, commonly known as Mera Pakistan Mera Ghar (MPMG) markup subsidy scheme. State Bank of Pakistan is the executing partner with the government and *Naya* Pakistan Housing and Development Authority (NAPHDA). Housing Authority (FGEHA) has launched two new projects in Islamabad / Rawalpindi for provision of apartments to the Federal Government Employees under PM's *Naya* Pakistan Housing Programme. During 2021-22, the focus was on construction of low-cost houses under *Naya* Pakistan Housing Programme through Ministry of Housing & Works, Pakistan Housing Authority, National Housing Authority, NAPHDA and FGEHA; regeneration/ revitalization of prime government land; and construction of Mega Housing Projects; affordable housing for all, besides, Regeneration / revitalization of prime government land and construction of Mega Housing Projects.

## Expanding Outreach through Upgrading Digital Media Platforms

Pakistan’s digital media community is growing rapidly, with over 100 million internet users, 185 million mobile subscriptions and over 50 million people active on social media. Being cognizant of this potential, the government has chalked out a plan for digitalization of terrestrial network of Pakistan Television Corporation (PTVC), digitalization of analogue transmission of Pakistan Broadcasting Corporation (PBC) in the public sector. The private cable operators have been tasked to extend cable TV network to rural and far-flung areas and upgrade to optic fibre for digital programming.

An amount of Rs.1,899.5 million was earmarked to eight ongoing and seven new projects of Information & Broadcasting Division in PSDP 2021-22 for improving production, transmission, quality of audio and video signals and increasing the coverage area. Out of 15 projects ten projects will be completed by June, 2022. The remaining 05 projects will be carried forwarded to 2022-23. The utilization is expected to be Rs.543.3 million by June, 2022. An overview of public and private sector media is given in Table 5.1.

**Table 5.1 Overview of Media**

Mass Media in Pakistan	
PTV Stations	7
TV Transmitters	110
Radio Stations (Public)	33
FM Transmitters (Public)	57
F.M Radio Licenses (Private)	234
Cable T.V. Licenses	4060
Total TV viewership (Terrestrial, Cable & Satellite)	144 million
Total Cable & Satellite viewership	96 million
Total Terrestrial viewership	48 million
Satellite Channels (Local)	122
Landing Rights Permissions (LRP)	42

Source: PEMRA, PTV & PBC

### Pakistan Television Corporation (PTVC)

An amount of Rs.699.1 million was allocated to PTVC in PSDP 2021-22 for five ongoing and one new project. These projects are for digitalization of terrestrial network of PTVC, modernization of camera and production equipment of PTVC and rebroadcast stations at four different locations. An amount of Rs.74.8 million has been utilized on the project titled “Modernization of Cameras and Production Equipment of PTV” and the project will be completed by June, 2022. The other four projects of PTVC i.e. Rebroadcast Station at Barkhan, Kharan, Ziarat and Kotli Sattian are in progress and expected to be completed by June, 2022.

### Pakistan Broadcasting Corporation (PBC)

An amount of Rs.298.6 million was earmarked to three ongoing and two new projects of Pakistan Broadcasting Corporation (PBC). These projects are for strengthening of radio coverage to uncovered areas of Baluchistan, Azad Jammu & Kashmir and across line of control (LOC) in Occupied Jammu & Kashmir through installation of medium wave transmitters. As far as the two new projects of PBC are concerned, the first one pertains to construction of auditorium with seating capacity for 200 persons at Radio Pakistan Multan and the second one is for provision of passenger lift/ elevator at Radio Pakistan Multan. The work of these projects remained in progress during 2021-22 and funds to the tune of Rs.29.695 million and Rs.10.9 million respectively have so far been utilized against these projects.

The allocation for 2022-23 for Mass Media Sector is Rs. 2,100 million. The organization-wise details of allocation for PSDP 2022-23 given in Table 5.2.

**Table 5.2 PSDP 2022-23 allocation for Mass Media Sector**

(Rs. Million)

S. #	Agencies	Allocation 2022-23
1.	Pakistan Television Corporation (PTVC)	204.650
2.	Pakistan Broadcasting Corporation (PBC)	562.777
3.	Associated Press of Pakistan (APP)	298.956
4.	Information Service Academy (ISA)	30.572
5.	Press Information Department (PID)	162.709
6.	Directorate of Electronic Media Publication (DEMP)	326.290
7.	Cyber Wing	503.388
8.	Central Board of Film Censors (CBFC)	10.658
	<b>Total</b>	<b>2,100.000</b>

Source: PSDP 2022-23

### Preserving National Heritage and Traditional Lifestyle

National Heritage and culture is very rich in variety of traditions, customs, dresses, foods, festivals, music etc. and are very prominent. The rich culture includes; tangible (ancient sites and historic structures etc.) and intangible (languages, beliefs, rituals, traditions, music, dance, folktales and arts) cultural heritage. National Heritage and Culture Division and its attached departments are promoting true image of Pakistan through preservation of national heritage and culture, projection of thinking of Allama Muhammad Iqbal and Quaid-e-Azam Muhammad Ali Jinnah, welfare of writers, promotion of literature and creation of peace and harmony in the society through culture.

An amount of Rs.125.900 million was allocated to the National Heritage & Culture Division in PSDP-2021-22 for conservation, preservation and up-gradation of historical and religious sites in Pakistan, preparation of master plan for up-gradation of National Museum of Karachi, up-gradation of building of National Library of Pakistan, Islamabad and for upgradation of film projection, light and sound system installed at PNCA auditorium, Islamabad.

The allocation for 2022-23 for National Heritage and Culture Sector is Rs.550.000 million. The organization-wise details of allocation for PSDP 2022-23 given in Table 5.3.

**Table 5.3 PSDP 2022-23 allocation for National Heritage & Culture Sector**

(Rs. Million)

S. #	Agencies	Allocation 2022-23
1.	Department of Archaeology & Museums (DOAM)	296.504
2.	National Library of Pakistan	5.500
3.	National Language Promotion Department (NLPD)	37.000
4.	Pakistan National Council of Arts (PNCA)	160.996
5.	Pakistan Academy of Letters (PAL)	50.000
	<b>Total</b>	<b>550.000</b>

## Annex-I

**Major Interventions contributing to improve/deteriorate SDGs index for each goal**

Years	2015	2020		Major Interventions contributing to improvement
Goal 1	60.20	74.74	↑	Worker's remittances, financial inclusion and structural shift in economy from productive sectors to services sector. Social protection policies including <i>Ehsaas</i> and provincial policies
Goal 2	27.47	62.92	↑	Nutrition support programmes Food fortification programmes Nutrition awareness for food choices programme
Goal 3	44.50	62.80	↑	<i>Sehat Sabulat</i> Programme to achieve universal health coverage (UHC) Improvement in Immunisation through deployment of cold chain equipment Integrated health systems especially for women and children
Goal 4	41.29	56.16	↑	Conditional Cash Transfer schemes for education Increase in stipends and provision of free books
Goal 5	47.49	57.09	↑	Bolo Helpline (Dial 1099) Legislations for protection of women such as Zainab Alert
Goal 6	43.49	55.40	↑	Various clean drinking water programmes across provinces Clean Green Champion programme
Goal 7	69.41	66.60	↓	Higher reliance on fossil fuels and coal power plants
Goal 8	55.51	62.59	↑	Construction and Textile Package IT sector packages Financial inclusion, trainings and interest free loans.
Goal 9	47.59	57.76	↑	Rural accessibility programme Increase in internet subscribers (users)
Goal 10	43.42	47.08	↑	Due to less inclusivity inequality only improves by 3.5 percent
Goal 11	56.55	73.37	↑	Investment in housing sector Improvement in transport provision
Goal 12	73.50	81.88	↑	Ban on Plastic bags Improvement in renewable capacity
Goal 13	75.58	70.92	↓	Greenhouse Gas Emissions are increasing
Goal 14	50.48	67.66	↑	Resumption of exports of different fish to the EU
Goal 15	47.18	44.26	↓	Recent Billion Tree Tsunami and other project have yet to mark their performance through data.
Goal 16	48.30	74.23	↑	Land Record System Model police stations and policy training on modern techniques
Goal 17	70.86	63.82	↓	Decline in tax revenues as percentage of GDP Increase in debt servicing
Total	53.11	63.49	↑	

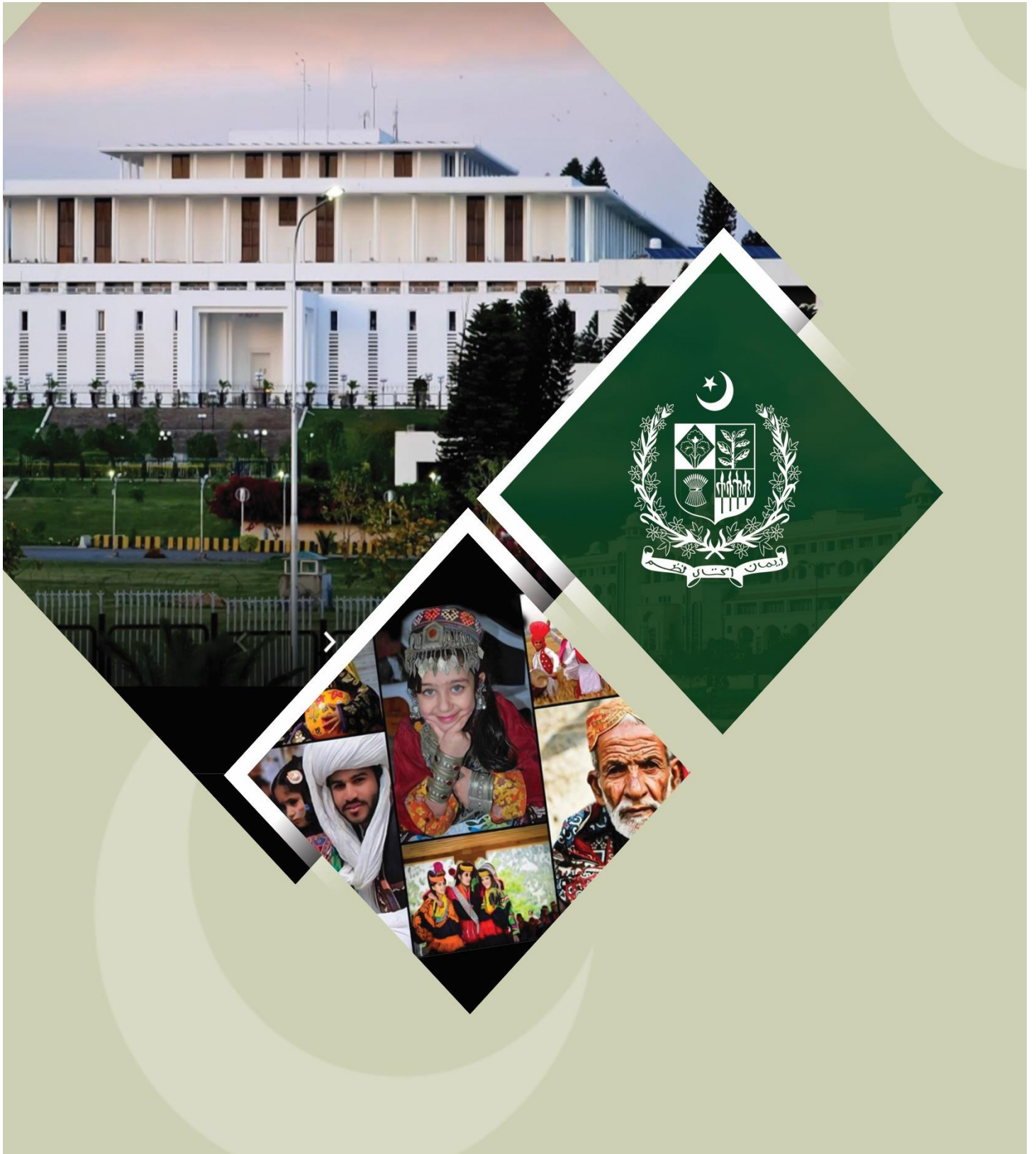


## Annex II

Key Initiatives under *Ehsaas* Programme

Key Government Initiatives in 2021-22	Beneficiaries	Activity/Action conducted
<b>Pakistan Poverty Alleviation Fund Programmes</b>		
<i>Ehsaas Amdan</i>	50,000	Assets to the deserving to enable them to graduate out of poverty i.e. Livestock (goats, cows, buffaloes and poultry), agricultural inputs, body of <i>Chingchi</i> rickshaws, and inputs for small retail outlets and small enterprises
<i>Ehsaas</i> Interest free loans	960,000	Interest free loans to enable households to graduate out of poverty
<b>Pakistan <i>Bait-ul-Mal</i> Programmes</b>		
<i>Dar-ul-Ehsaas</i> (Orphanages)	5,500	Residential accommodation and necessary facilities to orphans
Individual Financial Assistance (Health)	23,000	Financial assistance to indigent sick persons for treatment of fatal diseases through govt hospitals to protect from catastrophic expenditures
Individual Financial Assistance - Special Friends project	2000	Financial assistance of Rs.10,000 to households with one special person and Rs.25000 to households with two or more special persons for wheelchair, white cane, hearing aid, artificial limbs
<i>Ehsaas Kada</i> (Old Homes)	60	Residential accommodation and necessary facilities to senior citizens
Women Empowerment Centers	25000	Free training to widows, orphans & poor girls in different skill i.e. Drafting, Cutting, Sewing, Knitting, Hand & Machine Embroidery
<i>Panahgah</i> and <i>Langarkhana</i>	1,000,000	<i>Panahgah</i> and <i>Langarkhana</i> for destitute people
Assistive devices for persons with disabilities	1500	Planning to introduce a programme to provide assistive devices for needs of mobility, hearing, vision
Construction of Model <i>Panahgah</i> 's in Islamabad at a cost of Rs. 737.68 million i. Tarnol Opposite <i>Zarkun</i> Heights, Islamabad ii. <i>Tarlai</i> , Islamabad iii. I-11, <i>Mandi Mor</i> Islamabad	600	The Model <i>Panahgah</i> will provide shelter to the shelter less people in ICT

<p>Trust for Voluntary Organizations Following are some key strategic milestone to be accomplished: -</p> <p>i. <i>Ehsaas</i> initiative # 275,</p> <p>ii. <i>Ehsaas</i> Initiatives # 36,</p>	<p>i. Revitalization of TVO vision, strategy and plan (i- Capacity building of TVO Staff, ii- Implementation of National Strategic and fund-raising plans and iii. Quarterly board meetings would be held to review progress)</p> <p>ii. Assistance to NGOs for vulnerable, (now TVO get ahead and got exemption from Government of Pakistan (EAD) for seeking/ utilizing foreign funding for poverty alleviation of the poor in rural parts of the country).</p>	
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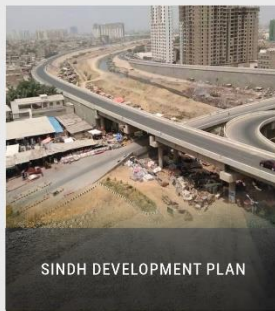
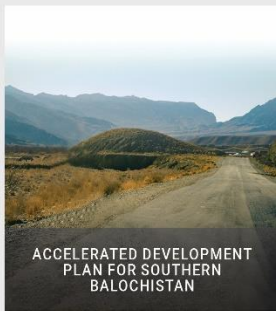
# STRENGTHENING THE FEDERATION

Chapter 6

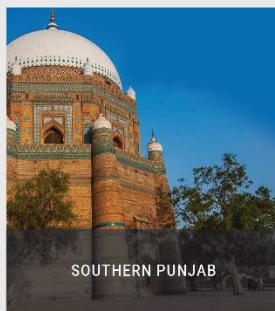
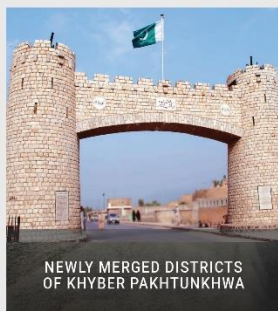
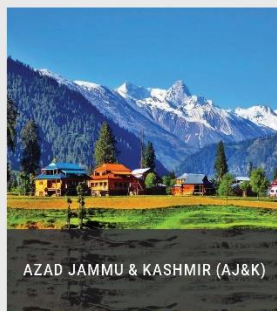


- Industrial Cooperation
- Agriculture Modernization
- Socio-Economic Development
- Scientific Collaboration
- Infrastructure
- Energy

## SPECIAL PACKAGES



## PROJECTS PRIORITIZED FOR



## CHAPTER 6

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### STRENGTHENING THE FEDERATION - LEAVING NO ONE BEHIND

The focus of Federal Government has remained on the balanced development of all of its federating units as there lie vast differences among the federating units in terms of development and growth. The incidence of poverty varies among different regions of the country, the majority of districts with higher poverty are in Balochistan followed by Sindh, Khyber Pakhtunkhwa (KP) and Southern Punjab (MPI Report, 2016). Moreover, Azad Jammu & Kashmir (AJ&K), Gilgit Baltistan (GB) and newly merged districts of KP are also identified as less developed areas.

The Federal Government has taken three broad initiatives to develop the less developed regions. These initiatives are respectively spelled out under four umbrella programmes, namely (i) Accelerated Development Plan for Southern Balochistan; (ii) Gilgit Baltistan Development Package; (iii) Karachi Transformation Plan; and (iv) Sindh Development Plan. Furthermore, special funds have been allocated through block allocations and under SDGs programme for the development of less-developed areas. For accelerated development of merged districts of KP (a Ten Years Development Plan in the form of a Tribal Decade Strategy (TDS 2020-30) is being implemented since May 2018. These initiatives will not only ensure equitable economic growth in these areas but also contribute to overall sustainable development and growth of the country.

The Government has also started various programmes under *Ehsaas* Umbrella project to uplift the marginalized people. It is an umbrella initiative of over 288 policies and programmes, and the list is growing on need basis to mitigate the shocks like COVID-19 and price hikes. In the wake of price hike, the government has started *Ehsaas Rashan Riayat* programme to provide relief to at least 20 million families. In addition, *Ehsaas Kafaalat* is an unconditional cash transfer programme that includes cash stipends of Rs.2000 per month and bank account for 80 million poorest women across all districts of the country. Through *Ehsaas Amdan* programme, assets are given to the deserving to enable them to graduate out of poverty. For this programme, these assets include; livestock (goats, cows, buffaloes and poultry), agricultural inputs, body of *Chingchi* rickshaws, and inputs for small retail outlets and small enterprises etc.

Similarly, Pakistan is striving to make progress toward SDGs amid challenges of ensuring quality education, skill development and job creation. There has been improvement in several indicators related to the reduction in poverty, access to health and internet and reduction in disaster losses.

Besides, under the CPEC project, Road infrastructure on the Eastern Alignment has been completed with the exception of Sukkar-Hyderabad section while the work was on the missing section is expected to start during 2022-23. On the Western alignment, Hakla-DI Khan road CoD completed in January 2022. Remaining projects on the alignment have either been completed are under implementation.

#### **PSDP Performance Review 2021-22: Less Developed Special Areas**

During 2021-22, a revised amount of Rs. 72.2 billion was allocated for Less Developed Special Areas. Out of total allocation, an amount of Rs. 34.6 billion was earmarked as Annual Development Programme (ADP)-block allocations in AJK & GB, and Rs. 37.56 billion were set aside for merged districts-Annual Development Plan (ADP) & Accelerated

Implementation Strategy (AIP) (10-year development programme) (Table 6.1). In addition, Rs. 46.0 billion was allocated for SDGs programme.

**Table 6.1: Agency/Division wise Revised Allocations & Utilization for 2021-22**

Agency/ Ministry/Division	(Rs. Billion)	
	Allocation 2021-22	*Releases
Azad Jammu & Kashmir (Block Allocation)	23.8	23.8
Gilgit Baltistan (Block Allocation)	10.8	10.8
Merged Districts of KP (Block Allocation)	37.5	37.5
Merged Districts 10-year development plan		
<b>Total</b>	<b>72.2</b>	<b>72.2</b>

\* Including FEC

### Special Programmes/ Packages

#### Accelerated Development Plan for Southern Balochistan

Nine (9) districts of South Balochistan (i.e. Washuk, Lasbela, Gwadar, Panjgur, Kech/Turbat, Khuzdar, Awaran, Kharan and Chaghi) have been identified, as the most deprived zones in need of targeted interventions to upscale the economic activity for the betterment of the local people. These interventions have been categorized into three types based on source of funding i.e. PSDP, non-PSDP and PPP. The Plan implementation has extensively been monitored and reviewed on quarterly basis. The sectoral overview of the Plan is at Table 6.2.

**Table 6.2 Sectoral overview of the Accelerated Development Plan for Southern Balochistan**

Sector	Number of Projects			Progress (Percent)		Projects to be completed by June 2022	
	Total	On-going	New	Physical (Percent)	Financial (Percent)	Total	Amount (Bn)
Road & Air	43	12	21	24.30	27.50	8	44.95
Water	31	20	11	43.58	49.70	9	12.60
Electricity	21	10	11	14.4	21.14	1	0.915
Human Development & Social Welfare	16	15	01	24.17	20.38	2	3.30
Digitalization	15	15	0	11.13	9.80	1	0.057
Industries, Commerce & Mineral (PSDP projects)	7	6	1	21	5	2	0.340
Natural Resources Exploration	12	12	0	3.30	5.10	-	-
Health	05	04	01	0	0	-	-
Agriculture	07	04	03	0	0	-	-
Misc	11	17	04	5.9	6.5	-	-
<b>Total</b>	<b>161</b>	<b>109</b>	<b>52</b>	<b>14.08</b>	<b>15.56</b>	<b>21</b>	<b>61.872</b>

Under the Accelerated Development Plan for Southern Balochistan, 27 Water Sector projects (New Projects: 10, On-going projects: 7, Feasibility Studies: 10) have been approved during 2021-22. During 2022-23 projects (small recharge & check dams) costing Rs. 80 billion will remain under implementation especially in Balochistan for flood mitigation, recharging of

groundwater, protection of local infrastructure and provision of drinking water supplies to local population. An amount of Rs. 10.08 billion has been proposed for these projects in PSDP 2022-23.

### Sindh Package

Sindh Development Plan is targeting 14+ least developed districts of Sindh i.e. Badin, Dadu, Ghotki, Hyderabad, Jacobabad, Khairpur, Larkana, Mirpur Khas, Naushehro Feroz, Sanghar, Shikarpur, Sukkur, Tando Allah Yar and Tando Muhammad Khan. The implementation period of this package is 26 months starting from May 2021 and ending in June 2023. The details of the funding arrangement and number of projects of the Sindh Development Plan is given in Table 6.3:

**Table 6.3 Source of funding and number of projects under Sindh Development Plan**

(Rs. Million)

S. #	Source of Funding	No. of projects	Estimated Cost
1	Sindh Development Plan (2+3+4)	105	444,000
2	PSDP Funding for Priority Projects (New + On-Going)	48	134,000
3	Projects Identified Under Non-PSDP Sources of Funding	50	74,000
4	Projects Identified Under PPP Mode	07	236,000

### Karachi Transformation Plan (KTP)

The Federal government has decided to support the Govt of Sindh in addressing the pressing issues of Karachi in the following sectors/ areas through KPT:

- i. Water Supply
- ii. Sewerage Treatment and Disposal
- iii. Solid Waste Management
- iv. Storm Water Drains
- v. Improvement/ Rehabilitation of Internal Roads
- vi. Mass Transit Systems
- vii. Other projects under PPP Mode

The Government of Pakistan has planned to implement projects amounting to Rs.483 billion through National Disaster Management Authority (NDMA), Water and Power Development Authority (WAPDA), Sindh Infrastructure Development Company Limited (SIDCL), and Pakistan Railways in the next three years from PSDP, PPP and Chinese funding to improve infrastructure in Karachi city in the above sectors/ areas. The major projects being implemented by the Federal Government are: (i) Greater Karachi Water Supply Project (K-IV), (ii) Karachi Circular Railway (KCR) (iii) Completion of Green Line Bus Rapid Transit (BRT) System, (iv) Clearance of Rivers and Nullahs, (v) Temporary Settlement of Locally Displaced Persons, (vi) 12000 Flats for Locally Displaced Persons from Encroachments, (vii) Development of Malls, Education and Health Facilities on the Cleared Rehabilitated Nullahs.

The Supreme Court of Pakistan has established a fund for the development of Karachi amounting to Rs. 125 billion for KTP projects, i.e Karachi Circular Railway (KCR), Roads/ Express Ways astride Gujjar, Mahmood Abad, Orangi Nullahs & remaining portion of Lyari Express Way. The ECNEC in its meeting held on 16<sup>th</sup> March 2022 approved the KCR project on PPP mode at total cost of Rs. 201,572 million with concessionaire (private party) share of Rs. 104, 969 million.

The Government of Sindh has also been committed to spending around Rs. 375 billion on the projects in the priority areas through ADP/donors support, and PPP, under the KTP. The major projects covered by the Government of Sindh are in the areas of Water Supply Schemes, Sewerage Treatment and Disposal, Solid Waste Management, Roads, Flyovers, and Mass Transit System i.e. Orange, Red and Yellow BRT lines. The Summary of the proposed Financing Plan for three years (2020-23) is given in Table 6.4:

**Table 6.4 Proposed Financing Plan for three years (2020-23) under KTP**

(Rs. Billion)

S#	Core Sources	Amount
1.	Supreme Court of Pakistan fund	125
2.	Federal Government	483
3.	Government of Sindh	375
<b>Total</b>		<b>983</b>

Under KTP umbrella programme, the following three water sector projects are being implemented on a fast-track basis to cater the rain-water harvesting/urban flooding:

Restoration & Revamping of Mehmoodabad Nullah and its Tributaries (completed); (Total Cost Rs. 8,657.43 million); Restoration & Revamping of Gujjar Nullah (to be completed during 2022-23); (Total Cost Rs. 9,570.93 million); Restoration & Revamping of Orangi Nullah (to be completed during 2022-23); (Total Cost Rs. 8,671.67 million). In addition, K-4 Greater Water Supply Scheme under the KTP Plan is under implementation.

### **Gilgit Baltistan (GB) Development Package**

The GB Development Package is a holistic roadmap for socio-economic uplift of the region. During 2021-22, special focus has been given to the development of sectors such as; hydropower, energy, transport & communication, information technology and social welfare, tourism, etc. Power (hydropower) is the major recipient of the allocated funds during 2021-22 and work on the regional grid in GB is in process. In addition, projects with an installed capacity of around 90 MW is also reflected in the plan. 4,608 consumers were added to the system and electricity connections were provided in 5 villages. Moreover, 174 MW of hydropower has been installed against the target of 188 MW.

In roads & infrastructure, major interventions are being executed i.e. Gilgit-Ghizer road linked with KP via Chitral an alternate road access to the rest of Pakistan via KPK, widening Gilgit Skardu road and linking GB through Shounter to AJ&K. Further, 4 KMs of irrigation channels were constructed. Apart from above, 186 KM metalling of roads, 354 KM shingle roads and 54 all types of bridges were constructed.

In the education sector, facilities were provided to 60 schools. Moreover, the Endowment Fund to the tune of Rs.14.9 million has been disbursed to needy & talented students of Schools & Colleges. In I.T. sector, GB *E-Rozgar* Scheme for soft loaning of IT start-ups, has also been initiated. In the Social Welfare sector, 750 Persons with Disabilities (PWDs) are provided with Assistive devices in collaboration with Civil Society Organizations (CSO). Gilgit Baltistan Child Protection Response Act has also been passed by the GB Assembly. In



minerals sector, trainings have been provided to youth (Male & Female) of GB, in Gemstone cutting and polishing for value addition of gemstone.

### Azad Jammu & Kashmir (AJ&K)

During 2021-22, under AJ&K-ADP, 176 development schemes in multiple sectors have been completed. As per physical achievement, 191 KM double lane roads, 431 KM link road, 29 KM rural roads and 16 KM irrigation channels have been rehabilitated/constructed. In the power sector, 18000 consumers were provided electricity connections and 222 transformers have been installed. In education sector, 179 educational buildings have been constructed/upgraded, one I.T. excellence center constructed and skills development trainings have been imparted to 634 individuals, in various trades. Four tourist resorts and a museum has also been constructed. For the development of agriculture, research trials have been conducted at 60 kanals land and 18 fish ponds were constructed. Forests were planted at 30,000 acres of land. The allocation of funds for the ongoing & new schemes is at Table 6.5.

**Table-6.5: Allocations of funds for ongoing & new schemes 2021-22**

Region	Ongoing		New		Total	
	Schemes	Allocation (percent)	Schemes	Allocation (percent)	Schemes	Allocation (percent)
AJ&K	352	65	209	35	561	100
GB*	685	75	768	25	1,453	100
NMD-ADP	537	67	56	33	593	100
NMD-AIP	202	80	106	20	308	100

\*In GB-ADP, Rs 2.0 billion are set aside as block allocation for 139 schemes under various packages

### Newly Merged Districts of Khyber Pakhtunkhwa

In newly merged districts of KP, a total of 230 schemes are targeted for completion under ADP and 317 schemes under AIP. Through federal PSDP, funds have been provided for socio-economic development of merged areas in form of block allocations, Rs. 37.5 billion for ADP and AIP. Through AIP, a total of 308 schemes under multiple sectors are being implemented which are planned and approved by the KP government as per sectoral priorities. Under AIP, the sectors with the major chunk of allocation were health, education, poverty and water & sanitation, as these were the areas with a significant need for quick assistance. Under Merged Areas-ADP, total 593 schemes have been implemented during 2021-22. Number of schemes in major sectors were; Roads (127), Agriculture (79), education (50), health (38), water supply & sanitation (24), energy & power (17), forestry (19), industries (26), sports & tourism (22), urban development (12) and multiple small nature schemes in other sectors as per sectoral priorities. As per physical achievement, in transport sector, 391 KM roads and 7 bridges of all types, have been constructed/rehabilitated. In education sector, 3,163 classrooms constructed/repared, further 1,985 playgrounds and 101 IT labs have been renovated. In health sector, 162 BHUs/RHCs units were revamped. In energy & power sector, 3 grid stations were upgraded from 66KV to 132 KV and the electrification of 187 off-grid villages have been completed. In industries development sector, an amount of Rs. 1,020 million have been disbursed to 4,500 beneficiaries under Insaf Rozgar Scheme. In social welfare sector, 12 facilitation centres were established and skill development trainings have been imparted to 1,200 women. Moreover, Rescue 1122 service centres have been constructed in 6 FR regions and 7 merged districts.

## Building National Infrastructure and Regional Connectivity

### PSDP Planned Activities for 2022-23: CPEC

The China-Pakistan Economic Corridor (CPEC) is a long-term programme of China and Pakistan aimed to act as a “Gateway of Prosperity” for both the countries and the region at large. The CPEC is focused to open various doors of prosperity in trade and marketing access, industrial development and global value chains, socio-economic development & poverty alleviation, agriculture modernization & marketing, Gwadar Oil City & blue economy, regional connectivity, and third-party participation. Moreover, the focus has been extended to include cooperation in Science & Technology in the overall CPEC Framework.

In the first phase of implementation of CPEC, priority has been given to developing prerequisites of CPEC to initiate the economic activities. Investments under CPEC in infrastructure and energy sectors, through the implementation of early harvest projects, have filled in the voids and accelerated the pace of economic growth of the country that will ultimately provide a momentous boost to the economy of Pakistan.

To realize the vision of CPEC in letter and spirit, CPEC now emphasizes on areas which directly or indirectly contribute to the socio-economic uplift for the people of Pakistan. Industrialization and agriculture modernization are the preferred areas to bring about employment, enhance trade and earn foreign exchange.

Cooperation in Science & Technology and Information Technology has been designed with an emphasis on technology up-gradation and transfer to support the development process under CPEC. Performance Review 2021-22 is in Table 6.6.

**Table 6.6 Performance Review – CPEC**

JWG	Project Name	Milestones 2021-22
Energy	Dual pole 660 KV HVDC Lahore Mititari Transmission line (Evacuation capacity 4000 MW)	Commissioned on August 2021
Infrastructure	DTMB-A	Implementation Agreement (IA) signed in December 2021
	Khuzdar-Basima	Inaugurated in June 2022
	Eastbay Expressway Project	Inaugurated in June 2022
	Construction of Motorway from Burhan-Hakla on M-1 to D.I.Khan	Project completed and inaugurated in January 2022
Gwadar	Pak-China Vocational and Technical School Project	Completed and operationalized in September 2021
	1.2 MGD Desalination Plant	Implementation Agreement signed in January 2022 and construction started
	Necessary Facility of Fresh Water and Distribution System in Gwadar	Water Supply Shadi Kor and Swad Dam has been completed along with 12 inch fresh distribution network within the Gwadar City.
	3150 Household Solar Powered Generation System (300 WP each)	3150 Solar Powered Units installed by May 2022 on the rooftop of poor household in Gwadar City

Industrial Cooperation	Prioritized SEZs (Rashakai, Allama Iqbal, Bostan and Dhabeji)	<ul style="list-style-type: none"> <li>i. <b>Rashakai SEZ:</b> Launched on 28<sup>th</sup> May 2021. 13 enterprises have been allotted industrial plots.</li> <li>ii. <b>AIIC SEZ:</b> Plots allotment in progress. 19 units are under construction whereas 01 is in operation.</li> <li>iii. <b>Bostan SEZ:</b> Phase-1 (200 acres) launched for investments in the 1<sup>st</sup> quarter of 2021-22.</li> <li>iv. <b>Dhabeji:</b> The concession agreement for the SEZ was signed on 23<sup>rd</sup> February, 2022.</li> </ul>
	Karachi Comprehensive Coastal Development Zone	MoU on the project has been signed on 20 <sup>th</sup> September 2021.
<b>Socio-Economic Development Joint Working Group</b>		
Six (06) projects completed. Eleven (11) under implementation. Two (02) Letters of Exchange finalized in the CPEC 2021-22. Work on 3 <sup>rd</sup> Batch Projects finalized in the 2021-22 and shared with Chinese side for consideration in the 3 <sup>rd</sup> JWG meeting held on 16 <sup>th</sup> December 2021.		
<b>Science &amp; Technology Joint Working Group</b>		
Multiple areas of cooperation including the development of the China-Pakistan Knowledge Corridor, Science popularization, and Science & Technology people-to-people exchange programmes, the establishment of joint research laboratories, Science and Technology parks and cooperation in the Transfer of Technology were agreed upon in the 10 <sup>th</sup> JCC Meeting of CPEC held on 23 <sup>rd</sup> September 2021.		
<b>Information Technology Joint Working Group</b>		
The Joint Working Group on Information Technology was established during the 10 <sup>th</sup> JCC meeting on CPEC held on 23 <sup>rd</sup> September 2021 and 1 <sup>st</sup> meeting of the JWG held in April 2022.		

### PSDP Planned Activities 2022-23: Special Initiatives

During 2022-23, the projects which are part of GB and Balochistan Development packages are being prioritised for completion. In Merged Districts of KP, Accelerated Implementation Programme (10-year Development Plan) is being implemented, to bring socio-economic transformation and rapid economic development in the region. Apart from AIP, ADP of Merged Areas (ADP MA) is also being funded from the PSDP. These programmes consist of schemes in multiple sectors; Roads, Health, Elementary & Secondary education, Higher Education, Local Government, Board of Revenue, Transport, Industries, ST&IT, Information, Excise & Taxation.

**Table 6.7: Agency/Division wise Proposed Allocations for 2022-23**

Agency/ Ministry/Division	(Rs. Billion) *Allocation 2022-23
Azad Jammu & Kashmir (ADP - Block Allocation)	26.5
Gilgit Baltistan (ADP - Block Allocation)	12.5
Merged Districts of KP ADP & AIP	50.0
<b>Total</b>	<b>89.0</b>

\* Including FEC

For CPEC, 2022-23 is planned to be the year of industrial cooperation, agriculture modernization, socio-economic development, and scientific collaboration in addition to the on-going projects in infrastructure and energy. Moreover, projects in the petroleum sector are envisaged to be taken up in the years to come to make Pakistan's carbon energy supply more secure through diversification.

In Industrial cooperation, out of the nine prioritized special economic zones, four economic zones namely Rashakai SEZ, Allama Iqbal Industrial Zone, Dhabeji SEZ and Bostan SEZ

have been placed on the priority list. Work on utilities provision such as gas and electricity have already been started and sufficient supply will be ensured in the year 2022-23 to effectively run the economic zones. Power requirements for Rashakai, Allama Iqbal, Dhabeji and Bostan SEZs are respectively 210 MW, 375 MW, 250 MW and 50 MW, whereas, gas requirements are 30, 40, 30 and 10 MMCFD respectively.

In the agriculture sector, it was agreed in the 2<sup>nd</sup> Agriculture Joint Working Group meeting held on 24<sup>th</sup> April, 2020 to formulate an action plan for the sector with an emphasis on enhancing the productivity of major crops, value addition in agriculture produce, reducing post-harvest waste and pest and disease control as well as high-quality seed development and production. Human Resource Development and agriculture mechanization are also part of the plan to bring efficiency and innovation in the agriculture sector. The same has been completed and shared with the Chinese side for consideration.

To promote cooperation in Science & Technology, the two sides have agreed to strengthen cooperation in science & technology, people-to-people exchange, joint laboratories, science parks and technology transfer under the BRI STI Action Plan.

In the socio-economic sector, 27 projects have been identified under poverty alleviation, health, education, vocational training, agriculture and water supply, all 17 fast track projects will be implemented during 2022-23. Scope and content of the remaining 10 priority projects have been mutually shared, and letter of exchanges (LoEs) except of one Agriculture project which has already been signed, will be finalized in the planned year.

In the power sector, future projects will be considered in CPEC Framework as per the agreed document “Guiding Principles for China-Pakistan Economic Corridor Cooperative Energy Projects” to provide a stronger foundation for the energy cooperation during the next stage.

Tourism promotion as part of the Long-Term Plan is another area of cooperation under the CPEC framework. Coastal tourism, eco-tourism in Gilgit-Baltistan, and integrated tourism zones in KP are among the areas in the tourism sector to be opened up for deliberation this year.

In infrastructure, Mainline-1 (ML-1) is a strategic project that will achieve a significant milestones during 2022-23. The project, once implemented, is expected to considerably improve the logistics performance of Pakistan.

Water Resource Sector is one of the key sectors of the Public Sector Development portfolio, to achieve key targets (2018-30) set in the National Water Policy 2018 i.e.: (i) reduction of 33 percent in conveyance losses through watercourses lining, (ii) Increase storage capacity by adding 10 MAF live storage and (iii) 20 percent increase in water use efficiency by introducing modern irrigation techniques, following key initiatives would be assigned priority during the formulation of PSDP 2022-23.

## **Key Interventions/Programmes 2022-23: Water**

### **Large/Medium/small Dams and canals**

Out of the total Water Sector's Development Programme amounting to Rs. 95.56 billion for the financial year 2022-23, an amount of Rs. 39 billion has been proposed for the construction of large/medium dams (including Rs. 27 billion for Diamer Basha Dam & Rs. 12,060 million for Mohmand Dam) and Rs. 21 billion for small and Medium dams including Nai Gaj Dam, Naulong Dam/ check & delay action dams all over Pakistan. It is, expected that about 13 on-going medium/small dam's projects will be completed during the year 2022-23.

**Kachhi Canal** Rs. 3,471 million and Rs. 6,000 million has been proposed for Kachhi canal Phase-I (Part-A) and B (Remaining works) respectively to achieve the target of the culture command area of 102,000 acres of agricultural land in Balochistan.

### **Conservation measures through modernization of existing irrigation Systems**

To minimize the huge conveyance water losses and field application losses, modernization of existing irrigation system will be continued under federal PSDP but this programme is proposed to be undertaken gradually through Provincial ADPs in future. However, an amount of Rs. 1,110 million is proposed for the year 2022-23 for the improvement/ rehabilitation/modernization of irrigation system and "lining of irrigation channels in saline zones".

### **Flood Management**

An amount of Rs. 1,500 million has been proposed to complete different emergent nature of small flood schemes all over Pakistan.





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