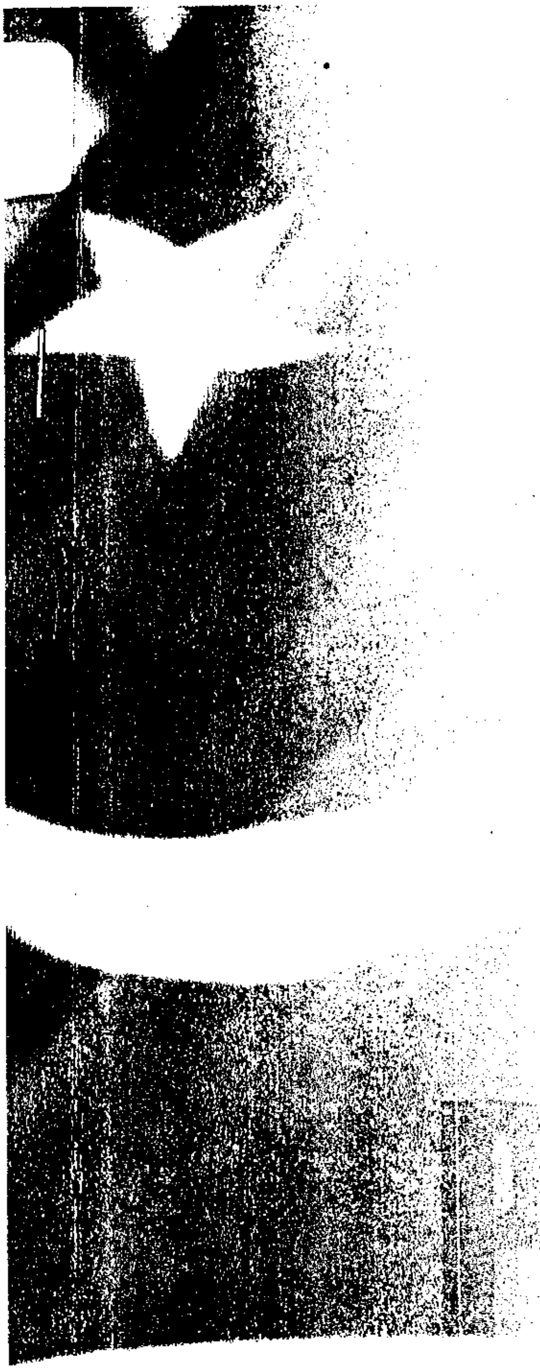

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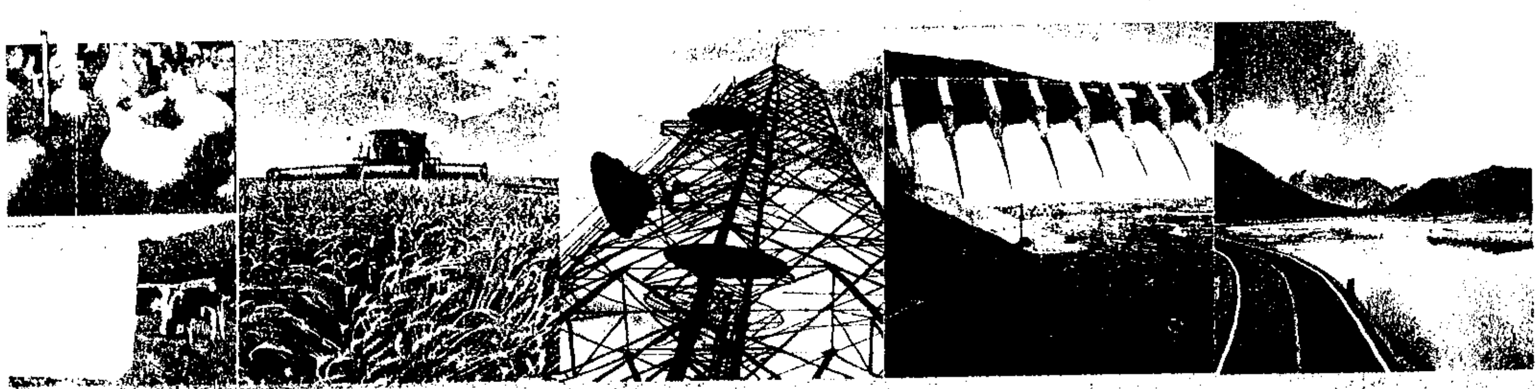


GOVERNMENT OF PAKISTAN
Planning Commission
Planning & Development Division

June, 2010

Executive Summary

Overview

Pakistan's economy has not only regained macroeconomic stability but has also shown clear signs of revival of economic growth during 2009-10. Despite electricity shortages, difficult security situation, much lower than expected foreign resource inflows, the economy grew by 4.1% against 1.2% achieved in the previous year 2008-09. Large scale manufacturing and exports have shown respectable growth while workers remittances and foreign exchange reserves improved substantively. Acceleration in inflation has also been checked.

Short term measures including improved demand management, reducing circular debt, installation of rental power plants and adjustments in energy prices have eased the energy gap. Benazir Income Support Programme of direct income support to the poor female heads of households launched in 2008 has been expanded in the current year to 3 million families.

There is however, little room for complacency. Serious infrastructure gaps exist. Electricity crisis will continue for sometime in coming years. Inflation and debt liabilities are still high. The decline in investment and saving levels need to be reversed and significantly increased to ensure stable and higher growth.

The coming year 2010-11 is a challenging one not only because the economic recovery remains fragile but also because the implementation of the 7th NFC Award and 18th Constitutional Amendment will require that the federal and provincial governments work in close harmony to ensure that the "growth dividend" as a result of these changes is fully realized. Other major challenge is to ensure a smooth introduction and enforcement of VAT to ensure resources to meet security and development needs. Similarly, export momentum of 2009-10 must be maintained to exert positive influence on external accounts. Inflationary expectations are to be checked to arrest increasing trend of inflation through prudent combination of fiscal and monetary policies.

Review of Annual Plan 2009-10

GDP Growth: GDP growth for the year 2009-10 has been estimated at 4.1% against the target of 3.3%. Agriculture sector grew by 2.0% against the target of 3.5%. Industry registered a growth rate of 4.9%, surpassing the target 1.7%. Manufacturing and construction are the main contributors to this growth. Large scale manufacturing posted a positive growth of 4.4%, whereas, construction recovered from the low base and has shown a growth of 15%. The services sector achieved a growth rate of 4.6% compared to the target of 3.9%. The growth of services sector mainly stemmed from wholesale and retail trade (5.1%), transport & communication (4.5%) and general services (6.6%).

Sectoral Growth Performance

Agriculture: Growth of all major crops except cotton that grew by 7.4%, remained negative. Livestock has posted a growth of 4.1% mainly contributed by increase in production of milk (3.3%), meat (4.3%), wool (1.2%), hides (3.4%) and skins (2.3%), respectively. Water availability adversely affected the crops. Besides, realization of lower prices in preceding season for rice and sugarcane combined with weak demand for credit turned out to be the main impediments for agriculture growth.

Manufacturing: The sector recovered well amid uncertainty in global demand and domestic constraints especially power outages. Data for 9 months, July- March 2009-10 showed a growth of 4.4% in large scale manufacturing. Large part of recovery emanated from the consumer durables and allied industries. Growth has been seen in production of jeeps, cars, tractors, motorcycles, cement, fertilizers, leather and cotton cloth. Moreover, the revival in construction activities in both public and private sectors resulted in a sharp increase in demand for cement. Main factors contributing to the growth in consumer durables are improvement in rural incomes and record high remittances.

Services: Transport and communication, wholesale and retail trade and social, community and personal services are main contributors to the growth of 4.6% in services sector against 1.6% achieved in 2008-09. Transport, storage and communications sub-sector posted a growth of 4.5% due to increase seen in value addition of air and road transport, storage and telecom sector. Wholesale & retail trade activities are likely to benefit from recovery seen in commodity producing sectors.

Savings and Investment: Total investment has fallen significantly in 2009-10 and is expected to be 16.6% of GDP compared to 19% achieved last year and against target of 20%. The decline in investment is largely a reflection of security situation, reduced external inflows and slow global recovery after 2008 recession. Public sector inclusive of general government development spending is 4.3% of GDP. National savings are expected to decrease to 13.8% of GDP from the targeted figure of 14.7%.

Foreign Direct Investment: Foreign direct investment (FDI) for July-April 2009-10 shows a decline of 45% to $1,773 million from $3,205 million achieved during corresponding period last year. Decline in mainly attributed to security situation. The major sectors attracted FDI include oil and gas exploration ($605 million), telecommunication ($222 million), financial business ($133 million), transport ($104 million), construction ($86 million), paper and pulp ($81 million), chemicals ($79 million) and trade ($75 million).

Fiscal Developments: Annual Plan 2009-10 aimed at continuing government efforts for stabilizing the economy and pave the way for revival of growth. Priority in public investment has been to address the issues of power and water shortages. In-spite of financial crunch expenditure on poverty reduction, social safety net and reducing regional disparities are largely protected from cut on development spendings.

Consolidated Budget for the year 2009-10 has estimated government expenditure at Rs 2,877.4 billion (19.4% of GDP) and total government revenue was Rs 2,155.4 billion (14.5% of GDP). The tax revenue was estimated to be Rs 1,563.6 billion later revised to Rs 1380 billion and non-tax revenue Rs 591.8 billion. The overall fiscal deficit was estimated at Rs 722.1 billion (4.9% of the GDP) against Rs 680.4 billion (5.2% of the GDP) last year. Despite recovery in the overall performance of the economy during 2009-10, the fiscal position is still a matter of concern. Fiscal deficit during first half of 2009-10 has been 2.7% of GDP as compared to 1.9% during the same period last year. This is attributed to substantial increase in total expenditure caused by rising expenditure on anti-terror operations and power sector subsidies.

During July-March 2009-10, taxes collected by FBR have witnessed an increase of 11.6% to Rs 909.6 billion as against Rs 815.1 billion during the corresponding period last year. This constitutes 65.9% of the full year target. Full year target of Rs 1,380 billion on the face of slow pace of collection, may be different to achieve. The target of keeping the fiscal deficit at 4.9% of GDP appears challenging despite government's resolve and reduction in the development budget. Compounded by very low releases of expected external aid flows and delays in proceeds from Coalition Support Fund, the fiscal deficit for 2009-10 may be in the range of 5.0 to 5.5% of the GDP.

Monetary Developments: Macroeconomic situation of the country started showing signs of improvement in late 2008-09, mainly because of a home-grown stabilization programme implemented with IMF support. During the current fiscal year cornerstone of the monetary policy has been to strike a balance between the need to regulate aggregate demand for macro stability and maintain liquidity to meet needs of the economy. The policy rate of November 2009 at 12.5% was kept unchanged to control inflation. Through its open market operations, State Bank has managed liquidity concerns and prevented to the extent possible any crowding out of private sector, which is also evident from rise in credit to it.

During July 1, 2009 to May 14, 2010 money supply expanded by Rs 446.6 billion (8.6%) against an expansion of Rs 216.4 billion (4.6%) during the corresponding period last year. Money supply has been contributed by a recovery in the Net Foreign Assets (NFA) and improvement in Net Domestic Assets (NDA) of the Banking Sector owing to increased credit to public as well as to private sector. With gradual improvement in the economy, the private sector credit has grown to Rs 126 billion against Rs 25 billion. Similarly, government borrowing for budgetary support stood at Rs 379 billion against Rs 332 billion over the corresponding period last year.

Inflation: CPI inflation had been targeted at 9.0% for 2009-10. It has registered an increase of 11.5% during July-April 2009-10 against an increase of 22.4% over the same period last year. High inflation in Pakistan may be attribute to i) continuing pressure of food inflation; ii) fiscal deficit especially due to security situation; iii) adjustment in utility prices; iv) depreciation of Pak Rupee; v) high mark up rate and vi) loss in productivity due to severe electricity and gas shortages. While inflation has declined during July-April 2009-10 compared to last year, expected rise in prices of food, electricity & gas tariffs and increase in global commodity and crude oil prices likely to exert pressures on inflation in the coming months. The inflation for the entire year 2009-10 is expected to be 12.0%.

Balance of Payments

Trade Account: The unsustainable current account deficit of the balance of payments was a key challenge for the Government. Due to a better than expected performance of exports in the months of March and April of 2010 and robust performance of remittances, the current account deficit has reduced to more than projected. In the first ten months of 2009-10, the current account deficit stood at $3.1 billion (1.8% of GDP) as compared to $ 9.0 billion (5.5 % of GDP) for the same period last year.

The current account deficit (CAD) was targeted at $9.4 billion (5.3% of GDP). With improvement in exports, remittances and decline in imports the CAD for 2009-10 is estimated to reduce to around $4.8 billion (2.8% of GDP) from last year's level of $9.3 billion (5.7% of GDP). The improvement is attributed to growth of exports by 2.1% and reduction in imports by 6.3% and significant increase in workers' remittances. Exports (fob) for the full year 2009-10 are estimated to be around $19.2 billion against the Annual Plan target of $18.3 billion and imports will be $29.9 billion compared to the target of $28.9 billion. Trade deficit will accordingly be $10.7 billion. The foreign reserves stood at $15.05 billion as on 30th April 2010. The rupee has also recovered part of its losses. The average exchange rate for the month of April, 2010 was Rs 83.90/1$.

Workers' Remittances: Workers' remittances have continuously witnessed an increasing trend during the period July-April 2009-10, touching a level of $7.3 billion as against $6.4 billion in the corresponding period of last year, registering an increase of 15%. Remittances for the full year are estimated at $8.4 billion. Upsurge in remittances have been mainly due to various measures taken under the Pakistan Remittance Initiative (PRI) leading to increased inflow through official channels.

Capital Account: Gross aid disbursements during 2009-10 are expected to remain at the same level of $3.7 billion recorded last year. Allowing for other capital inflows, the overall balance is likely to be in deficit by $0.3 billion in 2009-10 compared to a deficit of $3.1 billion in 2008-09.

Reducing Poverty and Vulnerability: Government has taken various steps to provide relief to the poor and vulnerable groups against rising food prices and unemployment. An allocation of Rs 70 billion has been made for 2009-10 in Benazir Income Support Programme (BISP), launched in 2008-09. Under BISP a poverty exit strategy known as Waseela-e-Haq was launched during 2009-10 in order to promote self-employment among women or their nominees to improve their livelihood. Peoples' Works Programme generates income and employment opportunities at the local level and helps build needed social and physical infrastructure. Rs 31.0 billion have been spent under this Programme during July- March, 2009-10 out of the annual allocation of Rs 35 billion. Microfinance Network consisting of a host of institutions like Pakistan Poverty Alleviation Fund, Rural Support Programmes, Khushali Bank, First Microfinance Bank, Kashaf Foundation is expected to disburse micro credit of Rs 31 billion to about two million persons. Besides, Bait-ul-mall and various labour welfare programmes continued to provide relief to the poor.

Annual Plan 2010-11

Annual Plan 2010-11 aims to consolidate economic stability and further build-upon recovery of economic growth seen last year. Specific objectives of the Annual Plan 2010-11 include revival of crop sector, putting manufacturing on a high growth path and maintaining a robust growth in services sector. Recent efforts to minimize energy shortages have borne results and helped revival of production in key sectors. Additional power generated and energy saved will be directed towards productive sectors. More resources will be allocated to knowledge generation, R&D activities and upgradation of social and technological infrastructure. Institutional economic reforms will be strengthened. And economic fundamentals would be improved. Further, efficiency and effectiveness of development spending will also be ensured. All these would enhance productivity and competitiveness of the economy.

Economic Growth: Pakistan's economic prospects and its future growth rests on improvement in the law and order situation, reduction in power shortages and further deepening of economic reforms, particularly of tax administration. It also depends on the pace of global economic recovery and improvement in external resource inflow. The provision of increase in public sector investment hinges largely on the prospects of increase in fiscal space through increased resource mobilization. To spur sustain growth, reduce poverty and ensure balanced development, higher resources will be committed to social sector development. Taking all these factors in view, GDP for 2010-11 is targeted at 4.5% with contribution of agriculture (3.8%), manufacturing (5.6%); and services sector (4.7%). The GNP per capital for 2010-11 is targeted at Rs 99,800.

Capital Account: Gross aid disbursements during 2010-11 are expected to be $3.9 billion against $3.7 billion estimated for 2009-10. Allowing for other capital inflows, the overall balance is likely to be in deficit by $0.8 billion in 2010-11 compared to an estimated deficit of $0.3 billion in 2009-10. The gross reserves are likely to be around $15.0 billion in 2010-11, compared to a level of $14.4 billion in 2009-10.

Reducing Poverty and Vulnerability: An allocation of Rs 90 billion has been proposed for Benazir Income Support Programme for 2010-11. Vocational and professional training programmes of one year, 3-6 months and 4-week duration apart from advanced diploma programme of two or more years will be carried out. Benazir Health Card Scheme will be introduced initially in 15 districts. Microfinance facilities worth of Rs 36.0 billion will be provided to 2.25 million people. Further, allocations for People's Works Programme for 2010-11 will be Rs 34.4 billion to provide public goods to the poor.

Conclusion

Overall, the economy is expected to continue on a gradual though firm path of increased economic growth with lower inflation and continuing support to protect the poor and the vulnerable. Therefore investment in people and knowledge generation activities and scientific and technological infrastructure besides economic and institutional reforms will be ensured to enhance productivity and improvement leading to sustainable and inclusive growth.

Sectoral Development Programs

Agriculture: Revised allocation of funds for the agriculture sector for the year 2009-10 was Rs 12 billion, while the utilization level for the sector remained in the vicinity of 80 percent. For the next year 2010-11, an amount of about Rs 12 billion has been allocated. Major focus for the next year will be on improvement of irrigation system and water use efficiency, livestock and dairy development, quarantine measures, plant protection and development of agriculture support infrastructure.

Water Resources Development: Allocation of funds for water resources development for the year 2009-10 was Rs 28.5 billion, which is expected to be fully utilized till the end of June 2010. To overcome the present challenges of water sector Rs 31.4 billion has been allocated for 2010-11. Programs and projects initiated includes recharging of groundwater aquifer through small/medium dams, check/delay action dams and introduction of high efficiency irrigation system (drip and sprinkler).

Energy Security: In 2009-10, an amount of Rs 162.0 billion was allocated for the development of energy sector. An expected utilization of these resources till the end of June 2010 will be Rs 123 billion. In order to improve the energy shortage situation, an amount of Rs 125 billion has been earmarked for the Annual Plan 2010-11. Construction of new power generation projects, electrification of 12,080 villages, accelerating the process of import of gas from neighboring countries and finalizing the import deals for Liquefied Natural Gas (LNG) are the major initiatives.

Manufacturing and Minerals: In order to further accelerate the growth of manufacturing sector, an allocation of Rs 3.2 billion has been earmarked for industries and Rs 474.1 million has been allocated for commerce sector in the Annual Plan, against an expenditure of Rs 2.6 billion for industries and Rs 110 million for commerce last year.

Sectoral Growth: For 2010-11, the growth in agriculture sector is envisaged to be 3.8% to be contributed by major crops (3.7%), minor crops (3.0%), livestock (4.2%), fisheries (2.0%) and forestry (2.5%). Industrial sector is targeted to grow by 4.9% during 2010-11. The energy shortages will be reduced. And better supply of electricity and gas will be ensured for manufacturing especially exports sector. Improved cotton availability will also support the textile sector. The growth in services sector will be contributed by transport, storage and communications (4.6 %), wholesale and retail trade (5.1 %) and finance and insurance (3.0%).

Saving and Investment: The targeted investment to GDP is 17.9%, where private sector fixed investment to GDP is projected to remain in the vicinity of 12%. The national savings as percentage of GDP will be 14.5%. The remaining investment is projected to be financed by foreign savings of 3.4 % of GDP.

Fiscal Policy: The thrust of the fiscal policy during the 2010-11 would be to increase the revenue by improving tax collection through broadening the tax base particularly through introduction of VAT and bringing into the tax net the undocumented part of the economy. Efforts will also be directed at curtailing non-development expenditure, elimination of wastage of public funds and help in releasing maximum funds for development. Full compliance to implementation of Fiscal Responsibility and Debt Limitation Act, 2005, will be ensured, while enhancing pro-poor expenditure to reduce poverty and unemployment and improve social indicators.

An important development in the domain of fiscal policy in the next year will be the implementation of 7th NFC Award and 18th Constitutional Amendment Concurrent List. A significant increase in the share of provinces in the divisible pool of taxes and transfer to provinces certain subjects will play a major role in addressing the issues of human resources development, poverty reduction, employment generation to meet critical socio-economic needs, namely health, education and improvement of rural/local infrastructure.

Monetary Policy: The Monetary Policy will be coordinated with other macroeconomic policies to ensure price and financial stability. The target of M2 growth will be kept in line with the projected GDP growth of 4.5 percent and inflation at 9.5 percent. Efforts will be made to ensure increased participation of the private sector in the growth of the financial sector especially growth of capital market besides banking. Institutions such as cooperatives and multifarious non-bank institutions will be encouraged to provide financial services to SMEs, micro enterprises and in the rural areas in order to ensure financial inclusion.

Inflation: The inflation is envisaged to be 9.5% against expected inflation of 12% in 2009-10. Prudent fiscal and monetary supply will be pursued to arrest increasing trend of inflation. Besides, curbing inflationary expectations, supply constraints would also be addressed proactively.

Balance of Payments

Trade Account: On account of the global uncertainty, continuous energy shortages and uncertain security situation, exports for 2010-11 are projected to grow gradually at $19.9 billion against $19.2 billion estimated for 2009-10. Imports during 2010-11 are projected to increase by 6.0 percent to about $31.7 billion from $ 29.9 billion estimated for 2009-10. As a result, the trade account is projected to be in deficit by $11.7 billion in 2010-11 or 6.1 % of GDP. Remittances have been projected to be around $9.0 billion in 2010-11 against $8.4 billion estimated for 2009-10. The current account deficit accordingly is targeted at $6.5 billion in 2010-11, 3.4 % of GDP.

Transport and Communication: The PSDP for 2009-10 provided an outlay of Rs 62.3 billion for the federal public sector program. Against this, an expenditure of Rs 62.8 billion has been incurred giving an overall utilization of around 101 per cent of the total outlay. An allocation of Rs 61.14 billion for 2010-11 has been made for the development program of transport and communications sector. Major initiatives planned for the next year include: track access policy for Pakistan Railways, Ports Master plan for three ports of Pakistan, strengthening research programs at National Transport Research Centre and up gradation and revamping of Pakistan Postal Services.

Education for Knowledge Society: During the fiscal year 2009-10, an amount of Rs 5.3 billion was provided in Federal PSDP for expansion and development of basic and college education. An allocation of Rs 5.6 billion has been made for 2010-11. Major interventions targeted during the next Annual Plan include: provision of missing facilities in primary and middle schools, establishment of 14 Cadet Colleges in the country, capacity building of Teacher Training Institutes, rehabilitation of existing Middle and Secondary schools in Khyber Pakhtunkhwa and provision of scholarships to students of Balochistan and FATA.

Higher Education: In 2009-10, an amount of Rs 18.5 billion was allocated for Higher Education. It is expected that 100% would be utilized by the end of current fiscal year. An amount of Rs 15.76 billion has been allocated in PSDP 2010-11 for HEC.

Science and Technology: During the fiscal year 2009-10, Rs 1.5 billion was allocated for 122 development projects of Ministry of Science & Technology and its organizations. For 2010-11 an amount of Rs 2.0 billion has been allocated, which is 33% higher than the last year's allocation.

Health and Nutrition: An amount of Rs 18.5 billion after rationalization of PSDP for the year 2009-10 was allocated for this sector and Rs 6.5 billion has been utilized during July-December 2010. An amount of Rs 19 billion has been proposed for the Annual Plan 2010-11 for different preventative and curative programs in health sector.

Physical Planning and Housing (PP&H): During the Annual Plan 2009-10, an amount of Rs 33.4 billion was allocated to different Ministries throughout the country, for implementation of PP&H Programs. While, Rs 12.8 billion have been earmarked for the sectoral programs to be implemented during the year 2010-11. Main priority areas for the sector are; Prime Minister's One Million Housing Programme for and development of residential plots of small size in urban and rural areas, for construction of houses.

Employment: An amount of Rs 80.0 million was allocated to the ministry of Labour & Manpower for nine ongoing development projects out of which, Rs 74.1 million is expected to be utilized by June 2010. For skills development Rs 1.0 billion were allocated in Annual Plan 2009-10, of which Rs 450 million is expected to be utilized till the end of June 2010. Skills development through NAVTEC remained the main thrust. An amount of Rs 574.9 million has been earmarked to the National Vocational and Technical Education Commission (NAVTEC) for upcoming Annual Plan 2010-11. The total cost of the 92 development projects is Rs 8.8 billion.

Information and Communication Technologies: In PSDP 2009-10, an amount of approximately Rs 2.0 billion was allocated for information technology. As per the revised estimates, the utilization for 2009-10 will be 63%. In the PSDP 2010-11, an amount of Rs 3.2 billion has been earmarked for IT sector for 71 projects costing Rs 14.0 billion and Rs 2.52 billion has been earmarked for SUPARCO, SCO and NTC to execute 33 approved projects worth Rs 28.5 billion for the telecom sector. Important ventures for the next Plan include: national ICT scholarship program, IT training for elected lady representatives (Phase-II), information technology industry development, phase-II of standardization of Pakistan IT industry, next phase of strengthening of Pakistani IT industry and automation of central directorate of national savings.

Women Development & Empowerment: Rs 343.7 million were allocated to Ministry of Women Development for implementation of 20 schemes for the year 2009-10. The Ministry is expected to utilize Rs 188.2 million during the Plan period. An amount of Rs 152.9 million is anticipated to be provided in PSDP 2010-11 for Women Development Programs. Important programs for the nest plan include: establishment of Shaheed Benazir Bhutto Women Centers, Training for Elected Lady Representatives, and Economic Empowerment of Women.

Environment: The revised allocation to the Ministry of Environment was Rs 1.1 billion which, though fully utilized- mostly for establishment charges, could not make a significant contribution towards environmental improvement. An allocation of Rs 4.5 billion is being made in the PSDP 2010-11 including Rs 2.0 billion as federal PSDP and Rs 2.5 billion as Provincial ADPs.

Poverty Alleviation: The war on terror has resulted in diversion of public expenditure from development to security. The situation of poverty could not improve significantly during the fiscal year. In the upcoming year 2010-11, the dividends of BISP, Micro finance, livestock and dairy development programs will help in reducing the poverty.

Drought Recovery Assistance Programme: During the year 2009-10 an amount of Rs 1.5 billion were allocated for the programme, against which Rs 450.0 million has been released till mid April 2010. However, an estimated expenditure of Rs 725.0 million out of upfront releases of previous years has been incurred during fiscal year 2009-10. An amount of Rs 988.0 million has been provided in the PSDP 2010-11 for drinking water, conservation and retention of water, agriculture and road development.

Mass Media, Culture, Sports, Tourism and Youth: An allocation of Rs 450.0 million has been earmarked for mass media for the year 2009-10, which is expected to be fully utilized. For the next Annual Plan 2010-11 the allocation has been increased to Rs 508.0 million. For the sub sectors, culture, sports, tourism and youth the total allocation for year 2009-10 was Rs 585.0 million, which has been increased for the next Annual Plan to Rs 783.1 million.

Good Governance: An amount of Rs 12.1 billion including foreign aid of Rs 3.8 billion has been allocated for the Governance sector during 2009-10. Against this Rs 10.5 billion have been spent, thereby showing a utilization of 87%. An amount of Rs 9.8 billion including foreign aid of Rs 1.5 billion has been allocated for the sectoral programmes in 2010-11. Major initiatives for the Annual Plan 2010-11 are: institutional changes in the judiciary, FBR, Auditor General's Office, FBS, Police & Law and Order, National School of Public Policy, Disaster Management, Drought, and Local Government institutions. These interventions will result in improved governance in these institutions.

Foreword

The National Economic Council (NEC) in its meeting held on 28th May, 2010 under the chairmanship of the Prime Minister, reviewed the performance of the economy during 2009-10 and approved the Annual Plan 2010-11.

The economy has shown signs of recovery during 2009-10 with GDP growth at 4.1 % in comparison with hardly any growth last year (1.2%). Agriculture grew (2%) mainly due to growth of livestock while crop production remained stagnant after bumper crop last year. Despite continuous uncertainty and constraints on domestic and global fronts, the industrial sector managed to achieve a growth rate of 4.9% against the target of 1.7%. This was attributed mainly to large scale manufacturing, which posted a positive growth of 4.4 %. The economy also witnessed an upturn in exports. The services sector surpassed the target of 3.9%, mainly contributed by wholesale and retail trade (5.1%), transport, storage and communications (4.5%) and public administration and defense (7.5%).

The development strategy as reflected in the Annual Plan 2010-11 rests on the following key objectives: (i) overcoming energy and water shortages through concerted short-term measures within an integrated medium-term plan for both sectors; (ii) investing in people (i.e. education, health, and social protection) to move people out of poverty through direct income support measures (BISP) and increased resources and better delivery in education and health; (iii) nurture through policy support measures, needed economic reforms and pro-investment policies, to ensure sustained growth in agriculture and industry; and (iv) continued support and highest priority to development of less developed areas especially Balochistan, FATA, and backward areas of other provinces.

The Annual Plan 2010-11 targets growth of GDP at 4.5% with contribution of agriculture at 3.8%, manufacturing at 5.6% and services sector at 4.7%. Domestic and external resource mobilization endeavors would ensure improvement in investment and savings levels. Efforts would be made to minimize energy shortages that would help the revival of production in key sectors. Inflation would likely be 9.5% on the back of prudent fiscal and monetary policies. Higher growth in agriculture and manufacturing sectors and lower inflationary expectations would keep inflation within single digit.

The Annual Plan 2010-11 marks a paradigm shift in the implementation of the PSDP. The emphasis will now be to complete on-going projects and new projects will be limited and carefully selected to reflect priority needs of the economy. Also a major effort will be made to rationalize the existing portfolio of projects after close consultations with all stake holders. Efficiency and timely delivery will be new watch words for PSDP.

I would like to acknowledge the considerable effort and hard work of the staff of the Planning Commission as well as their professional contribution in preparing this important document.

Dr. Nadeem Ul Haque

Minister of State/Deputy Chairman

Islamabad 5th June, 2010

CONTENTS

Chapter 1

Growth, Investment and Savings

Overview

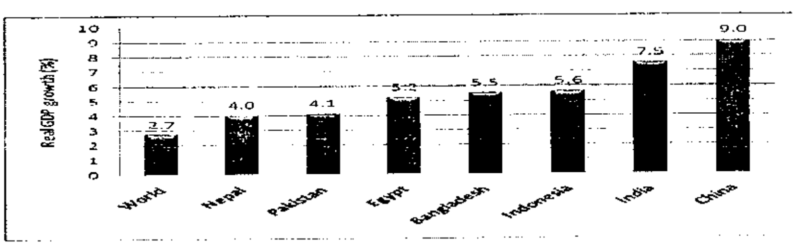
The economy has shown a modest recovery during 2009-10. It has been a period during which the government managed to stabilize the economy in its quest for sustainable growth. The economic as well as social policies pursued by the government manifested its resolve to pursue stabilization with a human face and achieve growth with social equity. A revival of growth has been witnessed in the industrial sector. In addition to this the services sector has surpassed the target. The recovery in real sector together with decline in international commodity prices helped in narrowing the macroeconomic imbalances ultimately resulting in a reduced current account deficit and higher foreign exchange reserves. The reduction in imbalances was mainly a consequence of expenditure rationalizing, low level of imports, an overall tight domestic demand management and the global recession. However, the military operations and spending related to the welfare of internally displaced person (IDPs) has put an additional strain on the resources.

The current outlook of the economy is however, a mixed one; in view of the underlying risks facing the economy. The higher level of fiscal deficit is still a potential threat to macroeconomic stability. The inflationary expectations are still high in the wake of increase in utility prices and forthcoming taxation reforms. A comprehensive solution of circular debt issue is still awaited and delays in resolving it are leading to substantial infrastructure shortages. The domestic resource mobilization is low which can hamper the future public sector investment. Finally the pledges made by donors and bilateral sources have yet to be fully materialized. The performance of the economy during 2009-10 is reviewed in greater detail below.

Review of Annual Plan 2009-10

Economic Growth: During 2009-10 despite stiff global and domestic economic environment, Pakistan economy achieved a relatively respectable economic growth. A comparative analysis of selected economies is shown in figure 1. The economic growth of Pakistan managed to surpass the world average growth.[1]

Figure 1: Comparative Growth Performance of Selected countries in 2010

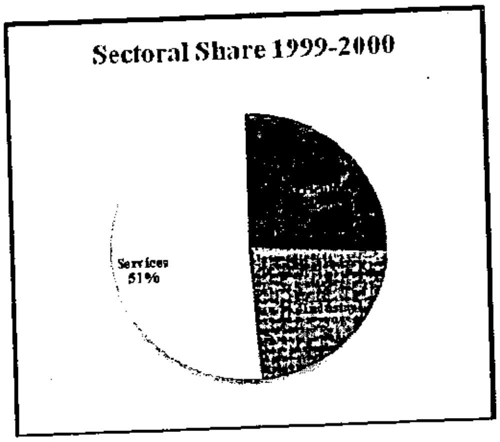


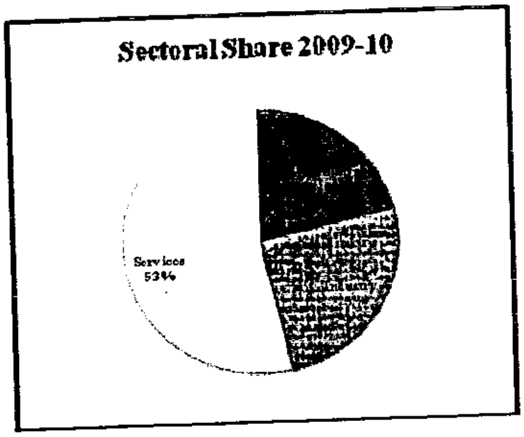
Source: World Bank global economic prospects 2010

[1] The growth rates of countries exhibited in figure 1 (except Pakistan) are forecasts for 2009-10 from World Bank's Global Economic Prospects Report 2010.

Despite a reduction in net external inflows for the current fiscal year, the economy managed to register a growth in real GDP of 4.1% (Annex 1.1). The agriculture sector could not achieve the target and estimated growth rate for the sector remained 2%. Despite the tight situation faced both at domestic and global fronts, the industrial sector managed to achieve a growth rate of 4.9%. This was attributed mainly to large scale manufacturing (LSM), which posted a positive growth of 4.4 %. The services sector surpassed the target of 3.9%, mainly contributed by wholesale and retail trade (5.1%), transport, storage and communications (4.5%) and public administration and defense (7.5%). It is also worth mentioning that the share of the services sector in the GDP has increased from 51 % in the year 1999-2000 to 53 % in 2009-10 while the share of agriculture sector has dropped (figure 2).

Figure 2: Comparison of Sectoral Growth Shares (2000-2010)





Source: Economic survey of Pakistan

Sectoral Growth Performance

Agriculture: The performance of agriculture sector was not satisfactory and the sector lagged behind the targeted growth of 3.8%. Both major and minor crops sub sectors could not perform well and posted negative growth rates. The production of 12.7 million bales of cotton showed a growth of 7.4 % against the last years' production of 11.8 million bales (Annex 1.2).

The area under cultivation for cotton increased as the farmers switched from rice and sugarcane production. The decline in production of major crops other than cotton was mainly due to the low realized prices of these crops last year coupled with conservative lending by the domestic private banks. On the positive side, relatively lower prices of fertilizers and higher earnings prospects encouraged farmers to use more fertilizers. The agriculture sector's performance is especially attributed to fertilizer off-take which registered a strong growth of 32.6 percent in contrast to a decline of 9.2 percent witnessed in the July-January period last year. The urea off take rose by 19.8 percent during July –January as against 2.4 percent fall seen in the preceding year. Additional factors that aided agriculture are improvement in water availability due to rainfall in third quarter, improvement in area under cultivation for cotton, and stable domestic wheat prices, despite substantial drop in international prices.

The impediments faced by the agriculture sector include: overall water shortages, realization of lower prices in the preceding season for rice and sugarcane and lower credit transfer to the farmers. The credit availability for crop sector registered a positive growth. However, the proportion of rising non performing loans (NPLs) in agriculture has increased.

The livestock sector has posted a growth of 4.1%. This performance may be attributed to recent infrastructure related developments taking place in this sector, which include clinical laboratories, biogas plants and innovative breeding methods. The performance in the livestock was seen in increased production of milk (3.3%), meat (4.3%), wool (1.2%), hides (3.4%) and skins (2.3%) - (Annex 1.2).

Industry: The sector performed well amid global slowdown and domestic constraints. Data for July-March 2009-10 shows a growth of 4.36 percent in LSM. Large part of recovery emanated from the consumer durables and allied industries. Moreover, construction activities picked up pace which resulted in a sharp increase in demand for cement. The record high remittances also helped maintain a high demand for durable items. According to July-March statistics on Quantum Index of Manufacturing (QIM), sectors with positive change include: sole leather (59.0%), motorcycles (58.2%), sugarcane machines (57.0%), motor tubes (49.8%), jeeps/cars (36.6%), tractors (26.8%), phosphate fertilizers (13.8%) and cement (11.2%). The items which exhibited negative change include: pig iron (39.3%), caustic soda (22.4%), jute goods (21.0%), Coke- Pakistan steel (20.3%), billets/ingots (15.2%) and petroleum products (5.9%).

The factors that still remain hindrance for the industrial sector include: higher cost of production, energy shortages, misaligned provision of subsidies, lack of access to credit due to persistently high interest rate, law and order situation and volatile exchange rate.

Services: Based on growth in agriculture and manufacturing sectors and increase in exports, the services sector surpassed its target of 3.9 % and grew by 4.6 %. The wholesale & retail trade activities are likely to benefit from recovery seen in commodity producing sectors. The transport, storage and communications sub-sector posted a growth of 4.5 % due to increase seen in value addition of air and road transport, storage and telecom sector.

Savings and Investment: National savings decreased and will stand at 13.8% of GDP from the targeted figure of 14.7%. Total investment has fallen significantly in 2009-10 and is expected to be 16.6% as compared to the target of 20.0 % of the GDP. (Annex 1.3). This position is largely a reflection of deterioration of law and order situation, reduced external inflows and global recession. Total public sector and general government investment is 4.3% of the GDP.

Foreign Direct Investment: The position of foreign direct investment (FDI) for July-March 2009-10 shows a decline of 58%, with portfolio investment falling by 189%. The major contributors to foreign direct investment are: European Union ($ 474.8 million), USA ($ 443.9 million) and Asia region ($126.3 million). The major sectors attracting FDI include oil and gas exploration ($ 519.9 million), telecommunication ($ 264.1 million), financial business ($ 118.7 million), trade ($ 65.1 million), construction ($ 77.7 million) and chemicals ($ 76.5 million). Overall situation regarding FDI remained depressed mainly due to the security situation

Annual Plan 2010-11

Pakistan's economic prospects and its future growth rests on the gradual improvement in the overall security situation, reduction in the power shortages, sustainability in the implementation of reforms (particularly taxation reforms), political stability and last but not the least, an improvement in external resource inflow. Pakistan is committed to maintaining macroeconomic stability, which calls for strict monetary and fiscal discipline. The prospects of increase in public sector investment hinges largely upon improved fiscal space through increased resource mobilization. The expected growth of GDP for 2010-11 is targeted at 4.5% with contribution of agriculture (3.8%), manufacturing (5.6%) and services sector (4.7%). On account of the above, nominal GDP at current market prices will increase by 14.5 %. The per capita GNP will stand at Rs 99800.

The targeted inflation rate for the next year is 9.5%. The measures aimed at keeping the inflation at low levels include stable exchange rate, keeping the budget deficit low along with prudent monetary policy.

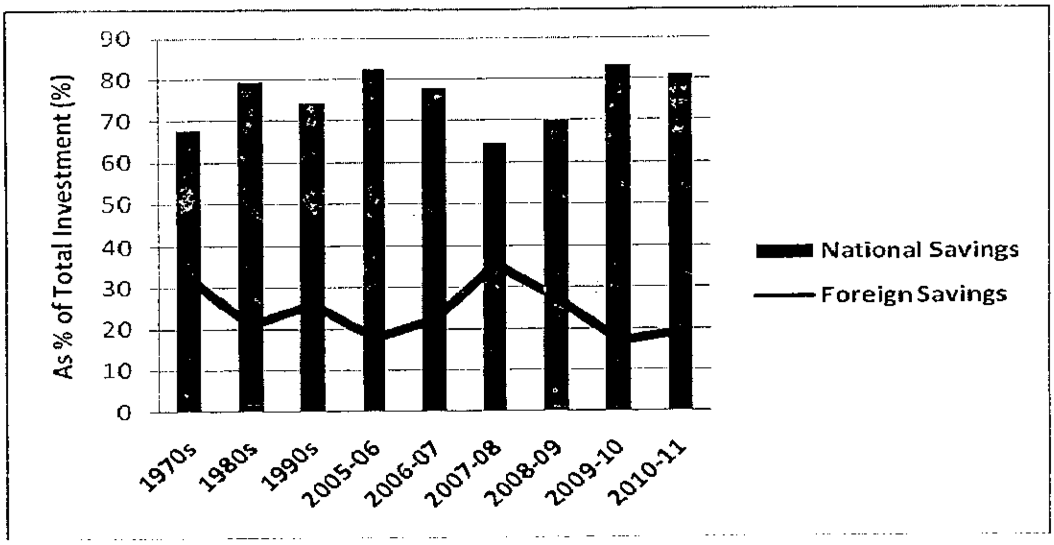
Agriculture: For 2010-11 the agriculture sector is projected to grow by 3.8%. This is to be contributed by major crops (3.7%), minor crops (3.0%), livestock (4.2%), fishery (2.0%) and forestry (2.5%). This growth trajectory is supported by the fact that key farm inputs including credit to farmers is expected to increase. The production target for sugarcane in the 2010-11 is set at 53.7 million tons for kharif season. The production targets of wheat and rice are set at 25 and 6.2 million tons respectively. The measures for achieving these targets include: streamlining the process of storage and procurement, improvement in water availability, increase in the use of pesticides and quality certified seeds.

The livestock sector is expected to grow at the pace of 4.2%. The steps necessitated for increase in the performance of livestock sector include prudent management of milk and meat prices, easy availability of credit, expansion and modernization of slaughter houses, improvement in the research and development funds, education of farmers through extension services, increased vaccine coverage, incentives for greater use of capital equipment in the livestock sector, facilitation through weighbridges, sheds, water, electricity, provision of high yielding fodder varieties, establishment of milk collection points and chilling centers.

Industry: The industrial sector is targeted to grow by 4.9% during 2010-11. It is assumed that the energy shortages will decline and industry will be given priority for uninterrupted supply of electricity and gas. Improved cotton availability will also support the textile sector.

Services: The services sector is expected to grow by 4.7% with contribution of transport, storage and communication (4.6%) and wholesale and retail trade (5.1%).

Saving and Investment: The targeted investment to GDP ratio is 17.9 % with private sector fixed investment to GDP ratio projected to remain in the vicinity of 12 %. The national savings as percentage of GDP will be 14.5 %, while rest of the investment requirement is projected to be financed by foreign savings of 3.4 % of GDP. The external resources here played an important role in financing the investment requirements of the economy (Figure 4).

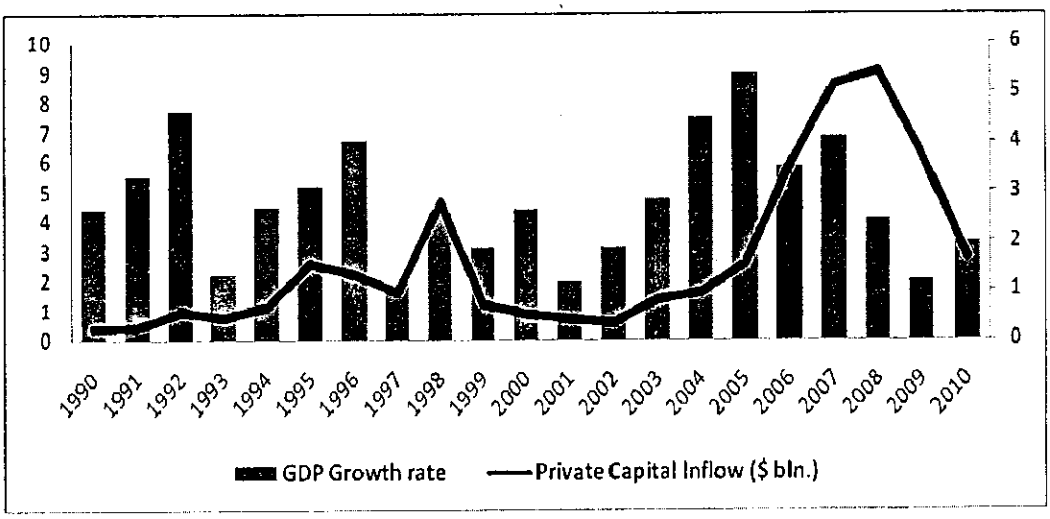


Source: Economic Survey of Pakistan

Figure 4: National and Foreign Savings as % of Total Investment

It is expected that FDI will come in the oil and gas exploration, trade, financial business, telecommunication and chemicals. This is due to the expected energy sector reforms, higher demand for construction, and revival of financial business in post crisis period. The inflows in the form of investment shown in Figure 5 remain an important driver of growth which also promotes technology transfer.

In order to attract investment in Pakistan several key questions need to be addressed which include: reducing cost of doing business, improving infrastructure, conducive environment for foreign investment, security of assets and profits, insuring availability of manpower and the financial sector services.



** Includes FDI and portfolio investment

Figure 5: GDP Growth Rate and Private Capital Investment (1990-2010)

The envisaged investment plan and the efforts of related investment promotion institutions focus on strengthening of investment protection, revisiting foreign investment promotion strategy, improving capacity of investment promotion institutions, deepening of investment legislation process, enhancing the image of Pakistan in potential markets and aligning the public sector development program (PSDP) with public private partnership (PPP) strategy. The private investment should particularly be lured in export-oriented sectors.

The suggested measures for increasing saving's include: raising domestic resource mobilization, keeping inflation at a low level, increase in real rate of return on financial instruments, greater financial intermediation, increasing quality of credible financial instrument in capital market and reforming the long term savings vehicle like pension scheme and life insurance.

Annex 1.1

Gross Domestic Product
(1999-2000 prices)

Items	Rs Million				% change		
	2008-09	2009-10		2010-11	2009-10		2010-11
	Revised	Target	Provisional	Target	Target**	Provisional	Target
1. Commodity Producing Sectors	2,555,948	2,612,937	2,646,845	2,763,458	2.7	3.56	4.4
A) Agriculture	**1,195,031**	**1,248,716**	**1,218,873**	**1,265,726**	**3.8**	**2.00**	**3.8**
Major Crops	400,486	415,956	399,729	414,519	3.5	-0.19	3.7
Minor Crops	136,601	149,638	135,008	139,058	4.0	-1.17	3.0
Livestock	622,531	648,709	648,106	675,326	4.0	4.11	4.2
Fishery	21,319	21,831	21,626	22,059	2.4	1.44	2.0
Forestry	14,094	12,582	14,404	14,764	1.0	2.20	2.5
B) Industry	**1,360,917**	**1,364,221**	**1,427,972**	**1,497,731**	**1.7**	**4.93**	**4.9**
Mining & Quarrying	137,707	142,653	135,411	138,255	2.0	-1.67	2.1
Manufacturing (I+II+III)	**997,966**	**1,019,052**	**1,049,569**	**1,107,928**	**1.8**	**5.17**	**5.6**
I) Large Scale	664,405	674,503	693,355	727,329	1.0	4.36	4.9
II) Small Scale	258,173	265,919	277,562	298,407	3.0	7.51	7.5
III) Others*	75,388	78,630	78,652	82,191	4.3	4.33	4.5
Construction	112,884	117,603	130,203	135,151	2.0	15.34	3.8
Electricity, Gas & Water Supply	112,360	84,913	112,789	116,398	0.5	0.38	3.2
II) Services	**2,892,089**	**3,082,676**	**3,023,923**	**3,165,068**	**3.9**	**4.56**	**4.7**
Transport, Storage & Communications	554,115	582,008	578,966	605,309	3.0	4.48	4.6
Wholesale & Retail Trade	921,015	995,525	968,150	1,017,365	3.3	5.12	5.1
Finance and Insurance	314,813	349,981	303,521	312,627	3.0	-3.59	3.0
Ownership of Dwellings	150,629	156,051	155,916	161,529	3.6	3.51	3.6
Public Administration & Defence	332,108	350,296	357,134	374,991	4.0	7.54	5.0
Social, Community & Personal Services	619,409	648,815	660,236	693,248	6.0	6.59	5.0
GDP (fc)	**5,448,037**	**5,695,613**	**5,670,768**	**5,928,525**	3.3	**4.09**	**4.5**

*Covers slaughtering of animals in accordance with Islamic Sharia (Zabiha)
**These targets were based upon provisional data of 2008-09
Source: FBS & Planning & Development Division

Annex 1.2

Major Crops and Livestock

Items	Units	2008-09 Revised	2009-10		Percentage Change		
					2010-11	2009-10P/ 2008-09R	2010-11T/ 2009-10P
			Targets	Provisional	Targets		
Kharif Crops							
Rice	(000MT)	6,952	5,949	6,883	6,176	-1.0	-10.3
Basmati	(000MT)	2,901	2,500	2,475	2,526	-14.7	2.1
Others	(000MT)	4,051	3,449	4,408	3,650	8.8	-17.2
Bajra	(000MT)	296.4		293	305	-1.1	
Maize	(000MT)	3,593	3,414	3,487	3,590	-3.0	3.0
Jawar	(000MT)	165		154	175	-6.6	13.6
Sugarcane	(000MT)	50,045	56,527	49,373	53,690	-1.3	8.7
Cotton	(Mln Bales)	11.8	13.4	12.7	14.01	7.4	10.3
Rabi Crops							
Wheat	(000MT)	24,033		23,864	25,000	-0.7	
Barley	(000MT)	82		78.1	89	-4.2	
Gram	(000MT)	741		571.3	750	-22.8	
Sesamum	(000MT)	41		33.4	45	-18.5	
Rap. & Mustard	(000MT)	188		202	180	7.3	
Tobacco	(000MT)	105		104	109	-1.2	
Livestock							
Milk	(Mln. MT)	43.56	44.98	44.98	46.44	3.3	3.3
Meat	(Mln. MT)	2.84	2.97	2.97	3.10	4.3	4.4
Wool	(000 MT)	41.50	42.03	42.00	42.50	1.2	1.2
Hides	(Mln. Nos)	12.61	13.04	13.04	13.48	3.4	3.4
Skins	(Mln. Nos)	46.35	47.40	47.40	48.48	2.3	2.3

Source: Ministry of Livestock & Dairy Development,
Federal Bureau of Statistics,
Ministry of Food & Agriculture

Annex 1.3

Macroeconomic Framework
(Current Market Prices)

Items	2008-09	2009-10		2010-11	2009-10P/ 2008-09R	2010-11T/ 2009-10P
	Revised	Targets	Provisional	Targets		
	Rs billion				% Growth	
GDP (fc)	12,082	13,995	13,843	15,857	14.6	14.5
indirect Taxes (Net)	657	784	825	888	25.5	7.6
GDP (mp)	12,739	14,779	14,668	16,745	15.1	14.2
Net Factor Income from Abroad	344	420	571	572	65.6	0.2
GNP (mp)	13,084	15,199	15,239	17,317	16.5	13.6
External Resources Inflow (net)	730	776	409	566	-44	38.4
Total Resources / Uses	13,814	15,975	15,648	17,882	13.3	14.3
Total Consumption	11,399	13,019	13,216	14,885	15.9	12.6
Total Investment	2,415	2,956	2,432	2,997	0.7	23.2
Fixed Investment	2,211	2,778	2,197	2,729	-0.6	24.2
Public incl. General Govt.	590	754	633	720	7.2	13.8
Private	1,621	2,025	1,564	2,009	-3.5	28.4
Changes in Stocks	204	177	235	268	15.1	14.2
National Savings	1,685	2,180	2,023	2,431	20.1	20.2
As % of GDP (mp)						
Total Investment	19.0	20.0	16.6	17.9		
Fixed Investment	17.4	18.8	15.0	16.3		
Public incl. General Govt.	4.6	5.1	4.3	4.3		
Private	12.7	13.7	10.7	12.0		
National Savings	13.2	14.7	13.8	14.5		
External Resources Inflow (net)	5.7	5.3	2.8	3.4		
Memo Items						
Inflation (GDP Deflator)	20.3	9.0	10.1	9.5		
GNPmp Per Capita (Rs)	79,896	91,233	91,515	99,800		

Chapter 2

Balance of Payments

Review of Annual Plan 2009-10

The Annual Plan 2009-10 was prepared in the backdrop of global economic slowdown coupled with power shortages and uncertain law & order situation in the country. Therefore, the export target for 2009-10 was set at $ 18.3 billion against US$ 18.6 billion estimated for 2008-09. The current account deficit was targeted to be reduced to 5.3 percent of GDP in 2009-10 as against 5.4 percent of GDP estimated for 2008-09. The intentions behind setting these low targets were that high targets could not be realized as the economy witnessed two major external shock during previous years; including the global hike in food and fuel prices followed by the global financial turmoil resulting in worst-ever global recession since the Great Depression.

The unsustainable current account deficit of the balance of payments was a key challenge for the Government. Due to a better than expected performance of exports in the months of March & April of 2009-10 and robust performance of remittances, the current account deficit has reduced to more than projected. In the ten months of 2009-10 the current account deficit stood at $ 3.1 billion (1.8 % of GDP) as compared to $ 9.0 billion (5.5 % of GDP) for same period last year. It is expected that the current account deficit for the current financial year will remain around 3.0 % of GDP, much lower than the Annual Plan target of 5.3% of GDP. This improvement is attributed to reduction in trade deficit and significant increase in workers' remittances. The foreign exchange reserves stood at $ 15.05 billion as on 30th April 2010. The rupee has also recovered part of its losses. The average exchange rate for the month of April, 2010 was Rs. 83.90/$.

Balance of Trade: It was expected that trade deficit during 2009-10 will be $ 10.7 billion (6.2 % of GDP). In the first ten months of 2009-10, trade deficit has been contained to $ 9.1 billion (5.2 % of GDP) as compared to $ 11.1 billion (6.8 % of GDP) in the corresponding period last year. This reduction has been due to positive growth of exports by 2.1 percent and reduction in imports by 6.3 percent.

Exports: Exports during July-April, 2009-10 stood at $ 16.2 billion as compared to $ 15.8 billion in the corresponding period of last year showing an increase of 2.1 percent. Component wise analysis of exports items during July-April 2009-10 indicates that positive growth has been witnessed in raw cotton (140.2 %), yarn other than cotton yarn (103.5 %), jewellery (102.3 %), transport equipments (82.2%),vegetables (71.2 %), Art, Silk & Synthetic textile (66.9%), fruits (55.06 %), meat and meat preparations (39.8 %), electric fans (38.0%), Cotton Yarn (32.13 %), Cutlery (24.7 %), Spices (22.6 %), Chemical and Pharmaceutical products (22.04 %), Made up Articles (10.8 %), rice (7.5 %), petroleum groups (7.33 %), Towels (4.8 %), Sports Goods (4.1 %), furniture (2.4 %), other manufactures group (0.7%). Almost all other items showed a negative growth during the period under review. About 80 percent of the total export items, for which data on both volume and price are available, showed a positive growth of 3.5 percent. Bifurcation of exports growth into volume and price effect reveals an increase of 6.02 percent in volume and decrease of 2.5 percent in price. The weak performance of the export was broad based. Factors adversely affecting our exports are:

- Slow recovery of the global economy, Energy and power shortages
- Deteriorating law and order situation
- Increased competition in the international market for textile products
- High cost of doing business in the country.

An important element to increase exports require enhancing the competitiveness, product and market diversification, improving law and order situation, exploring untapped markets, promoting local R&D and to overcome the energy and power shortage in the country. Exports (fob) for the full year 2009-10 are estimated to be around $ 19.2 billion as against the Annual Plan target of $ 18.3 billion (Annex: 2.1).

Imports: Imports during July-April 2009-10 have reduced by 6.3 percent to $ 25.2 billion over the corresponding period of last year ($ 26.9 billion). The items of imports which showed positive growth during July-April 2009-10 have been sugar (591.6 %), gold (308.6 %), agricultural machinery (130.6 %), mobile phone (69.9 %), insecticides (48.7 %), fertilizer manufacture (39.8%), transport group (37.7 %), medical products (36.6 %), Jute (28.7 %), Rubber Tyres & Tubes (21.7 %), synthetic fibre (21.6 %), textile machinery (20.5 %), synthetic and artificial yarn (18.7 %), tea (15.1 %), aluminum wrought & worked (13.9 %), pulses (11.6 %), milk & cream (7.6 %), spices (4.4 %), raw cotton (3.1 %) etc. Imports of almost all other commodities witnessed a negative growth. Import items for which data on both volume and prices are available (55 percent of total import items) showed a negative growth of 2.8 percent. Fall in imports is broad-based across various items, contributed mainly by decline in POL imports and significant fall in the prices of imports. It is estimated that imports (fob) for 2009-10 will be $ 29.9 billion compared to the Annual Plan target of $ 28.9 billion (Annex: 2.2)

Workers' Remittances: Workers' remittances have continuously witnessed an increasing trend during the period July-April 2009-10 touching a level of $ 7.3 billion as against $ 6.4 billion in the corresponding period of last year, registering an increase of 15.0 percent. The monthly average remittances during this period stood at $ 730.7 million as compared to $ 635.6 million during the same period last year. Remittances for the full year are estimated at $ 8.4 billion. Remittances have shown an upward trend due to various factors prominent among which measures taken under the Pakistan Remittance Initiative (PRI) leading to increased inflow through official channels. The return of Pakistanis working abroad with their total savings due to global economic slow down especially in parts of the Middle East could also explain the rise in remittances (See Box. 2.1).

Current Account Balance: The current account deficit was targeted at $ 9.4 billion (5.3 % of GDP) as against $ 9.3 billion (5.7 % of GDP) recorded in 2008-09. This was largely based on higher level of workers' remittance. With the estimated trade deficit at $ 10.7 billion and workers' remittances of $ 8.4 billion, the current account deficit for 2009-10 is estimated to reduce to around $ 4.8 billion from last year's deficit of $ 9.3 billion.

Capital Account: Gross aid disbursements during 2009-10 are expected to remain at the same level of $3.7 billion recorded last year. Allowing for other capital inflows, the overall balance is likely to be in deficit by $0.3 billion in 2009-10 compared to a deficit of $3.1 billion in 2008-09.

Box 2.1 Pakistan Remittance Initiative

To encourage Pakistan's migrant to use banking channel for home remittances and protect the remitter and beneficiary from any loss, State Bank of Pakistan, Ministry of Finance and Ministry of Overseas Pakistanis have jointly launched Pakistan Remittance Initiative (PRI) on August 22, 2009. The initiative aims is to boost and facilitate remittance transactions through fast, transparent, reliable and efficient banking services. There will be an Advisory Group which will, in consultation with other stakeholders, formulate strategy to achieve the following PRI's objectives.

- Automatic delivery of home remittances in beneficiary account/ over the counter system in real time; generating confirmation SMS to remitter and the beneficiary.
- Development of robust and reliable ATM Network to offer an option to beneficiary of home remittances to withdraw cash even after banking hours and holidays.
- Development of integrated and secured payment system infrastructure of Alternate Delivery Channels (ATM POS, IVR, Call Centre, Mobile Banking) offering option to beneficiary of home remittances to make P2P payments, payments at merchant sites, payment of utility bills, fund transfer etc. This would encourage beneficiaries to maintain balance in bank accounts eventually helping increase savings/deposits.
- In this regard, initially five major banks i.e. Allied Bank, Habib Bank, MCB, National Bank of Pakistan and United Bank have been selected. In the first phase, RTGS will enable these banks to transfer interbank transaction into the beneficiary account on same day.

Furthermore, a PRI website and a call centre have also been established to facilitate senders and beneficiaries. To improve the formal channel of remitting money, financial incentives will be given to those overseas financial entities able to mobilize US$ 100 million remittances in a year. A Complaint Handling Mechanism has been put in place and SBP is also introducing a mechanism for compensation to remittance beneficiaries for delay by the banks.

Source: SBP Annual Report 2008-09

Proposed Annual Plan 2010-11

The Annual Plan 2010-11 aims to maintain a sustainable balance of payments position to ensure macroeconomic and exchange rate stability. Pakistan is a developing country with a high degree of dependence on imports of oil, essential industrial raw materials, and machinery and equipment. To meet such requirements without excessive reliance on external borrowing, Pakistan needs a competitive and dynamic export sector that is capable of generating robust growth in export earnings to maintain a viable balance of trade. The Strategic Trade Policy Framework 2009-12 envisages a comprehensive strategy to increase Pakistan's market share in world trade (See Box: 2.2). The current account balance would also need to be improved by attracting private transfers, especially workers' remittances. Capital and financial account would be strengthened by diversifying sources of financing with greater recourse to non-debt creating sources of financing.

Trade Account: On account of the global uncertainty and continues energy shortages and security situation, exports (fob) for 2010-11 are projected to grow gradually at $ 19.9 billion against $ 19.2 billion estimated for 2009-10. Imports during 2010-11 are projected to increase by 6.0 percent to about $ 31.7 billion from $ 29.9 billion estimated for 2009-10. As a result, the trade account is projected to be in deficit by 11.7 billion in 2010-11 or 6.1 % of GDP (Annex: 2.3).

Box: 2.2 Strategic Trade Policy Framework 2009-12

The Strategic Trade Policy Framework (2009-12) is the most recent initiative undertaken by the government to overcome weaknesses of the past as well as to provide a way forward for the future.

The main thrust of the Strategic Trade Policy Framework 2009-12 is on the following areas:

Preparation of a rational tariff policy and structure with short and long term tariff measures aimed at making the industry competitive.

- Re-design of export refinancing scheme and sectoral credit allocation parameters, while focusing more on high value sectors, more sophisticated export products and non-traditional items.
- Adoption of an exchange rate policy to promote exports and manage imports.
- Measures to promote procedural efficiencies and trade facilitation, including effective implementation of National Transport and Trade Facilitation Strategy and other reform efforts aimed at trade facilitation to improve the ranking of Pakistan in the global competitiveness index.
- Revamping the business processes in line with international best practices in order to enhance productivity and improve competitiveness.
- Upgrading local industry's capacity to integrate into the global supply chain and increasing the capacity of Pakistani firms for technology absorption, technology development and innovation creation.

Worker's Remittances: For 2010-11, remittances have been projected to be around $ 9.0 billion as against $ 8.4 billion estimated for 2009-10.

Current Account Balance: The current account deficit is targeted at $ 6.5 billion or 3.4 % of GDP in 2010-11 (Annex: 2.3).

Capital Account: Gross aid disbursements during 2010-11 are expected to be $ 3.9 billion as against $ 3.7 billion estimated for 2009-10. Allowing for other capital inflows, the overall balance is likely to be in deficit by $ 0.8 billion in 2010-11 compared to an estimated deficit of $ 0.3 billion in 2009-10. The gross reserves are likely to be around $ 15.0 billion in 2010-11, compared to a level of $ 14.4 billion in 2009-10. Details are given in Annex: 2.3.

Annex-2.1

Exports

(US $ Million)

Items	2008-09	July-April		2009-10		2010-11
	Actual	2009	2010	Target	Estimate	Target
A. Food Group	3005.681	2547.8	2727.9	2976.4	3230.5	3359.8
Rice	1983.2	1681.3	1807.0	2033.1	2135.0	2220.4
a)Basmati	1070.3	911.9	698.04	1150.0	819.3	852.1
b)Others	912.9	769.4	1108.95	883.1	1315.7	1368.4
Fish & Fish Preparations	233.7	193.6	182.10	265.0	219.8	228.6
Fruits	157.2	134.6	208.77	140.5	243.7	253.5
Vegetables	72.9	59.0	100.94	62.6	124.9	129.8
Leguainous Vegetables	3.4	3.4	0.01	3.9	0.0	0.0
Tobacco	12.4	10.5	10.44	13.4	12.3	12.8
Wheat	39.4	37.9	0.5	0.0	0.5	0.5
Spices	32.5	26.2	32.06	27.9	39.8	41.4
Oil Seeds, Nuts & Kernels	41.7	31.9	17.47	36.4	22.9	23.8
Sugar	8.9	8.9	0.00	9.1	0.0	0.0
Meat & Meat Preparations	72.1	58.4	81.56	60.4	100.7	104.8
All other food items	348.2	302.2	287.136	324.1	330.9	344.1
B. Textile Group	9584.4	7905.5	8461.7	9361.0	10255.4	10665.6
Raw Cotton	87.3	80.8	194.15	105.0	209.7	218.1
Cotton Yarn	1114.8	916.5	1210.97	1030.0	1473.1	1532.0
Cotton cloth	1955.3	1641.4	1465.99	1905.0	1746.3	1816.2
Cotton Carded or Combed	16.5	18.7	8.97	11.8	7.9	8.2
Yarn other than cotton yarn	23.0	20.1	40.80	32.2	46.7	48.6
Knitwear	1740.8	1434.3	1424.23	1669.0	1728.5	1797.7
Bedwear	1735.0	1408.6	1400.04	1712.1	1724.4	1793.4
Towels	642.9	527.8	553.31	551.4	673.9	700.9
Tent, canvas & Tarpulin	56.2	50.5	53.50	65.0	59.6	62.0
Ready-made Garments	1230.0	1007.1	1059.61	1210.0	1294.2	1345.9
Art, Silk & Synthetic Textile	278.0	228.5	381.51	340.0	464.2	482.7
Madeup Articles (exclud. Other Tex)	480.1	396.8	439.62	483.1	531.9	553.2
Other textile materials	224.4	174.3	228.99	246.4	294.8	306.6
C Petroleum Group & Coal	812.4	720.5	773.3	1133.0	871.4	906.3
Petroleum Products(Excl. Top Naphta)	448.4	401.2	456.21	435.8	510.0	530.4
Petroleum Top Naphta	363.8	319.1	316.88	696.9	361.3	375.7
Solid Fuel (Coal)	0.2	0.2	0.19	0.3	0.2	0.2
D. Other Manufactures Group	3595.2	2968.5	2989.6	3388.3	3694.5	3842.3
Carpets,Rugs & mats	145.8	126.7	116.97	160.0	134.6	139.9
Sports Goods	273.3	227.2	236.5	283.0	284.1	295.5
a)Footballs	128.5	105.3	123.43	149.8	150.6	156.7
b)Gloves	84.7	72.8	81.20	79.3	94.5	98.3
c)Others	60.1	49.1	31.85	53.9	39.0	40.6
Leather Tanned	299.5	252.9	255.80	285.0	302.9	315.0
Leather Manufactures	556.8	470.9	368.6	631.5	437.7	455.2
a)Leather Garments	392.5	327.5	284.76	475.0	341.3	354.9

Items	2008-09	July-April		2009-10		2010-11
	Actual	2009	2010	Target	Estimate	Target
b)Leather gloves	152.3	133.7	74.16	145.0	84.5	87.8
c)Others Leather manufactures	12.0	9.7	9.68	11.5	12.0	12.4
Footwears	128.5	107.6	78.7	115.3	94.1	97.9
a)Leather footwear	102.9	84.5	62.08	94.8	75.6	78.6
b)Canvas footwear	1.4	1.2	0.36	1.7	0.4	0.4
c)Other footwear	24.3	21.9	16.31	18.8	18.1	18.8
Surgical Goods & Medical Instruments	253.6	211.7	190.07	234.8	227.6	236.7
Cutlery	48.7	40.6	50.62	49.3	60.7	63.1
Onyx Manufactured	17.7	15.9	6.28	16.6	7.0	7.3
Chemicals And Pharm.Products	604.2	509.3	620.9	556.9	737.9	767.4
a) Plastic materials	212.0	177.7	233.94	190.3	279.0	290.2
b) Pharmaceutical Products	116.3	95.4	132.88	99.4	161.9	168.4
c) Other Chemicals	275.9	236.2	254.10	267.2	296.9	308.7
Engineering Goods	264.9	210.5	197.1	247.8	263.6	274.2
a) Electric Fans	28.7	20.9	28.78	28.3	39.7	41.3
b) Transport equipments	31.4	15.1	27.44	25.9	57.3	59.6
c) Other Electrical Machinery	41.4	32.9	39.32	40.1	49.5	51.5
d) Machinery Speciali. for paticular Indus.	62.2	54.7	35.73	55.9	40.7	42.3
e) Auto Parts	12.9	11.2	9.51	18.9	11.0	11.4
f) Other Machinery	88.1	75.8	56.34	78.7	65.5	68.1
Gems	3.4	2.8	2.65	4.0	3.3	3.4
Jewellary	285.7	195.9	397.00	191.9	578.9	602.0
Furniture	8.5	6.7	6.88	9.9	8.7	9.0
Molases	95.7	85.1	42.65	88.3	48.0	49.9
Handi Crafts	4.3	4.4	2.56	4.0	2.5	2.6
Cement	576.6	475.3	394.20	477.0	478.2	497.3
Guar & guar products	28.1	25.0	22.12	33.0	24.9	25.9
E. All Others	690.3	561.0	931.6	738.3	1056.7	1099.0
Total Exports (A-E)	17688.0	14703.3	15884.1	17597.0	19108.5	19872.9
Exports (fob)	19121.0	15817.0	16155.0	18278.0	19185.0	19952.0

Source: FBS, SBP

Annex-2.2

Imports

(US $ Million)

Item	2008-09	July-April		2009-10		2010-11
	Actual	2009	2010	Target	Estimate	Target
A. Food Group	**2385.7**	**2863.4**	**1915.3**	**2563.0**	**2368.1**	**2416.0**
Milk & Cream Including milk for infants	72.4	62.98	67.75	61.6	83.8	85.5
Wheat Unmilled	107.9	1053.75	35.42	264.0	43.8	44.7
Dry Fruits	84.0	69.85	67.73	66.0	83.7	85.4
Tea	222.6	197.96	227.79	218.5	281.6	287.3
Spices	127.5	58.36	60.95	70.7	75.4	76.9
Soyabean Oil	87.8	66.25	13.76	93.0	17.0	17.4
Palm Oil	1390.9	1139.16	1041.40	1567.0	1287.6	1313.7
Sugar	56.3	27.65	191.22	0.0	236.4	241.2
Pulses	236.4	187.48	209.27	222.2	258.7	264.0
B. Machinery Group	**4339.8**	**3643.2**	**3131.3**	**5165.2**	**3871.5**	**3949.9**
Power Generating Machinery	1748.6	1407.64	1252.95	1684.1	1549.1	1580.5
Office Mach. Incl. Data Proc. Equip.	250.5	214.98	185.93	247.4	229.9	234.5
Textile Machinery	212.0	183.38	221.00	364.1	273.2	278.8
Construction & Mining Machinery	280.5	246.12	139.36	258.4	172.3	175.8
Electrical Machinery & Apparatus	775.7	655.86	553.32	636.8	684.1	698.0
Telecom	961.3	857.1	598.7	1862.0	740.2	755.2
A. Mobile Phone	172.2	146.34	248.61	618.5	307.4	313.6
B.Other Apratus	789.1	710.75	350.10	1243.5	432.9	441.6
Agricultural Machinery & Implements	111.2	78.08	180.03	112.4	222.6	227.1
C. Transport Group	**1339.4**	**1142.4**	**1573.3**	**1870.0**	**1945.2**	**1984.6**
Road Motor Vehicles Build Units CKD/SKD	929.1	755.51	948.92	1117.1	1173.2	1197.0
A. Buses, Trucks & Oth. Heavy Vehicles	85.9	71.52	68.37	174.2	84.5	86.2
B. Motor cars	82.7	72.07	86.39	198.2	106.8	109.0
C. Motor cycles	1.0	0.67	0.48	4.3	0.6	0.6
A. Buses, Trucks & Oth. Heavy Vehicles	79.9	61.37	68.93	112.3	85.2	86.9
B. Motor cars	256.5	201.39	355.72	287.5	439.8	448.7
C. Motor cycles	34.3	25.79	47.85	52.0	59.2	60.4
Parts	270.9	233.23	216.36	248.5	267.5	272.9
Others	118.0	89.46	104.72	96.8	129.5	132.1
Aircrafts, Ships and Boats	402.5	379.72	579.24	731.8	716.2	730.7
Other Transport Equipments	7.7	7.18	45.12	21.1	55.8	56.9
D. Petroleum Group	**9508.1**	**8017.0**	**8118.6**	**8780.0**	**10037.8**	**10241.0**
Petroleum Products	5513.84	4612.41	5305.33	5088.0	6559.5	6692.3
Petroleum Crude	3994.23	3404.64	2813.26	3692.0	3478.3	3548.7
E. Textile Group	**1337.8**	**1037.2**	**1145.0**	**1240.6**	**1415.6**	**1444.3**
Raw Cotton	639.63	477.53	492.39	670.7	608.8	621.1
Synthetic Fibre	307.31	238.94	290.43	234.6	359.1	366.4
Suynthetic & Artificial SilkYarn	293.06	241.17	286.36	245.4	354.1	361.2
Worn clothing	97.84	79.59	75.80	89.9	93.7	95.6

Item	2008-09	July-April		2009-10		2010-11
	Actual	2009	2010	Target	Estimate	Target
A. Food Group	**2385.7**	**2863.4**	**1915.3**	**2563.0**	**2368.1**	**2416.0**
F. Agri. & other Chemi. Gr.	**2372.9**	**1966.5**	**2401.2**	**2169.2**	**2968.8**	**3029.0**
Fertilizer Manufactured	548.0	494.37	691.12	556.0	854.5	871.8
Insecticides	114.4	80.98	120.44	83.9	148.9	151.9
Plastic Materials	1139.8	943.39	978.20	1081.3	1209.4	1233.9
Medicinal Products	570.8	447.78	611.45	448.0	756.0	771.3
G. Metal Group	**2254.3**	**1751.1**	**1632.1**	**1787.4**	**2017.9**	**2058.8**
Gold	37.1	31.66	129.36	30.3	159.9	163.2
Iron and Steel Scrap	688.3	527.13	368.98	530.9	456.2	465.4
Iron and Steel	1405.4	1090.77	1018.14	1105.2	1258.8	1284.3
Aluminium Wrought & Worked	123.5	101.56	115.63	121.0	143.0	145.9
H. Miscellaneous Group	**674.1**	**547.3**	**532.3**	**617.6**	**658.2**	**671.5**
Rubber Crude Incl. Synth/Reclaimed	139.4	117.69	116.61	116.9	144.2	147.1
Rubber Tyres & Tubes	108.6	87.73	106.81	126.6	132.1	134.7
Wood & Cork	54.4	43.61	38.90	42.7	48.1	49.1
Jute	54.6	42.47	54.63	43.8	67.5	68.9
Paper & Paper Board & Manuf. Thereof	317.1	255.80	215.38	287.6	266.3	271.7
I. All Others	**10609.9**	**7953.1**	**7673.5**	**8609.4**	**9487.4**	**9679.6**
Total Imports(A-I)	**34822.0**	**28921.3**	**28122.6**	**32802.4**	**34770.5**	**35474.7**
Imports (fob)	**31747.0**	**26952.0**	**25249.0**	**28972.4**	**29900.0**	**31694.0**

Source: FBS, SBP

Annex-2.3

Balance of Payments

(US $ Million)

Item	2008-09	2009-10	2010-11
	Actual	Estimate	Target
Current Account Balance	-9261	-4839	-6505
Balance on Goods	-12626	-10715	-11742
Exports f.o.b	19121	19185	19952
Imports f.o.b	31747	29900	31694
Services Balance	-3381	-2630	-2809
Income (net)	-4407	-3743	-4590
Balance on Goods, Services & Income	-20414.0	-17088	-19141
Current Transfers (net)	11154	12249	12636
Current Transfers: credit, of which:	11256	12333	12742
Workers Remittances	7811	8400	8990
Capital Account	455	1155	160
Financial Account: of which	5632	3357	5528
Direct Investment in Pakistan	3720	1999	2500
Portfolio Investment (net)	-1073	-96	400
General Government	1948	1454	2628
Disbursements	3690	3700	3900
Amortization	2246	2246	1272
Financing gap	118	0	0
Overall Balance	-3056	-327	-817
Reserves and Related Items	3056	327	817
Reserve Assets	-635	-4762	-175
Foreign Exchange (SBP)	-635	-4762	-175
Use of Fund Credit and Loans	3691	3740	2037
Memorandum Items			
SBP Reserves (net of CRR & SCRR)	9529	14378	14566
In months of next year imports of goods	3.6	5.7	5.5
Current Account Balance (% of GDP)	-5.7	-2.8	-3.4
Exports f.o.b (growth rate %)	-6.4	0.3	4.0
Imports f.o.b (growth rate %)	-10.3	-5.8	6.0

Source: SBP

Chapter 3

Fiscal and Monetary Developments

Fiscal and monetary policies aim at stabilizing and accelerating economic development. A sound fiscal policy helps in generating resources by raising revenue as well as maintaining fiscal deficit at a level which is consistent with other macroeconomic objectives such as controlling inflation, generation of domestic resources for development and promoting private investment. The monetary policy supplements these efforts through maintaining price and exchange stability, and help in smooth working of real sectors of the economy such as agriculture, industry as well as trade and ensuring soundness of financial sector.

The theme of Budget 2009-10 was to continue government's efforts for stabilizing the economy in quest of its main goal of sustainable growth. It manifested government's resolve to pursue stabilization and growth with equity. The budget 2009-10 adopted a balanced approach of stabilizing the economy as well as taking concrete measures to ensure sustainable economic growth by investing in real sectors of the economy such as agriculture and industry besides taking a number of significant pro-poor development measures.

The consolidated Budget for the year 2009-10 estimated Government expenditure at Rs 2,877.4 billion (19.4 percent of GDP) – current expenditure at Rs 2,103.8 billion (14.2 percent of GDP) and development expenditure including net lending at Rs 773.6 billion (5.2 percent of GDP). The total Government revenue for the year was estimated at Rs 2155.4 billion (14.5 percent of GDP); the tax revenue at Rs 1563.6 billion during 2009-10 and non-tax revenue at Rs 591.8 billion. On this basis, the overall fiscal deficit was estimated at Rs 722.1 billion (4.9 percent of the GDP) against Rs 680.4 billion (5.2 percent of the GDP) last year.

Despite a recovery in the overall performance of the economy during 2009-10, the fiscal position is still a matter of concern. Fiscal deficit during first half of 2009-10 has been 2.7% of GDP as compared to 1.9 % of GDP during the same period last year. Its main reason is substantial increase in total expenditure caused by rising expenditure on anti-terror operations and power sector subsidies. The target of keeping fiscal deficit at 4.9% of GDP appears difficult despite reduction in the development budget. Compounded by the non-availability of external aid flows and delays in proceeds from Coalition Support Fund, fiscal deficit for 2009-10 may be in the range of 5.0 to 5.5. % of the GDP.

Tax Collection by FBR: During July-March 2009-10, taxes collected by FBR have witnessed an increase of 11.6 percent (Rs 909.6 billion) as against Rs 815.1 billion during the corresponding period last year. It constitutes 65.9 percent of the full year target of Rs 1380.0 billion. Collection of direct taxes was Rs 342.3 billion during July-March 2009-10 against Rs 307.6 billion during the same period last year showing an increase of 11.3 percent. The indirect taxes have witnessed a growth of 11.8 percent (Rs 567.3 billion) as against Rs 507.5 billion collected in the same period last year. In spite of rising trend in revenue collection, FBR revenue target is likely to be missed. Details of revenue collection by FBR during July-March 2009-10 are given in Table 3.1:

Table 3.1 Tax Collection Performance of Federal Board of Revenue (FBR)

(Rs Billion)

Heads	2009-10 (Target)	Collection (July-March)			Collection as % of full year target
		2009-10	2008-09	% Change	
Direct Taxes	**565.6**	**342.3**	**307.6**	**11.3**	**60.5**
Indirect Taxes	**814.4**	**567.3**	**507.5**	**11.8**	**69.7**
Sales Tax	499.4	371.2	321.1	15.6	74.3
Federal Excise	152.8	84.4	81.0	4.2	55.2
Customs	162.2	111.7	105.4	6.0	68.9
Total	**1380.0**	**909.6**	**815.1**	**11.6**	**65.9**

Source: Federal Board of Revenue (FBR)

Monetary Developments: As the macroeconomic situation of the country started showing signs of improvement in late 2008-09, mainly because of home-grown economic stabilization programme implemented with IMF support, monetary policy has been suitably altered during current financial year to suit the needs of the economy. Cornerstone of the monetary policy has been to strike a balance between the need to regulate aggregate demand to ensure macroeconomic stability and maintaining liquidity in the financial system. Well coordinated macroeconomic policies helped in easing the monetary policy stance. Following the cut of 100 basis points in April 2009, the policy rate was further cut by 100 basis points in August 2009 and by another 50 basis points in November, 2009 bringing it down from 15% to 12.5%. Keeping in view the rising inflationary pressures, rising imports and fragile fiscal position, it has been considered prudent to bring no further change in the policy rate keeping it at 12.5 percent. On the other hand, State Bank has kept its vigil over liquidity situation in the economy. Through its open market operations, State Bank managed liquidity concerns and prevented any crowding out of private sector, which is also evident from rise in credit to it.

The growth of broad Money (M2) in the economy is targeted on the basis of an estimated money demand function that takes into consideration the growth rate of real GDP and the inflation rate. During July 1, 2009 to May 7, 2010, M2 expanded by Rs 416.3 billion (8.1 percent) against an expansion of Rs 194.4 billion (4.2 percent) during the corresponding period last year. The expansion in M2 has been contributed by a recovery in the Net Foreign Assets (NFA) and improvement in Net Domestic Assets (NDA) of the Banking Sector owing to increased credit to public (Rs 365.9 billion) as well as private sector (Rs 130.2 billion). Profile of Monetary Assets for the period under review is given in Table 3.2 and Figure 3.1.

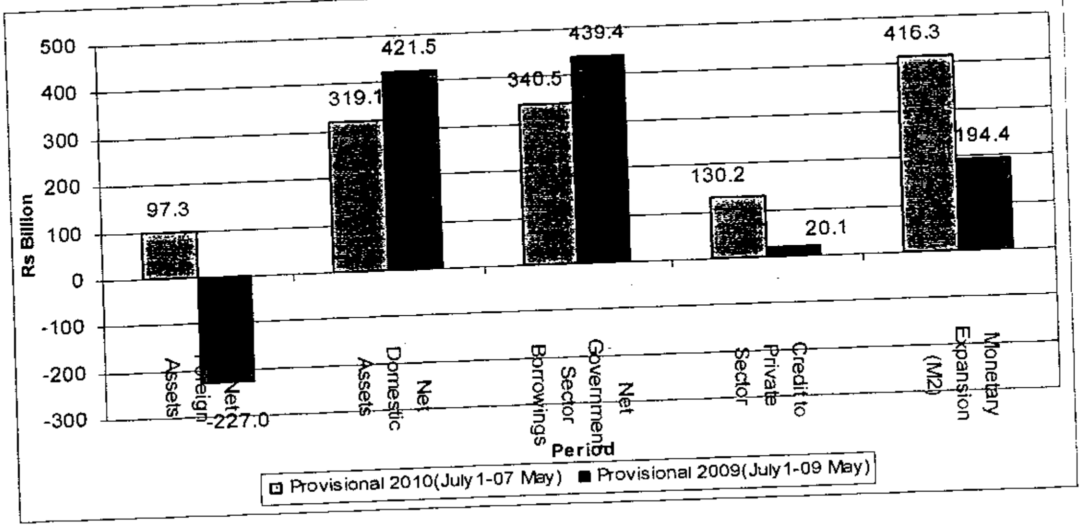
Table 3.2 Profile of Monetary Assets

(Rs Billion)

S. No.	Factors Affecting Broad Money Growth	Stocks at End-June 2009	Monetary Impact Since 1st July to	
			7-May-10	9-May-09
A	**Net Foreign Assets of the Banking System**	517.3	97.3	-227.0
B	**Net Domestic Assets of the Banking System(1+2+3)**	4,619.9	319.1	421.5
1	Net Government Sector Borrowings (a+b+c)	2,034.3	340.5	439.4
a	Borrowings for Budgetary Support	1,681.0	365.9	319.6
b	Commodity Operations	336.2	-24.6	121.6
c	Others	17.1	-0.8	-1.7
2	Credit to Non-Government Sector	3,190.0	197.4	158.3
	Credit to Private Sector	2,906.9	130.2	20.1
	Credit to Public Sector Enterprises	290.0	66.4	138.5
3	Other Items (net)	-604.4	-218.9	-176.3
(A+B)	**Broad Money (M2)**	**5,137.2**	**416.3**	**194.4**
	Growth (%)		***8.10***	***4.15***

Source: State Bank of Pakistan

Figure 3.1 Profile of Monetary Assets



The Net Foreign Assets (NFA) of the banking system expanded by Rs 97.3 billion (18.8 percent) during the period under review, against a contraction of Rs 227.0 billion (34.0 percent) during the corresponding period last year. During this period, the Net Domestic Assets (NDA) of the Banking System expanded by Rs 319.1 billion (6.9 percent) as against Rs 421.5 billion (10.5 percent) in the corresponding period last year. The trend in the major components of M2 during the said period has been as follows.

- The government borrowing for budgetary support stood at Rs 365.9 billion against Rs 319.6 billion over the corresponding period last year.
- NFA remained under pressure, yet maintained a positive growth.
- Growth in NDA has picked up owing to rise in private sector credit and increased government borrowing from the banking system.
- Growth in credit to Public Sector Enterprises (Rs 66.4 billion) is slower during July 1 - May 7 2009-10 as compared to corresponding period last year (Rs 138.5 billion).
- With gradual improvement in the economy, the private sector credit has grown by about 4.5% to Rs 130.2 billion.

Inflation: CPI inflation has been targeted at 9.0 percent for 2009-10. It has registered an increase of 11.5 percent during July-April 2009-10 against an increase of 22.4 percent in the same period last year. During this period, food inflation was recorded at 12.0 percent against 26.6 percent and non-food inflation at 11.0 percent against 19.0 percent, while core inflation increased by 11.2 percent against 17.9 percent over the same period last year. The WPI during July-April 2009-10 registered an increase of 11.3 percent against 21.4 percent in the same period last year. Similarly, SPI has registered an increase of 13.0 percent against 26.3 percent in the respective period last year. The price changes measured by various indices are summarized in Table: 3.3 and in Figure 3.2:

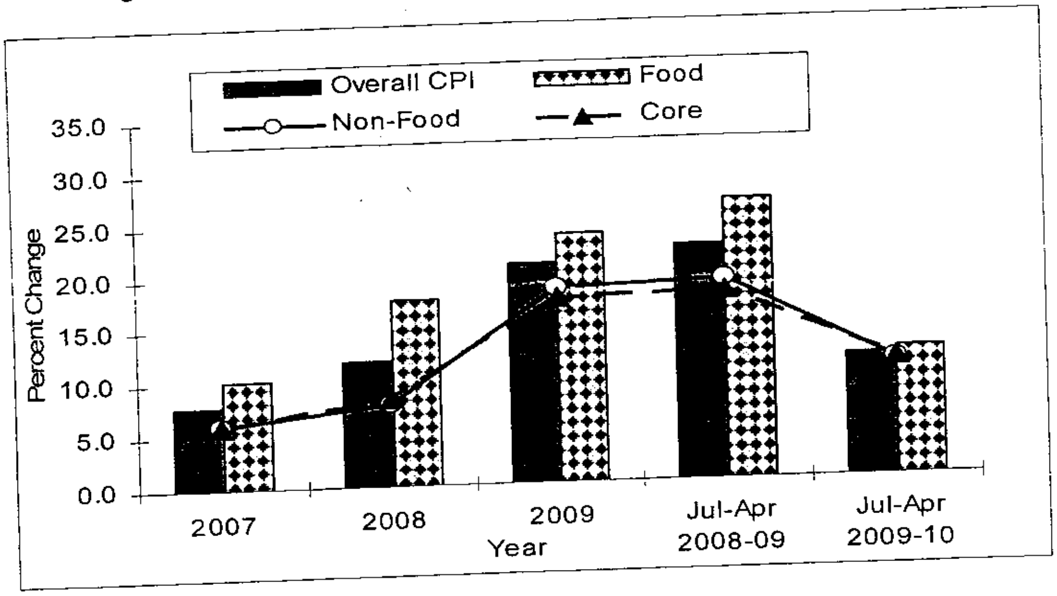
Table 3.3 Changes in Price Indices (2007-08 to July- April 2009-10)

(%)

Indices	2007-08	2008-09	July- April	
			2008-09	2009-10
Consumer Price Index (CPI-374 items)	**12.0**	**20.8**	**22.4**	**11.5**
Food Inflation	17.6	23.7	26.6	12.0
Non-food Inflation	7.9	18.5	19.0	11.0
Core Inflation	8.4	17.6	17.9	11.2
Wholesale Price Index (WPI-425 items)	**16.4**	**18.2**	**21.4**	**11.3**
Sensitive Price Indicator (SPI-53 items)	**16.8**	**23.4**	**26.3**	**13.0**

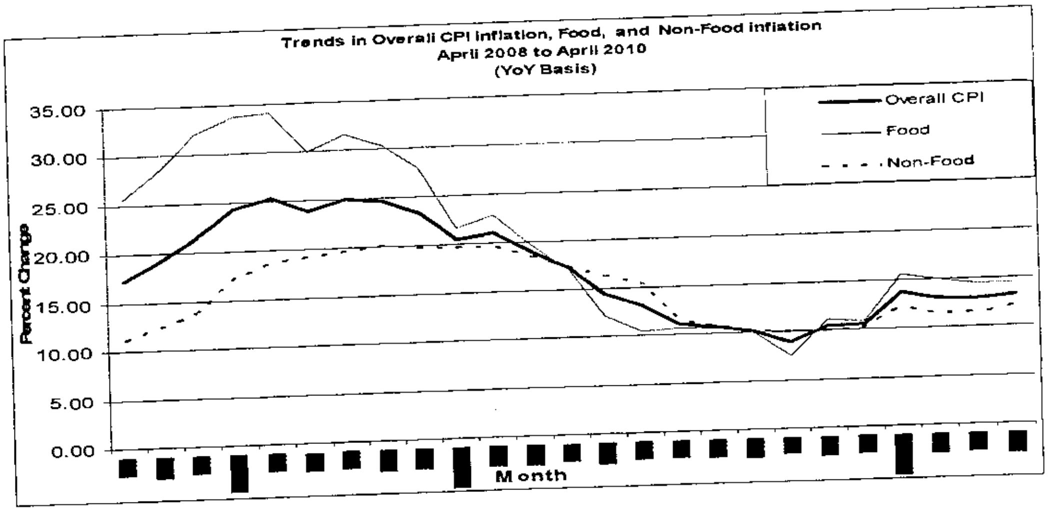
Source: Federal Bureau of Statistics

Figure 3.2 Trends in Overall CPI, Food, Non-Food & Core Inflation



The reasons for persistent high inflation in Pakistan are: i) continued pressure of food inflation; ii) fiscal pressures especially due to security situation; iii) adjustment in utility prices and increase in transport charges to cover cost increases; iv) continued depreciation of Pak Rupee thus increasing the cost of imported raw materials, goods and services; v) high mark up rate; and vi) loss in productivity due to severe electricity and gas shortages, thus raising cost of production. While inflation has declined during July-April 2009-10 as compared to similar period of 2008-09, expected rise in prices of food items, electricity & gas tariffs and increase in global commodity and crude oil prices are likely to raise inflation in the coming months. Trends in inflation on YoY basis are depicted in Figure 3.3. The average CPI inflation for current financial year is likely to remain around 12 percent.

Figure 3.3 Trends in Inflation



Source: Federal Bureau of Statistics

Capital Market: Performance of Pakistan's capital markets demonstrated a consistently rising trend during current financial year. This positive outlook of the capital market owes to an improved and stable political and economic scenario of the country. After touching a five year low at 4,815.3 points on 26th January, 2009, KSE Index continued its upward trend and at end June, 2009 was recorded at 7,162.2 points with market capitalization at Rs 2120.7 billion. The bullish trend continued despite numerous dips and the Index crossed 9,000 points in early September, 2009 and the psychological mark of 10,000 points on March 12, 2010 and stood at 10,428.12 points on 30th April, 2010 with market capitalization of Rs 2,947.7 billion showing an increase of 39 % since end June, 2009.

Annual Plan 2010-11

Fiscal Policy: Efforts will be made to synchronize the fiscal policy with other macroeconomic policies to boost revenue generation, raising domestic savings and help in releasing maximum funds for development. The thrust of the fiscal policy during the 2010-11 would be to increase the revenue by improving tax collection through broadening the tax base particularly through introduction of VAT and bringing in the tax net the areas difficult to be documented and the economic sectors still outside the tax net. Efforts will also be directed at curtailing non-development expenditure, elimination of wastage of public funds and help in releasing maximum funds for development. Full compliance to implementation of Fiscal Responsibility and Debt Limitation Act, 2005, will be ensured, while enhancing pro-poor expenditure to reduce poverty and unemployment and improve social indicators.

A significant development in the domain of fiscal policy in the years to come is the successful conclusion of 7th NFC Award. A significant increase in the share of provinces in the divisible pool of taxes will help them to effectively address the issues of human resources development, poverty, unemployment as well as strengthening their commitment to address multiple socio-economic needs, such as health, education and improvement of rural/local infrastructure. (See Box: 3.1).

Box 3.1 7th NFC Award

Most significant achievement of the present government is the accord on 7th NFC Award, with consensus of all the provinces. A prominent feature of the Award is the consensus to include multiple indicators in the criteria for horizontal distribution amongst the provinces. These indicators and their respective weights are: population (82.0 %); poverty/ backwardness (10.3 %); revenue collection/ generation (5.0 %) and inverse population density (2.7 %).

The share of provinces in the divisible pool taxes will be 56 % during Financial Year 2010-11 and 57.5 % from the Financial Year 2011-12 onwards. The corresponding share of the Federal Government will be 44 % and 42.5 % respectively, for the said financial years.

The net proceeds of the divisible pool taxes will be derived after deducting 1% as collection charges and payment of 1% of the net proceeds of the divisible pool to Khyber Pakhtunkhwa (KP) for its role in war on terror. This payment will cover the entire Award period. In order to meet its special needs, Balochistan province will be given Rs 83.0 billion (9.09% of the provincial share in the divisible pool). Any shortfall in this amount shall be made up by the Federal Government from its own resources. This arrangement for Balochistan would also remain protected throughout the remaining four years of the Award based on annual budgetary projections.

After giving effect to the special needs of Balochistan and application of the aforesaid multiple indicators, the final percentage share of the provinces for the distribution of provincial share in the Divisible pool taxes will be as under:-

Punjab	51.74 %
Sindh	24.55 %
Khyber Pakhtunkhwa	14.62 %
Balochistan	9.09 %

The net proceeds of Development Surcharge on Natural Gas shall be distributed among the provinces. For this purpose, the royalty on Natural Gas and development surcharge would be clubbed into one. The provinces will also get net amount of royalty on crude oil which shall be paid to them according to production in each province as per current practice.

The province of Sindh would receive an additional transfer of an amount equivalent to 0.66 % of the provincial pool form the Federal Government.

The development surcharge on natural gas for Balochistan would be worked out from 1st July, 2002 and this amount, subject to maximum of Rs 10.0 billion, would be paid by the Federal Government in five years in five equal installments.

The Federal Government will also assist the provinces through specific grants in times of unforeseen calamities.

Monetary Policy: The Monetary Policy will be coordinated with other macroeconomic policies to ensure price and financial stability. The target of M2 growth will be kept in line with the projected GDP growth of 4.5 percent and CPI inflation at 9.5 percent. Efforts will be made to ensure increased participation of the private sector in the growth of the financial sector especially growth of capital market besides banking. Institutions such as cooperatives and multifarious non-bank institutions will be encouraged to provide financial services to SMEs, micro enterprises and rural areas in order to ensure financial inclusion.

Inflation: Price stability will be a primary goal during the next financial year since it helps in making judicious long-term economic decisions, without undue apprehensions about erosion of purchasing power of money. The target rate of inflation (CPI) for 2010-11 is set at 9.5 percent as against expected CPI inflation of 12.0 percent in 2009-10.

Capital market: The Government will aim at deepening and diversifying the capital and bond market. Intensive reforms are envisaged to ensure fair, efficient, well regulated and transparent capital markets which are fully integrated with major regional and global financial markets. Under a comprehensive programme, measures are being put in place for necessary infrastructure to ensure competitiveness and introduction of new products in accordance with global trends and best international practices. This will enhance investment opportunities in the country.

Chapter 4

Public Sector Development Programme (PSDP)

Public Sector investment encompasses development expenditure undertaken by the Federal Government through Federal PSDP, Provincial Governments through Annual Development Programs (ADPs) and other organizations of federal and provincial governments to support resource mobilization for various development projects/ programs in different sectors of the economy. The Public Sector Corporations/Companies like Water & Power Development Authority (WAPDA), Civil Aviation Authority (CAA), Oil & Gas Development Company Ltd (OGDCL), Karachi Port Trust (KPT), Port Qasim Authority (PQA), Pak-Steels, Pakistan International Airlines (PIA), Pakistan State Oil (PSO) and others also mobilize their own resources from domestic and external resources to supplement the government's efforts for development.

PSDP helps achieve the objectives and targets set by the government, to bring about a structural change towards sustainable and higher growth, achieving the MDGs and reducing poverty with measurable economic development. PSDP also helps achieve the government's socio-economic objectives envisaged for development of the common people. The PSDP (Federal/Provincial) is the main instrument in government's direct control to channalize funds and make developmental interventions for speedy and balanced uplift of various segments of the society. The Government provides budgetary allocations to those prioritized projects/ programmes which yield maximum benefits in the shortest possible time for the society.

Towards this end, given resource constraints the role of private sector is vital. It is important that resources and participation of private sector is leveraged in a collaborative form for innovative financing like Public Private Partnership (PPP) and/or Built-Operate-Transfer (BOT) basis especially for Mega Infrastructure projects so that burden of throw-forward liability on PSDP is relieved. To facilitate investment by the private sector as a policy of the government, the Infrastructure Development Project Fund Facility (IDPF) under the Ministry of Finance has been created. IPDF has been made a permanent member of the Central Development Working Party (CDWP) to give its inputs at project approval stage to help identify projects which could attract private investment and or PPP.

Review of Public Sector Development Programme 2009-10

The Public Sector Development Programme (PSDP) 2009-10 was approved by the National Economic Council (NEC) on 4th June, 2009 at a size of Rs 621.0 billion (4.4 % of GDP) with Federal Programme of Rs 421.0 billion (including foreign assistance component of Rs 37.6 billion) with an operational shortfall of Rs 21 billion and Rs 200.0 billion for provincial programmes to be undertaken through ADPs. In addition, Rs 25.0 billion were allocated to ERRA for the reconstruction and rehabilitation of earthquake affected areas. Thus the total national development outlay stood at Rs 646.0 billion.

Of Rs 421 billion, Rs 188 billion (44%) were allocated to the Infrastructure development sectors i.e highways, railways and ports (Rs 82.2 billion) for energy i.e power generation, distribution & (Rs 39.8 billion) and for conservation and augmentation of water resources (Rs 60.3 billion).

Social sectors received Rs 196.0 billion (47 %) of which Rs 35.0 billion for Special Development Programmes (PWP-1 and PWP-II), Rs 30.1 billion for Special Areas Development Programme (AJ & K., Gilgit-Baltistan and FATA). The main sectors included Physical Planning and Housing (32.0 billion), Education and Training (Rs 10.0 billion), Higher Education (Rs 22.5 billion), Health and Nutrition (Rs 26.4 billion), Population Welfare (Rs 5.3 billion), Governance (Rs 12.9 billion), Manpower and Employment (Rs 4.0 billion), Rural Development (Rs 2.8 billion), Culture, Sports, Tourism and Youth (Rs 1.9 billion) Media Development (Rs 0.9 billion), Women Development (0.5 billion), Social Welfare (0.7 billion) and other miscellaneous programmes (Rs 10.0 billion).

Production sectors (agriculture, industry and minerals) were allocated Rs 19.1 billion (4.5 %) which included Rs 9.3 billion for Agriculture, Rs 9.5 billion for Industry and of Rs 0.3 billion for Minerals development.

Science and Technology Infrastructure (Information Technology and Science & Technology) were allocated Rs 12.6 billion (3 %). The Information Technology had Rs 8.5 billion and Science & Technology Rs 4.1 billion. Rs 6.7 (1.6 %) was allocated for protection of Environment & Climate Change.

Realizing the development needs of the provinces, it was assessed that the provinces would spend Rs 200.0 billion through their ADPs. However, the estimated budgeted size of their ADPs was Rs 294.0 billion during the year 2009-10.

The National Economic Council (NEC) directed the Planning Commission in 2005 to undertake quarterly reviews of Public Sector Development Programme (PSDP) and make adjustments, if needed, from slow moving to fast moving projects within the overall size of approved PSDP. Accordingly, the Planning Commisison conducted 1st quarter and mid-year review of PSDP 2009-10 with Ministries / Divisions mainly to:

- Understand the need of executing agencies for funds during the 2nd quarter (2009-10) and releases made during the 1st quarter
- Transfer of funds from slow moving projects to fast moving projects

Owing to persistent depressed fiscal situation, during 2009-10, the Federal PSDP was rationalized from Rs 421.0 billion to Rs 300.0 billion as a part of the Government's fiscal consolidation strategy and economic stabilization. As a result of the economic recession and financial crises as global phenomena, the economy of Pakistan affected and showed considerable slowdown. Moreover, due to war against terrorism the financial position was further tightened and hence the country was unable to afford the huge burden of its development needs. Resultantly fiscal year 2009-10 faced severe financial constraints from the beginning as less than 10% development funds were released during the first quarter. However, Ministries / Divisions were assured that at least 30% of allocated funds would be released during the 1st half of the current financial year. They were also advised to review their on-going projects / programmes by assigning the following priorities for timely completion of projects:

- High priority projects
- Medium priority projects
- Projects which could be delayed for 2-3 years

Owing to the issues pertaining to the internal security and IDPs, affected heavily due to war on terrorism burden of additional expenditure was born by the Government, the size of federal PSDP 2009-10 was reduced in January, 2010 to Rs 250 billion (against the NEC approved size of Rs 421 billion). However, finding some fiscal space, the PSDP size was subsequently enhanced to Rs 300 billion in a meeting chaired by the Honourable Prime Minister in March, 2010.

To work out revised allocations of Ministries/Divisions based on reduced size, another exercise was carried out with the Ministries/Divisions during Mid Year Review of PSDP 2009-10. The Planning Commission reallocated funds by adopting the following criteria for adjusting downward revised allocation in consultation with all stakeholders:

- Project nearing completion be fully protected
- Contractual bindings in projects with foreign organizations
- Projects under development packages may be protected to the maximum possible extent
- Balochistan based projects be protected to maximum possible extent
- Slow moving projects be deferred
- Bricks and mortar projects be delayed unless very critical
- New projects not yet started may be deferred until next year

The revised sectoral allocation during 2009-10 worked out as under:

(Rs billion)

Sector	Original	Revised	Reduction
Infrastructure	187.6	137.4	50.2
Social sector	195.0	141.2	53.8
Production sector	19.1	9.8	9.2
Science & Technology	12.6	8.2	4.4
Environment	6.7	3.4	3.3
Total:	**421.0**	**300.0**	**121.0**

The above revised sectoral allocations clearly indicated that as per government's policy social sector spending (to improve quality of life and reduce poverty) have been protected to the extent fiscal space permitted. However, allocations for infrastructure and production sectors were affected. Against the revised size of Rs 300.0 billion, estimated releases up-to April, 2010 an amount of Rs 215.0 billion including foreign aid which is 72% of the revised allocation and 51% of the original allocation.

Public Sector Development Programme 2010-11

PSDP 2010-11 has been formulated to implement the Government's Nine Point Economic Agenda and to achieve core objectives of inclusive growth, reducing poverty, achieving MDGs, minimizing wastages, ensuring balanced development of all regions, skills development, gender balance, ensuring food, water and energy security.

Federal Government has introduced Medium Term Budgetary Framework (2010-13) from fiscal year 2010-11. The role of Ministries / Divisions has been strengthened to focus on strategic consideration on allocation of resources and empowering the Principal Accounting Officers to determine the content of their budgets in support of service delivery. The Finance Division indicated the total development budget size of Rs 300 billion for financial year 2010-11 which was latter reduced to Rs 280 billion. Accordingly, Budget Indicative Ceilings were communicated to the Ministries/Divisions to formulate their development priorities remaining within the Indicative Budget Ceilings. Priorities Committee meetings were held with effect from 12th April, 2010 to 17-10-2010 which were co-chaired by the Secretary, Finance Division, Secretary, Planning & Development Division and Secretary, Economic Affairs Division.

However, Planning Commission issued to the Ministries/Divisions, the following guidelines for setting priorities while allocating funds to their projects within the indicative budget ceilings:

- Projects nearing completion be fully protected
- Contractual bindings in projects with foreign donors
- Development Packages be protected
- Only new approved projects falling in government's priorities
- Un-approved projects if very critical

In view of squeezed financial envelope of federal PSDP with huge throw-forward, the first and second priority of the Government was to allocate funds to the projects of energy, water conservation and augmentation, roads, railway, and ports sectors being the primary responsibility of the Federal Government which are likely to be completed by June, 2010 and June, 2011 respectively. Care has also been taken of core social sector projects of Health, Education, S&T , I.T. and Governance Sectors

Due to the historic consensus reached on the 7th NFC Award, more funds would be transferred to the Provinces to finance their development programs. The decreased level of Federal share in overall PSDP would pose difficulties to the Federal Government while allocating funds to projects of national level importance which have been approved by various Federal approving forums. Hence the priority would be to allocate maximum funds to on-going mega infrastructure projects nearing the completion. In view of the NFC Award and 18th Constitutional Amendment, it is expected that Provinces will spend additional funds mainly on the social sector projects under their respective provincial ADPs. The provincial development programme has therefore been estimated at Rs 320 billion, whereas the needs of earthquake affected areas have been assessed at Rs 10.0 billion to be allocated to ERRA.

Accordingly the National Economic Council (NEC) approved the Public Sector Development Programme (PSDP) 2010-11 in its meeting held on 28th May, 2010 at a size of Rs 663.0 billion (4% of GDP) with Federal Programme of Rs 280.0 billion (including foreign assistance component of Rs 38.0 billion). The Provincial development programme is Rs 373.0 billion which is to be undertaken through provincial ADPs. In addition, Rs 10.0 billion were allocated to ERRA for the reconstruction and rehabilitation of earthquake affected areas. A summary of National PSDP 2010-11 is given below.

Agency Wise Break-up of National PSDP 2010-11

(Rs billion)

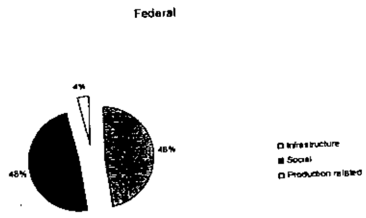
Agency	PSDP Allocation 2009-10		PSDP 2010-11	% Change
	Original	**Revised**		
A. Federal Ministries	289.8	190.3	167.5	(12.0)
B. Special Programme	35.0	35.0	30.0	(14.3)
C. Special Areas	30.1	23.7	25.8	8.9
D. Corporations (Wapda/NHA)	66.1	51.0	56.7	11.2
Total(Federal):	421.0	300.0	280.0	(6.7)
Provincial:	200.0	294.0	373.0	26.8
ERRA:	25.0	10.0	10.0	0.0
Grand Total:	**646.0**	**604.0**	**663.0**	**9.8**

Ministries / Division wise details are at Annex-1

Sectoral Distribution of Federal PSDP 2010-11is as under:

(Rs billion)

	Size	% Share
Social Sector	134.8	48
Infrastructure	135.0	48
Production supporting sector	10.2	4
Total (Federal) Programme:	**280**	**100**



Within the resources available, the efforts have been made to maximize economic impact of development programme. The PSDP 2010-11 places equal emphasis on increase in social (48%) and physical infrastructure (48%). Social sector allocation includes Rs 21.4 billion for Education and Higher Education, Rs 18.9 billion for Health, Rs 4.1 billion for Population Welfare Programme and Rs 5.3 billion for ensuring good Governance. Within infrastructure Rs 35.3 billion, Rs 29.7 billion and Rs 69.3 billion have been respectively allocated to Water, Power and Transport & Communications sectors The allocation for strategic support to the Production Sectors i.e. Agriculture, Industry and Mineral is Rs 10.2 billion (4%).

With reduced resources, the Federal Government would hardly meet the critical financial needs of main infrastructure related on-going projects of energy, water and transport sectors in this regard, Federal program will face a number of challenges in view of increased throw-forward liability. Please see the Box 4.1 below.

Box 4.1: Federal PSDP Throw-forward Liability

Projects contributing to large throw-forward are Diamer-Basha Dam (Rs 894 billion), Chashma Nuclear Power Projects i.e C-2, C-3 (Rs 185 billion), Highways & Motorways (Rs 336 billion), and water reservoirs and canals (Rs 440 billion). If [illegible] managed outside the PSDP for the construction of Diamer Basha Dam which the government will need to seriously pursue, the throw-forward liability would be some what reduced for the Federal Government.

Sectoral Prioities / Salient Features

Salient features of the Public Sector Development Programme 2010-11 are outlined below:

- Water sector has been allocated Rs 35.3 billion which comes to 12.6% of the total federal programme. Raising of Mangla Dam including resettlement, Kachhi Canal (Phase-1), Rainee Canal (Phase-1), Revamping / Rehabilitation of Irrigation and drainage system of Sindh, Extension of Right Bank out fall Drain from Sehwan to Sea (RBOD-II), Dadu & Thattaha Districts of Sindh and Darwat Dam, Jamshoro Sindh have been provided sufficient resources. Adequate allocation has been made to projects such as national programme of Water Courses, Irrigation system rehabilitation, lining of canals and distributions etc.

- To over-come energy shortage, investment by the Government and WAPDA from its own resources during 2010-11 is Rs 118 billion for power generation and conservation. This will not only make available additional power but also help in reducing power shortage.

- In power sector Basha Diamer Dam is the mega project. Both Government & WAPDA are arranging finances to the tune of Rs 15 billion. In addition Neelum Jhehlum Hydropower Project, 747 MW Gaddu Steam Power Project and 525 MW Combined Cycle Power Plant at Chicho Ki Malian are being implemented by WAPDA through its resource to overcome the power shortage.

- In addition to hydel, nuclear sources would also be used for power generation; projects like C3, C4 at cost of Rs 190 billion are being implemented. An amount of Rs 10.4 billion has been allocated to the project in PSDP 2010-11. The project would generate 600 MW electricity by 2016. Rs 2.8 billion also have been allocated to C-2 for its completion.

- Transport and Communication sector has been allocated Rs 69.3 billion. Of this amount, Rs 44.6 billion has been allocated to NHA, and Rs 13.6 billion for Railways. This would ensure economic integration and balanced regional development.

- Allocation for the health sector is Rs 18.8 billion. Major programmes include EPI (Rs 2.7 billion), National Programme for Family Planning and Primary Health Care (Rs 5.8 billion), National Maternal, Neonatal and Child Health Programme (Rs 2.3 billion) and Health System Strengthening and Policy Programme (GAVI) with an allocation of Rs 1.4 billion.

- Allocation for education and Higher Education is Rs 21.4 billion which is 7.6% of Federal Programme so as to ensure availability of qualified human resources to match the highly competitive world market.

- Productivity of Pakistani labour is very low as compared to other countries. To sharpen the skills of the labour force, a Hunarmand Pakistan Programme is being financed. This programme will help to improve skill of the labour which will create more demand for them both at home and abroad. An allocation of Rs 0.6 billion exists for this programme in PSDP 210-11.

- Allocation for Special Areas (AJK, GB & FATA) is Rs 17.9 billion (6.4%) with a view to accelerate development in less developed areas.

- Allocation for Special Programmes (PWP-1, PWP-II) is Rs 30.0 billion (10.7%) which act as an equity of the growth and contribute at large in the development of less developed areas.

Conclusion

The main focus of PSDP would be on achievement of targets set under the Nine Point Economic Agenda by the present Government aimed at revival & stabilization of the national economy. PSDP would act as a catalyst for economic activities in various sectors and create employment opportunities, provide social security and better quality of life to the people of Pakistan.

Annex-I

National Development Programme 2009-10 & 2010-11
(Ministry/Division-wise Summary)

(Rs Million)

Sl. No.	Ministry/Division	Revised PSDP 2009-10 Foreign Loan	Revised PSDP 2009-10 Rupee	Revised PSDP 2009-10 Total	PSDP 2010-11 Foreign Loan	PSDP 2010-11 Rupee	PSDP 2010-11 Total
1	2	3	4	5	6	7	8
A.	**Federal Ministries:**						
1	Water & Power Division (Water Sector)	437.0	28063.0	28500.0	131.7	28292.1	28423.8
2	Pakistan Atomic Energy Commission	4430.0	16670.0	21100.0	9721.3	5506.2	15227.5
3	Finance Division	2596.5	14403.5	17000.0	833.3	13732.4	14565.7
4	Railways Division	3030.0	10970.0	14000.0	3755.3	9874.3	13629.6
5	Planning & Development Division	1961.4	6544.6	8506.0	197.2	9437.7	9437.7
6	Higher Education Commission	40.0	18460.0	18500.0	52.4	15710.2	15762.5
7	Health Division	2074.7	16425.3	18500.0	3114.6	13830.0	16944.5
8	Food & Agriculture Division	605.0	11395.0	12000.0	2288.2	8585.5	10873.7
9	Industries & Production Division	0.0	4300.0	4300.0	0.0	3220.1	3220.1
10	Education Division	44.0	5456.0	5500.0	1.6	5069.2	5070.9
11	Interior Division	0.0	6000.0	6000.0	0.0	5654.0	5654.0
12	Defence Division	670.0	4350.0	5020.0	257.2	3629.9	3887.1
13	Housing & Works Division	0.0	3800.0	3800.0	0.0	3576.3	3576.3
14	Cabinet Division	0.0	3500.0	3500.0	0.0	3618.7	3618.7
15	Population Welfare Division	0.0	3600.0	3600.0	0.0	4115.5	4115.5
16	Science & Technological Research Division	20.0	1480.0	1500.0	10.6	1635.7	1646.2
17	Livestock & Dairy Development Division	100.0	1300.0	1400.0	0.0	885.6	885.6
18	Law & Justice Division	0.0	1000.0	1000.0	0.0	1000.0	1000.0
19	Environment Division	50.7	949.3	1000.0	183.6	816.4	1000.0
20	Special Initiatives Division	0.0	2250.0	2250.0	0.0	1000.0	1000.0
21	Revenue Division	700.0	800.0	1500.0	533.3	701.4	1234.7
22	Petroleum & Natural Resources Division	0.0	1000.0	1000.0	0.0	623.4	623.4
23	Information Technology & Telecom Division	0.0	600.0	600.0	0.0	718.3	718.3
24	Defence Production Division	0.0	1030.0	1030.0	0.0	1229.7	1229.7
25	Commerce Division	60.0	540.0	600.0	41.2	433.0	474.1
26	Communications Division (other than NHA)	0.0	150.0	150.0	0.0	144.6	144.6
27	Ports & Shipping Division	0.0	800.0	800.0	0.0	518.6	518.6
28	Pakistan Nuclear Regulatory Authority	0.0	300.0	300.0	0.0	246.9	246.9
29	Women Development Division	0.0	200.0	200.0	0.0	152.9	152.9
30	Social Welfare & Special Education Division	0.0	250.0	250.0	0.0	107.6	107.6
31	Labour & Manpower Division	0.0	80.0	80.0	0.0	65.8	65.8

Sl. No.	Ministry/Division	Revised PSDP 2009-10			PSDP 2010-11		
		Foreign Loan	Rupee	Total	Foreign Loan	Rupee	Total
1	2	3	4	5	6	7	8
32	Local Government & Rural Development Division	0.0	225.0	225.0	0.0	82.3	82.3
33	Tourism Division	0.0	100.0	100.0	0.0	125.0	125.0
34	Ministry of Foreign Affairs	0.0	135.0	135.0	0.0	140.8	140.8
35	Narcotics Control Division	275.0	225.0	500.0	213.2	336.6	549.8
36	Establishment Division	0.0	129.0	129.0	0.0	114.4	114.4
37	Culture Division	0.0	250.0	250.0	0.0	353.9	353.9
38	Sports Division	0.0	200.0	200.0	0.0	229.6	229.6
39	Youth Affairs Division	0.0	35.0	35.0	0.0	74.5	74.5
40	Information & Broadcasting Division	0.0	450.0	450.0	0.0	507.9	507.9
41	Textile Industry Division	0.0	300.0	300.0	0.0	164.6	164.6
42	Statistics Division	0.0	100.0	100.0	0.0	82.3	82.3
43	Ministry of Postal Services	0.0	200.0	200.0	0.0	81.1	81.1
44	Economic Affairs Division	0.0	10.0	10.0	0.0	15.0	15.0
45	KESC	0.0	4330.0	4330.0	0.0	0.0	0.0
	Total (Federal Ministries)	**17094.3**	**173355.7**	**190450.0**	**21334.8**	**146242.9**	**167577.7**
B.	**Corporations:**						
1	WAPDA (Power)	13000.0	1000.0	14000.0	6103.3	5926.4	12029.7
2	National Highway Authority	8000.0	28850.0	36850.0	7218.7	37422.8	44641.5
	Total (Corporations)	**21000.0**	**29850.0**	**50850.0**	**13321.9**	**43349.2**	**56671.2**
C.	**Special Areas:**						
1	Azad Jammu & Kashmir (Block and other projects)	1102.0	8508.0	9610.0	2222.4	8301.1	10523.5
2	Gilgit-Baltistan (Block and other projects)	0.0	5890.0	5890.0	0.0	6584.9	6584.9
3	FATA	1360.0	6840.0	8200.0	1095.6	7547.1	8642.6
	Total (Special Areas)	**2462.0**	**21238.0**	**23700.0**	**3318.0**	**22433.1**	**25751.1**
D.	**Special Programmes**						
1	PWP - I	0.0	5000.0	5000.0	0.0	5000.0	5000.0
2	PWP - II	0.0	30000.0	30000.0	0.0	25000.0	25000.0
	Total (Special Programmes)	0.0	35000.0	35000.0	0.0	30000.0	30000.0
	Total (Federal)	**40556.3**	**259443.7**	**300000.0**	**37974.7**	**242025.3**	**280000.0**
E.	**ERRA**	**8000.0**	**2000.0**	**10000.0**	**9000.0**	**1000.0**	**10000.0**
F.	**Provinces**	**26923.0**	**173077.0**	**200000.0**	**31385.0**	**341615.0**	**373000.0**
	Total (National):	**75479.3**	**434520.7**	**510000.0**	**78359.7**	**584640.3**	**663000.0**

Chapter 5

Water Resources Development

The Government of Pakistan's Vision for the poverty alleviation and well being of people is being achieved through water resources and agriculture development. The major water sector's issues are presented as under;

- sub-optimal use and low productivity of water;
- inadequate storage capacity with extensive seepage losses in the irrigation system;
- inadequate operation & maintenance and poor cost recovery;
- excessive groundwater pumpage without groundwater recharge
- absence of measures for rainfall harvesting,
- un-safe disposal of drainage effluent to the sea,
- lack of private sector participation,
- increased poverty in backward irrigated areas, and
- poor linkage among water, agriculture & rural development projects & related research.

Box 5.1 Prioirty Areas of Investment

- Augmentation of water resources (construction of small/medium dams)
- Conservation measures (lining of irrigation channels, modernization/rehabilitation of irrigation system, lining of watercourses and micro irrigation system
- Protection of infrastructure from onslaught of floods and water logging & salinity

Instruments

- Public sector investment
- Better Governance & Management
- Technical innovation

Strategy

The strategic elements adopted to overcome the above stated issues, is as under:

- Integrated water resource development,
- Conservation measures through (lining of irrigation channels, rehabilitation of irrigation system, lining of watercourses)
- Surface and sub-surface drainage,
- Protection of infrastructure from onslaught of floods.
- Institutional strengthening, capacity building and human resources development.
- Priority areas of water sector investment are provided in Box 5.1.

Review of 2009-10: The water sector development program for the year 2009-10, last year of MDTF (2005-2010), focused on the construction of small/medium dams, new canals, rehabilitation/remodeling of existing irrigation system, safe disposal of drainage effluent, introduction of high efficiency irrigation system (drip & sprinkler), On-farm water Management, Research/Investigation and flood control sub-sectors. The maximum resources were allocated to complete the on-going projects and high priority water storages dams in an effort to overcome the scarcity of water through augmentation, conservation measures. The overall implementation remained slow and the planned targets can not be achieved due to in-adequate releases, rationalization of development budget, financial recession, overall law & order situation and transition economy of Pakistan. It is expected that by the end of June 2010 Rs 32.00 billion will be utilized in water sector (Rs 28.00 billion under M/O water & Power and Rs 4.00 billion under water management programme).The expected water losses to be saved (at farm gate) is about 0.10 Mhm (1.00 MAF) during 2009-10, due to inflow shortages of water in rivers, the overall availability can not be increased at farm gate.

Under dams & canals sub-sector, the overall physical progress of fast track (high priority) projects namely Raising of Mangla, Satpara, Gomal Zam Dams, Greater Thal canal, Kachhi canal, Rainee canal, Lining of irrigation channels and improvement of irrigation infrastructure in Punjab, Sindh and Khyber Pukhtoonkhwa remained below the planned targets due to rationalization of PSDP and inadequate releases of allocated budget. An amount of Rs 400 million, Rs 500 million and Rs 140 million were allocated (after rationalizing of PSDP) to Punjab, Sindh and Khyber Pukhtoonkhwa for lining of irrigation channels. About Rs 11,000 million, Rs 4,000 million and Rs 9,000 million are expected to be incurred during 2009-10 for dams, canals and improvement of irrigation system in Pakistan respectively.

Under drainage sub-sector, the progress of RBOD-I and II also remained below planned target, whereas planned targets of RBOD-III can not be achieved due to inter-provincial issue of alignment between Sindh and Balochistan, a sum of Rs 2,800 million was allocated to continue the on-going activities of the RBOD-I, II & III.

The National Program for Water-course improvement continued in 2009-10 to achieve the on-going revised target of 3,000 watercourses in all the four provinces. A sum of Rs 7,721 million (rationalized) was allocated to achieve the revised above mentioned target.

Under the normal/emergent flood protection program, the original allocation of Rs 1,000 million was rationalized upto Rs 580 million which is expected to be utilized to complete the priority (about 54) small schemes of all provinces including FATA, Gillgat Biltistan & A.J.K.

Key physical targets of water sector during 2009-10 and achievements are presented in table 5.1.

Table 5.1
Key Physical Targets for 2009-10, 2010-11 and Achievements 2009-10.

Item	Unit	Targets 2009-10	Achievements 2009-10		Targets 2010-11
			Physical	%age	
Irrigation					
a) Water Availability (additional)	Mhm	0.70	0.10	17	0.09
	MAF	5.77	1.00		0.08
b) Earthwork for dams & canals/irrigation System	MCM	32.50	21.00	64	25
c) Concrete work for dams/canal/ irrigation System	MCM	2.00	1.00	50	1.50
d) Land Acquisition	Ha	3,900	5,000	128	2,700
e) Construction of small/medium dam	Nos.	23	6 comp.	26	10
Drainage & Reclamation					
Surface Drains (Earthwork) (Extension, rehab. & remodelling of drain)	MCM	8.00	5.00	63	6.00
Flood Control Program					
Under Normal Flood Program (flood scheme)	No	71	22	30	71
OFWM Program					
Watercourse Improvement	No	10,000	5,000	50	3,000

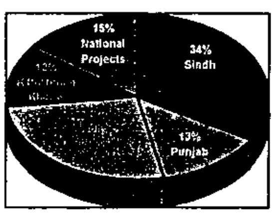
MAF: Million Acre Feet, MCM: Million Cubic Meters, Mhm: Million Hectare Meters, Mha: Million hectares

Programme for 2010- 11

Water sector's share out of total development budget remained between 16 to 20% during the last 5 years whereas for the next FY 2010-11 the share of water sector has declined to about 10% (Rs 28.40 billion) of the total development budget. A sum of Rs 6.23 billion has been proposed for On-farm Water Management Program (reflected under MINFAL). Out of total proposed water sector's budget maximum resources have been allocated for timely completion of on-going projects, including construction of small/medium dams, high efficiency irrigation system, drainage and construction of new canals projects. The main strategies and policies adopted in water sector are to achieve the planned targets and timely completion of priority projects. To overcome the present challenges of water sector, programs/projects initiated includes recharging of groundwater aquifer through small/medium dams, check/delay action dams; introduction of high efficiency irrigation system (Drip and Sprinkler) and program for increase in water storages are included in water sector.

Out of total allocation of water sector in PSDP 2010 - 11, the respective shares of Punjab, Sindh, Khyber Pukhtoonkhwa and Balochistan and National projects stand at 6, 36.5, 19, 26 and12 percent.

Provincial Share in Federal PSDP 2010- 11



Water Augmentation: It is expected that the overall water availability will remain about 17.52 Mhm (142.00 MAF) in 2010-11. This would include surface water supplies through canal withdrawals, watercourse improvement, canal lining/remodelling, irrigation system rehabilitation programme, construction of small/medium dams. About 6.00 Mhm (48.63 MAF) of water would be included in the system from underground fresh water aquifer mainly by private tubewells. The water availability will be improved through a major emphasis on water conservation measures such as remodelling/rehabilitation of existing irrigation system, lining of irrigation channels/ watercourses and completion of on-going mega projects being implemented on fast track basis.

In the drainage sub-sector and improvement of irrigation infrastructure, the work on RBOD-I, II & III continue for this about 6.00 McM of earth work for surface drains and concrete canal lining is planned for the next fiscal year 2010-11, more than 15 MCM earthwork targets have been fixed for rehabilitation of existing channels and drainage channels, irrigation infrastructure/system improvement and construction of major /minor structures.

Under National On-Farm Water Management Program, more than 3,000 watercourses will be improved. A sum of Rs 5,137 million has been allocated to this program for the financial year 2010-11.

Under Normal/Emergency Flood schemes, it is planned to spend an amount of Rs 740 million to complete about 56 on-going small/emergent flood schemes in Pakistan. The main programs/projects to be implemented during 2010-2011 are discussed below:

Irrigation: An amount of Rs 26,419 million (93% of total water sector allocation) has been proposed during 2010-11 for irrigation projects (dams, canals & Improvement of existing irrigation system). The lining of irrigation channels in saline zones is being undertaken in Punjab, Sindh and Khyber Pukhtoonkhwa to save the seepage and other losses. A sum of Rs 985.777 million has been proposed to this programme for lining of irrigation channels for the next fiscal year 2010-11. Under this sub-sector, three on-going dams, six canals projects (Gomal Zam, Raising of Mangla, Satpara dams, Greater Thal, Kachhi, Rainee, CRBC additional works, Extension of Pat Feeder and Khirther canals) have been protected for timely completion whereas funds have also been provided for revamping/rehabilitation of irrigation system of Sindh, Punjab and Khyber Pukhtoonkhwa, Lining of Irrigation Channels in Punjab, Sindh and Khyber Pukhtoonkhwa. The major irrigation projects are as under:

Major On-going Projects

- **Raising of Mangla Dam.** The remaining works of infrastructure development in new city and Dhanghali bridge will be completed during 2010-11. An amount of Rs 2,469 million would be utilized for timely completion of these works.

- **Satpara Dam.** The dam would have a storage capacity of 0.045 MAF and would irrigate 19,920 acres of land in Skardu Valley. An amount of Rs 164.62 million has been recommended for allocation during 2010-11 to undertake works on irrigation system, main dams, structures, power house and spillway.

- **Gomal Zam Dam.** An amount of Rs 823 million would be expended during 2010-11 for irrigation and drainage works and land acquisition of about 1,000 acres

- **Greater Thal Canal.** A sum of Rs 200 million has been recommended for 2010-11 for 27 Mcft of earthwork, 1.00 Mcft of concrete lining and about 600 acres of land acquisition.

- **Kachhi Canal (Punjab Portion 300 km lined contract No. KC-I to KC-V).** An amount of Rs 2,263 million has been proposed during the year 2010-11 for land acquisition of about 900 acres, 284 Mcft of earthwork, 4.0 Mcft of concrete work and construction of about 115 structures. Overall about 58% works of Phase-I of the project have been completed.

- **Rainee Canal.** The total length of canal is 164 km. Phase-I have been completed to the 90%. An amount of Rs. 1,811 million has been recommended for construction of 70.0 Mcft of earthwork, 1.50 Mcft of concrete work of main canal/distributaries and land acquisition of 300 acres for project completion.

- **Revamping/rehabilitation of Irrigation & Drainage System in Sindh.** The project costing Rs. 12.96 billion includes strengthening of 8,082 km of canals/drains, silt clearance of 3,635 km of branches, stone pitching of 380 km of canal banks, repair/remodelling of 241 regulators and rehabilitation of 1,596 SCARP tubewells. During the year 2010-11 a sum of Rs. 1,086 million has been recommended to complete the on-going works.

- **Punjab Irrigation System Rehabilitation Punjab.** The project includes strengthening of 1000 km of canals/drains, earthwork of 198 MCM for silt clearance of branches, stone pitching of canal banks, repair/remodeling of 90 regulators, 50 bridges and rehabilitation/remodeling of 17,500 modules. An amount of Rs 300 million has been proposed for this program for the year 2010-11.

- **Lining of Irrigation Channels in Punjab, Sindh & Khyber Pukhtoonkhwa.** Lining of irrigation channels in saline zones are being undertaken in three provinces to save the seepage & other losses. A sum of Rs 985.777 million has been proposed to this programme for lining of about 200 Km of irrigation channels during the next FY 2010-11.

- **Extension of Pat Feeder Canal.** The main canal has been completed. A sum of Rs 412 million has been proposed to complete the remaining works of the canal during 2010-11 for remodeling and remaining extension works.

- **Lower Indus Right Bank Irrigation & Drainage Project (RBOD-I).** The project has been revised at a cost of Rs 14.71 billion. The main components of the project include extension/widening of RBOD-I, rehabilitation of Miro Khan and Rehabilitation of Shahdad Kot. An amount of Rs 658 million has been proposed to complete the on going works.

- **Right Bank Outfall Drain from Sehwan to Sea (RBOD-II).** The revised project costing Rs 29.00 billion includes construction of 273 km of drains for disposal of 3,525 cusecs of drainage effluent into sea. The project has been delayed due to in-adequate funding. About 80% of earthwork and 60% of stone/concrete work for the main drain has been completed. An amount of Rs 2,469 million has been recommended for allocation during 2010-11 to complete the on-going contracts.

- **Balochistan Effluent Disposal into RBOD (RBOD-III).** The revised project costing Rs. 6,535 million has been submitted to ECNEC for approval. Overall about 72% of physical works are completed. The planned targets of the project can not be achieved due to inter-provincial issue of alignment between Sindh and Balochistan. During the year 2010-11, an amount of Rs 412 million has been proposed for earthwork of 33 Mcft, construction of 18 structures and land acquisition of about 133 acres.

Conservation and Efficient Use of Water: The OFWM programme aims at reducing conveyance losses and field losses by improving watercourses, precision land levelling and organization of water user associations and establishing demonstration plots. In addition, water storage tanks are to be constructed and lifting devices installed on streams so as to provide irrigation water to barani agricultural land. The watercourse improvement would be accelerated to save water, minimize water loss and alleviate poverty. A sum of Rs 5,137 million has been proposed to meet the remaining target of improvement of 3,000 watercourses under the National On-Farm Water Management program costing Rs 66.40 billion (Federal share Rs 50.65 billion).

A sum of Rs. 412 million has been proposed for implementation of high efficiency irrigation system i.e. uses of drip and sprinkler irrigation system (will enhance water conservation and farm irrigation efficiency from 60 to 80%). The programme envisages converting 200,000 acres into model irrigation system at a cost of Rs 18.00 billion.

Flood Protection Programme: Under this programme emergent type of flood schemes are implemented in all provinces including FATA, AJK and N.A. An amount of Rs 740 million has been proposed for the completion of 3 schemes (on-going/new) in Punjab, 7 schemes (on-going/new) in Sindh, 6 schemes (on-going/new) in Khyber Pukhtoonkhwa and 23 schemes (on-going/new) in Balochistan, 10 schemes (on-going/new) in FATA, 1 schemes (on-going/new) in A.J.k and 4 schemes (on-going/new) in Gilgat Biltistan during the year 2010-11.

Survey, Investigation and Research: Survey, Investigation and Research is a continuing programme being carried out by WAPDA. During 2010-2011, the work will continue on a number of important schemes such as Reasearch Studies on Drainage, land reclamation, water management & use of drainage water, Detailed engineering design & feasibility studies for small dams, feasibility study for construction of new small dams in Balochistan & Pukhtoonkhwa, Land & water Monitoring of Indus Plains, Establishment of Micro Seismic Network in Northern areas of Pakistan. A sum of Rs 97.00 million has been proposed for this program during 2010-11.

Chapter 6

Energy Security

Overview

Due to a lack of importance of the policy in the past, today, the country is in a situation where energy demand exceeds the available supplies. Electricity supplies are significantly behind demand, especially during peak hours, which have resulted in frequent and unscheduled blackouts, causing anger and restlessness among public. These outages aggravate the socio-political situation and are costly to the national economy. Domestic oil supplies do not satisfy the demand, so costly imports continue to rise. Domestic gas supplies, which are being drawn down faster than they are being replenished, are in short supply particularly during winters. In response, a number of policy and administrative steps are being taken to address the energy issue on a priority basis.

The country suffers from large demand-supply energy gap in power sector. Currently, electricity gap has enlarged to 4,000-5,000 MW. Electricity demand increased due to air conditioning load, household appliances and tube wells. The power generation capacity could not keep pace with the growth in demand due to lack of investment. Consequently, the country suffered heavy load shedding in the recent past which is estimated to be of the order of over 25% of the system demand.

Power Sector

Review of 2009-10

Financial: For the year 2009-10, an allocation of Rs 162. billion (including foreign aid of Rs 24.5 billion) was made for the power sector, including budgetary allocations for corporations including self financed projects. Against the above allocations, the revised estimates are Rs 123 billion (including foreign aid of Rs 18.5 billion) including self finance projects, showing utilization of 76%.

Physical

Power Generation: During 2009-10, installed power generating capacity increased marginally from 19790 MW (actual) in 2008-09 to 22176 MW in 2009-10 (expected) through addition of 2286 MW in PEPCO system and 100 MW in KESC. However, the peak demand (WAPDA+KESC) of the national grid system increased from 20314 MW in 2008-09 to 22636 MW in 2009-10. The total energy generation is expected to increase from 92639 GWh in 2008-09 to 117008 GWh in 2009-10 due to addition of IPP's (1415 MW), Rental Power Plants (871 MW) and KESC (100 MW). It is also estimated that the system losses in both WAPDA and KESC would decrease from 21.0% and 35.9% in the year 2008-09 to 20.08% and 33.0 % respectively by the end of 2009-2010. Plant-wise likely increase in power generation during 2009-10 is presented in Table 6.1.

Table 6.1 Plant wise Increase in Generation

Name of Plant	Fuel Type	Installed Capacity MW
Orient Power Project	Dual	213
Fauji Mari Power Proj.	Gas	177
Engro Power project	Gas	217
Nishat Power Project	Oil	195
Muridke (Sapphire) P.P.	Dual	209
Sahiwal (Saif) P.P.	Dual	209
Nishat Chunian Project	Oil	195
Rental Plant at F/Abad	Oil	150
Rental plant at Guddu	Gas	110
Gulf Rental Project	Oil	62
Naudero Rental Sind- I	Gas	51
Karkey Rental Project	Oil	232
Reshma Rental Power Project	Oil	201
Sialkot Rental Power Project	Oil	65
SGTPS / KGTPS (KESC)	Oil	100
Total		**2386**

Under Construction Hydel Power Projects: The construction of Diamer-Basha Dam project 4,500 MW is in initial stages. The government has accorded priority to enhance the power generation by harnessing more indigenous resources such as hydro, coal and gas. In order to increase the share of hydropower in energy supply as well as to augment the existing water storage facilities, in the public sector, various medium hydropower projects are at various stages of completion (Table 6.2).

Table 6.2 Medium Hydro Power projects under construction

Name of Project	River	Location	Capacity (MW)	Energy Generation (GWh	Completion Date
Khan Khwar	Khan Khwar	Besham – NWFP	72	275	Jun, 2010
Allai Khwar	Allai Khwar	Batgram – NWFP	121	450	Oct, 2011
Duber Khwar	Duber Khwar	Pattan – NWFP	130	590	Aug, 2011
Satpara	Satpara	Skardu – NWFP	16	105	Aug, 2010
Gomal Zam	Gomal	Waziristan - NWFP	18	90	Nov, 2010
Jinnah	Indus	Kalabagh - Punjab	96	688	Jun, 2011
Neelum Jhelum	Neelum	Muzaffarabad - AJK	969	5150	Oct, 2016
Total			**1422**	**7348**	

Pakistan Atomic Energy Commission: To bridge the gap between demand and supply, Pakistan Atomic Energy Commission (PAEC) has planned two more units at Chashma site. To reduce the construction and operation & maintenance costs, the existing plants size of 300 MW has been chosen for these two plants. Site clearance and other construction related activities have been started for these plants. It is expected that these two plants will start commercial operation in the year 2017-18.

Thermal / Coal: A total of 2000-2500 MW of thermal power projects at Chichoki Mallian, Nandipur, Guddu, Dadu and Faisalabad are under various stages of implementation. In addition, two more projects based on imported coal of 1,200 MW each (AES and Mitsui) located near Karachi are also under consideration by PPIB.

Alternative Energy Development Board (AEDB): AEDB has electrified over 3,000 houses in 49 remote; off-grid villages of Sindh under the "Rural Electrification Programme" during 2008-09 and 319 house will be electrified in 2009-10 under Parliamentarian Sponsored Village Electrification Programme (PSVEP). These households have been provided electricity and drinking water, resulting in socio-economic uplift of the villagers. It is expected that additional 5,000 homes will be electrified in the year 2010-11.

Secondary Transmission & Grid System: In addition, to the ongoing secondary transmission and grid program, construction of several new 500 kV & 220 kV primary transmission lines and grid stations has also been initiated. A total of 195 km double circuit transmission line is added to the system.

Programme for 2010-11

Financial

An allocation of Rs 125 billion has been indicated for the power sector during 2010-2011 including the budgetary corporation programme (Rs 12.0 billion) and self financing.

Physical

Power Generation: The installed power generation capacity is expected to increase from 22176 MW in 2009-10 to 24295 MW in 2010-11 with an addition of 2119 MW. This includes 420 MW of rental plants, 1,241 MW of IPPs, 298 MW of hydropower, 44 MW of wind power and 115.9 MW from KESC, detail is presented in Table 6.3. The target set for the total electricity generation is 126,355 GWh in 2010-11 with an increase of 7.0% over the energy generated in 2009-10. The details are at annex- 6.1 and 6.2.

Table 6.3 Additional Electricity Generation Capacity 2010-11

Name of Plant	Fuel Type	Installed Capacity (MW)	COD
Bhikki (Halmore) P.P.	Dual	209	Sep. 2010
Khan Khwar HPP	Hydel	72	Aug. 2010
Rental at Satiana Rd.	Oil	200	Aug. 2010
Rental plant Sahuwala	Oil	150	Aug. 2010
HUBCO-Narowal Project	Oil	214	Sep. 2010
Liberty Power Tech	Oil	195	Sep. 2010
Tapal Rental Power Project	Oil	70	Sep.2010
Jinnah Low Head Hydel	Hydel	96	Jun. 2011
Duber Khwar HPP	Hydel	130	Jun. 2011
Guddu Rehabilitaion-I	Gas	198	Jun. 2011
Zorlu Enerji / Wind Project-1	Wind	44	Jun. 2011
Nandipur Power project	Oil	425	Apr. 2011
BQPS II (KESC)	Oil	115.9	Jun. 2011
Sub-Total (2010-11)		**2119**	

The work on the Diamer Bhasha Dam having total installed capacity of 4500 MW is planned to be accelerated. The dam is located on Indus River, about 315 km upstream of Tarbela Dam, 165 km downstream of the Northern Area capital Gilgit and 40 km downstream of Chilas. The jurisdictional issues between Federal and Provinces Governments have been recently settled. A number of projects based on Thar coal resources have been identified in the power plan. All of these are in the private sector except only one project of coal gasification (100 MW) in Thar is in public sector. With the huge energy/power gap which the country is facing, it is planned that at least one major project in indigenous coal signatures would be developed.

The target for 2010-11 is electrification of 12000 villages. It is proposed that after five years 86% population will be electrified. 0.80 million new consumers will be added. 30 million incandescent bulbs are planned to be replaced by Compact Florescent Lamps (CFL's). It will help in reducing peak demand by 1133 MW (1021 MW in Pakistan Electric Power Company, PEPCO and 110 MW in Karachi Electricity Supply Company, KESC). A total of 720 km double circuit transmission line will be added to the system. New substations (Rohri New, Kassowal, Bandala, Khusdar, Wapda Town and Mansehra) will be constructed.

Fuel Sector

Review 2009-10

Financial

An allocation (revised) of Rs 859 million was made for Fuel Sector during 2009-10 excluding non-budgetary corporations programme. Against the above allocation, the revised estimates are Rs 839 million, showing 98% utilization.

Physical

During 2009-10, crude oil production is estimated to be 65500 barrels per day (BPD) against the target of 70,000 BPD showing an achievement of 94%, while gas production is expected to be 4000 MMCFD against the target of 4100 MMCFD showing an achievement of 98%. Indigenous coal production is expected to be 3.5 million tones against the target of 4.5 million showing 68% achievement. A total of 75 wells are expected to be drilled against target of 100 wells.

Policies

The Petroleum Policy 2009 has been approved to accelerate the exploration and production activities by encouraging the foreign investment. In the new policy the factor of the biddable gas price gradient having a weightage of 20% has been eliminated. Now the bids will be evaluated on the basis of work programme with related financial commitment on work units. The work on National Coal Policy is underway.

Natural Gas Transmission and Distribution

The two gas utility companies (SNGPL & SSGCL) laid 335 Kilo meter (KM) gas transmission net-work, 8,207 Km distribution and 1,604 Km services lines. During this period, 374,115 additional gas connections including 368,054 domestic, 5,197 commercial and 864 general industries were provided.

The Gas utility companies envisage undertaking development work to the tune of Rs 6,116 million on transmission projects, Rs18,671 million on distribution projects and Rs 2,016 million on other projects bringing total investment to about Rs 26, 805 million.

Mid Stream and Down Stream Oil Sector

The technical standards regarding Oil Transportation (Pipelines) Petroleum Industry (Retail Outlets, Depots for Storage of Petroleum Products, Road transport Vehicles, Containers and Equipment used for the transportation of Petroleum Products) and Oil

Refineries have been notified by OGRA. OGRA has issued four new tube oil blending/reclamation plant licenses.

CNG and LPG Sector

The use of Compressed Natural Gas (CNG) to reduce pollution caused by vehicles using other fuels and to improve the ambient air quality is being promoted.

The policy regarding replacement of diesel is being actively pursued to achieve import substitution. In its first phase, the diesel operated intra-city urban public transport is being phased out (which include buses, mini-buses and wagons) in Karachi, Hyderabad, Lahore, Faisalabad, Peshawar, Quetta and Islamabad, Rawalpindi. This programme will have a major impact on air quality of urban areas and will improve health standards as well.

The use of LPG in automotives has been allowed under the safety framework being regulated by OGRA. The cornerstone of LPG Policy is to ensure enhanced availability of LPG at competitive price.

Gas Import Projects

During the FY 2009-10, Inter State Gas System (Pvt) Limited (ISGS) has been working on Iran-Pakistan-India (IPI) gas pipelines project, Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipelines project and Underground Gas/Oil Storage (UGS).

IPI Project

The ISGS signed the Gas Sales and Purchase Agreement (GSPA) in June, 2009. Progress on the IPI Project during the current year was quite significant. Pakistan and Iran have successfully negotiated and signed the Operations Agreement and Heads of Agreement (HOA) for the Transportation Agreement. The Operations Agreement describes in detail the operating and measurement procedures under the GSPA, while Heads of Agreement outlays broad parameters for transit of gas to India.

Coal Development

The Thar Coal and Energy Board (TCEB) is working on development of various explored blocks at Thar being allocated to various foreign/local companies.

About 90% of cement industry has been switched over to coal from furnace oil saving considerable foreign exchange being spent on the import of furnace oil. The conversion of cement industry to coal has generated demand for about 5 million tones coal per annum. Plans are underway to harness Thar Coalfield as an indigenous source of energy.

Programme for 2010-11

Financial

An allocation of Rs 2.6 billion has been indicated during 2010-11 for the Fuel Sector, excluding the non-budgetary corporations, in the 10^{th} five year people plan 2010-15.

Physical

Oil and Gas: During 2010-11, the crude oil production is planned to be 88726 BPD against estimated production of 65,500 BPD in 2009-10. The gas production is planned to be 4065 MMCFD against the estimated production of 4000 MMCFD in

2009-10.The coal production target is 4.5 million tons against the estimated production of 3.5 million tons in 2009-10.

Policies

To make un-interruptable supply of LPG the existing disparity between the LPG import and domestic LPG will be removed by improving the policy and to create enabling for meeting potential demand in LPG. A policy for transparent and level plying field to develop for setting of LPG extraction plants and discourage monopolistic trends. To encourage the investment in gas pipelines, necessary policy incentives will be evolved for private investment in gas pipeline system. A much comprehensive and balance policy for CNG will be formulated to introduce mega CNG stations for supply of CNG to buses and mini-buses viz-a-viz light transport vehicles at affordable price and to improve urban air quality and carbon mission.

Transmission and Distribution of Gas

During 2010-11, gas will be supplied to approximately 321,427 new consumers and to more than 471 new towns/villages. It is planned by the gas companies to invest Rs 4, 617 million on transmission project, Rs 21, 024 million on distribution projects and Rs 3, 278 million on other projects bringing the total investment of Rs 28, 919 million for the said period.

Liquefied Natural Gas (LNG)

The LNG import by the private sector is being encouraged. M/s Sui Southern Gas Company Limited (SSGC) has been mandated to launch "Pakistan Mashal LNG Project", and act as a project facilitator for implementation of the project through private sector. At present, SSGCL is in process of finalizing project developer.

In addition to the Pakistan Mashal LNG Project, M/s Pakistan Gas Port Limited (PGPL), a private company, is also pursuing their LNG import project at their own cost and risk without any off take commitment from the government.

M/s. PGPL has signed an Implementation Agreement with Port Qasim Authority for establishment of an offshore LNG Import Terminal at Port Qasim, Karachi having a capacity of 3 million tones/annum (400 MMCFD gas).

Liquefied Petroleum Gas (LPG)

It is expected that during FY 2010-11, nine licenses may be granted for marketing of LPG and six licenses may also be granted foe setting up Auto Refueling Stations at various locations across the country.

Import of Gas

The following project-wise major activities are planned in FY 2010-11 regarding import of gas:

IPI project

- Induction of public equity of in ISGS to fund IPI project development expenditure.
- Completion of Feasibility Study, Social and Environmental Impact Assessment, Detailed Route Survey and Front End Engineering Design.

- IPI financial close.
- Finalizing and Execution of secondary agreements, including the gas transportation agreement and back to back sale agreements with the SSGC and SNGPL.

Turkmenistan, Afghanistan, Pakistan, India (TAPI) Project

It is planned that Gas Sale and Purchase Agreement (GSPA), Gas Transportation Agreement (GTA), Operations Agreement (OA) and Host Government Agreement (HGA) will be finalized and signed in the next financial year. Project detailed feasibility report will be initiated and sponsors for the project will be selected.

Downstream Oil Sector

M/s. Coastal Refinery Ltd (CRL) and Bosicor Oil Pakistan Limited (BOPL) intend to set up Single Buoy Morring System Offshore Oil loading/unloading facility near Hub Coastal line, at an estimated cost of US$ 30 million. M/s Trans Asia refinery intends to setup oil refinery at Port Qasim, Karachi with an estimated cost of US$ 450 million. M/s Hascombe Pvt Limited intends to setup an oil storage facility of 6500 tons at Shikarpur at an estimated cost of Rs.350 million.

Coal Sector Programme

Development activities on the blocks already explored at Thar and being allocated to different companies by the Government of Sindh will be continued during 2010-11. The work on underground coal gasification project at block No. 5 will also be continued.

Annex 6.1

Physical Targets (Power Sector) PEPCO

Items	Units	2008-09	2009-10	2010-11
		Actual	Estimate	Target
Additional installed Capacity	MW	195	2,286	2,003
Installed Capacity (Total)	MW	17,966	20,252	22,255
Growth Rate	%	1.10%	12.39%	12.41%
Maximum Demand	MW	17,852	20,051	21,755
Growth Rate	%	2.6%	12.3%	8.5%
Energy Generation	GWH	84,377	109,670	118,651
Growth Rate	%	-2.2%	30.0%	8.2%
Annual Energy Sale	GWH	65,286	85,170	92,920
Growth Rate	(%)	-1.9%	30.5%	9.1%
T&D Losses (% of Net Gen)	(%)	21.00	20.08%	20.10%
Consumers Cumulative	Million	18.67	19.48	20.28
(Consumers added)	Million	0.71	0.81	0.80
Electrification of Villages / Abadies (Addition)	Nos.	9,868	12,000	12,000

Annex 6.2

Physical Targets (Power Sector) KESC

Items	Units	2008-09	2009-10	2010-11
		Actual	Estimate	Target
Additional installed Capacity	MW	156	100	115.9
Installed Capacity (Total)	MW	1824	1924	2040
Growth Rate	%	-	5.5%	6.0%
Maximum Demand	MW	2462	2585	2714
Growth Rate	%	-	5.0%	5.0%
Energy Generation	GWH	8262	7338	7704
Growth Rate	%	-	-11.2%	5.0%
Energy Sale (Average per month)	GWH	783	857	958
Annual Energy Sale	GWH	9396	10286	11499
Growth Rate	(%)	-	9.5%	11.8%
System Losses	(%)	35.9%	33.0%	30.0%
Consumers Cumulative	Million	2.17	2.25	2.37
(Consumers added)	Million	0.04	0.08	0.11
Electrification of Villages / Karachi Abadies	Nos.	601	640	670
Additional	Nos.	39	30	80

Chapter 7

Education for Knowledge Society

7.1 School and College Education

Human Resource Development (HRD) plays a pivotal role in the socio economic development of the country. Efforts will be made to achieve the targets of Universal Primary Education (UPE) and to improve Gender Parity Index (GPI). Facilities related to computer, technical and science education are being provided under various projects. To further ensure quality of education, capacity of Teachers Training Institutions will be strengthened.

Policy

Nation Education Policy (NEP) 2009 provides for comprehensive activities for the improvement of literacy in the country. Establishing Basic Education Community Schools and provision of missing facilities to the elementary schools to enhance access will be followed. National and Provincial Education Foundations will establish elementary schools in various deprived localities. Annual Plan 2010-11 emphasizes provision of access to quality education at all levels. All steps will help achieve MDGs.

Strategy

Allocations for the expansion and development of education have been made under Annual Plan 2010-11. The plan has been translated into specific programmes and projects. Implementing partners are Federal Ministry of Education and Provincial/ Area governments. The following innovative approaches have been adopted for development of the education sector:

- Community involvement through Education Foundations for promotion of literacy and basic education;
- Public-Private-Partnership (PPP), active support of private sector and NGOs ;
- Pro poor policies of providing food items, targeted cash transfers and free text books to students up to Secondary School level and stipend to girls.

Review of Annual Plan 2009-10

Financial

During the fiscal year 2009-10, an amount of Rs 5,286.0 million was provided in Federal PSDP for expansion and development of Basic and College Education.

Major programmes

Various new initiatives were taken during the year under review. Education Sector Reforms (ESR) was provided Rs 1,300 million which was spent on Provision of missing facilities to Primary and Middle schools, and establishment of Polytechnic Institutes at districts level specially in under developed areas of Balochistan at Muslim Bagh, Khanozai for boys and at Turbat for girls and at Gilgit in Gilgit-Baltistan for boys. Work on establishment of 13 cadet colleges remained in progress. Provision was also made for new schools/colleges in Islamabad, consolidating existing schools by providing additional classrooms, scholarships and science education facilities in secondary schools. National Education Foundation established community schools in the country at places where primary schools were not available within reachable distance. They also established skill based literacy centers. For capacity building of Teachers Training Institutions and training of teachers, Rs1050 million were expended under Canadian Debt Swap Projects.

Physical Achievements

The provisions of missing facilities have been completed in 174 schools during the year, whereas work on 200 schools is expected to be completed by June 2011. (Table 7.1.1)

Table 7.1.1 Province/Area -wise provision of missing facilities in 174 schools

Sindh	Khyber Pakhtunkhwa	Balochistan	AJK	Gilgit Baltistan	FATA	Total
50	30	24	20	25	25	174

Note: Excluding Punjab province as it had its own program

Federal Directorate of Education, Islamabad completed projects of introduction of M.Com classes at FG College of commerce H-8/4, Islamabad, up-gradation of 5 Primary Schools to middle level. Transport facilities were provided to female teachers in rural area. A number of scholarships were provided to needy and talented students at all levels. Under a project 150 students of Balochistan and FATA were enrolled in quality institutions and provided scholarships. Work remained in progress on 4 polytechnic Institutes. To provide quality education 14 Cadet Colleges remained under construction. (Table 7.1.2)

Table 7.1.2 On-going projects of Cadet Colleges in Pakistan

Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan	AJK	Gilgit Baltistan
Okara, Pasroor, Choa Saiden Shah, Mianwali and Multan	Ghotki	Swabi	Zhob, Panjgur, Jaffarabad, Kohlu and Noshki	Muzaffarabad	Chilas

During Financial year 2009-10 an amount of Rs1.0 Billion was spent under Canadian Debt Swap projects on in-service training of 50,000 teachers, Head teachers and Master trainers. Provision of scholarships to 315 student teachers, repair and maintenance of 30 Teachers Training Institutions is in progress. Academy of Educational Planning and Management (AEPAM) has provided training to 500 Principals, Head Teachers, District Education Officers and Educational Administrators for their capacity building. Under Basic Education Community Schools project field survey conducted for opening of 4,200 new Basic Education community schools. One thousand schools have been adopted by

National Education Foundation (NEF) in Gilgit Baltistan. 400 Basic Education community schools are being converted into formal Primary schools.

Annual Plan 2010-11

Financial

An allocation of Rs 5,616 million has been made for the financial year 2010-11 for Education related projects. This includes Rs 5,139 million for projects of Ministry of Education, Rs 32 million for projects of education in Cantonments & Garrisons under Ministry of Defence and Rs 445 million under Cabinet Division for Center of Excellence for Urdu informatics and production of reading material in national language.

Major Programmes:

- Allocation of Rs 823 million has been made for provision of missing facilities in primary and middle schools. The ongoing work on 200 schools would get completed during the year. For basic education community school an allocation of Rs. 987.0 million has been made.
- Amount of Rs 680.0 million has been allocated to accelerate the work in the projects for establishment of 14 Cadet Colleges in the country. Three colleges are expected to start their academic activities during the year 2010-11.
- Allocation of Rs 1,075.0 million under Canadian Debt Swap has been made for capacity building of Teacher Training Institutes.
- Under German Debt swap Rs 26.0 million has been provided for completion of the project in Khyber Pakhtunkhwa for rehabilitation of existing Middle and Secondary schools.
- Allocation of Rs 140.0 million has been made for provision of scholarships including scheme for providing quality education to the students belonging to Balochistan and FATA for studying in quality institutions of other provinces.
- Allocation of Rs 390.0 million has been provided to establish and upgrade educational institutions in ICT. Emphasis has been laid to provide female education in school and college sector.

Physical Targets

Following targets are expected to be achieved:

- Establishment of 4,200 Community Schools
- Establishment of 14 cadet colleges
- Establishment and consolidation of 12 Schools and Colleges
- Establishment of 4 Polytechnic Institutes
- Enrolment of 30,000 out of school children in skill based literacy program
- Strengthening of 120 teachers training Institutes under Canadian Debt Swap

- Training of 50,000 teachers under Canadian Debt Swap

7.2 Higher Education

Higher education is the engine that drives countries toward development and advancement. Industry, agriculture and the services sectors depend directly on technology for efficiency and competitiveness. It can, therefore, be safely concluded that acquiring modern knowledge is a matter of survival for any nation. Without actualizing this change-agent, a nation cannot meet the increasing needs of growing population, alleviate poverty, and acquire & maintain a respectable place in the comity of nations.

Review of 2009-10

Financial

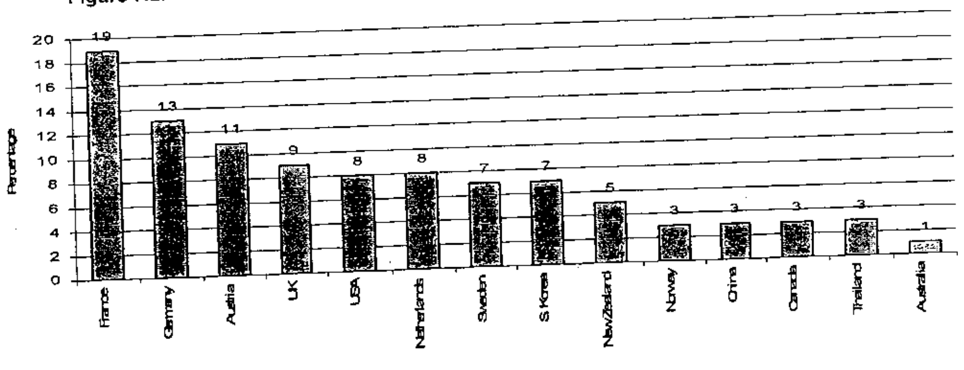
In the year 2009-10, an amount of Rs 22.5 billion was allocated for Higher Education, which was reduced to Rs 18.5 billion due to economic crunch. It is expected that 100% of this amount would be utilized by the end of current financial year.

Physical Achievements

Infrastructure Development: Initiatives were taken to improve and establish new institutions and campuses of already established universities. New universities and the sub-campuses of the existing universities were established in the remote and far-flung areas of the country. These include Shaheed Benazir Bhutto University Sheringal, Women University Multan and sub-campus of Lahore College for Women University at Jhang.

Human Resource Development: HRD is an area in which vital and significant progress has been made with a dual objective of increasing institutional capacity and enhancing local research activities. Nearly 40% of the scholarships managed by the HEC have been awarded to the employees of R & D organization and university teachers. During the year 2009-10, a total of 281 scholars have proceeded abroad. A total of 832 scholars have already returned back successfully while 2,571 candidates are pursuing their higher education. Distribution of HEC scholars in various countries is elaborated in the figure 7.2.1.

Figure 7.2.1: Distribution of HEC Scholars in Different Countries



To ensure the proper absorption of returning graduates, a program for their placement on Tenure Track scheme at various public sector universities has been initiated. It is expected that most of these young scientists, engineers, social scientists and medical professionals will make a career in the academia once they are comfortably placed domestically. During the 2009-10, 150 Ph.D. scholars applied for jobs. The applicants have already been placed in different universities of the country.

Faculty Development and Training: Quality of education is dependent on quality of teachers. Teachers are nucleus of an education system, therefore it is highly imperative to improve and enhance the quality of professional teachers in this regard. During the year 2009-10, 316 faculty members were given professional development trainings related to teaching skills enhancement at the doorsteps of universities.

Supporting University Research: The dearth of research literature / equipment is a major impediment to the productivity of many creative and talented faculty members / researchers in all disciplines in universities/degree awarding institutions. In the absence of these facilities, the researchers, specifically the young ones, are discouraged and are looking for better opportunities in developed countries. To avoid this brain-drain, HEC has initiated different research supporting programs for universities/DAI's in all areas of Science & Engineering, Natural & Basic Sciences, Medical Sciences, Humanities, Social Sciences, Economics, and Finance. During 2009-10, total allocation for R&D projects was Rs 75.1 million out of which Rs 69.1 million were released. A brief overview of various activities in the higher education sector is given in the Table 7.2.1.

Table 7.2.1 HEC Projects Progress 2009-10

Activities	Physical Progress in 2009-10
Research Proposals Financed	86 proposals submitted by university faculty were financed.
E Books and E Journals available for researchers	11,000
International Linkages	7 linkages of Pakistani Universities with foreign Higher Education Institutions were developed.
Travel Grant	103 faculty members/PhD scholars were provided with the travel grant to present research papers at conferences abroad.
Workshop Conducted	35 Workshops on different topics were conducted in collaboration with local universities.
HECs Outstanding Research Awards Series	First awards ceremony was held and awards to 25 researchers in five different categories were distributed.
Higher Education Links with British Universities Ph-II	The last and sixth installment was released to British Council and project completed successfully by developing 50 links between Pakistani and UK universities.
Country Licenses of Advanced Design Software Ph-II	Successful installation of 14 civil engineering software in engineering universities and training of faculty members completed.

Measures of Quality Education: The Quality Assurance Agency (QAA) was established in 2005 at HEC. The major activities in which QAA is currently involved relates to both Internal Quality Assurance (through Quality Enhancement Cells) and External Quality Assurance (through Accreditation Councils). During the year 2009-10, QECs have been established in 15 public sector universities and 16 private sector universities. QEC's are now operational in 62 universities of the country. At program level, QAA is establishing linkages with nine professional councils. In this regard, during the year 2009-10, the Pharmacy Council and Nursing Council have agreed on signing MOU with HEC.

Three newly established accreditation councils, the National Computing Education Accreditation Council (NCEAC), National Agriculture Education Accreditation Council (NAEAC), National Business Education Accreditation Council (NBEAC) and National Accreditation Council for Teacher Education (NACTE) have developed the policy documents and have organized awareness seminars.

Need Based Scholarships: Financial aid to needy students is required to be institutionalized and strengthened in public and private sector universities. 750 scholarships have been awarded by USAID for the FY 2009-10. However, the negotiation of 1000 need based scholarships is in final stages for the FY 2010-11. 32 financial aid offices have been established in public sector and 8 offices have been established in private sector.

Promoting Participation of Private Sector Institutions: A program has been launched to support the private sector institutions which fulfill the criteria approved by the Cabinet in 2002. Under the program, universities which meet the basic criteria are eligible for funding on cost sharing basis in the areas of Research Support Programs, Faculty Development & Training Facilities, Foreign Faculty Hiring Program, PERN, and Digital Library. Moreover, support may also be provided for major development projects of infrastructure, academic and research facilities. 18 private sector HEIs have been declared eligible for public funding during the year 2009-10.

PERN2: The National Research and Education Network of Pakistan: PERN provides high speed internet and intranet facilities to the research and educational institutes. Currently, 93 universities/institutes/ campuses are connected to PERN utilizing 5 Gbps internet bandwidth with university wise internet bandwidth distribution hovering in between 8 to 100 Mbps. Eighteen (18) new universities have recently come on board with the PERN2 setup. HEC has recently signed an agreement of 10Gbps internet bandwidth, out of which 5Gbps has been distributed and the next 5Gbps will be commissioned from July 2010.

Expanding the Footprints of Video Conferencing Network in the Country: Video-conferencing is a powerful multi-media tool that improves communication and increases an organization's productivity. It is a cost-effective way to capture these benefits without being required to travel and attend. Till date, this facility has been established on 70 public sector universities/degree awarding institutes. National Video Conferencing Program launched by the Higher Education Commission is playing a pivoting role in uplifting the overall standard of higher education and the educational institutions. The program is being executed by Virtual University of Pakistan in collaboration with HEJ Research Institute of Chemistry. The program focuses on lectures by eminent scientist /researchers to share their knowledge and experiences in chosen disciplines. The lecture delivered are aimed at fundamental concepts, to enhance the critical thinking for undergraduate and graduate students and to discuss cutting edge technologies/ research work in the field of modern science.

Pakistan Research Repository: Digital Archive of Scholarly Work: Pakistan Research Repository (PRR) has grown significantly over the last year and the repository has now been populated with more than 2400 PhD theses, i.e. an addition of more than 200 theses during 2009-10. These PhD theses are available in high-quality digitized format, whilst a further 100 have been digitized and are being uploaded in repository.

Higher Education Management Information System: HEC has taken the initiative to facilitate universities with the standard off-the shelf campus management solution (CMS) to be customized and implemented about two and half years back. As a pilot project six (06) public sector universities are selected, i.e BUITMS Quetta, DUHS Karachi, IU Bahawalpur, NWFP UET Peshawar, QAU Islamabad.. Two more universities, Sukkur Institute of Business Administration and Institute of Business Administration, Karachi were added later in this pilot project.

CMS provides campus-wide integrated information systems covering all functional areas and automate core managerial activities including admissions, academics, examination, fees, placements, alumni and finances thus augmenting the institute's brand image at the same time improving bottom and top line profitability.

Major Targets Higher Education 2010-11

Financial

An amount of Rs 15.8 billion has been allocated in PSDP 2010-11 for the projects of higher education sector. This allocation is less than the previous year's original and revised allocations.

Physical

Infrastructure: During 2010-11, new universities and sub-campuses of the existing universities will be established to expand the access to education, especially in the remote and less developed areas. The 8 new universities will be established including University of Swat, University of FATA, University of Loralai, University of Turbat, Shaheed Banair Bhutto University Benazirabad, Shaheed Benazir Bhutto Medical University Larkana, Rachna College Gujranwala and University of D.G Khan

Similarly, 7 new sub-campuses of different public sector universities are planned including Mirpur Khas Campus of University of Sindh, Kala Shah Kaku Campus of Govt College University Lahore, Kala Shah Kaku Campus of University of Health Sciences Lahore, Mardan Campus of NWFP University of Agriculture Peshawar, Kasur Campus of University of the Punjab, Institute at Usta Mohammad Jaffarabad (constituent of BUITMS Quetta) and Skardu Campus of Karakurum International University Gilgit.

Higher Education Commission has collaborated with Virtual University to establish its sub-campuses in remote and far-flung areas. In the current financial circumstances, establishment of sub-campuses of Virtual University is the only viable and economic solution that can provide rapid access to higher education and can be established with in limited physical and financial resources. 35 sub campuses of Virtual University in the remote areas of Pakistan are planned.

Human Resource and Faculty Development: A new scholarship program for split PhD (2 years local + 2 years abroad) will be launched in the year 2010-11. Selection of 1200 scholars of Batch-VI, under Indigenous PhD program, 22 scholars under 10% Overseas Scholarships in selected fields and 350 scholars under 90% Overseas Scholarship Scheme will be completed. Total 465 training programs will be arranged including 50 long-term training fellowship (duration up to 02 years), 80 one-month duration fellowships and 335 short term courses (duration up to one week). International experts of renowned repute will conduct 04 training workshops in ELT related fields across the country.

Supporting University Research: Research grants will be awarded on competitive merit to 120-130 high-quality and promising scientific research projects to be carried out by university teachers. A research assessment exercise will be carried out which leads to a comprehensible quality ratings for research in all disciplines carried out in universities and their research centres. Research offices will be established in all HEIs. 4 workshops will be conducted for the presentation of journals and 4 quarterly meeting will be organized to recognize the research journals. Travel Grant for seminars will be provided for the national & international seminars and conferences.

Public Private Partnership: HEC has taken an initiative to diversify the financial burden for provision of higher education facilities from Public to Private sector. For this purpose, HEC has started collaborating with Infrastructure Project Development Facility (IPDF), which works under the auspices of Ministry of Finance. HEC has identified 6 projects of public sector universities under PPP model including establishment of Medical College and School of Technology at Quaid-e-Azam University Islamabad, on-campus residential facilities for students of COMSATS Institute of Informational Technology and International Islamic University, Power Generation Project for three universities of Jamshoro, Sindh and Establishment of Swedish University of Entrepreneurship and Technology, Sailkot.

PERN and Video Conferencing Network: HEC plans to extend the services of Pakistan Education and Research Network (PERN) to affiliated colleges of the universities/ DAIs across the country to form a College Network, while capitalizing on PERN2 core infrastructure and resources. Colleges in Punjab and Khyber-Pakhtonkhwa are being targeted and the plans of College Network of Pakistan have been started. It is planned to expand Video Conferencing network footprints to the far flung areas where new institutions have been given the charter to operate as universities, primarily in Sharingal, Dir, and Larkana. Moreover, the remaining universities are also being provided with this facility which would take the number of sites to seventy nine.

Higher Education Management Information System: HEC aims to expand this system across all universities. The system comprising of management and higher education information and administrative system. The HEMIS constitutes of three major components, viz. HEMIS software license, solution implementation including consultation services, and hardware infrastructure. In the planning process, it is anticipated to facilitate 24 selected universities/ institutes with HEMIS in next 3 years which is considered as the Phase-I of HEMIS deployment mega project. Phase – II includes HEC's requirement of a data warehouse with enhanced analytical capability and reporting features. Major targets of higher education sector are presented in the Box 7.2.1.

Box 7.2.1 Major Targets Higher Education 2010-11

- Establishment of 8 new universities and 7 new sub-campuses.
- Establishment of 35 sub campuses of Virtual University in the remote areas of Pakistan.
- A new scholarship program for split PhD (2 years local + 2 years abroad) will be launched.
- 1200 scholarships of Batch-VI, under Indigenous PhD program. 22 scholarships under 10% Overseas Scholarships in selected fields and 350 scholarships under 90% Overseas Scholarship Scheme.
- 465 training programs, including 50 long-term training fellowships, 80 one-month duration fellowships, 335 short term courses.
- 120-130 Research grants for scientific research projects to be carried out in Pakistan by university teachers. Travel Grant for seminars will be provided for the national & international seminars and conferences.
- 4 workshops will be conducted for the presentation of journals and 15-20 Curriculum will be revised in FY 2010-11.
- need based scholarships (cost Rs 4.98 billion) with the financial assistance of USAID. Another 5000 need based scholarships (cost Rs 7.13 billion) proposed in PSDP 2010-11.
- 6 new projects under Public Private Partnership be launched.
- 15 more private universities be evaluated to declare them eligible for public funding.
- Extend the services of PERN to affiliated colleges of the universities/ DAIs across the country to form a College Network of Pakistan, while capitalizing on PERN2 core infrastructure and resources.
- Expansion of Video Conferencing network footprints to seventy nine (79) universities.
- Expand Higher Education Management Information System (HEMIS) to all the universities.
- 1000 more thesis will be digitalized under digital archive of scholarly work.

7.3. Science and Technology

In this era of economic instability and global recession it becomes more crucial that scientific research should drive the production and exploitation of knowledge. It is imperative to move forward from infrastructure and capacity building of R&D institution to development of value added technologies. To overcome challenges like energy shortage 'smart' research and development investment is needed for exploration and efficient utilization of natural resources. Principal focus of this year plan is to make science and technology at the service of peoples in all spheres of life, eventually leading to economic growth and prosperity. Successful economies have achieved much by focusing on education and investing in research and development.

Review of 2009-10

Financial

During the financial year 2009-10, Rs 3,140.4 million was allocated for 122 development projects of Ministry of Science & Technology and its organizations. Later on due to overall financial crunch this, allocation was reduced to Rs 1500 million. Depending on releases, the revised allocation is expected to be utilized completely.

Physical

Pakistan Council for Scientific and Industrial Research (PCSIR): During the year, the PCSIR Laboratories Complex Lahore and the Leather Research Centre Karachi were accredited under ISO 17025 by the Norwegian Accreditation Body. Work for the development of common products like Road Navigators, Baby Supplement Foods, Load cells, Permanent Magnets, Perfumeries has been initiated. Development of Rotatory Evaporator, Coliform Water Bath, Flame Photometer, Microprocessor based Hot and Cold Bath, Distributed Control System Simulator, Laboratory Chiller, Digital Light Intensity Meter, High Temperature Thermometer, Electro Medical Equipment, Infra Red Dye Bath, Biofertilizer, Vacuum Oven and Medical Implants have been completed at different Labs. The Fuel Research Centre has successfully developed formulation for all available deposits of coal in Pakistan and implemented it by producing coal briquettes on pilot scale using Lakhara coal. At Peshawar Labs, characterization/beneficiation studies of manganese ore from Bajaur agency were completed and a process has been developed for the extraction of pure metallic antimony from ore of Krinj area Chitral.

National Institute of Oceanography (NIO): NIO has submitted the case for the extension of continental shelf from 200 M to 350 M to the United Nations Commission on Limits of the Continental Shelf. The NIO has undertaken fish assessment survey in the EEZ of Pakistan in collaboration with Marine Fisheries Department and FAO. NIO has also actively participated in the climate change study indicating the impact of sea level rise on the low lying coastal areas along Sindh coast.

Council for Works and Housing Research (CWHR) has installed the Ferrocement products at Askari Park Karachi, District Sports Complex Karachi and NED University Karachi. Proposal for transfer of technology to construct 43 low cost houses at Ketibunder with the Ferrocement Technology developed by CWHR has been submitted to People's Housing Cell, Government of Sindh.

Pakistan National Accreditation Council (PNAC): 37 Concept proposals and 32 PC-Is received from focal points were evaluated. 57 Co-ordination meetings were held with stakeholders and 1 Pre - implementation committee meeting was also conducted for Regulators.

Pakistan Science Foundation (PSF): Mobile science exhibitions were arranged by the Federal, Sindh, Punjab and NWFP units of **Science Caravan** in their respective areas. These exhibitions were visited by more than 32, 000 students from 80 schools. As an effort towards popularization of science, PSF organized the International Expo on Environment "THE EARTH'S FUTURE IN OUR HANDS" at Islamabad, Sukkur and Multan. More than 25,000 students from schools & colleges, teachers and general public visited these Expos and application Software for research support programme has been developed.

Pakistan Council for Research in Water Resources (PCRWR) established 8 water quality laboratories in Punjab, 2 in NWFP, 3 in Sindh, 1 in Balochistan and 1 in AJK and strengthened 1 existing water quality laboratory of PCRWR at Tando Jam by development of infrastructure and adding equipment. 2000 water supply schemes were surveyed to assess the water quality. Water quality monitoring of 7,500 water supply schemes has been completed, 10 water filtration plants to provide safe drinking water to the communities have been installed. R&D activities were carried out at all 12 pilot sites of the project in almost all the ecological region of the country for participatory integrated water management. PCRWR constructed two leaky structures, one in Akhtau main Nullah and second in Nasirwall Nullah in Balochistan for groundwater recharge. Constructed 4 reservoirs for rainwater harvesting and 50 structures for groundwater recharge in Balochistan. Established 2 micro-desertification control demonstration farms in Cholistan desert to halt and reverse desertification, and 50 acres desertified land was converted into productive land.

Pakistan Council for Renewable Energy Technologies (PCRET): 414 Family Sized Biogas plants have been installed capable of replacing **4345** tons of fuel wood per annum. **750** Houses in earth quake effected areas of NWFP and AJK have been electrified by installing **09** micro-hydel power plants with total generation capacity of **144** KW. **32** solar cooking devices have been disseminated through arranging **10** training programs. And PCRET Headquarter building's entire lighting system is being switched over to solar PV lights.

Pakistan Council for Science and Technology (PCST): Database design and structure is completed on S&T manpower and performance evaluation of R&D organizations. In this regard complete, proformae from 210 organizations have been received, and 20 Apprentices have completed their training.

National Institute of Electronics (NIE): An integrated circuit design centre capable of taking design projects for local and international markets has been established. Embedded Control Systems and Quality Testing Labs have provided solutions and engineering services to the industries, both in public and private sector. The center for Quality Testing and Certification of Electronic Products are in accordance with the requirement of ISO/IEC 17025 standards. Communication lab & PCB fabrication facility has been established. NIE also designed & developed 3KVA inverters as well as Solar Charge controllers for Solar Lanterns.

COMSATS Institute of Information Technology (CIIT): Executed the projects that were related to Infrastructure Development. Under Faculty Development at University of Illinois Urbana Champaign, 14 new scholars were selected this year and have started their PhD studies. Selection of another 37 is in process and shall be completed. A total of 22 scholars are currently studying in UIUC for their PhD studies. COMSATS Internet Services (CIS) has added Wireless internet, Wi-Fi internet services to serve the areas where land lines are not effective. 90 Wireless internet links including two base stations were setup by CIS during 2009-10 in the vicinity of its nodes at Islamabad, Faisalabad, Sialkot, Lahore and Peshawar.

The Centre for Applied Molecular Biology (CAMB) has done DNA profiling of convicts and entered these DNA profiles into the DNA databank software. Allelic frequency calculation by Snapshot SNP genotyping and sequencing of the following sahiwal cattle genes were done. Two new variants were identified in the coding regions of alpha S1 and beta casein genes of Sahiwal cattle. One silent mutation in beta lactoglobulin and two substitutions in beta casein gene of Sahiwal cattle were identified. Five novel variants were identified in Nili Ravi Buffalo.

Major achievements of Science and Technology section for the year 2009-10 are presented in Box 7.3.1.

Box 7.3.1 Major Achievements of Science and Technology 2009-10

- PCSIR has developed 135 processes and leased out 28 industrial processes to the stake holders and 40 patents have been filed in the Patent Advisory Cell. Out of them 2 patents have been obtained. PCSIR is providing testing and calliberation facilities to around 1400 Industries.
- CWHR has installed the Ferrocement products at Askari Park, Karachi, District Sports Complex Karachi and NED University Karachi. Ferrocement doors/windows and burnt clay tile roofing system provided for construction of low cost houses.
- PCRWR established 8 water quality laboratories in Punjab, 2 in NWFP, 3 in Sindh, 1 in Balochistan and 1 in AJK. Completed water quality monitoring of 7500 water supply schemes.
- PCRET installed **414** Family Sized Biogas plants. **750** Houses in NWFP and AJK have been electrified by installing **09** MHP plants. **32** solar cooking devices have been disseminated.
- In NIE, Embedded Control Systems Labs and Quality Testing have provided solutions to the industries, Engineering Services both in public and private sector.
- CIS has added Wireless intemet, Wi-Fi internet services to serve the areas where land lines are not effective. 90 Wireless internet links including two base stations were setup by CIS.
- NFC-IET installed coal combustion experimental rig for the study of combustion characteristic of coal, biomass, and municipal waste and also designed gasification rig.
- CAMB has done DNA profiling of convicts & were entered these DNA profiles into the DNA databank software. SCMV positive Sugarcane plants were transformed with selected SIRNA.

Programmes for 2010-11

Financial

An amount of Rs 1635.7 million has been allocated for the projects of Ministry of Science & Technology and its organizations, which is 10% higher than the last year's revised allocations.

Physical

Pakistan Council for Scientific & Industrial Research (PCSIR): It will generate power from Pakistani coal using Underground Coal Gasification (UCG) techniques. Fabricate Coke Breeze Briquettes – An efficient utilization of waste of Pakistan Steel for Blast Furnace, and will establish Liquid Fuel Testing laboratory in Fuel Research Centre to enhance the existing facilities / scope of FRC. 05 foreign patents under Patent Advisory Cell and 50 national patents to IPO-Pakistan will be filed. PCSIR will initiate balancing, modernization and refurbishment (BMR) of major laboratories alongwith the development of pilot plants and workshop facilities at Karachi, Lahore and Peshawar for the production of advanced engineering materials. Technology Business Incubation Center (TBIC) will also be established at Karachi, Lahore and Peshawar in collaboration with private entrepreneurs.

National Institute of Oceanography (NIO): About 50,000 sq km area of the extended Continental Shelf is expected to be annexed with the existing Exclusive Economic Zone of Pakistan. The research vessel for Coastal Survey will more specifically be involved in carrying out research / survey cruises under the forthcoming NIO projects: Bio & geo recourse mapping and charting of up to 200 meters, off Pakistan Coast.

Council for Works and Housing Research (CWHR): New consultancy works involving Non-Destructive Testing of existing concrete structures will be undertaken. The number of lightweight aggregate as substitute of lime stone crushed aggregate will be manufactured. Insulation building materials as well as structural lightweight aggregate for building components, addition to reflect importance of construction of bridges, high rise buildings based on lightweight aggregate, structures of coastal areas including Jetties, Harbours and typical designed marine housing will be developed.

Pakistan Science Foundation (PSF): Science Clubs will be established in 100 high schools to create awareness about Science and Technology among students of high schools and arouse their interests in scientific research. Five Science Centers will be established in different cities of Pakistan to supplement the teaching of biological and physical sciences in schools and colleges through informal education and demonstration of principles of science. Travel grants to 75 – 80 scientists will be provided for presentation of their research papers in international science conferences, seminars, workshops and trainings abroad.

Pakistan Council for Research in Water Resources (PCRWR): PCRWR will construct 9 water quality laboratories at Sahiwal, Sialkot, Lora Lai, Khuzdar, Gujranwala, Sargodha, Mianwali, Muzaffarabad and Badin. Survey of 2000 water supply schemes will be conducted to evaluate performance and problems thereon. Installation and demonstration of 20 water conditioning and filtration units will be done to provide safe drinking water to the community. 2 lysimeteric research stations will be established to conduct various water management studies. Lift irrigation system at 6 sites in Khyber Pakhtunkha and Northern Areas will be installed. 25 structures (check dams, ditches etc.) for artificial groundwater recharge in Balochistan will be constructed.

Pakistan Council for Renewable Energy Technologies (PCRET): PCRET will strengthen and upgrade the facilities to the Level compatible with international standards indispensable to improve process, increase efficiency, curtail the cost and initiate R&D on new materials and bio energy.

Pakistan Technology Board (PTB): PTB will forecast world markets and technologies of strategic importance essential for industrial growth and achieving a competitive advantage in global markets. The incentive package is expected to include setting-up of joint ventures with the multinationals for manufacturing and overseas marketing and maximizing local engineering design of on-going and upcoming energy and other industrial projects.

Pakistan Council for Science and Technology (PCST) will Peer Review the R&D organisations in the country. PCST will also conduct research in the current and emerging issues, render advice to the Government, Industry, and Academia.

National Institute of Electronics (NIE): NIE will continue the technology development and its applications in the areas of Power Electronics (LED Lights), get an accreditation for the testing lab from national/international bodies. And new labs in the areas of automotive electronics and medical electronics including initiation of NECOP project will also be undertaken.

COMSATS Institute of Information Technology (CIIT): CIIT envisages to build infrastructure and focus on R&D activities in the areas of remote sensing, grid computing, data communication and technology policy planning. COMSATS Internet Services (CIS) will establish 20 base stations for wireless (Wi-Fi) internet and also to setup its nodes at Multan, Quetta and Gawadar. It is expected that more than 200 Customer Premises Equipment will be installed to provide Broadband internet connectivity in the under served & un served areas. 19 Tele Health clinics will be established to provide diagnostics and health care facilities in the rural areas in the vicinity of provincial capitals, Islamabad, Multan and Gawadar.

The Centre for Applied Molecular Biology (CAMB) will generate and preserve the DNA profiles of the convicts. Data analysis to correlate phenotype with genotype for the selection of genotypically superior animals will be identified. Identification and enrollment of additional large consanguineous families affected with recessive hereditary hearing impairment from Balochistan and Khyber Pakhtunkhwa and conduction of clinical tests to ascertain the type of hearing Impairment will be done. Linkage analysis to identify families linked to already known locations and mutational analysis of the common genes will be done by sequencing.

Major targets to be achieved in Science and Technology during 2010-11 are presented in Box 7.3.2.

Box 7.3.2 Major Targets for Science and Technology 2010-11

- PCSIR will initiate Balancing, Modernization and Refurbishment (BMR) of major laboratories.
- Lightweight aggregate as substitute of lime stone crushed aggregate will be manufactured by CWHR.
- PCRWR will conduct survey of 2000 water supply schemes to evaluate performance and problems and 9 high efficient irrigation systems (trickle and sprinkler) in NWFP and Northern Areas.
- CAMB will identify and enroll 75 large consanguineous families affected with recessive hereditary hearing impairment from Balochistan and Khyber Pakhtunkhwa and to collect clinical tests to ascertain the type of hearing Impairment
- NIE will contract with IC fabrication facilities abroad and to get an accreditation for the testing lab from national / international bodies.
- PCRET will manufacture Solar Water Heater (2500 units), solar dryer (12500 units) and solar cooker (25000 units) through private sector with PCRET technical services.
- PSF will establish Science Clubs in 100 high schools to create awareness about Science and Technology. Five Science Centers will also be established in different cities of Pakistan
- Expertise will be developed on design and layout of digital, analog and mixed signal ICs. Training & consultancy programme in the field of electronics, IT, Embedded Control System, IC design technologies and PCB design& fabrication including internship programme will continue with full pace.
- PTB will forecast world markets and technologies of strategic importance essential for industrial growth and achieving a competitive advantage in global markets.
- NFC-IET will offer analytical services to the public and private organizations. Operation and trial runs of coal combustion rig. Fabrication and commissioning of coal gasification rig. Local design, fabrication & commissioning of coal beneficiation rig.
- NIBGE will develop an indigenous technology to upgrade important indigenous resource of fossil fuels like coal through biotechnological innovations. Prepare conjugate vaccines (which are most effective modern vaccines) against human enteric fever (typhoid) which is the 4th largest killer disease in Pakistan. Develop the synthesis of metal nanoparticles and explore their applications in biotechnology and new materials fabrication.
- CIS will establish 20 base stations for wireless (Wi-Fi) internet and also setup its nodes at Multan, Quetta and Gawadar. 19 Tele Health clinics will be established to provide diagnostics and health care facilities in the rural areas in the vicinity of provincial capitals, Islamabad, Multan and Gawadar.

Chapter 8

Employment

Pakistan's greatest asset is its human resources on which progress and prosperity of the country largely depends. Due to prudent policies of the government to properly develop human resources and their effective utilization, the unemployment rate has decreased from 8.3% in 2001-02 to 5.2% in 2007-08. However, unemployment 2008-09 increased to 5.5%. Unemployment is a major challenge that is not only faced by Pakistan but also the world at present. The fear of persistent unemployment undermines confidence, thereby affecting consumption and investment decisions and recovery process itself. Also, perceptions of job precariousness exert further downward pressure on wages, aggravating the risk of depressed aggregate demand and poverty.

Employment is very dynamic and multi dimensional subject hence it requires a multi pronged strategy to deal with it. Multi-dimensional approach requires to focus on agriculture, industry (specially small and medium enterprises), information technology, services, construction, provision of demand driven skills, strengthen the labour market information system, micro financing, public sector development programme and implementation of public works programme to generate additional employment.

Policy

The policy framework of the plan is based on employment expansion, activation and safety net policies. Employment expansion policies are helpful for generating demand for labour. Employment activation policies are main source of improving the supply of labour force and employment protection/safety nets policies relate to regulating the labour market to match the supply with demand

Strategy

Employment expansion policy would emphasize to generate employment in the rural areas through development of physical and social infrastructure and agro-based industries. Construction and services sectors would be facilitated to generate additional jobs and every effort would be made to boost overseas employment to decrease the magnitude of unemployment in the country. SMEs would also be promoted for employment generation by providing loan facility and using better production techniques, training and marketing outlets. Employment generation would be accorded higher priority in project selection. Self employment would be promoted through micro finance facility and efforts would be made to employ labor intensive production techniques.

In employment activation policies emphasis would be given to improve labour skills endowment in general, paying particular attention to identifying specific skill gaps and taking effective steps to fill them. It would be stressed to combine some of the advantages of traditional system (Ustaad-Shagird) along with the advantages of modern training and education. Skills Development Councils would help to meet the diversified training needs of the industrial and commercial sectors of their geographical areas.

Social protection includes labor market interventions (labor market regulations, programs and wage setting rules), social insurance programs (such as pensions, unemployment and family benefits, sick pay), social assistance (transfers in cash or kind, subsidies and workfare), and programs to assist especially vulnerable groups (disabled people, orphans and vulnerable children, etc.). Strategy would be to move towards an optimal combination of labour market flexibility and security during the Annual Plan period.

Review

According to the latest two Labour Force Survey, overall participation rate has increased from 32.2 in 2007-08 to 32.8 in 2008-09 by 0.6 percentage points. The overall unemployment rate has increased from 5.2% to 5.5 percent. The quantum of unemployment is high in urban areas as compared to rural areas and the reason behind of this may be that a major portion of labour force is working as unpaid family helper in rural area which is classified as employed. Female unemployment is 9.0% and unemployment rate amongst the female is higher as compared to male 4.5%. Female participation rate has increased by 0.9 percentage points and unemployment rate has also increased by 0.5 percentage points. Share of self employment and employees has decreased while share of unpaid family helper and employers has increased over one year period.

Table: 8.1 Employment Status, Participation and Unemployment Rate

(%)

	2007-08	2008-09
Participation Rate	32.2	32.8
Male	49.3	49.6
Female	14.0	14.9
Unemployment Rate	5.2	5.5
Males	4.3	4.5
Females	8.5	9.0
Employment Status		
Employers	0.9	1.2
Self Employment	34.2	33.3
Unpaid Family Helper	28.9	29.7
Employees	35.9	35.8

Source: Labour Force Survay of 2007-08 and 2008-09, FBS.

Current Employment Scenario: On the basis of estimated population of 169.9 million for the year 2009-10 and the participation rate of 32.8 percent as per the latest Labour Force Survey 2008-09, the labour force is estimated at 55.7 million. Of the total labour force, males constitute 43.0 million or 77.1 percent whereas females are 12.7 million or 22.9 percent. Of the total labour force, 52.7 million are employed while 3.0 million persons, which constitute 5.5 percent of the labour force, are unemployed.

Out of total unemployed persons, males are 1.9 million or 63.1 percent while females are 1.1 million or 36.9 percent. The unemployment rate among females is higher, 9.0 percent as compared to males, which stands at 4.5 percent.

Of the total employed workforce, the majority i.e. 45 percent is employed in agriculture sector, 13 percent in manufacturing sector, 0.7 percent in electricity & gas distribution, 16.5 percent in trade, 6.6 percent in construction sector, 5.2 percent in transport, 1.6 percent in finance and 11.2 percent in the community and social services sector. As for employment status is concerned, 1.2 percent are employers, while self employed, unpaid family helpers and employees are 33.3%, 29.7% and 35.8% respectively.

Youth Employment: According to available labour statistics, youth population is estimated at 35 million. Youth labour force is estimated at 15.5 million and out of total youth labour force 14.2 million are employed while 1.3 million unemployed, implying youth unemployment rate 8.3%, which is higher as compared to national average i.e. 5.5%.

Pakistan is currently poised at an important moment in its demographic evolution. From the viewpoint of employment the "demographic dividend" refers to a bulge in the population of working age, and thus a decline in the dependency ratio. Depending on the population growth scenario the demographic dividend could last several decades. In Pakistan the effects of the demographic dividend could be magnified through increasing labour force participation rates for women. But in the absence of investment in education, skills and health, the potential demographic dividend could quickly turn into a demographic threat with high rates of youth unemployment, which in turn fuel political, social and security challenges.

The key implication of the present demographic moment in Pakistan is that investment in social sectors needs to be escalated rapidly before it can be allowed to decline – as is the classical implication of demographic dividend in countries with high levels of human development. There is historic opportunity in incentivizing a youthful workforce to take up gainful employment in education, health and social welfare, both as a way of capitalizing on the demographic dividend and as way of seeing off the demographic threat. Special incentives would be given to youth in credit policy, skill development policy and employment expansion policies to fully absorb the demographic dividend in the economy during the plan period.

Employment Projection: Accelerating growth is a key factor to expand employment opportunities in the economy. However, the question that arises is at what rate? The rate depends on employment elasticity. The overall employment elasticity of an economy is the combined effect of the sectoral employment elasticities and the composition of output. It means that how much employment generation occurs and to what extent the poverty incidence changes depends on the magnitude of growth rate and the composition of growth rate, i.e, how much of it is emanating from agriculture and services sectors which is labour intensive and how much from industrial sector which is relatively capital intensive.

For next year 2010-11, it is anticipated that if envisaged GDP growth rate i.e. 4.5 percent along with employment elasticity 0.45 is achieved then employment demand will increase by 2.0 percent which is not sufficient to absorb 2.9 percent growth of labour force. Special labour intensive strategy would be adopted to maintain the same level of unemployment i.e. 5.5%. The strategy will be to develop small-scale informal sectors; to promote self employment in the economy; and to evolve broad based skill development with the involvement of the private sector. Special emphasis would be given to boost overseas employment to reduce the pressure on domestic job market.

The employment elasticity is expected to improve by focusing on sectors known to have high labour intensity, such as construction, small and cottage industry as well as personal and commercial services.

Review PSDP 2009-10

Ministry of Labour & Manpower

Financial Review: An amount of Rs 80.0 million was allocated to the ministry of Labour and Manpower for nine ongoing development projects out of which, Rs 74.0 million is expected to be utilized by June 2010. Project-wise financial (allocation and utilization) and physical achievements in detail are respectively presented at Annexes 8.1. and 8.3.

Skills Development Programme: Human Resource Development (HRD) plays a key role for sustainable economic development and in meeting the challenges of global competitiveness. National Vocational and Technical Education Commission (NAVTEC) an apex body addresses the challenges of Technical and Vocational Education and Training (TVET) in the country. It is involved in policy making, strategy formulation, and regulation and revamping of TVET system.

Financial: NAVTEC was established with an aim to meet the need for skilled people in the country and to develop the potential of youth by providing marketable skills. Out of Rs 1,000 million allocated for PSDP 2009-10, an amount of Rs 450 million is expected to be utilized up to June 2010.

Physical: NAVTEC initiated two major training programmes in the country under President and Prime Minister's directives. Through these programmes quality vocational and technical training remained focus on young men and women throughout the country training programme. A stipend of Rs 2,000 per month remained continue to pay the participants.

President's Fanni Maharat Programme: Under Presidential directive, NAVTEC is establishing 130 new vocational training centres/institutes in 79 uncovered tehsils of Sindh, Punjab, NWFP, Balochistan, AJ&K and Gilgit-Baltistan, where no TVET institute exists.

Prime Minister's "Hunarmand Pakistan Programme": NAVTEC, in the light of Prime Minister's direction, has taken the initiative of offering short-term skill development programmes upto six months duration courses in collaboration with public and private sector training institutes. Four priority sectors, Construction, Agriculture (Dairy & Livestock), IT & Telecommunication and Services (Hospitality, Health, etc.) covered in the programme, whereas,. Textiles, Oil & gas, Child-care, Transport, Paramedics and traditional trades (cottage crafts) are in focus to address. Major partners of the programme are Provincial TEVTAs, Federal Ministries, Public-sector Universities, Defense establishments and reputed public & private sector institutes & organizations. The training activities upto march, 2010, under Funni Maharat & Hunarmand Pakistan Programmes are given in Table 8.2 as under:

Table 8.2 Training Programmes: Fanni Maharat and Hunarmand Pakistan

Programme	Trained	Under Training	Total
President's Fanni Maharat	8,873	5,418	14,291
Prime Minister's Hunarmand Pakistan	71,723	2,500	74,223
Total	**80,596**	**7,918**	**88,514**

Industry Advisory Groups (IAGs): To create the missing linkage between industry and training providers, NAVTEC has established sector-specific Industry Advisory Groups (IAGs) to provide industry intelligence to TVET policymakers and training providers in the design of skill standards and curricula. IAGs have developed 23 skills standards which are currently in the validation process. Moreover, IAGs set meetings on periodical basis and analyzes existing skills shortages, emerging skills demands, competencies required in the workplace and avenues of public-private partnership possibilities in training.

Amendments in Apprenticeship Ordinance 1962: A working group represented by employers, apprentices, training providers and government was constituted to reform the prevailing apprenticeship system by making it more relevant to requirements of industry and apprentices. Based on consultative process and feedback, certain proposed amendments sent to the ministries and provincial governments for requisite approval to make the apprenticeship scheme more responsive to needs of the industry and for across the board acceptability.

Accreditation and Certification of TVET Institutions: NAVTEC has signed MoU with Asia-Pacific Accreditation and Certification Commission (APACC), Manila under which Construction Technology Training Institute (CTTI), Islamabad was accredited, while 09 institutions are in the process of accreditation.

Online Monitoring and Evaluation System: NAVTEC has developed online monitoring system to maintain database of trainees and record of NAVTEC funded projects. The system is installed at NAVTEC headquarter and equally accessible by its Regional Directorates. It generates a Bar-coded certificate that is awarded to successful trainees of NAVTEC to obviate forgery in certification.

Centre of Excellence: NAVTEC by extending its cooperation towards provincial governments has taken over Government Advance Technical Training Centre (GATTC), Hayatabad, Peshawar as a Centre of Excellence to cater to the training needs of FATA.

Annual Plan 2010-11

Ministry of Labour and Manpower

Financial: An amount of Rs 65.8 million has been allocated for eight ongoing development projects of Labour and Manpower Division for PSDP 2010-11. Project-wise physical targets are presented at Annex-8.2.

Financial: Rs 574.9 million has been allocated to the National Vocational and Technical Education Commission (NAVTEC) for PSDP 2010-11 to fund 92 development projects costing Rs.8780.6 million.

Physical: Under the programme 25,000 unemployed youths will be trained in different courses under following eight priorities sectors for skill development.

- Hospitality
- Agriculture (dairy & animal nutrition management).
- Construction
- IT & Telecommunications.
- Skill for women.
- Light engineering.
- Paramedics.
- Services & others.

National Skills Strategy Programme 2009–2013

NAVTEC is addressing TVET challenges in the *National Skills Strategy 2009-2013*. The flagship strategy emphasizes a shift from curricula-based to competency-based training and to create a demand-driven training system responsive to requirement of industry. It seeks to institutionalize various segments of TVET sector and will adopt corrective measures during the process of implementation. The Strategy sets out a framework against which NAVTEC can deliver its mandate to reform the skills development system. The national skills strategy is meant to build a skills development system that can be benchmarked against international standards and achieve the following mandate given by the government:

- Competency Based Training
- Enhanced role of private sector
- Reform of the Apprenticeship System
- Centres of Excellence
- Encouraging Entrepreneurship
- National Qualifications Framework
- Streamlining Policymaking
- Registering and Accrediting Institutes
- Reforming management of training institutes
- Training of Instructors

- Research & Development
- Skills for women
- Training for Disadvantaged Regions and Sectors
- Integration of Informal Economy of Workers
- Flexible Training Delivery
- Expanded geographical provision
- Mobility of Skilled Workers
- Career Guidance & Placement
- Vocational Education in schools]
- Improving the status of skill development

Employment Promotion Policies

The policy focus of present government is on creation of decent employment, and human resource development. The importance of the fact can be gauged by the initiatives taken by the present government such as National Internship Program, President's Rozgar Program; credit for self employment by National Bank of Pakistan (NBP), enhancement of residential facilities by construction of one million housing units, doubling of lady health workers to cover Kachi Abadis, raising of minimum wage from Rs 6,000 to Rs 7,000 and pension of workers, restoration of Trade Unions. These steps will be helpful in employment generation and human resource development. The specific policies and programs are as follows:

- Accelerating Investment & Economic Growth
- Development Program and Employment Generation
- Investing in Increasing Water Resources
- Credit Facility through SME Bank
- Micro Credit Facilities through Khushhali Bank
- President's Rozgar Scheme by National Bank of Pakistan (NBP)
- NAVTEC Skill Development Programme
- Skill Development Councils
- Overseas Employment
- Information Technology
- Labour Market Information System and Analysis
- National Internship Program

Annex-8.1

Physical achievements 2009-10

Name of Project	Target	Achievement	% Ach.
Visit of Expatriate Pakistani Consultants for Short Duration Assignment in Pakistan.	Invitation of 6-10 expatriate Pakistani consultants	6 expatriate Pakistani consultants visited.	85
Labour Market Information System & Analysis (LMIS).	Publication of 3 analytical reports and creation of website.	5 reports and related material published. LMIA website and data base created.	80
Training of Trainers for skill development.	Train instructors through 1-3 months duration.	467 instructors were trained through 1-3 months courses in trades.	70
Establishment of Vocational Training Center in Kashmore, Sindh.	Civil works, equipment, furniture & fixture for centre	Construction work, equipment partially acquired, vehicle purchased.	95
Technical Training Institute for Construction Trades, Mandra (Punjab).	Train 6,000 trainees.	Training was imparted to 6,620 trainees.	110
Trade Testing & Certification of Training Trainees & Skilled workers.	Training, trade testing & certification of 4,000 trainees in 10 construction related trades in 3 months courses.	3,362 skilled workers from formal and informal sector trade tested and certified.	95
Green Man Certificate Coures on Gardening.	Train 100 gardeners in 6 months.	88 gardeners completed their training while 400 trainees were enrolled.	80
Construction of Hostel Building for 100 persons in NTB Complex.	Construction of hostel building	Foundation work upto plinth level has been completed.	50
President Programme for Care of Highly Qualified Overseas Pakistanis.	Register highly qualified expatriate Pakistanis and completed their assignments during visit in Pakistan..	Two highly qualified expatriate Pakistanis have completed their assignments and 5,496 highly qualified Pakistanis were registered.	30

Annex-8.2

Physical Targets 2010-11

Name of Project	Target
Visit of Expatriate Pakistani Consultants for Short Duration Assignment in Pakistan.	Transfer of know how of latest technology through invitation of 10-12 expatriate Pakistani consultants.
Labour Market Information System & Analysis (LMIS).	4 district surveys at Faisalabad, Sialkot, Karachi, Hyderabad and up gradation of LMIA website. Assessment of the source on labour/skill demand for training purpose.
Training of Trainers for skill development.	To achieve set forth target of training of 770 trainers and continue the training process.
Establishment of Vocational Training Center School in Kashmore, Sindh.	To complete the Civil works, procurement of equipment for 7 trades.
Technical Training Institute for Construction Trades, Mandra (Punjab).	To train 1600 trainees on double shift basis in various trades.
Trade Testing & Certification of Training Trainees & Skilled workers.	Trade testing of 2400 skilled workers in formal & informal sector.
Green Man Certificate Courses on Gardening.	Training of 1800 gardeners.
Construction of Hostel Building for 100 persons in NTB Complex.	To continue the civil works.
President's programme for care of highly qualified overseas Pakistanis.	30 visits of expatriate professionals in various institutions of Pakistan.

Annex-8.3

Financial Allocation and Utilization of Labour and Manpower Division

(2009-10 and 2010-11)

(Rs million)

Name of Project	Estimated Cost	Revised Allocation 2009-10	Utilization 2009-10	Allocation 2010-11
Visit of Expatriate Pakistani Consultants for Short Duration Assignment in Pakistan.	39.3	2.0	1.9	0.0
Labour Market Information System & Analysis (LMIS).	64.7	4.6	3.2	5.6
Training of Trainers for skill development.	62.7	5.7	4.2	6.6
Establishment of Vocational Training Center School in Kashmore, Sindh.	36.0	0.0	0.0	8.2
Technical Training Institute for Construction Trades, Mandra (Punjab).	70.0	6.6	6.6	3.3
Trade Testing & Certification of Training Trainees & Skilled workers.	18.1	2.3	0.6	2.5
Green Man Certificate Courses on Gardening.	15.0	3.7	2.7	2.5
Construction of Hostel Building for 100 persons in NTB Complex.	161.3	48.0	48.0	12.5
President's programme for care of highly qualified overseas Pakistanis..	346.1	7.0	6.9	24.7
Total	**813.3**	**80.0**	**74.1**	**65.8**

Chapter 9

Population and Development

Introduction

Pakistan, with an estimated population of 173.5[1] million in 1st July 2010, is growing at a rate of 2.05 % per annum. An annual addition of 3.5 million persons is a major challenge to address the issues of poverty reduction and economic development. Such an annual addition to the overall size of population, in the backdrop of low socio-economic indicators, not only dilutes the results of the development efforts but also creates unbearable level of demand on limited resources to meet the requirements of additional population. It is estimated that, population of Pakistan will reach to 210.13 million by 2020. Based on present growth patterns and trends, the economy will not be able to sustain the growing population, and hardly any improvement in the quality of life seems possible even under the most favorable assumptions. This trend is, therefore, a matter of deep concern and needs to be reversed; and must be a central issue in the overall planning perspective as well as poverty reduction strategy.

Increase of population in the urban areas by 3.6% per annum is contributing to the growth of slums, shanty towns, traffic congestion, and shortage of basic infrastructure and social services. This problem is becoming un-manageable and it is very difficult to expand urban services and facilities adequately to cope with the growing pressure of the increasing population. Beside other effects, it is creating law and order situation. The other population-related problem is the degradation of environment, which is not only affecting urban center but also the rural areas. Forests are being depleted. Availability of agricultural land per person is as low as about 0.2 hectare and even that is under stress due to erosion, water logging and salinity. The situation is further aggravated by fragmentation of land caused by increasing population.

Population concerns are central in the search for a nation's stability, be it in the context of economic growth, poverty alleviation, employment generation, social harmony or individual quality of life (QoL). Conversely, sustainable development contributes towards containing the consequences of unavoidable population growth and facilitates demographic transition. Nevertheless, widespread poverty remains a major challenge to development efforts. Poverty is often accompanied by unemployment, malnutrition, illiteracy, low status of women, exposure to environmental risks and limited access to social and health services including family planning and reproductive health services. All these factors reinforce the vicious cycle of high levels of fertility, morbidity and mortality, and lead to low economic productivity and hence contribute to growth of poverty. Efforts to slow down population growth, reduce poverty, achieve economic progress, and protect environmental degradation are, therefore, mutually reinforcing. Slowing population growth will contribute to reduce poverty and vice versa.

Unfortunately, Pakistan is among the countries, where population growth is a big issue. In order to achieve a desirable level of total fertility rate there is still a lot to be done. The stabilization level can not be achieved without making drastic changes from

[1] All of the estimates are based on the recent projections carried out by the Sub-Group II on Population Projections for the 10th Five Year Peoples Plan (2010-15). The Sub-group consisted of the representatives of the National Institute of Population Studies (NIPS), Federal Bureau of Statistics (FBS) and Planning Commission.

policy to project execution level. The recent projections carried out by NIPS report a Total Fertility Rate (TFR)[2] of 3.6 per woman (2009-10). With a contraceptive prevalence rate of 30 percent in 2009-10, the result depicts a gloomy picture of performance of demographic dynamics. It also signifies that without involving the health service delivery outlets, the demographic targets may not be achieved. Therefore, health outlets have to involve themselves to come forward to offer family planning services and involve Lady Health Workers (LHWs). Secondly, the private sector especially the NGOs have to play a pivotal role. There is no significant progress in involvement of private sector, as envisaged in the Medium Terms Development Framework (MTDF) 2005-10.

Review of 2009-10

Review of Demographic Indicators 2009-10

Some of the selected demographic indicators for the period 2009-10 are reflected in the Table 9.1:

Table 9.1 Selected Demographic Indicators

	2009-10 (1st July)	**2010-11 (1st July)**
Total Population (million)	169.9	173.5
Urban Population (million)	60.9	63.0
Rural Population (million)	109.0	110.1
Total Fertility Rate (TFR)	3.7	3.6
Crude Birth Rate (per thousand)	28.4	28.0
Crude Death Rate (per thousand)	7.6	7.4
Population Growth Rate (percent)	2.1	2.0
Life Expectancy (years)	64.1	64.5
Contraceptive Prevalence Rate (percent)	30%	-
Unmet Need	25%	-

Source: National Institute of Population Studies (NIPS)

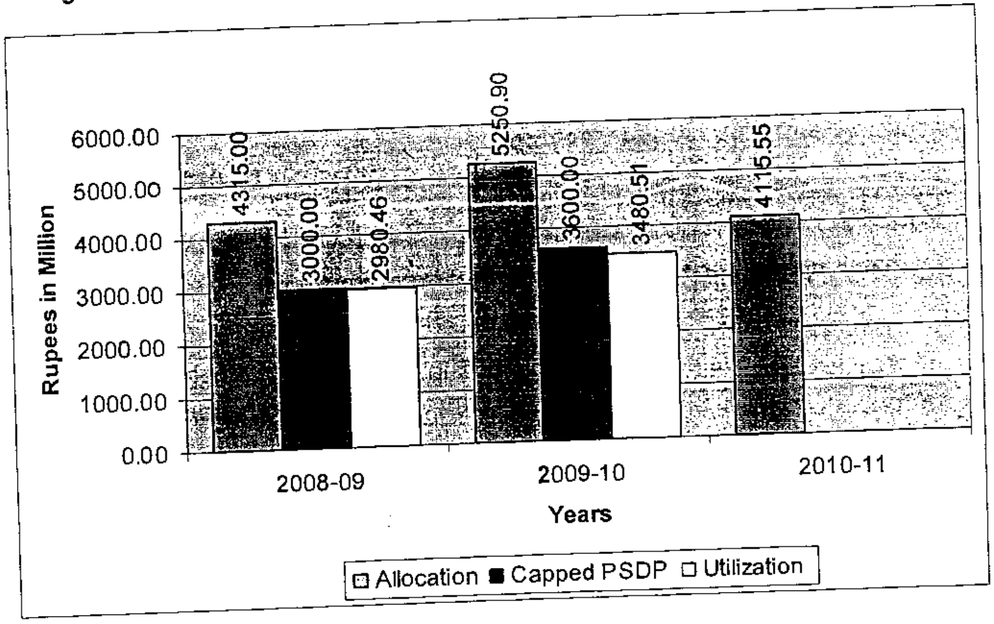
Review of Financial Performance

The following chart depicts that during the financial year under review, 2009-10 an amount of Rs 5250.9 million (including Rs 225 million as a foreign exchange) was allocated to 29 projects and programmes of the population sector, which was Rs 935.9 million (21.6%) more than previous period allocation of Rs 4315.00 million. However, the programme was capped at Rs 3600.00 million, and both the Federal and Provincial

[2] The average number of children that would be born alive to a hypothetical cohort of women if, throughout their reproductive years, the age - specific fertility rates for the specified year remained unchanged. (UN Definition)

Population Welfare Programmes are likely to utilize an estimated amount of Rs 3,480.5 million (96.6% of the capped PSDP) by the end of June, 2010. (Figure 9.1)

Figure 9.1 Financing Population Welfare Programme (2008-09, 2009-10 & 2010-11)



Physical Achievements

During 2009-10, the Population Welfare Programme established 3327 service delivery outlets, which include (a) 2853 Family Welfare Centres (FWCs) (b) 182 Reproductive Health Service – A (RHS-A) centres; and (c) 292 Mobile Service Units (MSUs), and 5133 Social Mobilizers (male). The target of MSUs set for the said period has been fully achieved.

Annual Plan 2010-11

PSDP Allocation, 2010-11

The Population Welfare Programme for the fiscal year 2010-11 is in line with sectoral targets and objectives set in proposed 10th Five Year Peoples Plan and Millennium Development Goals (MDGs). An amount of Rs 4115.546 million has been earmarked in the PSDP 2010-11 to the Federal and Provincial Population Welfare Programmes. There is an increase of Rs 515.546 million (14%) over the capped PSDP of Rs 3,600 million in the financial year (2009-10). As compared to the estimated expenditure of Rs 3480.5 million in 2009-10, the allocation of Rs 4115.546 million in 2010-11 has increased by 18.24 percent.

Physical Targets 2010-11

The population welfare programme envisages to establish service delivery outlets during 2010-11 cumulative figures for the period 2009-10 and 2010-11 are presented in table 9.2.

Table 9.2 Physical and Contraceptive Users Targets

(Cumulative Number)

Name of Service Outlet / Unit	2009-10 (Target)	2009-10 (Achievement)	2010-11 (Target)
Public Sector			
Family Welfare Centres (FWCs)	3248	2853	3248
Reproductive Health-A Centres	260	182	260
Mobile Service Units (MSUs)	292	292	293
Contraceptive users (million)	8.893	-	8.595
Private Sector			
RHS-B Centres	149	129	149
Registered Medical Practitioners (RMPs)	13190	12140	24347
Hakeems and Homeopaths	13701	13701	13776

Source: Ministry of Population Welfare

Policy Initiatives

To cope with the evolving demographic challenges, the draft National Population Policy-2010 seeks to:

- Pursue Population Stabilization goal through early completion of fertility transition.
- Facilitate realization of demographic dividend by linking fertility transition process with skills promotion and employment generation policies.
- Attain a balance between resources and size of population, within the broad parameters of the International Conference on Population & Development (ICPD) paradigm.
- Increase awareness of the adverse consequences of rapid population growth at all levels.
- Promote small family norms

Apart from the above the following policy initiatives are also worth mentioning:

- In the light of decisions of the ECNEC, ministry of Population Welfare will revise its five year program 2010-15 for its Federal and provincial activities including FATA, AJK and Gilgit-Baltistan.

- The Population Policy (2002) has been reviewed. The draft of Pakistan Population Policy, 2010 has been framed and shall be submitted to Cabinet Division for approval shortly.

- Operational strategies of Population Program are also being reframed. The Planning Commission Working Group with its seven area-specific subgroups was constituted to review the Population Welfare Programme. The working group comprising of Parliamentarians, NGOs/Civil Society Partners, representatives from relevant Public Sector Organizations and sectoral experts/professionals have given their recommendation on Population Welfare Programme for its further course of action.

- The present Government has also given immense priority to the Population Welfare Program. The Prime Minister in his first meeting of the cabinet directed the Ministry of Population Welfare (MOPW) for preparing a plan to address the serious issue of higher population growth rate.

- A Memorandum of Understanding (MoU) has also been signed by both the Ministries of Health and Population Welfare, for effective coordination between them in identified areas.

Key Strategy

In order to achieve an earlier replacement level and millennium development goals, the following key objectives have been spelled out in the Population policy 2010:

- encouraging birth spacing (of more than 36 months),

- reducing incidence of first birth (in ages less than 18), and reducing proportion of mothers giving late birth (ages beyond 34)Strategy

For achieving these long-term objectives, the following priority areas will be focused:

- Strong political commitment at all levels;

- Implement a comprehensive Reproductive Health (RH) package, and improve coordination of the RH program among the government; multinational, agencies, Public Private Sector Organizations (PPSOs) and civil society organizations including Non-Governmental Organizations (NGOs)/ Community Based Organizations (CBOs).

- Integration between health and population sectors and improving availability of RH services at First Level Care Facilities (FLCF);

- Involve women organizations and other groups working for women's needs in the planning, implementation, and monitoring of RH services and programs;

- A well directed communication and media policy to disseminate delay in 1st birth, birth spacing, emergency contraception and Inter-personal communication (IPC);

- Promote men's participation in RH programs, through sensitization and creating awareness among them for responsible reproductive behaviour in relation to women's health and overall improvement of quality of life and family welfare; Create awareness and a better understanding of the social, cultural and behavioral aspects of Family Planning (FP)/ Reproductive Health (RH) service provision, through improved quality of care.

- Assure the high level of quality of care in providing information and services; Promote an approach that provides a constellation of linked or integrated services to meet the needs of clients;

- Make available a wide range of safe and effective modern methods of family planning, emergency contraceptives, and advice for traditional methods.

Chapter 10

Poverty Reduction

Poverty after decline during 2000-01 to 2004-05 from 34.5% to 23.9% seems to have increased in the recent years due to slow economic growth, high rate of inflation, scarcity of power and the war on terror resulting in diversion of public expenditure from development to security.

Review of social indicators

The social indicators, unlike incidence of poverty, have however, shown improvement. The overall literacy rate of the population with age of 10 years and above has increased from 58% in 2008-09 to 60% in 2009-10. Gross enrolment rate at primary level has increased from 93% in 2008-09 to 95% in 2009-10. The health indicators also show improvement as the infant mortality rate decreased from 75 per 1000 in 2008-09 to 65 per 1000 in 2009-10. The child mortality rate decreased from 77 per 1000 in 2008-09 to 70 in 2009-10. Maternal mortality rate has also decreased from 300 per 100,000 in 2008-09 to 276 in 2009-10. The access to clean water and sanitation also show improvement. Annex 10.1 shows review of social indicators in 2008-09, 2009-2010 and targets for 2010-11.

Poverty Reduction Strategy

The poverty reduction strategy takes into account the economic, social, and governance dimensions. It aims that the benefits of development must accrue proportionately to all citizens, including the poor, unemployed, marginalized and disadvantaged. Its emphasis is on reduction of poverty and provision of relief to the poor segment of the society against rising inflation, unemployment, ill health, illiteracy, poor housing and sanitation and lack of drinking water and sanitation facilities. The major policy thrusts include:

- Provision of **productive assets** to the poor.
- Enhancement of **capacity of the people** through human development and gender mainstreaming programmes.
- Provision of **safety net** to protect the extreme poor and vulnerable.
- Provision of adequate resources for **financing** the poverty reduction programmes.
- Reforming and **strengthening institutions** for better **delivery of public services**.

Provision of Productive Assets

Distribution of State Land: Due to highly skewed land distribution, 5 per cent of agricultural households own 64 percent of farmland. Women's share of ownership is less than 2 per cent. Increasing landlessness has led to an increase in unemployment and migration to cities. To address rural poverty, state **land will be provided to the**

landless, especially women of the poor households. Provision of funds for the needy to buy land and institutional changes in the land market are also envisaged.

Livestock & Dairy Development: Livestock is raised by more than 8.5 million small and landless families in the rural areas. The share of livestock is more than 11% in GDP and more than 50 % in agriculture. The future high growth in agriculture and reduction in rural poverty are expected to be led by the livestock sector.

Small and landless dairy farmers and livestock holders will be encouraged to form community organizations to avail better marketing opportunities, adopt improved technologies, produce quality animals with better genetic potential for milk production. Government will provide assistance through capacity building/training, community farm development, provision of milk cooling tanks, establishing milk processing units, recycling of waste by installing renewable energy units, etc. Technical support will be provided for establishing and operation of livestock farms including shed design, feed formulation advice and critical preventive veterinary cover. Financial support will also be provided for fattening of calf, sheep and goats to increase the production of meat on sustainable and cost effective basis through increasing per unit animal meat production.

Small and Medium Enterprises (SMEs): SMEs are important for poverty alleviation, human resource development and employment generation. SMEs contribute over 30% to GDP, 35% to manufacturing value addition and employ around 78% of non-agriculture labour force. However, unlike large enterprises in the formal sector, SMEs are constrained by financial and technical resources. This inherent characteristic of an SME makes it imperative that there should be a mechanism through which it may get support in different functions of business including technical up-gradation, marketing, financial and human resource training & development.

Efforts will be made to promote Common Facilities Centres (CFCs) and provide Business Development Services to SMEs. SMEDA along with other institutions will support this effort. Capacity of the SMEs will also be enhanced in getting international certifications (such as UL, CE, DIN, JIS, ASME, 'KS, etc.) for their products and processes and identification of service opportunities on the basis of supply/demand gap.

Micro Finance: Micro-credit has proved to be a powerful instrument to help the poor to increase income, build viable businesses, and reduce their vulnerability to external shocks. Over time, microfinance has come to include a broader range of services like credit, savings, and insurance. Micro finance network comprises a host of institutions such as Pakistan Poverty Alleviation Fund, Rural Support Programmes, Khushhali Bank, First Women Bank, First Microfinance Bank, SME Bank, Kashf Foundation, etc. Table 10.1 below shows disbursements and number of beneficiaries of microfinance during 2008-09, 2009-10 and targets for 2010-11.

Table 10.1 Microfinance

Year	Disbursements (Rs Billion)	No. of Beneficiaries (000)
2008-09 (Actual)	28.7	1,913
2009-10 (Estimates)	31.0	1,996
20010-11(Targets)	36.0	2,250

Source: Pakistan Microfinance Network

The State Bank of Pakistan (SBP) has been encouraging banks/Development Financial Institutions (DFIs) to provide funding to viable Microfinance Banks (MFBs)/NGOs/Microfinance Institutions (MFIs), to enable them to achieve the outreach targets. In order to incentivize the channeling of funds to the Microfinance Sector, SBP has designed a Microfinance Credit Guarantee Facility (MCGF) to facilitate banks/DFIs for easing credit constraints. Under the facility, the SBP will provide guarantee cover of up to 40% of the principal amount in default in case of Partial Guarantee or up to 25% of disbursed amount in case of First Loss Default Guarantee on the credit facility extended by the lending institution to an eligible borrowing institution.

The existing micro-credit institutions will be strengthened to support development of products and service innovations and enhance women's access to credit. Microfinance services will be expanded both vertically and horizontally to strengthen the legal framework of financial services.

Human Resource Development

Demographic Transition and Dividend: A demographic transition is currently underway in Pakistan. The proportion of population in the working age between 15 to 59 years has increased from 54 percent in 1985 to 57 percent in 2005. It could go up to 70 percent by 2030. This provides a unique opportunity to transform this demographic transition into demographic dividend by putting the people at the centre of national development strategy. The close relationship among skills development, employment opportunities and restructuring of the labour force with emphasis on promoting female labour force will help reduce poverty. Reaping the benefits of the demographic dividend depends on many factors including education, health, skill development, employment and sound socio-economic policies. There is a need to address the future employment and training requirements of the emerging youth bulge.

Education

In recent years though the net enrollment rate at primary level has increased, but it is still significantly below the standards of other South Asian countries. The gender gap of literacy rate also continues to remain high. Achieving 62 percent literacy rate in 2010-11 against 60 percent in 2009-10 would mean not only achieving higher coverage of school age children but also accelerating adult literacy programmes.

A new National Education Policy has recently been formulated for guiding education sector development in the country. Attaining gender and regional parity in terms of opportunities for education and employment is a major challenge due to large regional variations and low female enrolment and retention that needs to be addressed. Details on education planning are presented in the chapter on Education.

Health

Health problems needing attention are identified as inadequate health coverage, affordability, inadequate sanitation, unsafe water and high burden of communicable diseases. The thrust of the health strategy is to pursue the ideal of "health for all". Sickness not only increases expenditure of the poor on treatment but also reduces their income due to unemployment during the period of illness resulting in poverty enhancement. Provision of better health facilities to the poor is important for poverty reduction. Details on health policy and initiatives are given in the chapter on Health.

Water and Sanitation

A large number of problems exist in the availability of water and sanitation facilities due to population growth, contamination of water bodies, extensive system losses and poor sanitary conditions. Increased public expenditure on water supply and sanitation through People's Works Programme and other initiatives would considerably improve potable water and sanitation facilities to improve quality of life of the people. Details on water supply & sanitation are available in the chapter on Physical Planning and Housing.

Gender Mainstreaming

Women face difficulties in acquiring skills and employment in the market. Majority of women are informally employed as home based workers in agriculture, livestock, forestry and fishing. There is a need of greater access to assets and resources for women through joint deeds in the name of male and female heads of household. Similarly women ownership of officially distributed land to the landless will also be ensured. The Benazir Income Support Programme (BISP) targeting only female headed families will further be improved to coverage, targeting and its sustainability. Details on Gender Mainstreaming is available in the chapter on Women Development.

Skills Development

The National Skills Strategy (2008-12) will be continued to build upon existing strengths and opportunities, and to reflect both international best practices and indigenous knowledge. It attempts to provide relevant need based skills for industrial and economic development and improve access, equity and employability. The chapter on "Employment" provides details of policies and programmes to faster skills development in the country.

Social Protection Strategy

Social Protection includes straight and conditional transfers and social insurance for the poor to manage risk and vulnerability.

Benazir Income Support Programme (BISP)

To overcome the severity of poverty, the Benazir Income Support Programme (BISP) was launched in 2008-09 to protect the poor. The programme envisages cash grants of Rs 1,000 every month to the females of each qualifying household having a monthly income of less than Rs 6,000 through banks/post offices. Allocation for the year 2009-10 is Rs 70 billion to cover five million families, 15% of the entire population. Next year's expected allocation is Rs 90 billion with target coverage of 6.5 million families. BISP is being implemented in all four provinces including Federally Administered Tribal Areas (FATA), Gilgit-Baltistan, Azad Jammu and Kashmir (AJK) and Islamabad Capital Territory (ICT).

As an exit strategy, Waseela-e-Haq has been started as one of the BISP initiatives. This is a targeted scheme to provide interest free loans up to Rs 300,000 to the randomly selected beneficiary families currently receiving the cash transfers under BISP to be validated through the programme eligibility criteria. Waseela-e-Haq is purely meant to promote self-employment among women beneficiaries or their nominees to improve their livelihood. The target for 2010-11 is 18,000 females.

To make best use of healthcare services the Government of Pakistan also proposes a "Benazir Health Card" that will target 2.5 million underserved group of Pakistani population. Vocational Training Product has also been planned for BISP beneficiaries or their nominee to enable them to earn sustainable income. Government Vocational Organizations and Institutions will provide market demand skills.

Pakistan Bait-Ul-Mal

Pakistan Bait-Ul-Mal provides financial assistance to the destitute, widows, orphans and invalids, educational assistance to the outstanding non-affording students for higher professional education, free medical treatment for indigent sick people, and financial aid to charitable institutions including educational and vocational setups. A budgetary allocation of Rs 7.03 billion was made for Pakistan Bait-Ul-Mal for 2009-10. Allocations for the next fiscal year is expected to be Rs 3.5 billion, which is lower than the current year's allocation due to exclusion of Food Support Programme from Pakistan Bait-ul-Mal's activities, being looked after by the Benazir Income Support Programme.

Other safety nets

Other safety nets include, Zakat disbursements, Employees Old-age Benefit Institution (EOBI), Employees Social Security Institutions, etc. Zakat disbursements during July-March, 2009-10 amounted to more than Rs 3 billion to around 523 thousand beneficiaries. The EOBI is paying pension to around 352 thousand persons including old aged workers, survivors of the expired workers and invalid workers. The Punjab and Sindh Employees Security Institutions have estimated disbursement of more than Rs 4 billion to more than 4 million workers during 2009-10 on account of medical care, cash benefits and advances. The amount and the number of beneficiaries will be increased during the next fiscal year.

Financing Poverty Reduction

According to the Fiscal Responsibility and Debt Limitation Act (FRDLA), 2005 social and poverty related expenditures are not to be reduced below 4.5 percent of GDP in any given year. Pro-poor expenditures include both current and development expenditure and cover 17 related heads under market access & community services, human development, rural development, safety nets, and governance. The pro-poor expenditures during 2009-10 are estimated at Rs 860 billion which will be increased to Rs 1049 billion in 2010-11.

Promoting Good Governance and Strengthening Institutions

For reducing poverty and enhancing coverage of social protection besides provision of physical assets and development of human resources, economic governance also needs to be improved. The promotion of good governance requires strengthening institutions, administrative and service reforms and improving monitoring and evaluation system. Accordingly, the emphasis will be on the following:

- Explore the most effective ways of delivering public services that reduce poverty.
- Consider participatory approaches in the design and implementation of policies, programmes and projects, with capacity building of agencies involved.

- Address problematic areas of public sector management and resolve systemic problems undermining the efficiency of legal, judicial and law enforcement institutions.
- Reduce corruption by introducing transparent, open and accountable financial and administrative mechanism in all fields.

Conclusion

Poverty reduction is the highest priority of the Government. The stabilization efforts of the Government, both fiscal and monetary, are expected to bring down the inflation, which is one of the major factors affecting the poor. Poverty is expected to decrease with increased budgetary allocations for social sectors to develop human resource, generate income and employment opportunities and provide social protection. Better governance to improve public service delivery and improvement in the overall economic growth will also help in reducing poverty.

Annex- 10.1

Achievements and Targets in Education, Health and Water Supply & Sanitation

Indicator	2008-09	2009-10	2010-11 Targets
Education			
Gross Enrolment Ratio at Primary Level (Age 5–9) (%)			
Boys	99	101	103
Girls	85	88	90
Total	93	95	97
Net Enrolment Ratio at Primary Level (Age 5–9) (%)			
Boys	74	78	82
Girls	65	69	72
Total	70	74	78
Literacy rate (Age 10+) (%)			
Male	71	73	75
Female	45	46	48
Total	58	60	62
Health			
Infant Mortality Rate per 1000	75	65	60
Child Mortality Rate per 1000 live births	77	70	52
Maternal Mortality Rate per 100,000	300	276	200
Water Supply & Sanitation			
Access to clean water (%)			
Urban	87	88	90
Rural	58	60	62
Access to sanitation (%)			
Urban	66	67	69
Rural	33	35	37

Source: Planning Commission

Chapter 11

Health and Nutrition

11.1 Health

The Annual Plan focuses on health targets given in Millennium Development Goals (MDGs), Medium Term Development Framework and National Health Policy (NHP) to achieve not only sectoral targets but to fulfill our national and international commitments of MDGs . The Plan will address the new initiatives including vaccine production, social health protection as part of social safety nets, Accreditation/standardization of all health facilities, medical ethics & patient safety, school health services and urban primary health care. The plan aims at attainment of the following:

- Save additional 700,000 lives of children;
- Save additional 24,000 lives of mothers;
- Eradicate polio;
- Eliminate measles and tetanus;
- Prevent additional 5 million children from becoming malnourished;
- Provide skilled birth attendance to more than 4.3 million pregnant women;
- Ensure provision of family planning services to additional 5 million couples.
- Avert 13 million TB cases;
- Immunize more than 22 million children against Hepatitis B and other vaccine preventable diseases; and
- Reach 40 million of the poorest people of Pakistan to ensure provision of essential package of service delivery.

Review of Annual Plan 2009-10

An amount of Rs 23.0 billion was provided in Federal PSDP 2009-10 for the health sector. As a result of rationalization, PSDP for the year 2009-10 allocation was reduced to Rs 18.5 billion. Rs 6.5 billion has been utilized against the releases of Rs 7.2 billion, during July Dec.2010. The balance amount will be fully utilized by June, 2010.

To improve health status of the people and to reduce burden of disease the following programs and projects are under implementation;

National Programme for Family Planning and Primary Health Care: The program has recruited more than 103,000 Lady Health Workers (LHWs) to date. More than 60 percent of total population and 76 percent of target population stands covered by LHWs. Out of 30 million children, about 16 million are immunized by LHWs during National Immunization Days (NIDs). Similarly in high risk districts out of 5 million target women, 4.5 million are vaccinated by LHWs. Their role in improving mother and child health is by now well recognized.

Malaria Control Program: Malaria is the 2nd most prevalent and devastating disease in the country and has been a major cause of morbidity in Pakistan. More than 90% of disease burden in the country is shared by 56 highly endemic districts, mostly located in Balochistan (17 out of 29 districts), FATA (7 agencies), Sindh (12 districts) and Khyber Pakhtunkhwa (12 districts). More than 40% of the reported cases from these districts are due to fulciparum malaria which is more dangerous form of malaria. Federally Administrated Tribal Areas (FATA) is the second highest malaria affected belt of the country which accounts for 12-15% of the total case load of the country. National strategy for Malaria Control is based on the following 6 key RBM elements.

- Early diagnosis and prompt treatment.
- Multiple prevention.
- Improved detection and response to epidemics.
- Developing viable partnerships with national and international partners.
- Focused operational research and
- National commitment.

TB Program: Pakistan is 6th amongst 22 high disease burden countries. National TB Control Program (NTP) has achieved 100 percent Directly Observed Treatment System(DOTS) coverage in public sector and in the last five years NTP and partners have provided care to more than half a million TB patients in Pakistan. Although the global target of 70 percent case detection has not been achieved. There are areas where NTP has to improve each as suspect management, contact management, quality bacteriology services, engaging all care providers through public private partnership and inter-sectoral collaboration, monitoring and supervision, research for evidence based planning and advocacy communication and social mobilization (ACSM).

HIV/AIDS Control Program: The government is implementing HIV/AIDS Control Program since 2003 at a cost of Rs.2.9 billion for five years. The major focus is on behavior change communication (BCC), services to high-risk population groups, treatment of sexually transmitted infections (STIs), supply of safe blood and capacity building of various stakeholders. Till date 4500 HIV positive cases have been reported to the National and Provincial AIDS Control Programs .It includes 2000 full blown AIDS cases. Around 1080 are receiving free treatment through 12 AIDS Treatment Centers.

National Maternal & Child Health Program: National Maternal & Child Health Program has been launched by the government in order to improve Maternal and Neonatal Health services for all particularly the poor and the disadvantaged at all levels of health care delivery system. It aims to provide improved access to high quality Mother and Child Health and Family Planning services, train 10000 community Health and Nutrition Women Workers, comprehensive Emergency Obstetric and Neonatal Care (EMONC) services in 275 hospitals/health facilities, provide basic EmONC services in 550 health facilities, and family planning services in all health outlets.

The Expanded Program on Immunization: The National EPI Program provides immunization against the 7 killer disease i.e. childhood tuberculosis, poliomyelitis, diphtheria, pertussis, neonatal tetanus, measles and hepatitis B New vaccines would also be considered for introduction in due course.

During the year 2009-10, 7 million children of 0-11 months and 6.5 million pregnant ladies were immunized against 7 deadly diseases and tetanus oxide respectively. 19 million packets of ORS were distributed. Under the preventive program, about 8.5 million children will be immunized and 25 million packets of Oral Rehydration Salt (ORS) will distributed during 2010-11. Routine coverage is regarded as the basis of child protection.

Prime Minister's Program for Prevention and Control of Hepatitis in Pakistan (2005-10): The program was launched in 2005; by the Prime Minister to meet the challenge posed by the high prevalence of viral hepatitis in the country. The program aims at 50 percent reduction in new cases of hepatitis B and C by 2010 through advocacy and behavior change communication, hepatitis B vaccination of high risk groups, establishment of screening, diagnosis and treatment facilities in 150 teaching and DHQ hospitals, Safe Blood Transfusion and prevention of hepatitis A and E.

Cancer Treatment Program: Pakistan Atomic Energy Commission's (PAEC) 13 Cancer Hospitals in four provinces are already providing diagnosis and treatment facilities to cancer patients, 9 new cancer hospitals are in the process of construction. Breast care clinics have been established at all the nuclear medical centers.

Annual Plan 2010-11

An amount of Rs 18.8 billion has been proposed in Federal PSDP 2010-11 for different preventative and curative programs in health sector. Physical Targets and achievements for 2009-10, and Targets 2010-11 and allocation of funds to prioritized health programmes 2009-11 are given at annexures 11.1.1 and 11.1.2.

Annexure-11.1.1

Physical Targets and Achievements 2009-10 and Targets for 2010-11

Sub Sector	Target 2009-10	Estimated Achievements (Numbers)	Achievement (%)	Targets 2010-11
A. Rural Health Programme				
New BHUs	50	35	87	40
New RHCs	10	7	70	15
Strengthening/Improvement of BHUs	50	45	90	40
Strengthening/Improvement of RHCs.	20	15	75	45
B Hospital Beds	5000	4000	80	4500
C Health Manpower				
Doctor	5000	4500	90	5000
Dentists	500	350	70	450
Nurses	4000	3200	80	3500
Paramedics	5000	4500	90	5500
TBAs	550	450	82	500
Training of LHWs	110,000	100,000	90	120,000
D Preventive Programme				
Immunzation (Million NOs)	7.5	7	9	8.5
Oral Rehydration Salt (ORS) (Million Packet)	22	19	86	25

Annexure-11.1.2

Allocation of Funds to Prioritized Health Programme 2009-11

Rs Million

Major Programs	Cost	2009-10	2010-11
		Total	Total
National Program for Family Planning and Primary Health Care	21533	6800	5761.8
Expanded Programme of Immunization	11476	6000	2716 (400.6)*
Enhanced HIV/AIDS Control NIH Islamabad	2858	300 (281)*	246.9 (123.5)*
National T.B. Control Program	1067	230.00	123.5
Roll Back Malaria Control Program	273	100.00	123.5
National Program for Prevention and control of Blindness, NIH, Islamabad.	2775.958	300.00	246.9
Improvement of Nutrition through PHC Islamabad	302	50.00	10.7
Prime Minister's Program for Prevention & Control of Hepatitis, NIH, Islamabad	2593.80	451.00	600
National Maternal Neonatal and Child Health Program, Islamabad.	19994	2900 (1300)*	2280.9 (1234.7)*
National Program for Prevention and Control of Avion Pandemic influenza, NIH, Islamabad.	330.683	45	37
Total		**17176** **(1581)***	**12147.4** **(1758.7)***

* Foreign Aid

Source: 2009-10 and 2010-11 PSDP

11.2 Nutrition & Consumption

Nutrition is an input which provides the foundation for development and healthiness through a balanced diet. Balanced diet gives good nourishment and stronger immune system against illnesses otherwise resulted in malnutrition. The malnutrition persists in developing countries as well as in Pakistan especially among young children and women in the childbearing age group. Specific interventions for food security, along with nutritional awareness and safety nets need to be taken for the nutritional improvement of the population.

Sectoral Policy: The overall Peoples Plan 2010-15 envisages nutritional improvement through multi-disciplinary Nutrition interventions in allied sectors for maintenance of good health leading to an active and vibrant socio economic life of the people.

Plan and Strategy: Food and nutritional security would be achieved through food self-sufficiency upto household level, and appropriate nutritional interventions to address malnutrition in line with the MDGs targets. The infrastructure of exiting institutions like Health Departments (Lady Health Workers Program), Pakistan Bait-ul Mal (PBM) and Benazir Income Support Program (BISP) at grass roots level will be used to promote nutritional interventions and social safety net programs.

Review 2009-10

Financial: Rs 251.84 million (Rs 1.84 million for ongoing and 250 million for new programs) were allocated for the year 2009-10 out of which Rs 1 million has been released for on going program, establishment of Reference Laboratory for strengthening of Food Quality Control System and is expected to be utilized. While new unapproved programs are School Nutrition program for Government Rural Primary schools and Improvement of Nutrition through Primary Health Care, National Nutrition Program. The expenditure remains low due to two new projects which were not implemented as they were unapproved.

Physical Achievements

Food Availability: Availability of major food items had been maintained during the year 2009-10 to meet the overall national nutritional requirement across all regions. However, the shortfall of sugar was covered by taking necessary measures to meet the requirements. The average caloric availability remained around 2,424 and protein at 73 grams per capita/day against the average requirement of 2,350 calories per capita per day. The food availability overtime remained well above consumption and recommended intake as given by calories. The availability of essential food items over the period is briefly given in the following Table 11.2.1.

Table 11.2.1 Food Availability per Capita per annum

Year	Cereals (Kg)	Pulses (Kg)	Sugar (Kg)	Milk (ltrs)	Meat (Kg)	Eggs (Nos.)	Edible Ghee/ Oil	Calories Per day (No.)	Proteins Per day (gms)
2008-09	166.1	6.1	25.6	95.1	20.8	67	13.4	2456	72.9
2009-10 Estimates	162.3	6.9	26.3	97.6	21.7	69	13.3	2424	73.2
2010-11 Targets	162.2	6.4	26.2	97.6	21.9	72	13.4	2450	73.5

Food Consumption: The consumption of major food items pattern showed a declining trend over the time in spite of the availability of essential food items. There is considerable variability in actual consumption of food across provinces and across rural and urban areas. The PSLM per capita monthly consumption provide 1,625 calories and 45 gram of protein in 2007-08 while as compared to PSLM 2005-06 the calories are 1,675 and protein 47 grams per day. The average caloric availability based on food supply is 3 percent higher recommended intake while 27% lower in consumption.

Programs

Primary Health Care (PHC) covering nutritional activities by micronutrient supplementation to women of child bearing age, vitamin A drops administered to children 6 to 60 months, growth monitoring, counseling on breast feeding & weaning practices and nutrition awareness through Lady Health Workers (LHWs).

The health staff is being trained on Baby Friendly Hospital Initiative (BFHI), and breastfeeding counseling by adopting Policy for Infant Young Child Feeding (IYCF).

Micronutrient Deficiency Control Program through food based approaches for major Micronutrient deficiencies i.e. Iodine, Iron and Vitamin-A & D, are being implemented by the private sector and coordinated by Ministry of Heath.

- Salt Iodization in private sector has been strengthened in more than 68 districts along with awareness material.
- Wheat Flour Fortification being expanded to 128 flour mills in the country and mass media campaign for consumer education.
- Vitamin A & D fortification in vegetable ghee/oil throughout the country which is mandatory.

School Nutrition Program: has been designed as a social safety net and incentives to improve the nutritional status of children going to Government Rural Primary School along with increased enrolment and reduced gender disparity and drop out rates. The program is still unapproved and has priority to initiate.

Food Quality Control System: Reference laboratory for food quality has been established at National Institute of Health, Islamabad.

Food Support Program: Poor household food support program of Pakistan Bait-ul-mal has been integrated into Benazir Income Support Program (BISP) for wider coverage throughout the country.

Food Security: Special Program for food security and productivity enhancement is being run by the Ministry of Food and Agriculture to meet food requirement and consumption demand of the people.

Prospects for 2010-11

The availability of major food items will be maintained at the level of 2,450 calories through better management mechanism to meet the nutritional needs of the population in terms of calories, protein and other essential nutrients.

Rs 14 millions have been proposed in PSDP 2010-11 for nutrition related activities/programmes.

Chapter 12

Agriculture Development

12.1 Agricultural Crops

The agriculture sector continues to be fundamental instrument for broad based economic growth and poverty reduction despite structural changes in Pakistan's economy over the last six decades. Although it's relative share to the national GDP has declined from about 60 percent in 1950 to 22 percent (2008-09) but still, it remains the main stay of Pakistan economy providing livelihood to about two thirds of the Pakistan, provides employment to about 42 percent of the Labour force and about 60 percent of the total export earnings. Income generated from agriculture is used to finance the development of physical, economic and social infrastructure which is pre-requisite for transformation of the economy towards industrialization. Historically, agricultural growth fluctuated widely averaging around 4 percent with downward trend during the current decade. This scenario necessitates re-evaluation of the development strategy and development agenda in the context of macro-economic frame work and growth strategy of the 10th Five Year Plan.

Around 5.2 percent growth rate for agriculture including livestock was envisaged in the MTDF (2005-10). According to latest estimates the sector achieved a growth of 2 percent per annum reflecting vulnerability to the current resource constraints water and energy as well as changing weather pattern (e.g. timing of rainfall and changes in temperature, etc). To sustain the potential contribution to the economy, it will require strategic interventions aimed at improving the agriculture productivity per unit of land and water, improving marketing policies, infrastructure and improved sector governance through policy and institutional reforms.

Review of 2009-10

PSDP Allocation

An amount of Rs 17.9 billion was allocated in Public Sector Development Programme (PSDP) 2009-10 for development projects sponsored by the Ministry of Food and Agriculture and its agencies. However, the financial crises led to substantial cut in allocations and amounted to about Rs 12.0 billion. Like previous year this year too, the releases of even the revised allocated amount did not materialize fully. Utilization below 80 percent of the total revised allocation is estimated for 2009-10. This situation has adversely impacted on the pace of developmental activities resulting in substantial delays in project implementation and cost over runs.

Physical Growth and Output

Crop sector was projected to grow by 3.8 percent during 2009-10 with 3.5 and 4.0 percent growth from major and minor crops respectively. Against the target however, a growth of around 2.0 percent is estimated showing negative growth of 0.19 percent from major and 1.17 percent from minor crops. Production of all crops except rice, maize and potato is estimated below the targets set for 2009-10. Climate change manifested in sudden temperature rise in March is reported to have impacted the wheat crop. The production targets of sugarcane were not achieved mainly due to contraction in sugar area. Cotton production which had been stagnating for the last three years showed some improvement with production of around 12.7 million bales as against 12.1 million bales, yet remained short of domestic demand by about 2.0 million bales. Performance of minor crops was relatively better. Production of sunflower showed exemplary growth of 91.5 percent against previous year. Marketing problems regarding adequate and timely supply of inputs and in disposal of crop produce continued to persist, particularly in the case of rice and wheat. Brief analysis of production of major important crops is given below.

Wheat: Production target of 25.4 million tons from an area of 9.046 million hectares was fixed and the last year's wheat support price of Rs 950 per 40 kg was maintained despite decline in international wheat price to sustain high production incentive during 2009-10. Provincial and Federal agriculture departments promoted the concept of enhancing per acre yield. Rabi season irrigation water availability was estimated at 25.9 MAF level slightly above that of last year's rabi season availability of 24.9 MAF while 29 percent less than the average rabi season system usage of 38.386 MAF. However, the drought at the time of wheat sowing, adversely affected the sowing of the crop in the rain-fed areas. It was encouraging that the use of fertilizer like DAP (Phosphate) and Urea (Nitrogen) from October to January increased by 15 percent and 27 percent respectively as compared to last year. Usages of certified seed were 190 thousand tons compared to last year 180 thousand tons showing an increment of 5.2 percent. According to the latest estimates, around 23.9 million tons wheat has been forecasted from an area of 9.046 million hectares during 2009-10. However, the latest field reports indicate lower than estimated production due to sudden temperature rise in March in Punjab and NWFP.

Cotton: Cotton production of 12.7 million bales has been reported from an area of 3.2 million hectares. During the season, bulk of cotton area was sown early May. In lower Sindh the crop was planted during earlier part of season i.e. month of March-April on account of scarcity of the routine supply of irrigation water. The crop condition in Sindh was exceptionally good due to non prevalence of pest. The crop in Punjab fell under stress due to high temperature in the month of August resulting in excessive fruit shedding and attack of sucking pests and cotton leaf curl virus (CLCV). The incidence of CLCV was found at higher level, 83.10 percent as compared to the level of last year i.e. 54.34 percent. However, it was noted that CLCV affected plants recovered in early sown crop by giving sufficient time to cotton plant to cope with the ill effects. Unauthorized cultivation of Bt Cotton on significant area caused pest infestation which negatively affected overall productivity.

Rice: During 2009-10, rice production and area decreased by 3.6 and 4 percent, respectively over the last year. The production is however 8.0 percent high when compared with the set targets. In the year 2009-10, 6.9 million tons rice with surplus of 4.2 million tons and carry forward from the previous year of 1.8 million tons has pushed down the domestic price of basmati to as low as Rs 750 / 40 kgs and Irri-6 at Rs 500 / 40 kgs. To safeguard the interest of growers, intervention price of Rs 1250/40 kg for Super Basmati and Rs 1,000 / 40 kgs for Basmati-385 and Rs 600 / 40 kgs for irri-6 were announced by the government and procurement was tried to ensure through PASSCO but with minimal success. Over two billion US$ export of rice is expected in year 2009-10.

Sugarcane: It is an important cash crop, usually grown on over a million hectares. During 2009-10, sugarcane was grown on 938.6 thousands hectares which produced 49.4 million tons cane. Sugar production of 3.6 million tons has been estimated from 2009-10 crop based on 80 percent crushing and 8.95 percent recovery. This year sugarcane growers fetched very good price for their production while consumers had to pay high price at par with international market. All efforts of Government went in vain to delink the domestic price from international price.

Maize: It is grown in autumn as well as in spring. The autumn crop contributes more than 75 percent of the total production with major share from Punjab. During spring season mostly hybrid seed is cultivated. The area sown under maize for the year 2009-10 remained at 1,039 million hectares which was 10 percent less than target, while its production was less by 7.3 percent against its target.

Pluses: These are important kitchen items including grams, mung, mash and lentil etc. In the year 2009-10 gram production was 571 thousand tons which was 22.8 percent low than previous year harvest. Gram competes with wheat; therefore significant area went under wheat cultivation which reduced its prospects. The mung was cultivated on an area of 204.55 million hectares with a production of 126.11 million tons. Similarly 13.31 million tons of mash was produced from an area of 27.16 million hectares.

Oilseed Crops: A national target of 134.41 million tons from 105.2 thousand hectares was fixed for canola cultivation during 2009-10. However, an area of only 57.4 thousand hectares has become possible under canola cultivation. Regarding sunflower a target of 1,006 thousand tons from 445.2 thousand hectare was presumed while its production has surpassed by 91.5 percent compared to previous year, however, it could not achieve its targets. The low production of both crops was due to continuous dry spell especially in Punjab and attractive support price of wheat, a competition crop.

Other Crops: A good crop of potato was harvested during 2009-10 i.e. 2,543 thousand tons which was 0.6 percent higher when compared with targets. Contrary to this the year 2009-10 was bad year for onion which fell by 23.9 percent against the target and 5.5 percent over last year production. The feedback regarding production of fruits such as mangoes and citrus was good enough due to favorable weather in the country. Proposed targets and achievements of various crops during 2009-10 and 2010-11 are provided in table 12.1.1

Table 12.1.1 Physical Achievement and Target (2009-10 and 2010-11)

(000 tons)

Item/ Crop	Actual 2008-09	Target 2009-10	Achievement 2009-10	% change over 2008-09 Actual	% change over 2009-10 Target	Target 2010-11
Wheat	24,032.9	25,436.0	23,864.4	-0.7	-6.2	25,000.0
Rice	6,952.0	6,371.5	6,882.7	-1.0	8.0	6,176.0
Maize	3,592.9	3,457.0	3,486.6	-3.0	0.9	3,590.0
Sugarcane	50,044.5	56,716.0	49,372.9	-1.3	-12.9	53,690.0
Cotton*	11.8	17.0	12.7	7.6	-29.4	14.01
Gram	740.5	1,067.0	571.3	-22.8	-46.5	750.0
Potato	2941.3	2,527.0	2,543.0	-13.5	0.6	2,972.0
Onion	1704.1	2,361.0	17,97.0	-5.5	-23.9	1,837.0
Sunflower	420.4	1,006.0	805.0	91.5	-20.0	652.0

*Million bales

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MTDF (2005-10) completed its course depicting growth rate of 4.0 percent in the agriculture sector against envisaged targets of 5.2 percent. The 10th Plan era has now started in which a growth target of 4.5 percent has been assumed for agriculture sector. However for the first year of the plan, i.e. 2010-11 growth of 3.8 percent has been estimated for agriculture sector. To achieve the target contribution of major and minor crops would be 3.7 and 3.0 percent, respectively. Keeping in view the required growth rate, production target of different commodities for the year 2010-11 has been given in Table 12.1.1

PSDP Allocation

A new strategy has been adopted for making allocations to development projects. An Indicative Budget Ceiling by the Ministry of Finance has been provided to concerned Ministries / Divisions. Under this policy, an amount of Rs 10.9 billion has been allocated to MINFA in which they had to accommodate their development portfolio including on-going and new projects. Like previous years, the prime importance has been given to irrigation sector and a huge share of Rs 6.2 billion has been earmarked to improve irrigation / water use efficiency. The remaining amount will be utilized for other developmental activities like research, seed, quarantine measures, small farmer's betterment, plant protection and agriculture support infrastructure etc. Allocation of Rs 10.9 billion excludes the development projects related to agriculture of other ministries such as Ministry of Science and Technology, HEC, Commerce and Interior Division. (Reference Table 12.1.2)

Table 12.1.2 Sub–sector Summary of Food and Agriculture Division's PSDP 2010-11

(Rs million)

Sub-Sector	No. of Projects	Estimated cost	Expenditure upto June, 2010	Allocation 2010-11
(a) Irrigation	**5**	**67,533.8**	**40,716.3**	**6,234.2**
(b) Agriculture	**53**	**48,346.2**	**8,693.2**	**4,639.5**
- Agricultural Extension	12	18,726.3	3,758.9	1,690.3
- Oilseed	4	1,024.7	480.2	152.3
- Seeds	3	3,466.1	130.2	130.0
- Agricultural Research (PARC)	24	13,744.4	1,634.2	1,703.8
- PCCC	2	462.8	260.4	93.0
- Land/Soil	2	236.7	189.3	22.2
- Agricultural Marketing	4	9,901.3	1,952.3	716.1
- Plant Protection / Quarantine	2	783.7	287.5	131.7
Total (a+b)	**58**	**115,880.0**	**49,409.5**	**10,873.7**

Planned Interventions: The set production targets could only be achieved if relevant inputs and support services become available in timely manner. Public sector planning in this regards is explained below

Fertilizer: It is the most important and expensive input. Contribution of balanced fertilizer use towards increased yield ranges from 30 to 60 per cent in different crop production regions of the country. During fiscal year 2009-10 nitrogen (N) and phosphate (P) off-take has increased by 8.7 and 42.9 per cent respectively while that of potash (K) decreased by 12.1 per cent over year 2008-09. The increase in fertilizer offtake could be attributed to good economic returns to farmers owing positive price balance towards commodities against fertilizer. However, the main reason for low off take of potash was that the prices of these types of fertilizers were high in international market, which impacted the domestic market. To promote the use of potassic fertilizers, the government allowed a subsidy of Rs. 500 per bag of 50 kg during the year 2009-10. Governmental support for 2010-11 may depend on the market situation. Government has commissioned a study on fertilizer strategy for Pakistan. Its recommendations are now available to make future planning of the fertilizer sub-sector. A target of 4174 thousand nutrient tonnes offtake is projected for the year 2010-11 to attain per unit higher productivity of crops.

Seed: Seed requirement of different crops could not be met during 2009-10. However for the next year, keeping in view the area to be sown, seed requirements for wheat, cotton, rice and maize has been estimated as 1087, 40, 40 and 30 thousand tons respectively. It will suffice 19, 47 and 60 percent requirements of respective crop. Arrangements for adaptability trial, seed testing labs and production of vegetable seed through participatory role will be made. Projects like commercialization of seed production, certification of nursery plants, transgenic cotton programme and indigenization of hybrid seed production will be taken up. Government has signed a MOU with Monsanto to introduce Bt. technology in cotton crop. Likewise a collaborative programme is underway with China to introduce better quality seeds, hybrids and GM crops.

Farm Mechanization: Accelerated farm mechanization has been given prime importance in the 10th Plan. Available farm power is now almost at par (1.03 vs 1.04) what is recommended by FAO for good agricultural productivity. However, to improve farm implements several projects are already under implementation such as CMP-II and Permanent Raised Bed project. In addition, a mega project will be launched with the help of foreign financial assistance in which farm implements will be given to farmers and service providers on subsidized rates. Likewise paddy harvesters and dryers will also be provided through another project.

Agricultural Credit: Credit requirements of the farming community have been increasing over the years mainly due to rise in the use and cost of fertilizers, pesticides and mechanization. In order to cope with the increasing demand for agricultural credit, an amount of Rs 350 billion has been targeted to be disbursed as institutional credit during 2010-11. Crop loan insurance scheme is now in place to cover any risk linked to agri loans. Agriculture credit card Scheme is under consideration which will be launched in this year with due diligence backup.

Irrigation water: It is a life line of agriculture but becoming difficult to harvest good crop without rainfall contribution. Keeping in view its importance, a huge amount is being invested to improve irrigation efficiency by decreasing conveyance losses in one way and improving use efficiency on the other side. About 55 percent developmental funds of the agriculture sector under federal PSDP have been allocated to improve irrigation infrastructure and water use efficiency, by improvement of water courses and installation of high efficiency irrigation systems such as drip and sprinkler and promoting raised bed technologies. An emphasis will also be laid down on improving water use efficiency through resource conservation technologies, rain water harvesting and demand management.

Plant Protection: Poor pest management is responsible to deny the benefits of investing precious resources and efforts of farmers. As a regular practice, Department of Plant Protection will carry out Locust survey of Balochistan, Sindh and Punjab deserts to tackle any locust situation arising in future. Biological control measures will remain instrumental to control the menace of mealy bug. Quarantine measures will be made stringent to control the inward transport of any obnoxious organisms. To improve food quality, residue monitoring will be carried out and judicious use of agro-chemical will also be promoted in 2010-11.

Agricultural Research & Extension Services: It being an important instrument to provoke new knowledge for expansion of agricultural productivity, research has been given prime importance. Several MOUs have been signed with China for collaborative research programs which will be undertaken by PARC. New research institutes such as Benazir at Benazirabad (Nawabshah), Neelibar (Vehari), Organic Agriculture (Islamabad), Cotton (Rahim Yar Khan), Mountain Research (Gilgit-Baltistan), Plant Tissue Culture Labs Network, Participatory Research and Development (Sulman Range), Salinity Research (Islamabad), Agriculture Research (Muzzafarabad) and Teaching Research (Balochistan) will be established in coming days. To popularize research technologies, technology transfer units will be established in R&D institutes.

Agricultural Marketing and Trade: There are cyclical trends in production of agricultural commodities in Pakistan. In one year there is a surplus production while in the next year it might be even not sufficient to meet the local demand. The examples of cotton, rice and sugarcane in 2009-10 can be quoted in this regard. To improve such a situation, there is a need to establish a proper marketing, and processing system linked with international markets. For improving quality concerns, NAPHIS is already working. To improve storages, projects will be implemented such as Steel Silos by PASSCO and Controlled Atmospheres for Horticultural Crops by PARC. Punjab government is also conducting a feasibility regarding storages. Recently a proposal regarding establishing "Storage and Marketing Holding Company under Public Private Partnership has been endorsed by the ECC of the Cabinet. The MINFA has been assigned to establish an integrated marketing and storage infrastructure in the country through the project after conducting a feasibility study.

On-going Programmes

National Programme for Improvement of Watercourses (Rs 66.4 billion): Project aims at increasing the agriculture production by efficient and effective utilization of irrigation water through improvement / lining of 79,657 water courses and construction of 6,346 water storage tanks on participatory basis. About 63,219 watercourses and 6,084 water storage tanks have been improved. An assessment of actual water savings with improved watercourses and impact of water saving on cropping intensity and farmer's income is going on. The proposed work in the year 2010-11 include improvement of 9,500 watercourses, construction of 150 water storage tanks, training and capacity building of farmers and agriculture staff. An amount of Rs 5.1 billion has been allocated for the proposed work.

Water Conservation and Productivity Enhancement through High Efficiency Irrigation (Rs 18.0 billion): This project aims at increasing irrigation efficiency through installation of sprinkler and drip irrigation system. Under this project 163,761 acres of demonstration sites will be brought under Micro Irrigation System and 127,488 acres of land will be brought under Sprinkler Irrigation Systems. Out of 291,249 acres 56 percent area will be brought under surface Drip / Bubbler Irrigation System (Micro Irrigation) and 44 percent area will be brought under Sprinkler Irrigation System. In 2010-11 the project will undertake installation of High Efficiency Irrigation System on 78,287 acres for which 60 percent cost will be borne by Federal Government. Foreign trainings will be provided to 26 staff members and 250 will be trained locally. The allocation for this year is Rs 412.0 million.

Agriculture Sector Development Loan Project (Rs 10.3 billion): It is an ADB assisted project and being implemented from US$ 348.0 million loan proceeds which is being used to support the agriculture sector in general and reforms to be implemented in particular. So far the project has utilized Rs 8,167.8 million on 119 federal and provincial sub-projects. In 2010-11, the last year of phase-I, the project will spend an allocation of Rs 121.8 million to complete its on-going sub-projects.

Special Programme for Food Security and Productivity Enhancement of Small Farmers in 1012 Villages: CMP-II (Rs 8.0 billion): This is a Village Organization based project owned / managed by the farmers themselves for procurement/ management of critical inputs / services, marketing of outputs and diversification of income generation activities by the small land holders. The project is technology oriented which will lead to provide technical assistance, skills and resources required for productivity enhancement and raising the income of small farmers. Due to financial constraints project scope will be scaled down. However, foreign funding (IFAD) is being arranged to support the Revolving Fund. About Rs 910.8 million has been earmarked for 2010-11 to take up project activities.

Special Program for Strengthening SPS Facilities and Quality Inspection Services in Compliance with WTO - Establishment of National Animal and Plant Health Inspection Services(NAPHIS) (Rs 415.0 million): The project envisages to establish National Animal / Plant Health Inspection Services (NAPHIS) by strengthening existing regulatory mechanism for compliance national / international standards of agricultural / livestock produce / products. An effective Sanitary and Phyto-sanitary (SPS) management will be created to enhance agricultural / livestock exports and control / check the spread of insects / pests / diseases associated with importable commodities. As an end product, NAPHIS Cell will be transformed into a Statutory Regulatory Body for SPS / TBT related matters. The project has so far utilized Rs 144.2 million and Rs 82.3 million has been provided this year.

Research for Agricultural Development Programme (Rs 2.96 billion): It is a mega program to strengthen research systems and technology development by PARC through implementation of 22 priority research themes and 119 research activities covering crops, horticulture, natural resources, animal and social sciences. In the next year, proposed work would be comprised of research activities on 30 on-going sub-projects and 15 new projects, purchase of research material and office equipment, civil works (social sciences institute, laboratory and glass house) and training of 100 scientists. Construction of women hostel at NARC, Islamabad, soil science building laboratory units at Gilgit and Karachi. Construction of officers' residences at NARC along with procurement of equipments. Allocated amount for 2010-11 is Rs 411.6 million.

Establishment of Facilitation Unit for Participatory Vegetable Seed and Nursery Programme (Rs 497.5 million): The project envisages creation of an enabling environment for growth of vegetable seed industry and transfer of advance technologies with participation of all stakeholders. The main focus of the project is on seed production of vegetable crops like tomato, onion, chilies, okra, peas, carrot and cauliflower. Under the project, 20 participatory seed and nursery production units are to be established. The physical progress of the project is slow as compared to PC-I targets. For the next fiscal year, the project proposes: acquiring germplasm from foreign resources, production of vegetable nurseries, short term trainings, studies, consultancy and study tours (local and abroad) with an allocated amount of Rs 41.2 million.

Biological control of major cotton pests in Pakistan with emphasis on mealy bug (Rs 368.7 million): It envisages biological control of cotton pests with emphasis on mealy bug using insect parasites and predators; establish model farms to demonstrate the biological control of IPM of cotton pests using all techniques and approaches including entomopathogenic nematodes, bio-pesticides development, their introduction and promotion at farm level. Rs 49.4 million has been reserved for the project in the next year PSDP.

National Bio-saline Agriculture Program (Rs 859.0 million): Salinization of soils and ground water is a major soil degradation problem that is growing steadily. Nearly 6 million hectares of potential arable land is saline; 1.25 million falling in the canals command area while the rest is outside it. A "National Biosaline" project covering 11 salinity affected districts of the country has been started. Demonstration blocks of biosaline technologies will be established on 5,000 to 10,000 acres and demonstration sites of 100-200 acres at one selected village in each district through Farmers' Community Organizations. Current year allocation for the project is Rs 57.6 million.

Monitoring of Crops through Satellite Technology (Phase-II) (Rs 165.7 million): Phase-I of the project utilizing remote sensing techniques for crop estimates has been completed. The phase-II is designed to develop satellite labs under the control of crop reporting system of each province and a nucleus laboratory under SUPARCO for crops appraisal. The project intends to undertake: laboratory construction, provide hardware and software, recruitment of personal for SUPARCO / Provinces both national and international, develop statistics for wheat, cotton, rice, sugarcane and maize, carryout training programs (short and long terms) for Provinces including AJK. During 2010-11, Rs 24.7 million will be spent.

Pak-China Cooperation for Agricultural Research and Development(Rs 2,55.7 million) and (Phase-II, Rs 691.2 million): The Phase-I of the project was to cater for R&D activities on colored/ Bt. cotton, oilseeds, rice, sugarcane, banana and crop water management. Under this initiative, Chinese R&D organizations/companies are sharing their scientific knowledge / experience / germplasm with Pakistan. Chinese experts are visiting Pakistan and testing their elite germplasm in different agro-ecological zones. The Phase-II of the project aims at promotion of cooperation between China and Pakistan for agricultural research and development activities on banana, wheat, fodder (Sudan grass), maize, pearl culture and cut-flowers under already signed MOUs between both countries. For phase-I, Rs 41.2 million while for phase-II, Rs 65.8 million has been earmarked in PSDP 2010-11.

New Initiatives

Neelibar Agricultural Research and Training Station Burewala (Rs 415.2 million): The project aims at establishing a new research station at Burewala on 167 acres of barren land. It will cater the research and development needs of the farmers of Central Punjab in the fields of Crop Sciences, Animal Sciences and Natural Resources. An amount of Rs 12.3 million will be made available during 2010-11 for the project.

Establishment of Benazir Bhutto Agriculture Research Station, Sakrand at Shaheed Benazir Bhuttoabad (Nawabshah) (Rs 916.5 million): The project proposes to establish an agriculture research station at Shaheed Benazir Bhutto Abad consisting of technical sections on Crop Sciences, Animal Sciences, Natural Resources and Social Sciences. The station will conduct applied research, introduce new varieties and hybrid crops, promote and upgrade livestock and their products. An amount of Rs 16.5 million has been allocated in current year PSDP.

Indigenization of Hybrid Seed Production Technology for Enhanced Production of Crops (Rs 665.3 million): This project will undertake hybrid seed development of cotton, wheat, rice, maize, vegetables, sunflower and canola for achieving production targets of crops. A quantity of 385 tons of hybrid seed of these crops will be produced in first year, 870 tons in 2nd year, 3,020 tons in 3rd year, 7,480 tons in 4th year and 1,105 tons in 5th year of the project. An allocation of Rs 41.2 million has been made for 2010-11.

Grain Storage Project-Construction of Steel Silos of 0.65 MT Capacity (Rs 4,556.0 million): The PASSCO procures wheat in the range of 1 to 1.5 million tons every year. It possesses presently holding capacity of 431,200 MT covered storage which is about 20 percent of requirement. Furthermore, PASSCO lacks storage facility in 4 zones where wheat is stored in temporary plinths .Available storage capacity with PASSCO has practically been decreased as some of the storages cannot be utilized. Resultantly, it has condensed to only 340,000 MT (useable) covered storage. The project aims at constructing additional storage capacity of 0.65 MT made of steel silos at 22 sites. The allocation proposed in PSDP 2010-11 is Rs 535.0 million for the project.

Pak-China National Project for CA and Advanced Ventilated Cold Storage (Rs 2.2 billion): Under this project modern Controlled Atmosphere (CA) storage facilities and advance ventilated cold storage rooms for fruits and vegetables at selected locations in all provinces will be established. The storage facilities will be installed in collaboration with the Chinese firm "Beijing Fruitong Science and Technology Co. Ltd". An amount of Rs.609.9 million has been earmarked for the year 2010-11 for procurement and installation of machinery / equipment.

12.2 Livestock, Poultry and Fisheries Development

This sector is an important pillar of agriculture economy. It accounts for 52% of agriculture GDP, 11% of national GDP, 8.5% of total exports and provides raw martial particularly for leather products, carpets and wool industry. More than 8.5 million small and landless rural families owe it as source of their livelihood. Currently, this sector is providing milk, meat, eggs and fish with per capita availability of 207 litrs, 17.5 kgs, 70 eggs and 1.95 kgs, respectively. Our local environment is very much conducive to livestock which has increased from 27.3 to 30.8 million buffaloes (+12.8%), 29.6 to 34.2 million cattle (15.5%), 53.8 to 59.9 million goats (11.31%) and 26.5 to 27.7 million sheep (4.58%) since 2006. In addition, poultry and fisheries are also vibrant sub-sectors fulfilling national protein demands.

Despite having a significant contribution to the national economy, this sector has never been able to attract due governmental support. However, special attention has recently been paid to develop it by launching some mega development projects at the federal level under Medium Term Development Framework (2005-10) with allocation of Rs 13.736 billion and expected utilization of Rs 6.230 billion (45.4%) up-to June, 2010. With regard to PSDP: 2009-10, original budget allocation to 12 on-going and 6 new projects was Rs 2.5 billion which was later revised / reduced to Rs 1.4 billion due to financial constraints. However, the ultimate goal for development of sub-sector is to improve marketing facilities, livestock breeds and extend proper health coverage throughout the country. Some new interventions had also been started to support developmental activities of the sector for reducing poverty in the rural areas.

Review of 2009-10

Physical performance of the livestock, dairy, poultry and fisheries sub-sectors is briefly reviewed as under:

Livestock: It had played prominent role in a major proportion of cash income, capital assets, draught power, fuel and organic fertilizers of rural community. Rapid increase in demand for meat and dairy products has created a big venue for livestock development and poverty alleviation. Currently, the non-attention to our native breeds of cattle (Sahiwal and Red Sindhi) and buffalo (Neeli Ravi and Kundi) for their improvement, severe deficiency of feed resources and availability of required nutrients are important issues. Urgent attention is required to the problems of degrading range land, under capacities of meat and milk business, dependence of sizeable proportion of livestock including millions of goats / sheep upon degraded rangelands. Physical achievement of livestock products and fish production data (Table 6.2.1) reveals that during 2009-10 production of milk and meat (beef, mutton and poultry) was 44,978 and 2,955 thousand tons, showing 3.2% and 4.0% growth respectively, over 2008-09. Of the meat, a growth of 2.2% in mutton, 3.4% in beef and 8.6% in poultry meat was achieved in 2009-10. The production of other products such as hides, skins and wool was satisfactory. This performance is attributable to increase in number of animals, better veterinary health coverage through on-going development projects and higher milk and meat prices. Our ever important requirement is to improve productivity through better animal husbandry practices, provision of veterinary services and attention towards small holders which constitute a majority livestock holders in the sector.

Dairy Development: Pakistan is the fourth largest milk producing country in the world producing around 45 billion liters annually. This potential, however, is un-tapped as the sector operates mainly in informal way. Most of our milk is consumed in loose/raw shape purchased from small holders leaving minimum profit margin for farmers and having health hazards for consumers. This necessitates to overhaul or develop entire chain right from production to end consumer based on farmer organizations so that profit may be shifted to livestock farmers for improving their overall conditions and to reduce poverty. More recently, two companies with governmental support (Livestock and Dairy Development Board, and, Pakistan Dairy Development Company) had been established to promote the sector in terms of improving the post-production processing and marketing of dairy products. Both the entities are focusing on cool chain development for milk collection and transportation leading to increase the farm gate milk price in the targeted areas which has led to increase in the income of farmers.

Poultry: Poultry products mainly contain meat and eggs and are popular items among consumers. Poultry meat is preferred as a substitute of mutton due to high prices of latter. A good growth of 8.6 and 5.2 percent was experienced during 2009-10 over 2008-09 for poultry meat and eggs production, respectively (Table 12.3). No serious outbreak of disease (Avian Influenza, etc) was reported due to Government intervention for control of Avian Influenza.

Fisheries: Fish is getting popularity now in our day to-day eating habit due to its meritorious benefits on health. Government attention in exploring the potential of fishing is improving and fisheries growth indicators are depicting good picture (Table

12.2.1) Estimated achievement in overall fish production during 2009-10 was 3.1 percent. Both segments i.e. marine and inland fisheries performed as 1.2 and 6.7 percent respectively. The sector, however, yet faces constraints in production such as: poor information of stocks in potential areas, old fishing vessels with insufficient on board facilities, unavailability of quality fish seed, poor marketing infrastructure and weak capacity of fishermen. Many of these are now being addressed through various development projects under implementation at federal and provincial levels.

Table 12.2.1 Physical Achievement and Target

Item/ Product	Units	Actual 2008-09	Target 2009-10	Estimates 2009-10	% change over 2008-09	Target 2010-11
1	2	3	4	5	6	7
Milk	"000" tons	43,562	44,978	44,978	3.2	46,440
Meat	"000" tons	**2,842**	**2,965**	**2,955**	**4.0**	**3,095**
Mutton	"000" tons	590	603	603	2.2	616
Beef	"000" tons	1,601	1,655	1,655	3.4	1,711
Poultry	"000" tons	651	707	707	8.6	767
Eggs	Million No.	11,258	11,839	11,839	5.2	12,457
Hides	"000" No	12,612	13,039	13,039	3.4	13,481
Skins	"000" No	46,351	47,402	47.402	2.3	48,478
Wool	"000" tons	41.5	42.0	42.0	1.2	42.5
Fish Production	"000" tons	**650**	**670**	**670**	**3.1**	**705**
Marine	"000" tons	425	430	430	1.2	450
Inland		225	240	240	6.7	255

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Financial: Despite current financial crunch, the Government is quite inclined to focus on the developmental of livestock, dairy and fisheries sectors. An allocation of Rs 885.6 million has been made for the year 2010-11 and projects under implementation have a focused approach with total investment outlay of Rs 16.4 billion on livestock, dairy, poultry and fisheries sub sectors. A mega project, White Revolution "doodh darya" Horizon-II having total cost of Rs 2.65 billion is also under implementation by Ministry of Special Initiatives, in addition to the initiatives being implemented by M/o LDD.

On-going Programme / Initiatives: Federal government has launched following major projects for the development of the sector

Strengthening of Livestock Services for Livestock Disease Control in Pakistan (Rs 1992.6 million with EU assistance of Rs 1587.3 million): Enhancing productivity through livestock diseases control and disease diagnostic facilities, eradication of Rinderpest and control of Foot and Mouth Disease is the main theme of the project. The biggest achievement of the project is that Pakistan has been declared free from Rinderpest. Around 64 disease reporting units had been established in 64 districts and information management units established at Islamabad, Lahore, Quetta and Peshawar. During 2010-11, the project intends to undertake procurement / distribution of some equipment, computers / ELISA kits for disease recording units and trainings of stakeholders, etc. The project will be completed on 30-6-2011.

Prime Minister's Special Initiative for Livestock (Rs 1696.4 million): It aims at provision of self sustainable network of veterinary services to the farmers at their door step for better animal health. Up-till now, the target of establishing 290 veterinary clinics with provision of Vet. Doctors have been achieved and are operationalized, 2888 community livestock extension workers (CLEWs) have been recruited. Proposed work for 2010-11 is capacity building of CLEWs and female livestock farmers, meeting establishment and operational charges of veterinary clinics along with carrying out field activities.

Livestock Production and Development of Meat Production (Rs 1520.8 million): The main objective of the project is to establish feedlot fattening farms to maximize bio-economic and sustainable meat production and its value addition through meat processing and quality control. Uptill now, it has supported 13,171 feedlot fattening farms operations and has fattened 93,846 large and 136,878 small ruminants. Local training of scientists, farmers, feed millers and butchers (769 No.), seminars, workshops / conferences (4 No.), support for development of slaughter houses / butcheries was provided. The performance of the project remained slow because of the restriction imposed by the M/o LDD, on registration of new farmers and insufficient releases of funds. All these activities will be continued during 2010-11.

Milk Collection, Processing and Dairy Production (Rs 1568.3 million): Installation of 300 cooling tanks in milk producing pockets through farmer organizations is one of the main thrusts of the project. Uptill now, 194 milk producing groups have been organized and 150 milk cooling tanks out of 300 installed. It is also supporting free vaccination and de-worming of animals belonging to member farmers as well as providing subsidized concentrate rations and good quality fodder seed. This project also suffered slow implementation because of restriction imposed by the M/o LDD on issue of milk cooling tank to milk producing groups and less release of funds. The project intends to undertake training of farmers, milk marketing, veterinary activities cover, AI services, animal fairs and exhibitions, etc. during 2010-11.

Project on White Revolution "Dhoodh Darya" (Rs 2654.4 million as federal share): This project has ten components with main thrust on: development of milk pockets and establishment of milk pasteurization plants; infrastructure development of military farms, bulk vending of milk, training and extension of Pakistan Dairy Development Company's (PDDC) breeding program and promotion of biogas units. It has already developed 48 community farms, trained a large No of farmers and installed 825 biogas units. The project performance is already under review. The work started during 2009-10 for establishment of community farms, biogas plants, large and small pasteurization plants, bulk vending units and training of master trainers will be continued during 2010-11.

Aquaculture and Shrimp Farming (Rs 1997.3 million): The project aims to strengthen aquaculture industry of Pakistan by enhancing the domestic production of fish and shrimp through establishing hatcheries, setting up model fish farms and introducing cage culture. Work on fish hatcheries is in progress. Government of Balochistan has allocated 500 acres land each for shrimp hatcheries at nine sites. Land for fish markets at Peshawar and Sukkur has also been provided. Fisheries Development Board has setup its office at Karachi and Fisheries Management Wing has been established in LDD. The project is engaged in activities like establishment of model fish / shrimp farms and rehabilitation / augmentation hatcheries, training to fish farmers, provision of technical back stopping, research and development. The pace is, however, slow due to less releases of PSDP funds. These activities will be continued during 2010-11.

National Programme for the Control and Prevention of Avian Influenza (Rs 1184.1 million): The project is designed to develop national capacity to combat any future outbreak of bird flu through effective surveillance and disease response mechanism by establishing national/provincial surveillance network and referral diagnostic labs for control of Avian Influenza (AI) in the country through 10 provincial coordinating units and 40 regional surveillance units. It will also strengthen and upgrade the National Reference Laboratory for Poultry Diseases (NRLPD) and National Veterinary Laboratory (NVL)at Islamabad. The current progress of the project is satisfactory in terms of establishment of 66 Rapid Response Units, 40 regional surveillance units, 10 each of provincial laboratories and coordination units. Proposed work for 2010-11 includes, establishment of bio-safety lab-3, consultancy (local and foreign), publicity, seminars, workshops, trainings and as well as support to provinces.

Improving Reproductive Efficiency of Cattle and Buffaloes in Small Holders Production System (Rs 495.2 million): This project is focused on the improvement of reproductive efficiency of cattle and buffaloes by increasing semen production as well as through embryo transfer technology. It is expected that at the end of the project, 40 thousand embryos and one million doses of semen will be produced. The project has been able to produce 48 thousand semen doses and 500 embryos. The most remarkable achievement is establishment of Centre of Excellence of Bovine Genetics which includes Semen Production Unit at Renala and Embryo Transplant Centre at Okara. Both these centre has state of the art cabs and equipped with most modern and latest equipment. This has been accomplished in record time of 12 months only. During 2010-11 training of farmers, activities for semen and embryo production, embryo transfer in local cattle, project monitoring and evaluation will be undertaken.

Poverty Reduction through Small Holders Livestock and Dairy Development (Rs 3,539.2 million with PSDP liability of Rs 2692.3 million): The project was approved by the ECNEC in September 2009. The primary objective of the project is to bring out social and economic transformation of rural Pakistan through empowering millions of small livestock holders comprising poor landless farmers including women. The project intends to establish 400 farms over a period of three years. The project also involves community share of Rs 472.5 million and bank loans of Rs 374.4 million in addition to PSDP liability. The project activities could not take off during 2009-10 because of problems of allocation / releases of funds. The project is of great importance as regards small holders support and development is concerned.

Establishment of Halal Meat Certification System in Pakistan: During 2009-10 the concept of the project was approved with aim to increase export of meat and value addition in the meat production. A project worth Rs 1000 million is in pipeline and it is expected that it will be launched during 2010-11. There is hope that the project will be useful for increasing export of meat and meat products.

Establishment of National Camel Breed Improvement Centre and Extension Network: Pakistan is blessed with finest breeds of camel which are good for milk and meat production. Unfortunately no attention had been paid for development of these breeds in the past. During 2009-10, a concept was approved for a project worth Rs 1500.0 million titled "Establishment of National Camel Breed Improvement Centre and Extension Network". It is expected that the project will be launched during 2010-11, which will increase the value of our precious camel breed.

Chapter 13

Manufacturing and Minerals

Introduction

Manufacturing, the second largest sector of the economy is witnessing continuous erosion of its share in GDP from 19 percent to 18.4 percent in 2008-09 which is the lowest in the last 5 years. During the year under review the large scale Manufacturing (LSM) sector registered a growth of 4.4% during the first nine months of 2009-10 over the corresponding period of the previous year despite challenges of energy crisis and security. Similarly, small scale manufacturing too increased at the rate of 7.5 percent. This growth shows that the economy is on the path of recovery as the demand for consumer goods had increased locally as well as for export. Now since law and order is improving, industrial production is gaining momentum. The industrial production began improving from the second half of the current fiscal year. Since then the automotives, consumer goods and cement sectors have shown better output.

The sector's performance shows that production of various items posted a negative growth during the July-March period. According to the statistics, production of pig iron and paper & board declined by 39.4 percent and 2.9 percent, respectively. However, the auto sector performed significantly better during the period as production of tractors went up by 26.9 percent, trucks 16.2 percent, buses 16.2 percent and jeeps/cars 36.6 percent, motor cycles 58.2 percent.

Review of 2009-10

The Large Scale Manufacturing (LSM) sub-sector after declining for 13 consecutive months, recorded a mild recovery in FY 2009-10. The high growth in the initial period of 2nd half 2009-10 took the cumulative LSM growth to 0.7 percent; compared with a decline of 5.0 percent in 2008-09. Almost half of the LSM sub-groups showed improvement from the previous year, mainly including industries producing consumer and intermediate goods. The recovery though was quite weak as huge production declined in petroleum and metal sub-sectors offset production gains in many industries. The growth however, looks firm mainly on the back of strong ginning activities and consolidating improvements in cement and automobile soda ash fertilizer, cement industries. On cumulative basis, textiles, leather and automobiles were few sectors that recorded net improvement in production. In contrast, petroleum, metals, and capital goods were major industries showing production declines.

The pace of recovery in LSM sub sector increased largely in response to rising domestic demand. Furthermore, revival in construction activities in both public and private sector resulted in a sharp increase in demand for cement and steel during the quarter. Cement sector benefited also from recovery in external demand as exports to North African countries showed a steep rise. Resource based industries, however, presented a mixed picture. Where the low-value-added textile sector benefited from a good cotton crop and a simultaneous shortage of cotton globally, the local sugar industry suffered from lower sugarcane production.

Challenges

It will be extremely difficult to improve or even sustain this growth given the prevalent energy shortages in the country. In addition to energy insufficiency, local manufacturers are also confronting the rising cost pressures, since electricity and gas tariffs have increased. Furthermore, the rise in global commodity prices has also put significant pressures on production costs. If manufacturers tend to shift the cost burdens on the consumers, demand may tumble as consumers' purchasing power has already been hit by rising food prices.

Objectives and Priorities

Public interventions aimed at reviving the industrial sector. The Annual Plan 2009-10 aimed at rejuvenating the industrial sector with focus on:

- Skills development;
- Technology up gradation;
- Cutting out on energy losses;
- Development of emerging sectors to achieve the goals of diversification.

The basic thrust of the development efforts is on technology driven growth, which encourage economy of scale, value addition, and diversification of products in order to make our products competitive in the international markets. The development projects being executed have been geared to act as demonstration effect to provide skills development, common training facilities, technological transfer and common machinery pools.

The major objectives achieved in the manufacturing sector included developing SMEs, diversification of the manufacturing sector as per global demand, and enhancing productivity to make important strategic choices to ensure sustainable growth in the manufacturing sector. Technology and knowledge based industrialization in the public sector tried to be promoted with prime stress on the quantitative and the qualitative growth of an integrated and competitive industry in the private sector. These were a few preferences adopted during the year under review. The role of knowledge and technology intensive engineering, electronics, pharmaceutical, chemical and non-metallic mineral products strengthened and enabled through fiscal and tariff means as well as building of alliances with international partners so as the inefficiencies of import substitution must give way to an export led strategy. Sectors and products with comparative advantage such as textiles, cement, and automobiles had similarly been promoted.

Public Sector Investment 2009-10

Industry Sector: An expenditure of Rs 2.6 billion has been incurred during FY 2009-10 in the industry sector against an allocation of Rs 4.3 billion. The major projects under taken during the year under review includes: Women Business Incubation Center Lahore, Development Projects of Pakistan Gems & Jewellery Development Co., Development of Marble and Granite Sector, Sialkot Business & Commerce Center (SBCC), Supply, Installation, Commission and Operation of 2MGD Water Desalination Plant at industrial Estate Gawadar, Sports Industries Development Center Sialkot, Glass Products Design and Manufacturing Center Hyderabad, Sindh, Construction of Boundary Wall at site office for Gwadar EPZA, Red Chilies Processing Center Kunnri, Sindh.

Textile Sector: In Textile Sector Rs. 300.0 million was invested during 2009-10 which have been utilized totally showing 100% utilization in textile sector. The major projects include; Lahore Garment City Project, Punjab, Faisalabad Garment City Project, Punjab, Providing & Laying of Dedicated 48 inch Diameter mild Steel Water Pipeline for Textile City Karachi, Export Development Plan Implementation Unit, Up-gradation of EDF Funded Textile Institutes, Holding of Conferences & Seminars.

Commerce Sector: An expenditure of Rs.0.11 billion million has been made in 2009-10 against an allocation of Rs. 600.0 million in the commerce sector. Number of projects implemented during the year 2009-10, included: Adoption of Social Accountability – 8000 (SA-8000), Islamabad , construction of Building for Pakistan School of Fashion Design at Johar Town Lahore, Purchase of Equipment, Furnishing, Curriculum Development and Training of PSFD, Lahore, Up-gradation & Additional Works of Expo Centre at Lahore, Restructuring of Pakistan Institute of Trade and Development (PITAD), Islamabad.

Growth and Investment Targets for 2010-11

The targeted growth rate for 2010-2011 has been set as 5.2% for Industry Sector as a whole, while 4.9% and 7.5% growth rates have been fixed for large scale and small scale manufacturing respectively. The main growing industries in the year 2010-11 would be fertilizer, cement and automobiles.

An allocation of Rs 3,220.1 million has been earmarked for industry sector in the year 2010-11 for the Ministry of industries & Production. Major projects to be carried out in Industry Sector during 2010-11 include: Establishment of (8) Advance CAD/CAM Training Centers (Cost Rs 321.100 million), Ceramics Development & Training Complex (Cost Rs 314.470 million), Development Pakistan Gem & Jewellery Development Company (Cost Rs 1,400.000 million), Development of Marble and Granites Sector all over Pakistan (Cost Rs 1980.000 million), Sports Industries Development Center, Sialkot (Cost Rs 435.640 million), Agro Food Processing Facilities Multan (Cost Rs 288.920 million), Export Processing Zones and Area Development Balochistan including Rozs (Cost Rs 4,000.000 million), Manufacturing of High Module Power Transformer of rating 160/250 MVA 220 KV and capacity building for optimum utilization of facilities (Cost Rs 734.187 million), BMRE of Heavy Mechanical Complex Taila (Cost Rs 23,428.220 million).

An amount of Rs 474.1 million has been allocated for Commerce Sector. While indicative budget ceilings are Rs 850.0 million and Rs 1400.00 million for the year 2011-12, 2012-13 respectively for the Ministry of Commerce. Major projects to be initiated in Commerce sector during 2010-11 include: Adoption of Social Accountability – 8000 (Cost Rs 124.875 million), Purchase of Equipment, Furnishing, Curriculum Development and Training of Pakistan School of Fashion Design, Lahore (Cost Rs 755.747 million), Trade & Transport Facilities Project-2 Trade & Transport Facilitation Unit (TTFU) in MOC (Cost Rs 360.000 million), Restructuring of Pakistan Institute of Trade & Development formerly Foreign Trade Institute of Pakistan (Cost Rs 270.824 million), Program Management Unit (PMU) for setting up of Regional Reconstruction Opportunity Zones for Trade in FATA, Khyber Pakhtonkhawa, Balochistan & AJK (Cost Rs 3,000.000 million) and Additional Works for Expo Centre, Lahore (Cost Rs 955.000 million).

An allocation of Rs 164.6 million has been made for the Textile Sector for the year 2010-11, while Rs 310.00 million and Rs 520 million have been allocated for the year 2011-12, 2012-13 respectively, for the Ministry of Textile Industry. Prominent projects to be launched in the year 2010-11 include: Lahore Garment City Company (Cost Rs

497.640 million), Faisalabad Garment City (Cost Rs 498.820 million), Providing & Laying Dedicated 48 inch Diameter Mild steel water main for Textile City (Cost Rs 636.585 million), Garment Technology Training centre (Cost Rs 321.00 million). The allocation for the year 2009-10 and 2010-11 is given in Table 13.1.

Table 13.1 Allocation for 2009-10 to 2010-11

(Rs Billion)

Sectors	2009-10	2010-11
Industries	7.8	4.0
Textile	0.3	0.25
Commerce	0.6	0.62

The basic thrust would remain on manufacturing and technology driven growth while remaining in the indicative budget ceilings. Economies of scale, value addition and diversification of products and processes shall be encouraged. The policy frame work will be based upon advancing industrial economies by focusing on the entire value chain.

Policies, Strategies and Measures

The manufacturing sector aspires to strengthen present industrial activity and boost its output and productivity, so that it can become competitive, responsive and flexible. While investment flows to increase capacity and technology. Local design and capability is also being envisaged to enhance through new clusters for training, design and testing focusing on both quality and quantity at the same time. This strategy will drive small and medium activities at one end and skilled /trained human resource will be produced at other end. In this way range of manufacturing activities will expand.

The policy framework would be based upon the move forward industrial economies, where stress is on the entire value chain. Acquiring pick up of the pace of industrialization is the prime goal by capitalizing upon national strengths and alleviation of weaknesses. The provision of facilities for public testing laboratories and public R&D, vocational and technical training, infrastructure and communications, are all necessary inputs which are regarded as a public good for the manufacturing sector. Value addition in products and processes will be strengthened through backward and forward linkages, productivity levels will be increased through human resource development, technical and vocational training, and strengthening research and development. The specific core objectives of Annual Plan intervention would be:

- Innovation and efficiency in industrial sector.
- Building high skilled human capacity through targeted worker skills development programs.
- Provision of technology through technological up-gradation; provision of sophisticated machines, equipment, tools & spares in Common Facility Centers and machine pools; CAD/CAM facilities.
- Research and development in key industrial sectors.
- Targeted development of small and medium business entities to boost employment and reduce poverty.

- Industrial infrastructure development through Industrial Parks and development of Industrial Estates. etc.

All sectors have been opened up for private sector investment, and equal treatment is available to foreign and local investors.

Minerals

Review of 2009-10

Introduction: Currently minerals are under exploitation although on small scale. The major production is of coal, rock salt and other industrial and construction minerals. The current contribution of mineral sector to the GDP is about 0.5%

Pakistan has been endowed with huge mineral potential including precious metals, industrial minerals, dimension stone, rock salt and coal. Minerals play a vital role in economic development of the country by providing raw material to key industries and generating employment. Being cognizant of the importance of Mineral Sector of socio-economic uplift and alleviation of poverty in the far-flung areas of the country, Government of Pakistan has extended special incentives for mineral development through private/foreign investment. As a part of such endeavors, following are some of the significant achievement in Mineral Sector during the fiscal year 2009-10:

In the recent past, exploration by government agencies as well as by multinational mining companies presented ample evidence of the occurrences of sizeable minerals deposits. Recent discoveries of thick oxidized zone underlain by sulphide zones in the shield of the Punjab province, covered by thick alluvial cover have opened new vistas for metallic minerals exploration. Pakistan has large base for industrial minerals. The discovery of coal deposits having over 175 billion tones of reserves at Thar in the Sindh province has given an impetus to develop it as an alternate source of energy. The enforcement of Mineral Policy (1995) has paved way to expand mining sector activities and attract international investment in this sector.

The Ministry of Petroleum and Natural Resources executed eight development projects in Mineral Sector. Allocation for the projects was Rs 89.3 million during the fiscal year 2009-10. It is anticipated that out of same Rs 18.4 million would be spent up to end of the current fiscal year. The focus was on geological mapping, capacity building of institutions, setting up of geological data bases centers, technology up gradation and facilitation for the development of small scale mining operations etc. The important projects initiated during the period under review include, Accelerated Geological Mapping & Geochemical Exploration of the outcrop area of Pakistan; Up-gradation/Strengthening Geosciences advance Research Laboratories Geological Survey of Pakistan. The regional geological mapping of total area of 4,480 sq. km on 1:50,000 scales have been completed in different parts of the country by GSP. The said geological mapping includes the coverage of 640 sq. km. area in Sindh; 1,920 sq. km. area in Balochistan; 1,280 sq. km. in Punjab and 640 sq. km. area in NWFP.

Growth and Investment Targets for the Year 2010-11

The growth rate of 2.1% has been set for Mining & Quarrying for the year 2010-11 while the budget ceilings for the year 2010-11 stands at Rs 623.4 million for Ministry of Petroleum & Natural Resources. It is expected that mineral sector with this investment will emerge stronger and more competitive, as well as become a source of several down stream industries provided it is utilized efficiently. During the year 2010-11, most likely following important development projects in Mineral Sector would be executed by the Mineral Wing of the Ministry and Geological Survey of Pakistan:

- Strengthening and Capacity Building of Mineral Wing at a cost of Rs 95.000 million.
- Establishment of Facilitation Cell for Development of Reko Dik Copper-Gold Project at a cost of Rs 21.873 million.
- Review/Updation of National Mineral Policy at a cost of Rs 4.500 million.
- Acquisition of Four Drilling Rigs with accessories for the Geological Survey of Pakistan at a cost of Rs 665.807 million.
- Accelerated Geological Mapping & Geochemical Exploration of the outcrop area of Pakistan; at a capital cost of Pakistan, Rs 198.643 million.
- Up-gradation/Strengthening Geosciences advance Research Laboratories Geological Survey of Pakistan having cost of Rs 249.870 million etc.

In addition to the Annual field programmes of GSP for 2010-2011 include:

- Mapping of about 9,600 sq. areas in different parts of the country.
- 500 samples will be collected and analyzed under geochemical surveying.
- Efforts will be concentrated on exploration and evaluation of coalfields in Sindh, Balochistan and NWFP. These studies are aimed at enhancing the coal resource base and supplementing power generation and substituting furnace oil in different industrial units in the country.
- Further exploration for cupriferous massive copper and lead-zinc sulphide mineralization in Lasbela-Khuzdar and Zhob districts and iron ore occurrences in Chagai district in Balochistan.
- A total of 41 bore holes are tentatively planned to be drilled for a cumulative depth of 14350 meters under different development projects during the year

Policies, Strategies and Measures

Pakistan is blessed with significant mineral resources and is emerging as a very promising area for prospecting/exploration of mineral deposits. Based on available information, the country's more than 6, 00,000 km of outcrops area demonstrates varied geological potential for metallic and non-metallic mineral deposits. Except oil, gas and nuclear minerals regulated at federal level, Minerals are a provincial subject, under the constitution of Islamic Republic of Pakistan. Provincial governments are responsible for development and exploitation of minerals, besides, enforcing regulatory regime. In line with the constitutional framework the federal and provincial governments have jointly set out Pakistan's first National Mineral Policy in 1995, duly implemented by the provinces, providing appropriate institutional and regulatory framework and equitable and internationally competitive fiscal regime. The contribution of mineral sector to GDP is likely to increase considerably on the development and commercial exploitation of Duddar Zinc lead, Thar coal, Gemstone deposits Saindak & Reco Dik copper & Gold deposits, for the exploitation of these resources, some important projects are being initiated which include Reqo Diq Gold copper project costing Rs 8698.700 million and will provide employment opportunities as well as development of skill and technology in Balochistan with a spill-over effect on other mining activities. Similarly, two other important projects have been launched titled " Creation of new Processing Facilities for Handling and Purification of Coal Gas" at an estimated cost of Rs 490.480 million and other one named as "Creation of new Processing Facilities for Production of Coal Gas" having cost Rs 494.450 million for generation of underground coal gas, Furthermore another project 2x50 MW power plant for Syngas at a capital cost of Rs 8898.700 million has been approved so as to meet the energy crises to some extent. Thus mineral sector's potential will be exploited for economic growth as well as employment generation.

The beneficiation and development of new materials is critical for economic growth and competitiveness of a country. In recent years the research and development has changed, the complexion and use of materials in many industries. The critical issues faced by Pakistan are development of new materials especially the composite ones. Pakistan has strong mineral base as compared to many other developing countries. However the country has not been able to extract maximum potential benefits from its mineral base. Focused efforts are required for the improvement and development of new materials. Following set of required actions are suggested for achieving the objectives:

- Opening up/updating of departments for advanced studies in materials in various universities around the resource rich areas.
- Centers for research of bio minerals.
- Establishment of geo-data, Geo- mapping Centers on modern lines.

The above mentioned steps would help to accelerate the exploitation of available resources efficiently because the appropriately trained manpower in fully equipped institutions would improve the capability of exploiting the mineral resources of the country properly and professionally.

Chapter 14

Transport & Communications

The Transport and Communications sector is required to be improved by modernizing it through a continuous process of reforms supported by focussed investments. The overarching objective is to bring down the costs of doing business by improving various sub-sectors of Transport and Communications. The sector at present claims 17 to 20 percent share of the annual public sector development program (PSDP) but this level of investment is not adequate to meet the growing needs of the country. Approximately two to three times more investment is required to enable the sector to perform in harmony with the economic activities. In addition to reforms and PSDP investment, efforts would be made to promote Public Private Partnership (PPP) to leverage additional investment from the private sector.

An overall review of PSDP 2009-10 and programme for the next financial year 2010-11 is given in the subsequent paras:

Review of 2009-10

The PSDP for 2009-10 provided an outlay of Rs 62.3 billion for the federal public sector program comprising of Rs 16.6 billion for the budgetary program and Rs 45.7 billion for the budgetary corporation program for National Highway Authority (NHA). Against this, an expenditure of Rs 62.8 billion has been incurred giving an overall utilization of around 101 per cent of the total outlay. An expenditure of Rs 15.8 billion has been incurred under the budgetary program and Rs 47 billion under the budgetary corporation program (NHA). Salient features of implementation of the program are given below:

Pakistan Railways: The entire allocation of Rs 14 billion made for Pakistan Railways, has been incurred. The main thrust was at the improvement of existing infrastructure, signaling system and procurement of essential material for rolling stock like locomotives, coaches, bogie wagons. Work on track rehabilitation, doubling of track from Lodhran to Khanewal and from Khanewal to Raiwind, procurement/ manufacture of 144 Diesel Electric (DE) locomotives, procurement/ manufacture/ upgradation of 602 passenger coaches, procurement/ manufacture of 2,130 high capacity wagons, replacement of old signaling gear from Lodhran to Shahdara Section continued with further acceleration including work on a pilot project for manufacture of 5 DE locos. Work on conversion of meter gauge into broad gauge on Mirpur Khas to Khokhropar section, Feasibility study for rehabilitation & improvement of track between Quetta-Kohi-Taftan Section completed. Basic objective of the projects was to enhance quality of public service, boost freight and passenger business and to run Railways on commercial lines keeping in view the national interest.

Ports and Shipping: An allocation of Rs 800 million was made for the Ports and Shipping, against which an expenditure of Rs 110.2 million has been incurred. Major utilization was made for completion of additional dredging of the navigation channel of the Gwadar Deep Sea Port Project to deepen its draught to 14.5 meters has since been completed and the port is being operated by a Concessionaire namely Port of Singapore Authority. Land acquisition process continued for east bay expressway road project alongwith work on Civic centre at Gwadar and initiation of work on maintenance dredging of the port.

National Highways Authority: An allocation of Rs 45.7 billion was made for the National Highways Authority, against which an expenditure of Rs 47.0 billion has been incurred giving a utilization of around 103 per cent. Work on Land Acquisition, Property Compensation and Shifting of Utilties for Faisalabad-Khanewal Expressway E-4 (184 km), Gwadar-Turbat-Hoshab (200 km) of Gwadar-Ratodero (M-8) [650 km], Hoshab-Nag-Basima-Surab Road (N-85) [459], Rehab/Imp/Widening of KKH (Raikot-Khunjerab Section, 335 km), N-5 Highway Rehabilitation Project (857 Km), Kalat-Quetta-Chaman (N-25) [247 km], Lowari Tunnel (N-45), National Highway Development Sector Project (NHDSP) for improvement/ construction of 637 km of roads under the ADB financing, construction of 2-lane Bridge over river Chenab at Head Muhammad Wala, Distt Multan, Multan Inner Ring Roads including six interchanges, Widening and Improvement of Bosan Road, Multan, Larkana Bridge on River Indus, Dualization of Sakrand-Benazirabad (Nawab Shah) Road (24 km), Rehabilitation of Larkana-Naudero Lakhi Road (61 km), Dualization/Rehabilitation of Larkana-Moenjo Daro Road (28 km), Construction of Amri - Kazi Ahmed Bridge over River Indus at Qazi Ahmed Amri including Sakrand Bypass, Construction of Gharo-Keti Bunder Road (90 km) continued and reached at advance stage of completion. Work on Islamabad-Peshawar Motorway (M-1), Islamabad-Murree Section (43 km) of Islamabad Muzzafarabad Road and Larkana Bridge completed. Main objective of the rehabilitation, widening and construction of national highways has been to enhance countrywide mobility, accessibility, safety in travel and productivity, reduction in travel time and costs thereby boosting trade and economic activities.

National Transport Research Center: An allocation of Rs 4.0 million was made for National Transport Research Center (NTRC), against which an expenditure of Rs 1.3 million could be incurred. Work on the project for Pakistan Transport Plan Study completed and National Transport Policy accelerated. Work on research and on-going studies/projects continued.

National Highways and Motorways Police: An allocation of Rs 101 million was made for the National Highways and Motorway Police (NH&MP) against which an expenditure of Rs 116 million has been incurred for Acquisition of Land for Establishment of Police Posts and Offices of NH&MP along N-5, Establishment of Training center at Sheikhupura and construction of NH and MP complex at Rahimyar Khan. The NH and MP is playing an important role in maintaining discipline and safety on the national highways and motorways. Their contribution has drastically reduced the number of road accidents and other mishaps on the national highways.

Maritime Security Agency (MSA): The entire allocation of Rs 38.9 million has been incurred on continuation of work on construction of MSA Headquarters Building at Karachi, which reached at fairly advanced stage of completion.

Airport Security Force (ASF): An allocation of Rs 23.1 million was made for the Airport Security Force (ASF) against which an expenditure of Rs 36.2 million has been incurred to complete the balance ongoing works for construction of barrack accommodations at airports i.e. Islamabad, Lahore, Peshawar, Karachi, Gwadar, Quetta, Pasni, and Jaccobabd. Works on shifting of barracks at Benazir Bhutto International Airport (BBIA) Islamabad and Peshawar due to expansion of airports and water connection to ASF camp at Karachi was also undertaken.

Civil Aviation: An expenditure of Rs 200 million has been incurred on preparatory works for construction of New Gwadar International Airport (NGIA) at Gwadar.

Karachi Shipyard & Engineering Works (KSEW): Against an allocation of Rs 1,450 million for Karachi Shipyard & Engineering Works (KSEW), an expenditure of Rs 1,030 million has been incurred for installation of Ship Lift and Transfer System project to provide docking and repair facilities to Surface Ships, Submarines and Commercial Vessels of upto 4,000 Tonnage, establishment of Project Management Cell for Development of Ship Building Industries in Pakistan and civil works for upgradation of Karachi Shipyard & Engineering Works Ltd (KS&EW).

Planning and Development Division: The entire allocation of Rs 45 million (in local currency) was incurred on National Trade Corridor Management Unit (NTCMU). The National Trade Corridor (NTC) initiative started in August 2005 and by now marked progress has been achieved. For instance, dwell time at ports has been reduced from seven days to five days, resulting increase of port capacity by 50 percent through procedural improvements. It has been planned to further reduce this time to 3 days. Similarly, clearance time at new container terminals has been reduced to 4 hours, whereas it used to be 5-7 days previously. Work on study for National Trade Corridor Strategy completed.

Postal Services: An allocation of Rs 300 million was made for Postal Services, against which an expenditure of Rs 200 million has been incurred on construction/ renovation and reconstruction of Post Offices and Postal Operational Buildings.

Commerce Division: An expenditure of Rs 50 million has been incurred on the project of "Trade & Transport Facilitation Unit (TTFU-2)".

Annual Plan 2010-11

The Transport Development Program 2010-11 would be based on a broad strategy that will include establishment of a multi-modal transport system; an emphasis on asset management with consolidation, upgrading, rehabilitation and maintenance of the existing system; enhanced private sector participation in sector development and institutional capacity building, with research and development and use of modern technology, procedures and processes to increase sector efficiency. The strategy also takes into account the regional and domestic dimensions, particularly in relation to rail, road and ports and shipping sub-sectors, enhancing regional connectivity to improve links to the Central Asian States, Iran, Afghanistan and India.

During the period, ways and means to improve the transport planning, prioritization and rationalizing public sector expenditure and mobilization of resources from users and the private sector and other institutions governance reforms would be explored. An integrated and holistic approach would be adopted for making transport system more productive, efficient and reliable, which may lower the transport costs and enhance the productivity in the economy.

It is planned to revitalize the Railway by transforming it into a commercially oriented entity, while retaining the railway network in public ownership. Development of port infrastructure and rationalization of port charges is envisaged to cater to trans-shipment through the landlord port concept with enhanced private sector participation. Likewise rationalization of airport charges and the development of airports through the private sector are also planned.

An allocation of Rs 61.14 billion has been made for the Development Program of Transport and Communications Sector. This includes Rs.16.54 billion for the budgetary program and Rs 44.6 billion for the budgetary corporations program (NHA). Salient features of the program are outlined as under:

Pakistan Railways: A major step under the NTC initiative is the restructuring of Pakistan Railways on commercial lines. The Pakistan Railways would be eventually converted into a corporation. The PR Corporatization would aim to run railway as state owned corporation on commercial basis and fully meet its statutory commitment. The Corporatization would also allow PR to implement organizational and financial restructuring. It would be run by professionals; have a restructured Board and Public Private Partnership (PPP) would bring both efficiency and investment. Freight Business Units (FBU) already established would be made more autonomous eventually leading to formation of a freight company.

The Pakistan Railways (PR) shall adopt a track access policy. Under the policy:

- PR shall manage the track and allow commercial operators / freight companies in private sector.
- Freight trains will run on PR's network with their own rolling stock under a contract with PR to purchase track access.
- Other areas involving private sector would include dry ports, locomotive maintenance and passenger ticketing and provision of services through management contracts, e.g. door to door service through cargo express train operations by private freight forwarders on main trunk routes.

An allocation of Rs 13.4 billion has been made for 2010-11. Works on track rehabilitation of Pakistan Railway network, procurement/ manufacture of 114 DE locomotives, procurement/manufacture of 625 passenger coaches, procurement/manufacture of 2130 bogie high capacity wagons, 202 passenger coaches, rehabilitation of 450 passenger coaches, doubling of track on Lodhran - Raiwind sections, Damages to Railway Assets during riots in December 2007, replacement of old & obsolete signaling system on Lodhran -Khanewal to Shahdara section with modern state of the art system and other on-going projects would continue. Construction of railway line and container terminal at Gwadar to provide up-country linkages, would be initiated. To facilitate transportation of cargo through rail, work on Dry Port at Prem Nagar, reached to an advance stage.

Under the new projects work on upgradation and improvement of existing track between Khanpur and Lodhran (Phase-II) and Shahdara – Lalamusa (Phase-III), fresh feasibility study for electrification vs dieselization for ascertaining viability of electrification on Lahore – Karachi double line section, upgradation of track between Quetta – Taftan section would be taken up besides establishment of an Inland Container Terminal (ICT) / Dry Port Near Shershah Railway Station, Multan on public-private partnership basis. Work on feasibility study for provision of new rail link from Gwadar to Mastung to facilitate functioning of the Gwadar Deep Sea Water Port would likely to be initiated. With the provision of new rail link, Gwadar will be linked with the Central Asian countries. Preparatory work on Karachi Circular Railway (KCR) under BOT would also be taken up.

Ports and Shipping: Under this initiative, Ports Master Plan for Pakistan's three ports would be prepared which would establish the role / basis for the responsibilities of each port with a view to optimal / efficient use of port infrastructure either through competition among ports or by way of specialization of the port. Both KPT and PQA Acts will be reviewed to acquire more operational and financial autonomy.

A Ports master plan study, defining the roles of Karachi Port, Port Qasim and the Gwadar Port would be prepared. The Business Plans of the three ports would be completed. A project monitoring unit which has been established within the Ministry of Ports and Shipping will undertake a study to identify the existing bottlenecks in efficient operation of [illegible] and recommend phase-wise improvements required at the ports. Outsourcing of containers and other terminals at the ports is also planned. Land acquisition process for [illegible] at Gwadar will also be initiated.

An allocation of Rs.518 million has been made to complete the balance works on the Gwadar Port Civic Center Project and maintenance of dredging of port channel to maintain the desired depth of channel to accommodate big ships (only one time activity to be taken up through development budget), initiate works for acquisition of land for construction of East Bay expressway at Gwadar.

National Highway Authority (NHA): A Policy and Regulatory framework for private sector participation in National Highways would be adopted in consultation with different stakeholders to facilitate investment and increase efficiency.

An allocation of Rs 44,642 million has been made for the National Highways Authority. Among the on-going projects, work will continue on the projects of Faisalabad-Khanewal Expressway E-4 (184 km), Khanewal-Lodhran Expressway (Land Acquisition, Property Compensation and Shifting of Utilties), Ratodero-Daddu-Sehwan ACW (E-6B) (200 km), Peshawar Northern Bypass (34 km), Khuzdar-Shahdadkot-Ratodero (Khori-Quba Saeed Khan 143 km) (M-8), Hoshab-Nag-Basima-Surab Road (N-85) [459], Hassanabdal-Havelian-Manshera Expressway (Land Acquisition, Property Compensation and Shifting of Utilties), Rehab/Imp/Widening of KKH (Raikot-Khunjerab Section, 335 km), Islamabad-Peshawar Motorway (M-1), N-5 Highway Rehabilitation Project (857 Km), Jalkhad-Chilas Road (N-15) [66 kms], Kalat-Quetta-Chaman (N-25) [247 km], Lowari Tunnel (N-45), NWFP RD & SC Project Malana Jn-Sarai Gambila (117 km); Badabher-Dara Adam Khel (28 km), Bewata-Khajuri-Wiagum Rud (N-70) [132 kms], Islamabad-Muzafarabad Road (N-75) [43 kms], Alpuri-Besham Section (N-90) [34 km], construction of 2-lane Bridge over river Chenab at Head Muhammad Wala, Distt Multan, Rehabilitation/Upgradation of Jalalpur Pirwala-Uch Section (45 Km) of Multan-TMP Road, Multan Inner Ring Roads including six interchanges, Widening and Improvement of Bosan Road, Multan, Larkana Bridge on River Indus, Dualization of Sakrand-Benazirabad (Nawab Shah) Road (24 km), Rehabilitation of Larkana-Naudero Lakhi Road (61 km), Dualization/Rehabilitation of Larkana-Moenjo Daro Road (28 km), Construction of Amri - Kazi Ahmed Bridge over River Indus at Qazi Ahmed Amri including Sakrand Bypass, Karachi-Hyderabad Motorway (M-9) [136 km] and approaches for Larkana Bridge over River Indus.

Among the new projects work on the Khanewal-Lodhran (Bahawalpur) Expressway E-5 (103 km), Basima-Khuzdar (N-30) [110 km], Construction of Kolpur Bypass N-65, NHDSIP; Sukkur-Shikarpur-Jacobabad dualization (69 km), Consturction of Northern Bypass from Qasim Bela to Shersha Road, Multan Bypass at Multan including Grade Separated Elevated Bridge over Railway Line at N-70 (12.229 Km), Extension of Motorway M-4 from Shamkot-Multan (57 Km), Dualization/Rehabilitation/Upgradation of Multan- Jalalpur Pirwala-Uch-TMP Road (138 Km), Phase-II, Construction of Additional 2-lane Bridge over river Chenab at Head Muhammad Wala, Distt Multan (Phase-II), Rehabilitation of Larkana-Rasheed Wagan-Nasirabad Road (34 km), Dualization/Rehabiliation of Existing Indus Highway Section (9.5 Km) in Larkana City including Extension of Ring Road 2 Km, Bridge over River Indus linking N-5 with N-55 at Nishtar Ghat, Construction of Bridge across River Chenab Linking Shorkot and Garh Maharaja, Bridge between Basti Dulwan (Tehsil Mianchannu) to Darbar Sharif Sandhilian Wah) Distt. Toba Tek Singhwill be taken up.

It is envisaged to develop industrial clusters, oil storage facilities and oil and gas pipelines along the proposed motorway and expressway corridors. These initiatives would open up new areas and potential hubs of trade with China, Central Asian Republics, India, Iran and even with Western countries.

National Transport Research Center (NTRC): An allocation of Rs 3.0 million has been made for continuation of research program and work on the Pakistan Transport Plan Study and National Transport Policy. Research programme of NTRC would be initiated during the year.

National Highways and Motorway Police (NH&MP): National Highway and Motorway Police is an effective organization working towards ensuring safety and smooth mobility on the national highways and motorways. An allocation of Rs 92.0 million has been made for completion of on-going works.

Construction Technology Training Institute: An allocation of Rs 49.0 million has been made for the on-going development works.

Planning and Development Division: An allocation of Rs 88.0 million has been made for continuation of works under the National Trade Corridor Management Unit (NTCMU) and to initiate work on institutional strengthening & capacity building of Transport & Communications Section.

Maritime Security Agency (MSA): An allocation of Rs 33.4 million has been made for initiation of works on new projects of MSA i.e. construction of flexible carpeted road at MSA Base Gwadar, establishment of digitized operation room at MSA HQ Building Karachi and construction of barracks for CPO/Sailors at MSA Base Pasni.

Airport Security Force (ASF): An allocation of Rs 20.0 million has been made to complete the balance ongoing works for construction of barrack accommodations at airports i.e. Islamabad, Lahore, Peshawar, Karachi, Gwadar, Quetta, Pasni, and Jaccobabd.

Pakistan Meteorological Department: An allocation of 55.3 million has been made for continuation of on-going development works.

Karachi Shipyard & Engineering Works (KSEW): An allocation of Rs 1,216.0 million has been made for continuation of on-going works. Installation of Ship Lift and Transfer System, to provide docking and repair facilities to Surface Ships, Submarines and Commercial Vessels of upto 4,000 Tonnage at the KSEW, Civil works for upgradation of KSEW and setting up of a Project Management Cell for development of Ship Building industry in Pakistan.

Commerce Division: An allocation of Rs 41.0 million has been made for continuation of works on the project of "Trade & Transport Facilitation Unit (TTFU-2)".

Civil Aviation: An allocation of Rs 911.0 million has been made for New Gwadar International Airport (NGIA). Part of the funding will be met through Omani grant.

Postal Services: An allocation of Rs 81.0 million has been made for Postal Services, for continuation of work on construction/renovation and reconstruction of Post Offices and Postal Operational Buildings. Two new projects will be initiated during the year i.e. counter automation at Pak Post and raising of infrastructure for mail/ cash/ conveyance/ visit/ inspection.

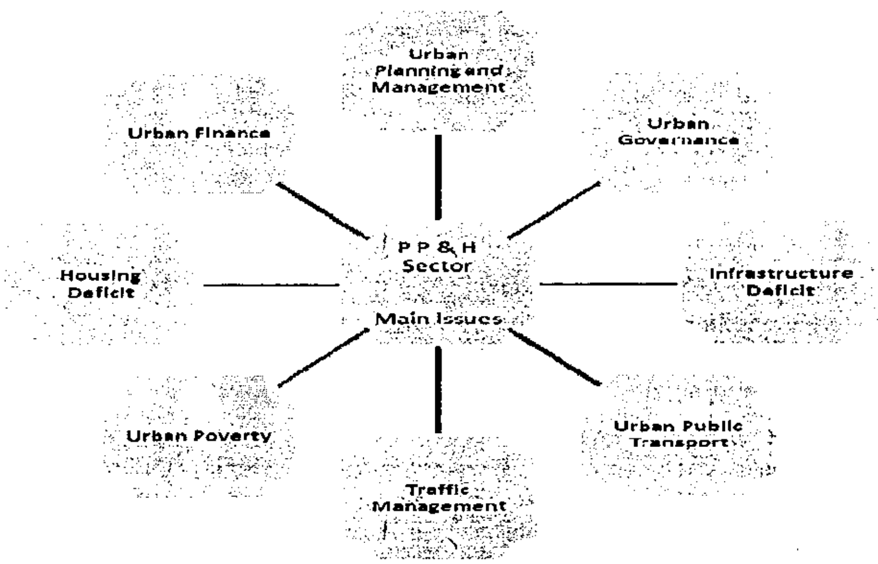
Chapter 15

Physical Planning and Housing

The aim of Physical Planning and Housing (PP&H) sector is to support cities to continue their historic role of generating growth and spreading prosperity across all provinces and regions of the country including the development of urban areas and cities, housing, drinking water supply and sanitation facilities. Besides the construction of government offices and development of Islamabad also comes under the umbrella of this sector. Provincial governments undertake the PP&H activities at local level, by preparing the master plans, standards/regulations and monitoring the implementation of projects as well as sharing of financial resources with local governments. The delivery of municipal services is the responsibility of local governments.

In Pakistan, present level of urbanization is 35.3% and is expected to increase up-to 50% by 2030, whereas, spatial pattern of urbanization is haphazard and concentrated (50%) in eight major cities (Karachi, Quetta, Hyderabad, Multan, Lahore, Faisalabad, Rawalpindi and Peshawar).

Though Growth of urbanization has positive economic effects, but urbanization has often been overwhelmed by enormous problems the towns and cities face due to a high growth in their population and a manifold expansion in their size. The development of the infrastructure has not kept pace with urbanization and suffers from deficiencies both quantitative and qualitative. The cities have now, accumulated huge deficits in all sub-sectors such as housing, water & sanitation, transport, utilities and road networks etc., which is adversely affecting their living conditions and their general economic progress. Major sectoral issues of PP&H are:-



- Inadequate Spatial Planning Framework resulting in haphazard urban sprawl, less productive land use pattern, under developed natural resources, regional disparities, over-growth of few cities, inadequate development of trunk infrastructure etc.

- Depreciation of municipal infrastructure in quality and in scale, lack of capacity of local governments to recover the actual or even realistic user's charges.

- 7 million housing shortage in the country and the weak supply side due to limited housing finance institutions, inadequate financing procedures and exorbitant Land and construction costs.

- Lack of Public Transport like mass transport system, rail based mass transit network, increasing trends in use of private transport and weak regulatory institutions and poor quality of transport service.

- Inadequate Traffic Management due to lack of road network hierarchy, capacitated road network and lack of modern traffic management units.

- 8 to 10 million urban residence (15 to 20% of urban population), a major challenge to sustainable development.

- Poor financial health of local governments (Inadequate federal/ provincial transfers and lack of local capacity to mobilize own resources) and lack of private investment (little incentives and profitability).

- Lack of urban management capacity (resulting in haphazard growth and deficient service delivery and faulty infrastructure.

- Lack of investment in environment protection and the changing trend in general life style is leading to environmental degradation.

- Pressure on productive agriculture land is increasing due to low density pattern of urban development.

- Haphazard and uncontrolled development threatening precious environmental assets (water bodies, hills and forests).

To achieve a substantial progress in PP&H sector, the issues, persuaded in 2009-10 were:

- Prime Minister's one million housing program

- Development of Federal Capital Islamabad

- Improve the management of civics services in urban areas as well as rural areas.

- Control further growth of bigger cities by diverting the population migration from natural areas to medium-size towns

- Narrowing gap between the housing demand and supply

- To provide water supply and sanitation services to maximum population.

- Regularize and improve Katchi Abadis and slums
- Encouraging the private sector for investment in provision of housing and water supply & sanitation facilities
- Research and development in the field of indigenous construction technology

Achievement During 2009-10

During the financial year 2009-10, an amount of Rs 33.4 billion was allocated to different Ministries / Divisions /departments as well as to the provinces throughout the country, for implementation of PP&H Programs. Major allocations were made to the programs/projects relating to water supply& sanitation, government buildings, housing and urban roads etc. Due to financial crunch limited release of funds has been made. It is estimated that about 21billion will be spent on Physical Planning & Housing Sectoral Programmes by the end of current fiscal year (Tab le 15.1).

Table 15.1 PP&H Allocation and Utilization in 2009-10

Title	Allocations	Expected Expenditure up-to June 2010	%age of utilization
	(Million Rs)	(Million Rs)	
Federal	13050	7830	60%
Balochistan	5429	4072	75%
NWFP	1561	585	37%
Punjab	3664	2564	70%
Sindh	9713	6022	62%
Grand Total	**33417**	**21073**	**63%**

Sectoral Strategies

To support the cities to generate growth and spreading prosperity the focus will be on the following elements of the strategy.

- To manage urbanization and enable urban areas to contribute their full potential towards optimal performance of the country.
- To pursue sustainable urban development making cities strong and functional in all dimensions i.e., physical, economical, social and administrative.
- To develop synergies amongst national policies, provincial programs and local activities and promote a coherent urban development pattern in the country.
- To develop national infrastructure that supports urban development, for example, power, water, transport and communication

- To create new knowledge for understanding and resolving complicated urban and regional development issues.
- To enable local governments financially and administratively to manage towns and cities out of their own resources.

Box 15.1 National Spatial Strategy

A National Spatial Strategy (NSS) is prepared to achieve the following objectives:

- Identifying and facilitating resolution of spatial disparities in the level of economic, social and physical development across the regions,
- Channelizing urbanization in accordance with the endowment and potential of different growth centers and in the process, to identify additional growth centers around small and medium sized towns,
- Evolving a sustainable land use pattern that enhances the quality of land and other natural assets for long term productivity and fostering socio-economic development of the country,
- Evolving a long term national infrastructure plan that supports economic development of cities and enables them to become more efficient nodes of economic growth and;
- Formulating guidelines for the preparation of Provincial and District Spatial Plans.

Managing Urbanization: Through preparation of national and provincial spatial plans the urbanization would be managed in support of national economic development. Detail of National Spatial Strategy and of National Drinking Water and National Sanitation Facilities are presented in Box 15.1 and 15.2.

Creating Knowledge: National research capacity will be built for producing new knowledge for effective policy formulation and decision making in the urban development sector.

Pursuing Sustainable Urban Development: Cities would be encouraged to prepare City Development Strategies addressing the strategic issues and supported by City Business/Plans ensuring strong urban economy and self financed urban projects.

Addressing Housing Shortages: Addressing housing shortages will be through facilitation of private sector. Government role would be of facilitator but would also undertake housing project to meet requirements of urban poor and the government servants

Coherent Urban Development: Establishing coordination mechanism for achieving coherence amongst urban development activities at federal, provincial and local levels

Promoting Public Private Partnership: To further improve upon the enabling environment for greater participation of the private sector

Supporting Local Governments: Providing federal financial support for key city development projects and arranging for financial mechanisms to improve credit worthiness of local governments to access financial markets.

Box 15.2 Implementation of National Policies

The National Drinking Water Policy 2009 and The National Sanitation Policy 2007 would be implemented to ensure access to safe and drinkable water supply and to a basic level of sanitation services to the entire population by 2020.

Both of these policies lay emphasis on; i) conservation of water resources and recycling & reuse of waste, ii) equitable coverage of all segments of population, iii) improving the quality of delivery services, iv) increasing the role of the private sector in the development of infrastructure, v) greater participation of communities in designing, implementation and operation of water and sanitation projects and vi) enhancing the financial status of local bodies and reducing their dependence on provincial and local governments.

Annual Plan 2010-11

To effectively implement the PP&H ongoing and new Programs the following initiatives would be taken during 2010-11.

- Priority would be accorded to Prime Minister's One Million Housing for Low-Income Groups.
- Mega projects in big cities will be implemented on fast track basis.
- At federal level, through PSDP a large number of accommodation projects pertaining to CAF/Police/Judiciary, and essential government offices urban development, housing accommodation, and water supply and sewerage will be undertaken.
- The federal government under matching grants between federal and provincial governments is providing such supports as Bulk Water Supply and Sewerage projects in Karachi, Hyderabad, Mirpurkhas, Nawabshah, Sukkur, Quetta, Faisalabad, Okara, Peshawar, Malakand, Muzaffergrah, Muzzaffarabad and down town areas of Punjab, Coastal Area Development, urban areas uplifts projects in Multan, Ziarat, Loralai and Gwader.
- In case of Federal Capital, the PSDP would continue financing Islamabad's development, water supply & sewerage schemes in ICT, and construction of functional buildings/ structures and residential accommodations.
- Federal Government will continue and expedite to provide houses to federal government employees on ownership basis on their retirement.
- For efficient delivery of water supply and sewerage services in urban areas efforts will be made to complete the on-going schemes and to recover the full O&M costs; to initiate a phased program of rehabilitating the old water supply and sewerage network; reduce the water losses; and integrate the planning and development of water and sewerage projects.

- Programs for economic development of Cities would be initiated based on their historic economic advantage and the type of products the market demands.

- To encourage major cities to develop integrated development strategies for their respective regions, encompassing various aspects to bring cities and regions in harmony

- National Spatial Strategy (NSS) would be prepared in order to organize urbanization in a planned and productive manner.

- Conforming to the policies of the NSS, the provincial and district governments would be encouraged to prepare Provincial and District Spatial Development Plans

- To address the shortage of research and objective analysis and to facilitate formulation of sustainable policies and decision making an "Urban & Regional Policy Research Centre" will be established within the Planning Commission.

- Cities would be encouraged to prepare "City Development Strategies" and "City Business Plans

- Provision of water supply & sanitation programs would be implemented in the light of The National Drinking Water Policy 2009 and The National Sanitation Policy 2007.

- Urban Transportation system would be improved through development of integrated road networks and strong institutions better performance of public transport

- Appropriate measures would be taken to protect the urban environment from degradation

- Environment management plan of towns and cities would be prepared to support the income of the poor and improving their access to better living conditions.

- Under housing for all program focus will be give to low-income residents, through implementing the legal and regulatory reforms for better operation of housing markets. Cost recovery would be maximized and subsidies minimized in the financing of low-income housing and slum upgrading.

- Despite the disinterest of the private sector, the government will continue to further improve an enabling environment to attract greater participation from the private sector

- Public Community Partnerships (PCP) where the communities are made in charge of implementation of the schemes and for recovering users' charges would be encouraged in Katchi Abadis Upgradation and Slum Improvement

- The poor financial status of the local governments will be directly addressed through National Urban Development Fund and National Urban Finance Fund (NUFF).

- An "Urban Settlement Commission" comprising of leaders in urban development under Federal Minister for Local Government, would be formed to secure inter provincial coordination and to support various initiatives and programs relating to urban development in the country.

Rs 12.8 billion have been earmarked for the following PP&H sectoral programs to be implemented during the year 2010-11, detail is provided in Table 15.2

Table 15.2 PP&H Programme: 2010-11

Programmes		Targets
Preparation of National Spatial Strategy		01
Establishment of National Urban & Regional Policy Research Centre		01
Preparation of City Development Strategies and Business Plans		08 Major Cities
Preparation of Provincial Spatial Plans		04 Provinces
Establishment of National Urban Development Fund		
Urban Water Supply	population coverage	88%-90%
Urban Sewerage & Sanitary Drains	population coverage	67%-69%
Rural Water Supply	population coverage	60%-62%
Rural Sanitation	population coverage	35%-37%
Katchi Abadis Slums Up-gradation	population coverage.	Additional 0.250 million population
National Low Cost Housing Programme		
Prime Minister's One Million Housing Programme for low income groups (Poor & low paid government employees)		One Million
Development of Residential Plots of small size in urban and rural areas, for construction of houses by the allottees.		2,50,00
Government Buildings Construction of Office Buildings for Federal / Provincial Government Agencies & Civil Armed Forces.		0.25 million square feet covered area

Chapter 16

Information and Communication Technologies

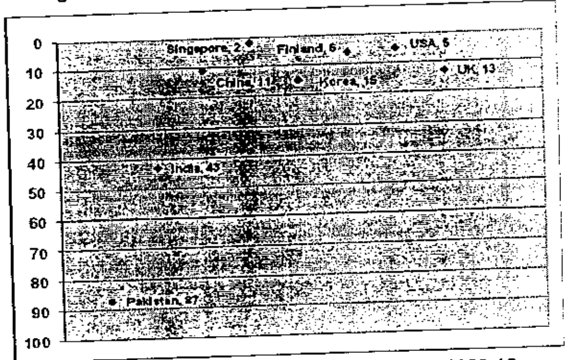
16.1 Information Technology (IT)

Information Technology is now recognized as an important vehicle for accelerated development and uplift of the people in many countries of the world. This in turn is facilitating the worldwide exchange and sharing of experience, knowledge and services. In the recent past, global recession has slowed down the economies, but information technology is showing the way to recovery of the businesses and economies through innovative and smarter solutions.

Pakistan's economy has been under tremendous pressure during the year. This has also adversely affected the IT Sector. The growth has slowed down with no significant and sizeable investments coming during the current year 2009-10 into the country. Despite this slow-down, the IT Sector is still vibrant enough and is envisaged to pick-up by the end of next year 2010-11. Several global IT companies such as NCR, IBM and Oracle use Pakistan as a regional hub for South Asia and Middle East.

The current year 2009-10 saw slight improvement in the network readiness index rankings. It increased from 98 in last year to 87 in the current year, showing the potential of Information and Communication Technology (ICT) sector to perform well. In spite of this, Pakistan still ranks much lower than our regional competitors. A comparison of Networked Readiness Index (NRI) ranking of selected countries is shown in Figure 16.1.1.

Figure 16.1.1: Network Readiness Index Rankings



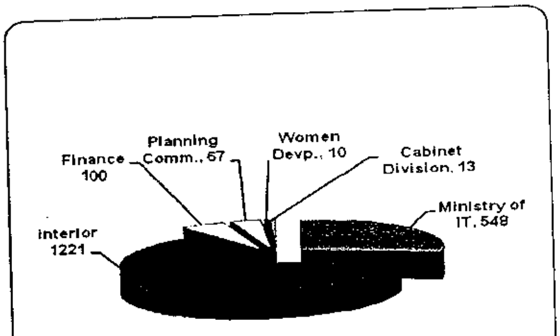
Source: Global Information Technology Report 2009-10

Review of 2009-10

Financial

In the PSDP 2009-10, an amount of approximately Rs 2.0 billion was allocated for information technology sector for 65 projects costing Rs. 16 billion. These projects were executed by various Ministries/ Divisions. The graph 16.1.1 shows the distribution of PSDP allocation among the Ministries/ Divisions. As per the revised estimates, the utilization for 2009-10 will be 63% of allocated funds.

Graph 16.1.1 PSDP 2009-10 Information Technology Sector (Rs million)



Source: Planning Commission

Physical

The major achievements for 2009-10 are delineated below:

Human Resource Development: The educated and highly skilled human resource is imperative for the growth of information technology. Pakistan has to equip not only its educational institutions at all levels with the information technology facilities but also it has to establish new vocational training centers throughout the country which focus on providing training to convert the latent human resource available into a highly skilled IT workforce that is competitive at the world level. To address the shortage of highly skilled workforce in ICT, the Government has been focusing on both short term and long term initiatives.

Major projects executed during 2009-10 for human resource development include:

- **National ICT Scholarship Program** approved at a cost of Rs 2,414.8 million was launched. The Scholarship Programme provides opportunity for students of non-metropolitan areas to have access to quality IT/Computer Science education in the country. About 7,300 students received foundation training from this programme and about 500 successful students qualified for scholarships for 4-years Bachelors degree programme in various universities country wide. The overall target of the project was to award 4-years Bachelors degree scholarship to about 3,500 students.

- **Pilot Project for End-Users and System Administrators – Training on Open Source Software** was conducted to raise the skills in the use of open source softwares. More than 3,100 people were trained in the different professional courses and administration of Linux Operating System.

- **Basic Information Technology Training** aims at improving the IT literacy and skills of Government employees to carry out office work and training was imparted to about 3,000 Government employees.

Information Technology Industry Development: It is expected that IT exports in 2009-10 will reach US$ 250 million approximately against a target of US$ 280 million. This under-achieved status is mainly attributed to the overall uncertain situation that prevailed during the year 2009-10, which made the international investors reluctant to invest and undertake business in Pakistan and many local companies in expanding initiatives within the country. In order to strengthen the local information technology industry to compete in the international markets, following projects were executed during the year 2009-10:

- **Purchase of Land in Karachi and Lahore for Establishment of IT Parks** was approved for capacity building of IT industry. This project will boost the information technology infrastructure and facilitate more companies to establish their business in Pakistan.

- **IT Parks Construction projects consultancy** for both Karachi and Lahore airports was launched during the year. These parks will facilitate more IT firms to establish their businesses in the country.

- **Standardization of Pakistani Software Industry Program** was initiated to obtain internationally recognized certifications by local companies. As a result, the number of Capability Maturity Model Integration (CMMI) assessed companies has increased. Currently CMMI certified companies according to their level include, two CMMI Level-5, three CMMI Level-3 and sixteen CMMI Level-2 companies. Also, now there are 110 ISO-9000 certified. ISO 27001 consultancy and audit of ten IT companies has been completed this year.

- **Automation of Domestic Industry on Open Source Systems.** This project was initiated to encourage the local companies to develop expertise in open source arena as well as to provide automation at low cost for domestic industry.

E-Government

Government continues to pursue its policy of improving its efficiency and facilitating its citizens through Information Technology. The e-government program covered computerization of Ministries as well as extending its services to the public. However, due to pressures on the development budget, new major initiatives in this area could not be taken and emphasis was only laid on completing the existing projects. The major e-government projects executed during 2009-10 included the following:

- **Machine Readable Passport/ Machine Readable Visa Project (MRP/MRV) Phase-II** was approved at a cost of Rs. 3,562.540 million for deployment of MRP/MRV System. Through this project, the MRP/MRV System was deployed at 5 Regional Passport Offices (RPOs) and one Foreign Mission in 2009-10.

- **E-enablement of Islamabad Police** has established automated police headquarter and its connectivity with 13 police stations through Wi-Max. Till date 4,012 e-FIRS, 220,418 computerized driving licenses, and digitization of complete human resource record has been completed. The project has greatly helped in the improvement of services to the people by the police.

- **E-Services for Interior Division** has automated Visa issuance, Visa extensions, NOC certificate issuance, renewal and management of arms licenses etc. Software applications for these e-enabled processes have been developed and deployed at Ministry of Interior for user testing. By the end of this fiscal year, these shall be rolled out.

- **Online Access to Statutory and Case Laws** for the honorable judges of high courts and Supreme Court. Under the scope of these projects necessary IT infrastructure has been deployed at High Courts and Supreme Court. Also, online access to PLD cases has been provided at 250 locations in Punjab, NWFP, and Federal Capital, Islamabad, via the internet.

- **Automated Fingerprint Identification System (Phase-I)** was completed in February, 2010 and Phase-II of the project is being implemented for online comparison/ identification of criminals through fingerprints to combat terrorism and crimes.

Challenges and Recommendations

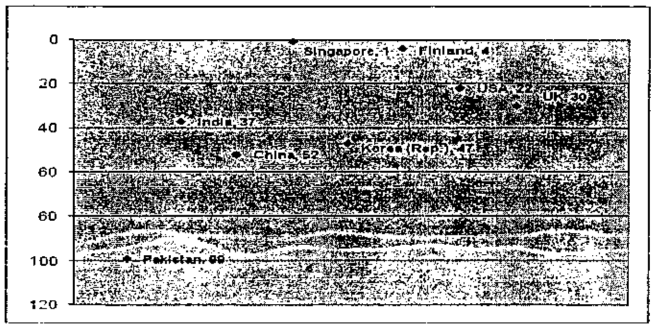
Education & Human Resource Development: The most important factor in sustainable growth of information technology in any country is the human resource. A strong focus on quality IT education will be very helpful for not only meeting the

Figure 16.1.2: Quality of Educational System

domestic demand but also to cater for the international requirements since the trained human resource is an excellent source of foreign remittances.

The quality of Pakistani educational system is the main reason of under-achieved IT development. Pakistan's ranking for "**Quality of the Educational System**" during the current has improved slightly as compared to the last year and it currently stands at 99 (Figure 16.1.2). However, this is well below India (37) and China (52). Therefore, a lot of room exists for improvement and to become competitive at the world level.

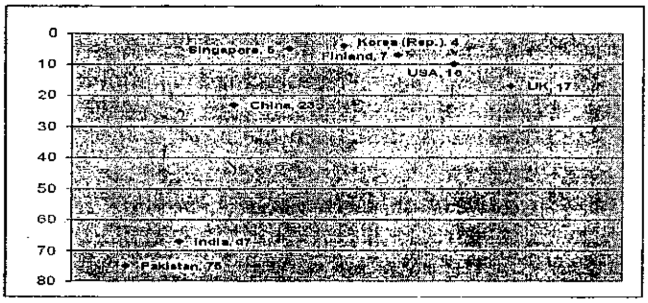
Figure 16.1.2: Quality of Educational System



Source: Global Information Technology Report 2009-10

Furthermore, internet access in schools needs to be enhanced along with computer education to improve Pakistan's internet access in schools ranking. As per the ranking of Global Information Technology Report 2009-2010(Figure16.1.3), Pakistan is ranked as 75 for "**Internet Access in Schools**", slightly up from the last year's ranking of 81. This year Korea is ranked at 4, Singapore at 5, Finland at 7, while China is ranked 23 and India as 67 (Figure 16.1.3).

Figure 16.1.3: Internet Access in Schools



Source: Global Information Technology Report 2009-10

Pakistan needs to rapidly and consistently increase the base of primary, secondary and tertiary education in terms of quantity as well as quality. An efficient and focused educational system needs to be put in place in which thinking; innovation and creativity is encouraged and promoted. For inculcating these traits in the students, teachers must be trained in the latest teaching methodologies as well. Also, incentives in the shape of scholarships need to be offered to the talented students for promoting IT education. The initiative like National ICT Scholarship program being sponsored by Ministry of IT is a step in the right direction.

Establishment of training centers for developing skills in human resource is required for meeting the requirements but some mechanism for quality control of the training institutes needs to be put in place. Also, the projects for improving IT skills with increased outreach of IT institutions need to be implemented.

In order to provide overseas employment to the trained IT professionals, IT Placement Centers can play a pivotal role. Therefore, placement centers should be established specifically for exporting IT manpower seeking overseas opportunities. The recommendations to develop HRD in IT sector are briefly presented in Box 16.1.1.

Box 16.1.1 Recommendations for Human Resource Development

- Establishing a chain of ICT Vocational Training Centers through Public Private Partnership with emphasis on international certifications (e.g. PMP, PRINCE2, CCSP, MCSD, DBA, etc.) and development of key competencies.
- Providing computing infrastructure in secondary schools and colleges along with internet access.
- Upgrading teaching skills of IT teachers.
- Scholarships for IT education.
- Establishing Centers of Excellence for IT Training.
- Implementing projects for upgrading IT skills with increased outreach of IT institutions.
- Establishing IT Placement Centers for exporting trained IT manpower.

Information Technology Exports: For 2010-11, the estimated IT exports are targeted at US$ 350 million, which is very low as compared with the IT exports of other countries. For example, Korea's IT exports were US$97 billion, Ireland's IT exports reached US$24 billion and India's IT exports are estimated to reach US$48 billion in year 2008-09. For increasing the software and IT exports, besides attracting large multinational businesses in the country, local entrepreneurs and investors in large numbers should be attracted through incentives and infrastructure support to give impetus to the sector. For this purpose, development of IT incubators to establish IT companies and venture capital funds will be encouraged by providing them with 'one-window-facilitation' to start their business. A government-backed program to establish IT incubators will be designed.

To attract large international businesses, the local IT companies need to complement their expertise as well as augment their capacity through clustering as well as mergers/ acquisitions on successful business propositions. The mergers, acquisitions and joint ventures with foreign software houses will help in the promotion of software development, software business and transfer of technology. A proper mechanism to incentivize the system will be put in place by the Government. This will enable the local companies to transform into world-class companies.

The international businesses now focus on adopting best practices to ensure delivery of quality services and products. The local IT companies should be encouraged in this direction. For this purpose, incentives such as tax concessions/ rebates/support shall also be given to local IT companies for achieving higher CMMI Level certification, opening offices overseas and for earning foreign exchange from software exports.

Silicon Valley, USA, Multimedia Corridor in Malaysia, and Internet City in Dubai are examples that have led to the growth of IT industry in the respective countries. A Multimedia/ Internet City and Knowledge Village in Pakistan on similar lines will help to attract large software companies and multinationals to build their offices locally. These places would be treated as Tax Free Zones. Further, this will act as a hub for value-added activities such as multimedia content development, animation, computer games, knowledge creation, etc. Initiatives for development of IT industry and exports, in brief, are presented in Box 16.1.2.

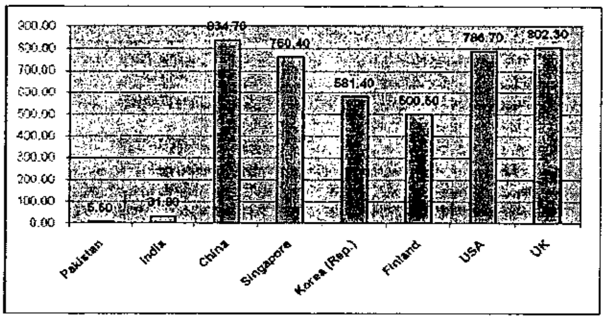
Box 16.1.2 Initiatives for Development of I.T. Industry

- Incentives for achieving higher CMMI Levels and other International Certifications such as ISO 27001, ISO20000, ISO 9001, ITIL.
- Encouraging development of I.T. incubators
- Mergers, acquisitions, joint ventures with foreign software houses to build world-class companies.
- Incentives for remitting earning in the shape of foreign exchange.
- Establishing Internet City and Knowledge Village to achieve critical mass of high technology companies.
- Encourage domestic consumption of indigenously made software products and ITeS.
- Encourage availability of content, applications and services in Urdu and other local languiuages.
- Developing computer hardware industry and encouraging transfer of technology.
- Abolition of Sales Tax on computer hardware equipment and software.

E-commerce: E-commerce is the main pillar on which the knowledge-based economy stands. In Pakistan, e-commerce is still a long way to be seen at a recognizable level. In this regard, many issues will be addressed that include expansion in connectivity infrastructure, introduction of Public Key Infrastructure (PKI), implementation of laws related to electronic transactions, data protection and cyber crimes so that confidence is built up for doing business using this medium.

Computer Hardware Industry: Pakistan's computer hardware industry requires more attention to make it a vibrant sub-sector of the overall IT industry. For this purpose, a level playing field shall be ensured by providing equal treatment to import of components and finished computer equipment. Also, there will be tax concessions/package programmed for OEMs companies and manufacturers of computer hardware components (e.g. storage media, networking equipment, keyboards, etc.) for a period of next 15-20 years.

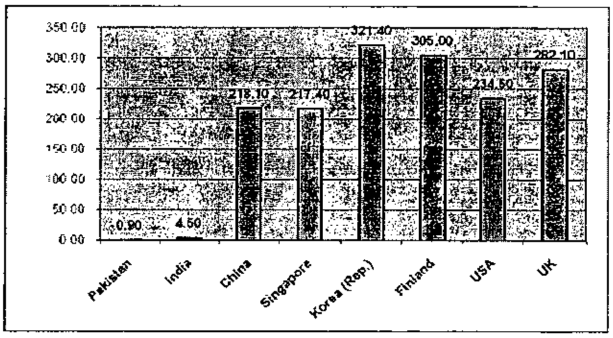
Figure 16.1.4: Personal Computers (Per 1,000 Persons)



Source: Global Information Technology Report 2009-10

In order to promote this, computer hardware firms equipped with after-sales maintenance/ repair workshops/ labs employing qualified IT professionals and having country-wide presence shall be preferred for the award of large Government contracts.

Figure 16.1.5: Broad Band Subscribers (Per 1,000 Persons)



Source: Global Information Technology Report 2009-10

Similarly, concessions in the sales tax on computer and allied equipment are planned to be provided to provide impetus to rapid growth of information technology and services. It will also help in broadening the ownership of PCs and broadband subscribers, as currently, Pakistan has a very small base of PCs and broadband penetration as compared to other countries (Figue16.1.4 & Figure16.1.5).

Box16.1.3: Recommendations for Sustainability of E-Government Initiative

- Replication of already matured e-government initiatives to avoid duplication of efforts
- Proper IT Sections in each Ministry inducting qualified IT professionals.
- Development of IT Cadre at competitive salaries based upon performance.
- Sharing of government software applications with other government entities including Provinces.

E-Government: The emphasis on e-government initiative continues since the year 2000 when M/o IT was established. As compared to last year the E-Readiness score for Pakistan has increased, from 3.79 to 4.10 showing that a continuous effort is being made. However, this initiative being in developmental stage requires a concerted effort and continuous ownership at the highest level to make it successful. Currently, Pakistan's position is almost sluggish with respect to e-government initiative. These initiatives have not yet been completed. The major issue in the sustainability of e-government projects is the retention of IT professionals in the longer run as the private sector is offering very lucrative packages for the same skills and experience level. To attract IT professionals in the public sector, development of an IT Cadre at competitive salaries based upon the performance is essential. This will help in motivating IT professionals to join public service and adopt it as a long-term career. Recommendations, in brief, for sustainability of e-government initiatives and cadre are presented in Box 16.1.3.

For the e-government initiative to take its roots within the government offices, proper IT Sections in each Ministry are required to be established. These IT Sections would cater to the requirements of maintenance/updation of websites, network management, hardware maintenance, IT training and business process re-engineering. The IT Sections of each Ministry should have IT professionals with appropriate educational background and skills to handle these tasks and rewarded as per market conditions. The existing IT Departments working under the Ministry of IT also need to be reorganized and re-oriented to accelerate the pace of implementation and address the enhanced IT requirements of the Government.

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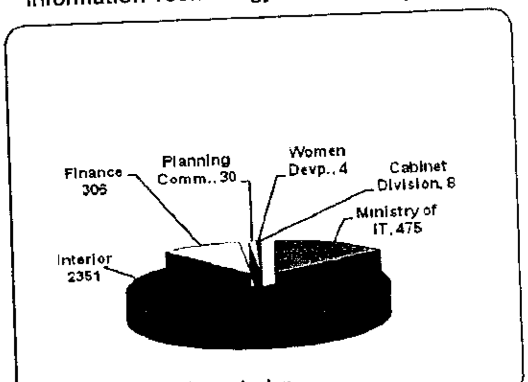
Financial

In the PSDP 2010-11, an amount of Rs 3.2 billion has been earmarked for IT sector for 71 projects costing Rs 14 billion. Allocations against major ministries/Divisions are presented in Graph 16.1.2.

Graph 16.1.2 Proposed PSDP 2010-11 Information Technology Sector (Rs million)



Source: Planning Commission

Physical

The PSDP earmarked for 2010-11 will further enhance the human resource development, IT industry development, e-Government, infrastructure development and will create employment opportunities in the IT sector. Major thrust in IT for the 2010-11 will be as follows:

Human Resource Development: In 2010-11, focus on human resource development related projects will continue to be on provision of IT training to government employees and the Public. Following are the main projects included in PSDP 2010-11:

- **National ICT Scholarship Program.** This five-year program launched last year will continue to provide opportunities to the students of rural and lesser developed areas to get access to best quality ICT education in Pakistani universities. The target for the year is to provide foundation training to about 9,000 students. About 700 successful students from this foundation training will get scholarships for 4-years Bachelor's degree programme in various national universities.

- IT **Training for Elected Lady Representatives (PHASE-II)** launched for providing basic computer education to elected lady councilors will be re-oriented to include lady teachers of the public girls secondary schools of rural areas so that the prime objective of providing information technology access to female population is adhered. The lady teachers will be imparted training uptil the operationalization of local bodies system. In the next year, approximately 400 public school teachers in 15 Districts of the country will benefit from this training program. The project will be completed in March 2014.

- **Pakistan Computer Bureau (PCB)** plans to provide basic IT training to 5,000 Government employees. Training on Open Source Software will be conducted to raise the skills in the use of open source software for more than 6,000 users. Also, more than 1100 people will benefit from different professional courses.

Information Technology Industry Development: In PSDP 2010-11, emphasis on improving the IT infrastructure will continue so that more international IT companies are attracted to undertake business in Pakistan alongside the domestic IT companies. In this regard, some of the important projects included in PSDP 2010-11 are:

- **Phase-II of Standardization of Pakistani IT Industry** will further strengthen the capacity of IT industry to attract international business. The target for the year is to support at least fifteen companies to attain CMMI level 2, seven companies CMMI level 3 and one company to attain CMMI level 5.

- **Next Phase of Strengthening of Pakistani IT Industry** through International Certifications will offer opportunity to Pakistani companies of achieving twenty certifications of both ISO 20000 and ISO 27001.

E-Government: E-governance projects will continue to be the center-piece of information technology initiative. The major e-government projects in 2010-11 include:

- **Machine Readable Passport/ Machine Readable Visa Project (MRP/MRV) Phase-II** is being implemented for deployment of MRP/MRV System. The MRP/MRV System will be deployed at 7 RPOs and 30 Foreign Missions in the year 2010-11.

- **Health Management Information System (HMIS)** at Jinnah Post Medical Graduate Complex (JPMC), Karachi is planned to be implemented in the next year while the implementation of HMIS is also underway at Sheikh Zyed Medical Complex and will be completed in the next year. In 2010-11, EGD has planned to operationalize the HMIS (already deployed at PIMS) at Children Hospital Islamabad. Procurement of necessary hardware e.g. PCs, Servers, and LAN are already underway.

- **Online Recruitment System for FPSC** has already been deployed to enable online management of applications for the positions advertised by FPSC for General Recruitment and CSS exams. The system automatically receives online applications, allocates seats according to the quota system keeps record of candidates' results, post interview schedules online. The e-enablement features helped organization to reduce cycle time from weeks to hours for activities like compilation of results, preparation of exam papers and management of interview schedules. The project is expected to be completed in the next year.

- **GIS-Based System** for capturing and analyzing the data for infrastructure, education, health, and population welfare has been developed. At present the data has been collected and incorporated for model districts including Nawabshah, Kotli, and Batagram. Efforts are underway to complete the survey work for remaining two districts as per approved scope of project. In next year (2010-11), the aforesaid work will be completed

- **Automation of Central Directorate of National Savings (CDNS)** will facilitate its investors and improve public service at the National Savings Centers and the Head Office. Plans are also underway to provide value added services including ATM, Internet and Mobile Banking etc. to the clients of CDNS in future.

16.2 Telecommunications

Telecommunication sector in Pakistan has shown tremendous growth during the last few years. It is now entering into the next stage of consolidation and value addition in the services. For services and infrastructure providers, this will bring even bigger challenges and opportunities. The broadband services are now gaining more ground and this year has been very encouraging for the broadband service providers. The slow-down in the growth of mobile connections/ subscribers during the early part of the year is now over and the turnaround is expected to be more visible from the next year.

Review of 2009-10

Currently, there are two telecommunication organizations working under the government umbrella namely National Telecommunication Corporation (NTC) and Special Communication Organization (SCO). During the process of privatization of PTCL, NTC was created to take care of the Government's telecom needs. NTC at the moment operates about 114 exchanges in the country and total working connections are 116,717. SCO presently operates 157 exchanges and has 79,692 working connections and 666 WLL cell sites with 49,026 connections. For Telecommunication projects, Rs 448.4 million will be invested by the Federal Government.

The important projects executed by **NTC** as well as **SCO** during the year are as follows:

National Telecommunication Corporation (NTC)

- **Establishment of Video Conferencing Facility for GOP.** The cost of project is Rs 35.1 million where NTC is providing video conferencing facility between various Federal Ministries and Provincial Government Departments.

- **Hosting of GoP Portal and Government Websites.** The cost of project is Rs 20.6 million where NTC has to provide portal & Government Websites for it's official customers.

Special Communications Organization (SCO)

- **Laying of Optical Fibre Cable (OFC) to connect remote areas of Gilgit-Baltistan and AJK.** The project is worth Rs 460 million and would provide instant worldwide access at affordable price creating an opportunity for local and global connectivity. The project would provide self healing rings for guaranteed communication in AJK & Gilgit-Baltistan and meet the needs of Defence Forces / Government Departments in the area.

- **Re-location of already laid SCO's telecom assets due to up-gradation of KKH from Raikot to Khunjrab.** The project cost is Rs 199.3 million for laying 335 Km OFC and repair communication assets of SCO along the KKH which were damaged due to the expansion of KKH.

- **Gilgit-Baltistan Terrestrial Link Microwave.** The project involves laying of 450 Km OFC from Mansehra to Gilgit and 390 Km OFC between Gilgit and Skardu. Expansion would also be done on 25 Satellite Exchanges and laying of 440 Km OFC for inter connection of transit exchanges. 218,000 new digital lines including GSM would also be added. Cost of the project is Rs 490 Million.

- **Interconnect Billing and Customer Support for AJK.** The system will automate preparation of bills for 500,000 subscribers. The cost of the project is Rs 580 Million.

Performance of Private Companies in 2009-10

Presently, there are 6 large private companies operating in the country namely Mobilink, Telenor, Warid, PTCL, U-Fone and Zong. Following Tables 16.2.1 and 16.2.2 and Figure 16.2.1 show the number of connections as reported by Pakistan Telecom Authority (PTA).

Table 16.2.1: Number of Fixed+WLL Telecom Connections (2009 and 2010)

(Millions)

No	Item	As of March 2009	As of Feb 2010	Growth (%)
1	PTCL Fixed Lines	3.4	3.4	0.0
2	Other Fixed Lines	0.1	0.1	0.0
3	PTCL WLL	1.2	1.2	0.0
4	Other WLL	1.2	1.4	16.7
	Total Fixed+WLL	**5.9**	**6.1**	**3.4**

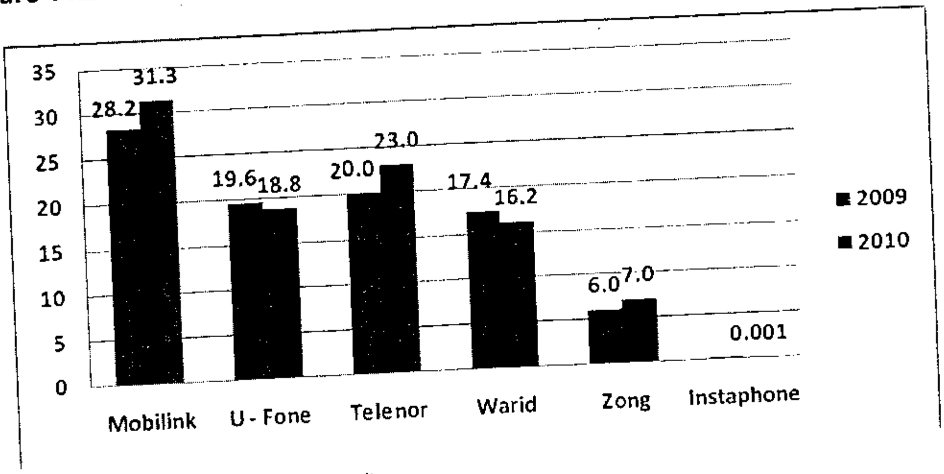
Table 16.2.2: Number of Mobile Telecom Connections (2009 and 2010)

(Millions)

No	Company Name	As of March 2009	As of Feb 2010	Growth (%)
1	Mobilink	28.2	31.3	10.99
2	U – Fone	19.6	18.8	-4.08
3	Telenor	20.0	23.0	15.00
4	Warid	17.4	16.2	-6.90
5	Zong	6.0	7.0	16.67
6	Instaphone	0.2	0.01	-95.00
	Total Mobile	**91.4**	**96.31**	**5.37**
	Grand Total : (Fixed + Mobile)	**97.6**	**102.5**	**5.02**

Source: Pakistan Telecom Authority

Figure 14.2.1: Number of Subscribers of Mobile Companies (As of Feb., 2010)



Source: Pakistan Telecom Authority

Status of Net Increase

As of March, 2009 the tele-density in Pakistan stood at 60.6 (fixed + mobile), whereas the tele-density in Feb, 2010 stands at 62.4 (fixed + mobile). This indicates an increase of 2.97% in tele-density in the country. The broadband connections increased from 170K in April 2009 to 688K in January, 2010. This increase is mainly attributed to aggressive launching of triple-play services at affordable prices. Besides broadband, WiMAX services have also been launched during the year by telecom companies namely PTCL, Wateen and Wi-tribe wireless broadband services.

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In PSDP 2010-11, Rs 2.522 billion have been earmarked for SUPARCO, SCO and NTC to execute 33 approved projects worth Rs 28.5 billion. Following are some of the important SUPARCO projects:

SUPARCO

- **Pakistan Communication Satellite System (PAKSAT-1R).** The project envisages to design, develop and launch a geo-stationary communication satellite (PAKSAT-1R) by 2011 to replace the leased communication satellite PAKSAT-1. The cost of the project is Rs 17.5 billion.

- **Development of CFIs to fly on-board Communication Satellite PAKSAT-1R.** The project is worth Rs 388.8 million and aims to achieve capability of indigenous manufacturing of space hardware, i.e., On-board Data Handling Subsystem, Telemetry Subsystem, Telecommand Subsystem and Power Conditioning and Distribution Unit.

- **Development of Logistic Support Facilities for National Satellite Development Program.** The cost of the project is Rs 333.3 million This is an infrastructure development project to support and facilitate activities related to the National Satellite Development Program which would also incorporate development and launch of communication satellite PAKSAT–1R.

- **Development of Various Laboratories for National Satellite Development Program in Lahore.** The project is worth Rs 426 million where 12 labs would be constructed in Lahore to develop various subsystems of communication satellite for the National Satellite Development Program.

- **Human Resource Development for National Satellite Development Programme (NSDP).** The project aims at building capacity of SUPARCO Engineers and Technicians by providing practical training and experience of operations so that they become useful for the NSDP project. The cost of project is Rs 357.0 million.

- **Development of a compact Antenna Test Range (CATR).** The project is worth Rs. 499.8 million in which compact antenna for satellites would be developed at SUPARCO Centre in Lahore. The project is very useful for development of satellite technology in the country.

- **Satellite Bus Development Facility (Phase – I).** In the project Satellite Bus Development Facility would be constructed in Karachi at a cost of Rs 439.8 million where various components of satellites would be developed and tested.

- **Up gradation of Precision Machine Shop.** The cost of the project is Rs 178 million where the existing Precision Machine Shop at Karachi is being upgraded to produce various components of satellites.

Chapter 17

Women Empowerment and Social Welfare

17.1 Women Development and Empowerment

Women have significant potential to contribute to economic growth and social development. However, they face multifaceted exclusions and discrimination which limit their effective participation in national and domestic affairs. Therefore, eliminating gender inequality and achieving women's empowerment is the priority development agenda of the government and consistent with the international commitment for achievement of Millennium Development Goals (MDGs).

The planned strategy for women's development is to provide autonomy and empowerment to women in all spheres of life. Specific objective of women development is gender mainstreaming to remove inequalities and imbalances prevailing across sectors, provide unimpeded access to rights, resources and services, protect daily lives and provide protection to women against all forms of violence and discrimination.

Review of 2009-10

Rs 343.7 million were allocated to Ministry of Women Development for implementation of 20 schemes for the year 2009-10. The Ministry is expected to utilize Rs 188.2 million. The major programs have been in the areas of gender reforms, economic empowerment, protection and rehabilitation, awareness raising and training and skill development. Implementation of Gender Reform Action Plan (GRAP) is the major reform initiative in the public sector. The project implementation has been delayed by extending it third time up to the 2011. Brief progress on the programs during 2009-10 is given below.

Reforms

GRAP has been launched to promote a coherent gender reform agenda to align policies, structures, programs and projects for enabling the government to implement its national and international commitments on gender equality. It specifically aims at introducing reforms to engender government machinery at the federal and provincial levels. Gender Development Sections in five stakeholders/ministries against the target of 13 have been established and are functional. These have been instrumental in actions leading to reforms.

Convention on Elimination of all Forms of Discrimination Against Women (CEDAW): Information collected and compiled for reporting on regular intervals for sharing and follow up of recommendation with the stakeholders. The 4th Report on CEDAW implementation has been drafted for submission to the UN committee. National Plan of Action has been drafted.

Skill Development and Micro Credit: Programs were piloted in the provinces in collaboration with NGOs and banking institutions for economic empowerment of rural women.

- Economic empowerment of Rural Women in collaboration with First Women Bank and Khushali Bank.
- Economic empowerment of women in Tharparkar District in collaboration with Thardeep Rural Development Programs (TRDP).

Protection and Rehabilitation against Violence: The Ministry of Women Development has completed establishment of 25 Crisis Centers for women in distress, while 9 new centers are being established by ERRA in Khyber Pashtoonkhwa and AJK. These centres provide temporary shelter, free medical and legal aid, liaison with agencies concerned with redressal of women grievances and protect women against violence.

Training and Awareness: Computer literacy and awareness raising programs were implemented in selected districts. IT training in each district was provided to female elected representatives at grass roots level to enable them to participate in national development planning process.

Economic Empowerment: Collaborative projects to provide services to women for their economic uplift were initiated. A portfolio of projects to strengthen provincial efforts and initiate new programs with the collaboration of NGOs in the provinces, AJK & NAs were prepared and approved for implementation.

Transport Facilitation to Female Students: Buses were provided to girls /women colleges in selected less developed districts/ rural areas in the provinces, FATA and Federal Area to facilitate mobility of female students.

Physical targets and achievements of Women Development Programs during 2009-10 are briefly presented in table 17.1.1

Table 17.1.1 Physical Targets and Achievements 2009-10

Sub-Sector	No of Projects	Targets	Achievement
Reforms	1	Establishment of Gender Development Sections in 13 stakeholder agencies.	• Gender Sections Established in five Ministries. • Seven Workshops organized for officers of various Ministries.
Micro Credit	1	2500 women	76 women
Skill Training	4	2800 women	2750 women
Family Protection, Rehabilitation & Crises Centers	5	5500 women	3969 women
Health Care	1	Construction of 10 Bashalanis in Kalash Valley	2 Bashalanis have been completed.
Computer Literacy	1	600 Teachers	600 Teachers
Mobility Support	6	10 Buses	8 provided. Two more will be available soon.
Awareness Raising	2	2100 women	2130 women

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An amount of Rs 152.9 million is anticipated to be provided in PSDP 2010-11 for Women Development Programs. MoDW will expand services to women in distress for their protection & rehabilitation, strengthen and expand economic up-lift program especially for rural women and continue reform agenda for mainstreaming of women development activities across sectors, CEDAW follow up and implementation and training for grassroots participation of female representatives in the planning process for development activities.

A brief account of Women Development program for 2010-11 is given in table 17.1.2

Table 17.1.2 Women Development Program 2010-11

(Rs Million)

Sub-Sectors	No. of Projects	Allocation for 2010-11
Reforms	1	20.6
Economic Empowerment	10	32.9
Protection & Rehabilitation Centers	6	42.6
Social Empowerment	5	30.5
Awareness Raising	2	7.4
Health Care	1	2.4
Planning, Monitoring and Evaluation	1	16.5
Total	**26**	**152.9**

Shaheed Benazir Bhutto Women Centers: A network of crises centers will be expanded at district level to provide temporary shelter, legal and medical aid and counseling services. Each center is planned to serve on average about 1000-1500 cases annually.

Training for Elected Lady Representatives: Lady Representatives training program will continue. Training will be provided in computer literacy and basic techniques for information gathering, internet surfing and local connectivity to facilitate grass roots participation of female representatives in the planning process of development activities.

Economic Empowerment of Women: Skill training and micro credit services will be expanded to women especially in rural areas for self employment. A program has been designed to strengthen existing activities of government and take new initiatives in potential areas in the provinces, AJK and NAs with the collaboration of NGOs.

Alternate Dispute Resolution (ADR): A program for gender justice through Musalihat Anjumans (MAs) will continue with the collaboration of UNDP by the Ministry of Local Government & Rural Development. The MAs at union council level will be strengthened and oriented to deliver services to females in 25 districts in all provinces. ADR is the free, quick and effective mechanism to serve the female population.

Planning, Monitoring and Evaluation: The Existing monitoring unit in the Ministry of Women Development will be strengthened to achieve better coordination, implementation and monitoring of the development policies, programs and activities.

17.2 Social Welfare Sector

Social Welfare strives for on empowerment of poor and needy segment of population. It provides under privileged access to basic necessities like education, health, nutrition, water and sanitation etc. The social welfare initiatives have had a positive impact on underlying poverty and inequality providing equitable economic and social opportunities to all segments of society.

The target population for Social Welfare Programmes includes poor and vulnerable population including children, women, and elderly, disable persons and socially excluded people. It also includes programmes to translate National Social Welfare Policy 1994, National Policy for Persons with Disabilities 2002 and National Social Protection Strategy 2007 into Plan of Actions.

Sectoral Policy

The overall policy for social welfare that has been adopted, determines two main strategic interventions namely i) social protection and ii) social mitigation. These interventions focus on the protection, welfare, empowerment and rehabilitation of the poor and vulnerable segment of society through new initiatives and expansion of existing social welfare services. These programme provide them access to basic necessities of education, health, income generation training and skills, technology and other public services and resource mobilization through public private partnership.

Strategy

The implementation of a well-coordinated National Social Protection System throughout the country is considered to be an appropriate measure to address the increasing trend of poverty incidence in the country. The existing programmes of social protection are considered inadequate in coverage and funding. To address the issue, National Social Protection Strategy has been prepared and approved by the Cabinet Committee on Social Sector Coordination in 2007. The strategy identifies as a top priority, the need to reach the poorest of the poor to address their vulnerability and improve human capital indicators. In addition, the NSPS emphases the need to improve institutional capacity in the sector and adequately define sectoral goals and responsibilities. The social protection programmes are therefore, envisioned to implement National Social Protection Strategy. Various elements of the social protection programme are:

- Introducing a broad based well coordinated social protection system in the country with emphasis on cash transfer programmes to the target beneficiaries.
- Improving targeting, administration, coverage, delivery mechanism and adequacy of the Cash Transfer Programme benefits/services.
- Developing capacities of involved institutions federal, provincial and local governments; service providers; and beneficiaries to effectively design, manage and monitor cash transfer programs as a step towards creating a central repository for social protection programmes in the country.
- Developing a purposeful monitoring and evaluation system for social protection programs.

- Rehabilitation and empowerment of the targeted families / households through provision of social care services at community level.
- Addressing cross sectoral issues to effectively implement National Social Protection Strategy.

Currently, to improve social welfare management and infrastructure, the following programs are considered vital:

- Establishment of central repository of accurate information/statistical data on nature and extent of various social welfare needs and requirements i.e. category-wise poor/vulnerable segment of population, NGOs, corporate sector organizations, funding agencies, small grant programs, available public and private sector services/institutions for women, children, youth, elderly, patients, community development, disability etc.
- The existing Social Welfare Policy was formulated during 1994. The next Social Welfare Policy will be formulated in accordance with current scenario and futuristic demands of Vision 2030, MDGs, next Five Year Plan 2010-15 and PRSP-II and National Plan of Action to implement policy would be a key element of this sector.
- Achieving sustainable community development through public private partnership. NGOs support and their capacity building would be an integral part of the program.
- Appropriate and judicious utilization of indigenous philanthropy, PBM and Zakat funds for social welfare and rehabilitation programs.
- Capacity building and strengthening of social welfare institutions including federal Ministry and provincial social welfare departments.
- Integrated and coordinated efforts by the federal and provincial social welfare departments to provide social welfare services.

Achievement 2009-10

During 2009-10, 68 schemes of social welfare with PSDP allocation of Rs 257.9 million and 2 schemes of staff welfare with an allocation of Rs 12 million remained in progress and Rs 269.9 million are estimated to have been utilized. These schemes mainly focused on provision of special education, training and rehabilitation of special children, community development, patient's welfare, child protection, staff welfare and fiscal incentives to NGOs at grass root level. The project wise detail is summarized in table 17.2.1.

Table 17.2.1 Social Welfare Schemes: Financial Allocation/Utilization 2009-10

(Rs. million)

Categories	No. of Projects	Total cost	Allocation 2009-10	Expenditure upto June 2010
Special Education	46	879.0	161.2	161.2
Social Welfare	19	389.9	83.9	83.9
NGOs' Support	03	84.5	12.8	12.8
Staff Welfare	02	50.0	12.0	12.00

Total	**70**	**1403.4**	**269.9**	**269.9**

Twenty nine development schemes comprising special education centres providing training and rehabilitation to various types of disabled children including visually handicapped, hearing impaired, mentally retarded and physically handicapped have been shifted on recurring budget of the Ministry of Social Welfare and Special Education. Twelve development projects providing social services to the needy and vulnerable communities in under developed areas have also been shifted on non-development budget since 2010-11. The grant has been extended to 800 NGOs operating at grass root level with financial support of Rs 12.8 million. Social welfare related projects have mainly focused on community mobilization, and support in MCH services and vocational trainings. The Ministry of Social Welfare and Special Education has been operating 48 such projects/centres and providing services to 12,000 beneficiaries. The consolidated summary of the physical achievements are given in the table 17.2.2.

Table 17.2.2 Social Welfare: Projects and Beneficiaries 2009-10

Projects Categories	No. of Projects / Centres	Beneficiaries
Special Education & Rehabilitation	85 centres	6,500
Community Development	30 centres	12,000
Social Services Medical Centres	18 centres	19,000
NGOs Grant for Welfare of the Needy and Vulnerable People	03 projects	800 NGOs
Staff Welfare Service	02 projects	700

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The Government will continue 28 on-going schemes, and 6 are new schemes. Out of which 16 on-going schemes will be completed. Rs 101.12 million has been allocated in PSDP 2010-11 for the schemes of the Ministry of Social Welfare & Special Education. Rs 6.5 million for two schemes of the staff welfare organization (Establishment Division) falling in social welfare sector has been allocated in PSDP 2010-11.

Chapter 18

Rural Development, Special Areas and Drought Recovery Assistance

18.1 Rural Development

Pakistan is pre dominantly a rural country, about 64% population is living in rural areas, where, social and physical infrastructure is far behind compared with the urban areas. The social and economic salutation in these areas is deteriorating day by day and poverty is wide spreading. A large proportion of rural people still have limited access to necessities of life potable water, shelter, health. Therefore, a continuous and holistic approach is required to reach the benefits of programme to the grass roots to raise the standard of life. Comparisons of some important rural-urban indicators are summarized in table-18.1.1 below:

Table-18.1.1 Comparison of Rural Urban Indicators 2009-10

Sector	Units	Rural	Urban	Total
Population	(million)	109.07	60.87	169.94
	(%)	64.2	35.8	100
Labor Force*	(million)	37.40	18.36	55.76
Employed Labor Force*		35.63	17.08	52.71
Un-Employed Labor Force*	(million)	1.77	1.28	3.05
Literacy Rate	(%)	51	75	60
Male	(%)	67	82	73
Female	(%)	36	67	46
Rural Water Supply	(%)	61	89	65
Rural Sewerage/Sanitation	(%)	36	68	45
Roads	(kms)	101,000	157,350	258,350
Basic Health Units	(Nos.)	5,600	-	5,600
Rural Health Clinics	(Nos.)	600	-	600
Village Electrified	(Nos.)	143,856	-	143,856

* Based on Labour Force Survey's Findings 2008-09

Source: Economic Survey 2008-09/respective chapters.

Issues & Challenges

Almost, one third of Pakistan's people live below poverty line. Key challenges include poor governance, poorly targeted social safety nets, inadequate infrastructure (i.e. energy, transport, and irrigation), poor delivery of social services, lack of financial resources, disempowered communities, exclusion of women from public sphere and the development process, low social capital, ethnic and religious strife and a spate of natural calamities.

The Government has laid out a comprehensive development agenda, gives priority to accelerating economic growth, improving governance, investing in human capital and targeting the poor and the vulnerable and to increase pro-poor spending in education and health sectors.

Policies

The policy framework for development of rural areas requires new and fresh outlook, based on recent experiences, success stories and result-oriented paradigms. Main policies, which would play a dynamic role for improvement of rural development, are as under -

- Provision of adequate resources for advancement of rural areas.
- Support to new holistic approaches, initiatives alongwith regional and cluster planning.
- Strengthening participatory approach (i.e. social mobilization/ organization) and empowerment of disadvantaged community particularly women.
- Promotion of Public Private Partnership in rural areas, especially in provision of public services.
- Rural development would link with available natural resources in vicinity.
- Environmental protection aspects for purposes of sustainability to minimizing the congestion/ pollution in rural areas.

Strategy

The rural development requires a holistic and comprehensive approach for betterment of standard of lives of poor. Following strategy is adopted to achieve the desired goals.

- Improvement in social infrastructure facilities rural health, rural education, rural roads, portable water/ sanitation facilities, village electrification etc.
- Institutional strengthening for capacity building receptive to the present needs.
- Empowering the communities through process of rural organizations and creating awareness amongst rural communities, giving attention to allotting land to landless especially landless women.
- Enhancing the economic base of rural areas through local economic development process and create venues for enhancing the asset ownership of rural poor.

- Provision/improving system for credit facilities at doorsteps.
- Initiation of Public Private Partnership process in rural areas.
- Strengthening rural industrialization and cottage industry.
- Strengthening use of Information technologies in rural areas.
- Support endorsement of rural market development and marketing rural products.
- Establishing and supporting the use monitoring and evaluation techniques for result oriented

Review of 2009-10

Financial

During the fiscal year 2009-10, originally, an amount of Rs 6.6 billion, was allocated, for this sector for development projects for Ministry of Local Government and Rural Development (M/o LG&RD), Narcotics Control Division (NCD), and Interior Division, for special development package for ICT. But due to fiscal constraint only Rs 6.0 billion was provided. It is expected that Rs 5.8 billion (96%) would be utilized upto 30th June 2010. The funds allocated for the new projects were not spent fully by the executing agency in Swat, due to poor law and order situation. Agency wise allocation and utilization may be seen at table 18.1.2.

Table 18.1.2 Agency wise Allocations and Utilization

(Rs Million)

Agency/Division	2009-10			
	Allocation	Revised Allocation	Utilization	% Utilized
Local Government & Rural Development (including PWP-I)	5,224.0	5,052.9	5,052.9	100
Narcotics Control Division	585.7	292.7	182.3	62
Finance Division	406.8	179.5	82.9	46
Interior Division (ICT)	449.0	491.1	491.1	100
Sub Total	**6,665.5**	**6,016.2**	**5,809.2**	**80**

Physical

During the period under review, various activities were implemented through rural area under Special Development Package Islamabad and strengthening capacity building institutions. The objectives of these programmes were provision of basic social and infrastructure facilities for improving the life of rural poor. However, due to law and order problem, terrorism, financial constrained and other un-for-seen circumstances the desired targets could not achieved.

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Financial

During the fiscal year 2010-11, an amount of Rs 6.35 billion is provided for Rural Development sector. This allocation is 9.5 percent over and above than utilization of the current financial year. (i.e. 2009-10). Out of total allocation, an amount of Rs. 5.0 billion has been provided People's Works Programme–I and Rs 1.35 billion has set aside for others projects reflected in M/o LG&RD, Narcotics Control Division, Interior Division for special package for militancy effected areas and for roads construction under Islamabad development Package in rural areas of Islamabad. Details of allocation for various agencies may be seen at table-18.1.3.

Table 18.1.3 Agency wise Allocations for 2010-11

(Rs Million)

Agency/ Ministry/Division	Allocation 2010-11
Local Government & Rural Development (including PWP-I)	5,000.0
Other projects	43.0
Sub-Total (LGRD)	**5,043.0**
Narcotics Control Division	318.4
Finance Division	85.2
Interior Division (ICT)	905.0
Grand Total (Rural Development)	**6,351.6**

Physical

During the financial year 2010-11, highest priority have been accorded to those ongoing schemes/ projects, which are near to completion, so that the benefits of projects can reach to neglected segment of community. Details of the physical targets and other activities under people's works Programme, Area Development Projects in FATA, and Islamabad Capital Territory may be seen in Annex-I8.1.1. It proposed that 147 km of rural roads would be constructed.

People's Works Program-I

The Program (PWP-I) was launched in July 2008 under PM Directives. Under PWP-I an amount of Rs. 4,420.0 million was allocated to be released for small development schemes identified by 442 Parliamentarians. Each Parliamentarian can identify schemes in predetermined nine sectors to the tune of Rs. 10.0 million. The objective of PWP-I is to supplement Government's development efforts by execution of local development schemes proposed by Parliamentarians in the sectors of construction / improvement of roads, provision of electrification, gas & telephone facilities, sanitation and drinking water supply amenities, street pavement, drains & street lights, works and equipment regarding health, education and veterinary health care facilities, small irrigation & land protection works and land development through bulldozers hours. Schemes are funded and executed from PWP-I based on prioritized list of projects identified by the parliamentarians in their respective constituencies within the overall parameters of the approved policy and budgetary ceilings fixed by the Government. The stipulation of "respective constituency" shall however, not apply to project sponsored by Senators and MNAs elected on reserved seats.

Since the commencement of programme 2008-09, a total 8,294 schemes costing Rs 7,908.0 million were considered and approved by the Federal Development Committee of (PWP-I) for execution. Fund for schemes has been released and 2,314 schemes have been completed. Detailed progress of PWP-I is given at Table 18.1.4.

Table 18.1.4 People's Works Programme-I
(Sector wise schemes approved by FDC and Completed)

(Nos.)

Sector	Schemes	Cost (Rs Million)	Schemes completed
Roads	3,432	3,959.0	913
Education	2,226	1,566.0	719
Gas	134	255.0	8
Telephone	1	0.8	-
Electricity	422	428.0	126
Health	98	163.0	46
Water Supply	1,575	1,073.0	431
Sanitation	387	429.5	67
Bulldozer Hours	19	34.5	4
Total	**8,294**	**7,908.8**	**2,314**

Source: Federal Development Committee meeting working paper.

18.2 Special Areas

Special areas consist of Federally Administrated Tribal Areas, Azad Jammu & Kashmir and Gilgit Baltistan (GB). The total area is spread over an area of 113,000 Sq Km having estimated population of 10.4 million. The socio economic indicators are substantially lower than national level. In past, development activities remained less due to various reasons including law & order situation. By virtue of which the socio economic indicators (i.e. per capita income, literacy rate, enrolment of children in schools and others basic facilities etc.) are far lagging behind than the rest of country. Detail of selected development indicators in the special areas are summarized in Table 18.2.1.

Table 18.2.1 Selected Development Indicators

Indicator	FATA	AJ&K	GB
Literacy ratio (both sexes, %)	21.4	65	55
Male literacy ratio (%)	33.8	78	63
Female literacy ratio (%)	7.5	54	47
Roads (per sq km)	0.23	0.49	0.074
Cultivated Land (%)	7	13	5
Area under productive forest (%)	2.1	11.6	9
Population Growth Rate (%)	2.7	2.41	2.01
Unemployment Rate (%)	-	6.5	18
Infant Mortality (per 1000)	83	58	50
Population per hospital bed	2,289	1958	1200
Population per Doctor	5520	5885	6987
Immunization Coverage (%)	72	93	80
Maternal Mortality Rate (per 100000)	380	276	230
Water Supply Coverage (%)	61	51	85
Sanitation Coverage (%)	5	32	40
Power Generation(MW)	-	42	75
Per capita Power availability (KWH)	416	273	-
Villages electrified (%)	72	97	75

Source: Working group report on special areas.

Review of 2009-10

Financial

During financial year 2009-10, originally an amount of Rs 31.8 billion was allocated for the development of Special Areas (AJ&K, GB & FATA) under block allocation. However, due to financial constrained Rs 21.6 billion was provided. It is expected that that the 98 percent allocation would be utilized upto June 30, 2010. An amount Rs 0.4 billion allocated for new projects were not utilized by the executing agencies due poor law & order in their respective areas. Agency wise allocation and its utilization may see in Table 18.2.2.

Table 18.2.2 Agency wise Allocations and Utilization

(Rs Million)

Agency/Division	2009-10			
	Allocation	Revised Allocation	Utilization	% Utilized
Azad Jammu & Kashmir	10,752.5	7,130.0	7,130.0	100
Gilgit Baltistan	6,500.0	5,828.9	5,828.9	100
FATA	12,865.0	8,200.0	8,200.0	100
Other Projects	1,008.0	403.0	2.0	-
Grand Total	**31,125.5**	**21,561.9**	**21,160.9**	**98**

Physical

During the period under review, various activities were implemented through area development program in FATA and Special Development Package in the rural areas Islamabad. The objectives and aims of these programme were for improved basic facilities of life for the rural poor in far-flung area. However, due to law and order problem, terrorism, financial constrained and other un-for-seen circumstances the desired targets could not achieved.

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Vision: Government has placed highest priority for the development of special areas with vision "to promote a just, peaceful and equitable society where people can live in harmony and with dignity by securing social, economic and ecological well-being of Special Areas"

Issues:

- Poor system of governance.
- Lack of transparency & accountability.
- Poor law and order situation.

- Conservative nature of tribal society, with strong resistance.
- Less opportunity for women and gender.
- Stumpy literacy rate.
- Patchy social and physical infrastructure.
- Scarcity of professional and skilled labor.
- Unreliable baseline available development data.
- Pitiable planning and implementation system.
- Few indigenous options exist for entrepreneurial activity. Employment and income-generation opportunities are severely limited.
- Environmental degradation is occurring with deforestation, intermittent drought and groundwater depletion and absence of regulatory framework for environmental management

Policy

The essential policy measure for the socio-economic uplift of special areas is to ensure a stable and peaceful environment, with emphasis on improving law and order situation in FATA and provision of social & physical infrastructure (including rural roads, drinking water & sanitation, education and health facilities. Similarly, employment opportunities and income generating activities are being enhanced through sustainable development measures.

Strategy

The development strategy for the development of special areas has been designed to focus on:

- Improvement of socio economic and infrastructure facilities.
- Highest priority to social sectors.
- Substantial increase in allocation for productive Sectors to achieve self-reliance and enhance income.
- Self-sufficiency in energy through exploitation of hydel power generation.
- Tourism Development.
- Minerals development.
- Clean Drinking Water and Sanitation facilities for all.
- Gender mainstreaming and women empowerment.
- Upkeep and maintenance of state assets.

Programme for 2010-11

Financial

For the accelerated development of special areas, an amount Rs 20.3 billion has been provided during fiscal year 2010-11. These development are supplemented by additional federal vertical programme in various sectors such as People's Works Programme-I, power generation projects, Health sector programme, family planning, expended programme for immunization, National maternal, neonatal, child care, education improvement projects, Enhanced HIV/AIDS, National Programme for water courses improvement, safe drinking water for all, area development projects in FATA against poppy cultivation etc. Details of allocation may see in Table 18.2.3.

Table 18.2.3 Agency wise Allocations for Special Areas

(Rs Million)

Agency	Allocation 2010-11
Azad Jammu & Kashmir	
Block allocation	6,174.9
Other projects	823.0
Sub-Total	**6,997.9**
Gilgit Baltistan	
Block allocation	3,457.1
Other projects	1,240.5
Sub-Total	**4,697.6**
Federally Administrated Tribal Area	
Block allocation	8,231.1
Other projects	411.5
Sub-Total	**8,642.6**
G- Total (Special Areas)	**20,338.1**

Physical

In the special areas, during the financial year 2010-1, total 163 new primary schools would be established, 165 and 111 existing schools would be upgraded from primary to middle and from middle to high school respectively. Total 547 kilometer of roads would be constructed and additional 383 numbers of villages would be facilitated with electrification. Details of physical targets for the activities of under the special areas programme may be seen in Table 18.2.4.

Table 18.2.4 Physical Targets for Special Areas during 2010-11

Indicators	Targets for 2010-11		
	FATA	GB	AJ&K
Education			
Primary School (Additional Nos)	80	47	36
Middle School (Additional Nos)	100	18	47
High School (Additional Nos)	61	13	37
Literacy Rate (%)	26.3	60	67
Male (%)	39	68	79
Female (%)	11.6	52	55.2
Health			
Infant Mortality Rate(Nos/1000)	78	46	56
Maternal Mortality Rate(Nos/1000,000)	292	226	271
Population Per Bed (Nos. of patient)	2183	1180	1858
Population Per Doctor (Nos. of patient)	5042	6087	5706
Water Supply & Sanitation			
Population served with potable water (Population Coverage in %)	63.2	77	81
Population served with sanitation (Population Coverage in %)	22	32	41.2
Transport & Communication			
Road Density (Km/areas Coverage %)	0.238	0.075	0.50
Total Roads (cumulative Km)	6,476	5,414	7,341
Mattel Roads (Km)	4,128	680	6,826
Shingle Roads (Km)	2,348	4,734	515
Village Electrified			
Coverage (%)	72	79	92
Per capita Consumption (KWHs)	504	-	304
Village electrified (cumulative Nos)	4,389	948	1,654
Agriculture			
Irrigation land (% of cultivable)	36	5.1	13.2
Cultivable area (%)	-	-	13.4
Forest	2.62	9.2	12.3
Industrial Estate (Nos)	1	-	2
Women Skill Dev. Centers (Nos)	45	20	6
IT Institutions (Nos)	3	3	122

18.3 Drought Recovery Assistance Programme

Drought Situation

The water availability in the Indus River System as well as rainfall during 2007-2010 remained quite serious as is evident from Table18.3.1.

Table18.3.1 River water Shortfall and Rainfall Deviation from Normal

Year	River Water Shortfall (%)		Rainfall Deviation from Normal (%)	
	Summer (Kharif)	Winter (Rabi)	Summer (Monsoon)	Winter
2007-08	(+) 5.0	(-) 23.0	(+) 2.3	(-) 30.0
2008-09	0.0	(-) 31.0	- 31.7	(+) 10.3
2009-10	0.0	(-) 31.0		(-) 32.6

The year-wise data showing the extent of water shortage in Indus River System for Kharif and Rabi seasons for the period 1994-2010 are given in Annex-18.3.1, while deviation of area-weighted rainfall for winter 2003 and monsoon 2010 is presented in Annex-18.3.2.

Objectives and Scope

The main objectives of the programme are reviving the agrarian economy; employment generation; capacity building; environment improvement; supplement poverty alleviation programme. The scope of Programme Project has been extended to the drought-prone districts/areas and agencies of all the Provinces, FATA, FANA, AJ&K and ICT (Annex-18.3.3). The key areas being covered under the Programme are as follows:-

- Water management and conservation
- Rural water supply
- Agriculture development
- Livestock and Veterinary Development
- Forestry, watershed and range management
- Construction and rehabilitation of small rural roads in drought-affected areas.
- Implementing gender friendly programme
- Training of end users with special reference to training of rural women

Policy and Strategy

The programme will continue to be based on community identified demand-driven schemes; labour intensive in nature; simple procedure for preparation and approval of schemes; upfront release of funds; close coordination and effective monitoring of the programme project by the Federal DERA Unit (FDU), which has already been established in the P&D Division.

The Role and Functions of the Stakeholders

The federal government is playing an active role in (i) scrutinizing the schemes (ii) overall monitoring and supervision of the Programme project including random spot checks and, (iii) ensuring funds flow to the provinces and timely reconciliation of expenditure. The provinces have the Project Coordination Units within the Planning and Development Departments (P&D) for coordinating development activities to be carried out under the programme. The Provincial Finance Departments on receiving funds from Federal DERA Unit further releases funds to the district governments. The district governments are responsible for: (i) identification, prioritization and selection of portfolio of schemes; (ii) planning (design, bidding document preparation, tendering and selection of contractors), awarding contracts, supervision and commissioning of sub-projects, in collaboration with communities and, (iii) managing the funds making payments to contractors and preparing financial management reports for submission to the Provincial Coordination Unit and Federal DERA Unit (FDU).

Performance during the year 2009-10

Financial Progress: During the year Rs 1500.0 million were allocated for the programme. Against which Rs 450 million has been released in mid April 2010. However, an estimated expenditure of Rs 725 million out of upfront releases of previous years has been incurred during FY 2009-10.

Physical Progress: A portfolio of 353 schemes costing Rs 1555.8 million was approved. The major emphasis was laid down on provision of drinking water as well as retention and conservation of available water through water management measures and construction of small dams. More than 110 schemes have been completed during the year. During the year 212 tubewells were installed out of which 75 tubewells have been energized/operationalized due to energy crisis, 14 small dams/reservoirs and 98 community tanks were constructed, completed 57 hand pumps. It is estimated, that the crop yield has increased by 70% in rain-fed and 18% in the irrigated areas of the project. The veterinary centers (14) have been constructed to provide health and artificial insemination facilities to the animals. Nursery farms over an area of 7 acres at different places have been developed with an output of 48000 samplings. The programme has generated about 20500 man-month jobs for the local skilled and unskilled population, especially at the time when poverty and un-employment was rampant due to persistent drought. Under the rural access roads, 120 Kms roads were constructed which provided links to markets, schools and health facilities to the population.

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The continuity of the program will be ensured in-spite of resource constraints, so that the living standard of the people may be improved in the drought-affected areas. An amount of Rs 987.731 million has been provided in the PSDP 2010-11 for drinking water, conservation and retention of water, agriculture and road sectors development. During the year 340 tubewells will be installed, 130 community tanks and 13 mini dams will be constructed, 1700 acres will be protected from flood losses and provided irrigation by diverting flood water. It may save water losses by 25%, increase crop yields by 20% in irrigated areas and 60-70% in rain-fed areas.

Construction of infrastructure will provide opportunity to skilled, semi skilled and unskilled i.e. labour class. It is estimated that over 35700 job opportunities will be generated on contracting out civil works.

Safe drinking water will keep the population away from water born diseases and improve their health relatively. It may result in less expenditure on medicine. Healthy population will work more and produce more. Naturally, it may contribute towards poverty reduction.

The provision of providing drinking water at doorstep/community level will save adequate time of women and children which is being consumed in fetching water for their families. The time saved may be utilized for other works at house or at farm, children may attend their schools, women will be relieved from laborious duties and may take rest which is necessary for her health.

Development works for water management may provide additional water to irrigate more area, which may result more yield, more production and ultimately more income.

The training of end users including women in adopting modern technology in agriculture and allied fields will also increase their income.

The programme, ultimately may contribute its share in poverty alleviation programme of the government. Physical achievements for 2009-10 and targets for 2010 are given in table18.3.2.

Table18.3.2 Physical Achievements for 2009-10 and Targets for 2010-11

Items	Unit	Targets 2009-10 (Revised)	Achievements 2009-10	Achievements %	Targets 2010-11
Tubewells/Lift pumps	Nos.	220	212	96	340
Small Dams/Reservoirs	Nos.	50	14	28	13
Community Tanks	Nos.	115	98	85	130
Hand Pumps	Nos.	65	57	88	65
Veterinary Centers	Nos.	15	14	93	17
Roads	Kms.	140	120	86	130
Employment generation	Man-months	25000	20500	82	35700

Annexure-18.1.1

Physical Targets for 2010-11

Sl. No.	Sector	Units	Existing Availability 2009-10	Target 2010-11
1	**Water Resources**			
	Water Availability	MAF	142.00	143.00
	Water Courses	Nos	66,750.00	9,000
	New Tube Well	Do	1,260	4,000
	Surface Drains	MCM	1,612	23
2	**Rural Roads**	KM	101,000	147
3	**Rural Health**			
	Immunization of Infants	Million		25
	Basic Health Units	Nos	6,000	60
	Rural Health Clinics	"	560	18
4	**Village Electrification**	No	143,856	860
5	**Literacy rate**	(%)	60	61
	Male		73	81
	Female		46	49
6	**Safe Water Supply Coverage**	(%)	65	93
	Urban		89	88
	Rural		61	60
7	**Planned Sanitation Coverage**	(%)	50	90
	Urban		68	68
	Rural		36	38

Annex-18.3.1

Shortage of Water in River Indus System

Kharif (April-Sep)					Rabi (1st Oct-31st March)				
Years	Actual Withdrawal	Actual Average Use	Difference		Year	Actual Withdrawal	Actual Average Use	Difference	
			MAF	%				MAF	%
1994	55.90	67.11	-11.21	-17	1994-95	35.87	36.39	-0.52	-1
1995	61.45	67.11	-5.66	-8	1995-96	38.05	36.39	1.66	5
1996	70.72	67.11	3.61	5	1996-97	37.18	36.39	0.792	2
1997	65.58	67.11	-1.53	-2	1997-98	34.43	36.39	-1.954	-5
1998	69.40	67.11	2.29	3	1998-99	35.59	36.39	-0.796	-2
1999	70.84	67.11	3.73	6	1999-00	30.05	36.39	-6.342	-17
2000	59.66	67.11	-7.44	-11	2000-01	21.40	36.39	-14.99	-41
2001	54.72	67.11	-12.39	-18	2001-02	18.43	36.39	-17.96	-49
2002	62.84	67.11	-4.27	-6	2002-03	25.01	36.39	-11.38	-31
2003	65.95	67.11	-1.16	-2	2003-04	31.55	36.39	-4.834	-13
2004	59.12	67.11	-7.99	-12	2004-05	20.97	36.39	-15.42	-36
2005	70.76	67.11	3.65	5	2005-06	30.06	36.39	-6.33	-17
2006	63.10	67.11	-4.01	-6	2006-07	31.18	36.39	-5.21	-14
2007	70.78	67.11	3.67	5	2007-08	27.93	36.39	-8.46	-23
2008	66.92	67.11	-0.19	0	2008-09	24.94	36.39	-11.45	-31
2009	67.30	67.11	0.19	0	2009-10	25.03	36.39	-11.36	-31
Avg.	64.69	67.11	-2.42	-4		29.23	36.39	-7.159	-20

Source: Indus River System Authority, M/o Water and Power, Islamabad vide letter No. CE(O)/IRSA/2716378 dated 30th April, 2009

Annex-18.3.2

Percentage Deviation of Area Weighted Rainfall in Pakistan

Year	Pakistan	Balochistan	Sindh	Punjab	NWFP
	Deviation %	Deviation %	Deviation %	Deviation %	Deviation %
Winter-2003	24.40	-10.60	81.70	62.30	23.10
Monsoon-2003	48.00	34.54	125.40	25.10	19.95
Winter-2004	-41.20	-52.10	-72.70	-21.90	-39.20
Monsoon-2004	-38.70	-71.80	-88.30	-39.20	-9.50
Winter-2005	121.70	166.90	65.70	138.10	65.90
Monsoon-2005	-15.10	-15.10	-60.80	-5.80	-0.40
Winter-2006	-41.90	-65.60	-28.30	-34.80	-26.50
Monsoon-2006	272.00	12.40	116.50	1.50	22.00
Winter-2007	62.50	26.30	205.10	123.40	42.30
Monsoon 2007	-9.60	-14.12	-4.00	-7.30	-16.40
Winter 2008	-30.00	-19.96	-45.80	-39.60	-32.90
Monsoon 2008	2.30	-9.10	-29.10	11.40	18.40
Winter 2009	10.30	19.70	19.40	-8.70	11.30
Monsoon 2009	-31.70	-45.30	-6.00	-27.70	-42.60
Winter 2010	-32.60	-31.30	-88.30	-54.20	-19.70
Monsoon 2010					

Source: Pakistan Met Department, Islamabad

Annex-18.3.3

Re-Notified Drought-Affected Districts/Areas for DRAPP/DERA-II

S #	Balochistan	Punjab	NWFP	Sindh	FATA	FANA	AJ&K	ICT
1	Awaran	Attock	Abbott-abad	Badin	Bajuar Agency	Astore	Bagh	ICT
2	Barkhan	Bahawal-nagar	Bannu	Dadu	Frontier Region Peshawar	Diamer	Bhimber	
3	Chaghi	Bahawal-pur	Buner	Ghotki	Frontier Region Kohat	Ghzier	Kotli	
4	Dera Bugti	Bhakkar	Chitral	Hyderabad	Frontier Region Lakki	Ghan-che	Muzaffar-abad	
5	Gawadar	Chakwal	D. I. Khan	Jacobabad	Frontier Region Bannu	Gilgit	Mirpur	
6	Jhal Magsi (Bolan)	DG Khan	Dir upper	Jamshoro	Frontier Region D.I.Khan	Skardu	Nealam	
7	Jaffarabad	Gujrat	Hangu	Karachi	Frontier Region Tank		Poonch	
8	Kachhi (Bolan)	Jehlum	Haripur	Khairpur	Kurram Agency		Sudhnoti	
9	Kalat	Jhang	Karak	Kamber	Khyber Agency			
10	Kech (Turbat)	Khushab	Kohat	Kashmore @ Kandhkot	Mohmand Agency			
11	Kharan	Layyah	Kohistan	Mirpurkhas	NW Agency			
12	Khuzdar	Mianwali	Lakki	Matiari	Orakazai Agency			
13	Killa Abdullah	Multan	Lower Dir	Nawabshah	SW Agency			
14	Killa Saifullah	Muzafar-garh	Mardan (Only Katlang, Babu Zai, Sangahu and Main Garhi Areas)	Noshero Feroze				
15	Kohlu	Narowal	Noushera (Only Nizam Pur and Khattak Nama Areas)	Shikarpur				
16	Lasbella	Rahim Yar Khan	Tank	Sukkur				
17	Loralai (Tehsil Mekhtar)	Rajanpur		Sanghar				
18	Mastung	Rawalpindi		Tharparkar				
19	Musakhel	Sargodha		Thatta				
20	Naushki			Tando Allah Yar				

DRAPP/DERA-II Coverage	
Districts/Agencies	115
Departments (Punjab)	6
Irrigation	
Forestry	

S #	Balochistan	Punjab	NWFP	Sindh	FATA	FANA	AJ&K	ICT
21	Naseer-abad (Tehsil Chattar)			Tando Muhammad Khan		Livestock		
22	Panjgur			Umarkot		Fisheries		
23	Pishin (Tehsil Khanozai, Barshore and Pishin)			Larkana (Provisio-nal)		Cholistan Development Authority (CDA)		
24	Quetta (Tehsil Panjpai))					Agency for Barrani Area Development (ABAD)		
25	Sibi					Dist.+Agencies+Deptt .		121
26	Sherani							
27	Washuk							
28	Zhob (Tehsil Qamar Din Kareaz and Zhob)							
29	Ziarat							
	29	19	16	23	13	6		8

Chapter 19

Environment and Sustainable Development

General

Pakistan is continuously faced with serious challenges of degradation of land, pollution of water, air and noise; and the population growth that continue to put pressure over the already depleting natural resources. Water resources degradation, unchecked industrial pollution, surge in automobiles with insufficient emission standards and their enforcement, smog in winter and deforestation have continued to be major factors inflicting a cost on the economy, estimated to be around one billion rupees per day. The deterioration of environment is affecting livelihoods and health as well as increasing the vulnerability of the poor to disasters and environment-related hazards/conflicts. Moreover, the mitigation and adaptation to the impacts of climate change needs special focus. The various environment challenges currently Pakistan facing are presented in Box 19.1. Research studies with a wider scope have to be carried out in order to understand the nature and the extent of climatic change and develop adaptation strategies.

Inability to safeguard the natural environment can result in extremely high costs in the future. Well chalked out plans need to be executed to minimize adverse impacts on the natural resources and lives of human beings. Further Pakistan is facing crisis in the energy sector. An efficient use of energy therefore, needs particular consideration, spotlighting energy conservation along with production through renewable forms.

Box 19.1 Challenges

- Efficient and effective integration of environment in development planning.
- Provision of safe drinking water to the population timely.
- Provision of access to sanitation facilities for all.
- Implementation of planned initiative with efficacy to increase forest cover and biodiversity, reduce land degradation.
- Effluent treatment at source to avoid discharge of polluted industrial and domestic sewage to freshwater bodies and marine environment.
- Increase energy efficiency, with focus on conservation measures.
- Management of water resources.
- Adaptation to the impact of climate change to energy, water and food securities.

The vast majority does not have access to drinkable water. In the recent past economic development has largely taken precedence over environmental issues. Unchecked use of hazardous chemicals, vehicle emissions, and industrial activity has contributed to a number of environmental and health hazards, significant among them being water pollution. Pollution has also severely damaged the underground water tables, due to industrial waste and agricultural runoff flowing unchecked. That is creating severe health risks.

Global warming is impacting the lives of all human being. Recent data reveals that the current decade (2000-2009) is the warmest decade since the modern measurements started in 1850; and 2005 has been the warmest year ever recorded (NASA, NRDC). In our region, the monsoon season has been shifting both in intensity and time cycle resulting in losses to the economies. Comprehensive and careful research studies are needed to understand the nature and the extent of this climatic change; and develop plant seeds, animals types and farming systems, which are less vulnerable to such climatic changes. Warmer conditions will require more water for wheat to grow as well as need wheat varieties which are drought resistant. The current state of environment in terms of environmental indicators, their status and future targets are given in Table 19. 1.

Table 19.1 Environmental Indicators and Targets

S.#	Environmental Indicators	2009-10 Targets	2015 MDG Targets	10th 5YPP 2010-15 Targets
1	Forest cover including state-owned and private forest and farmlands (as percentage of the total land area)	5.01%	6.0%	6%
2	Area protected for conservation of wildlife (as %age of total area)	11.3%	12.0%	12%
3	GDP (at constant factor cost) per unit of energy use as a proxy for energy efficiency	27,300 MW	28,000 MW	28,000 MW
4	No. of petrol and diesel vehicles using CNG fuel	2,000,000	920,000 *	2,500,000
5	Access to sanitation (national)%	50	90	90
6	Access to clean water (national)%	73	93	93
7	Number of continuous air pollution monitoring stations	7	--	14
8	Percentage of Sulphur (by weight) in high speed diesel	0.6	0.5 to 0.25	0.50 to 0.05

* Already achieved (>2.0 million)

Review of PSDP 2009-10

There were 65 projects under implementation in the Environment Sector with a total allocation of around 6.7 billion rupees. The focus areas included capacity building, clean drinking water, biodiversity, air pollution control and watershed Management. However due to financial crunch, releases were inadvertently delayed which severely slowed down the implementation progress. The allocations for the environment sector were revised and brought down to around 3.4 billion. The revised allocation to the Ministry of Environment was reduced to Rs 1,000 million which, though fully utilized-mostly for establishment charges, could not make a significant contribution towards environmental improvement. Similarly, Ministry of Special Initiatives was able to receive around Rs 2.1 billion for Clean Drinking Water for All Programme, but it continued to lag way behind its target of installation of 6624 water filtration plants, one in each union council. Overall, the implementation remained weak in the environment sector mainly because of unavailability of required funds.

Programmes for 2010-11

An estimated allocation of around Rs 4,500 million is being made in the PSDP 2010-11 for Environment Sector projects including around Rs 1,824 million as federal PSDP and around Rs 2,500 million as Provincial ADPs. The environment sector programmes/projects during 2010-11 will contribute towards achievement of the 10^{th} Five Year Plan 2010-2015/MDGs targets. The identified programme and details of the major components are discussed as follows:

- Capacity building of the environmental institutions and human resource development is focused in a manner to cater for the needs of effective implementation of the 10^{th} five year plan at federal as well as provincial levels.

- Traditional hazards arising from poor water supply, sanitation and hygiene continue to be the predominant environmental risks to quality of life and health faced by the citizens. Close and multiple connections underscore the need for sustainable water supply and sanitation (WSS) investments and people-centered management. There have been no surprises in the Clean Drinking Water for All Programme, lagging behind as before. Therefore, effective and timely implementation of the programmes has to be ensured otherwise the benefits of the same may not be realized.

- There exists a wider consensus in all provinces and territories that a wood-biased approach would not be able to achieve the desired objectives of effective forest ecosystem management at national level. A holistic ecosystem approach of forest management also safeguards other functions including water and soil conservation, wildlife protection, carbon sequestration, etc. The target forest cover of 6% by 2015, as committed in Millennium Development Goals will be pursued.

- The major cities show high concentration of suspended particulate matter $PM_{2.5}$ which have reached levels of 2 - 3.5 times higher than the safe limit i.e. 35 ug/m^3. Climate change affects almost all the socio-economic sectors of our society particularly water resources, energy, health, biodiversity, with a major impact on agricultural productivity. Adequate measures for air pollution control, mitigation and adaptation to climate change impacts will be undertaken. Early warning system and establishment of seismic network in Pakistan would be strengthened and activities started would be furthered for better preparedness to meet the challenges of natural calamities. Environmental improvement of polluted rivers and other water bodies to reduce pollution impacting lives of the people living nearby and contaminating downstream water and agricultural resources could not be undertaken due to various factors. However, efforts will be continued to formulate and implement projects for the purpose. Environmental rehabilitation of affected areas due to tanneries effluents through water supply and drainage as well as rehabilitation of existing projects will be carried out.

- Energy use in various energy consuming sectors of economy continues to be characterized by a high degree of waste and inefficient use. Conservation and efficient use of energy resources will be pursued for mitigating energy shortages in the short run, but the overall goal would remain greater productivity and value added per unit energy used.

Strategies

To achieve the objectives of environment sector, the following strategies would be given due consideration:

- A holistic and integrated approach to address environmental challenges and opportunities in water and air pollution, and land degradation.
- Tackle desertification problems and promote sustainable land management interventions
- Undertake integrated coastal zone, marine and inland water resources management planning
- Reduce dependence on non-renewable forms of energy.
- Non-Government organizations as well as private sector and communities should be involved in planning and implementation stages.
- Efficient monitoring of programmes and interventions under the environment sector.
- Involvement of private sector and NGO's in specific relation to Public Private Partnership for effective and efficient conservation and management of natural resources.
- Piloting eco-friendly/green city concept.

Chapter 20

Mass Media, Culture, Sports, Tourism and Youth

20.1 Mass Media

Mass Media has emerged as a huge source of information during the last 2 decades. The entire broadcasting network and the print industry have undergone revolutionary changes and the size of Mass Media Sector in terms of out reach has become huge. The entire Mass Media in Pakistan is structured in two broad administrative and financial categories, the public and the private sector.

The Electronic Media in terms of terrestrial structure has been denominated by the Public owned media Pakistan Television Corporation and Pakistan Broadcasting Corporation. The country's terrestrial TV network is the 100% monopoly of PTV which reaches ordinary homes through a network of 102 transmitters and Rebroadcast Stations (RBS) connected to seven Television Stations throughout the county. The PTV signals reach Pakistani homes through a simple antenna. The Medium Wave and Short Wave Radio network is also owned and controlled by the State. Pakistan Broadcasting Corporation (PBC) has 27 Medium Wave Radio Stations and 16 FM Stations. The configuration of Electronic Media under this category is quite complex. This includes: Satellite TV Channels operating from Pakistani soil under the PEMRA licensing; Satellite Channels operating from abroad; Cable TV providers; FM broadcasters and mobile TV operators.

Policy Framework

- Gradual switch over to digital technology in electronic media.
- Availability of International Satellite Channels through cable to all households in the country.
- To provide 100% Radio and TV coverage through cable to all households with thrust on remote and less developed areas of the country.
- Strengthening and enhancing the partnership between the public and private sector in radio and TV programme production and transmission.
- Strengthening the existing training institutions and creation of new academies and Universities.

During the year 2009-10, the revised allocation for Mass Media was Rs 450 million which will be fully utilized by June, 2010 while the proposed allocation for the year 2010-11 for the sector is Rs 465.9 million. The sub-sector wise allocation and utilization status is given in table 20.1.1:

Table 20.1.1 Mas Media: Allocation and Utilization (2009-10 and 2010-11)

(Rs Million)

Subsector	Revised Allocation 2009-10	Utilization 2009-10	PSDP 2010-11
Ministry of Information and Broadcasting	34.8	34.8	3.3
PTVC	181.7	181.7	358.7
PBC	216.6	216.6	121.2
APP	16.9	16.9	24.7
Total	**450**	**450**	**507.9**

Review of Annual Plan 2009-10

Pakistan Television Corporation (PTVC): The revised allocation for PTVC during the year 2009-10 was Rs181.7 million which will be consumed fully by June, 2010. TV Station Multan consumed an amount of Rs 28.0 million on civil works. All the electronic equipment of the station has been acquired and installed and the station is in operation in a temporary building of Radio Pakistan Multan. Permanent TV station building is under construction. The rebroadcast Stations in AJK at Jura, Atmaqam, Karan, Dudhniyal, Sharda and Kel utilized an amount of Rs 65.0 million on civil works. Similarly progress on construction work continued on Rebroadcast Stations in Kohat, Badin, Kharan, Bar Khan, and MianChannu. The transmitters and other allied equipment for most of these rebroadcast stations have been imported and will be installed as soon as the buildings are completed. All of these rebroadcast stations have been initiated on identification of public representatives of the respective areas where TV signals were not received. The coverage of PTV signals through terrestrial network is 100 percent but there are still some left out valleys and pockets where PTV signals through terrestrial network are not received. The digitalization program of PTV is also underway.

Pakistan Broadcasting Corporation (PBC): Radio Pakistan received an amount of Rs. 216 million during the year 2009-10. The major project for replacement of two shortwave transmitters and aerial system at Karachi utilized Rs 83 million on civil works and equipment. The shortwave transmitters are being replaced for improving the quality of world service programs of PBC. Under the balancing and modernization program of Radio Pakistan, equipment was replaced at various radio stations of PBC and the project consumed Rs 25.0 million during the year. The project of Pakistan Broadcasting Academy and IT Center at Islamabad, has been completed up to 80 percent. Up-gradation of 10 KWMW transmitter to 100 KWMW at Larkana and replacement of three 100 KWMW transmitters at Muzaffarabad, Hyderabad and Multan consumed about Rs 52.0 million on equipment and minor civil works.

Associated Press of Pakistan (APP): An amount of Rs 16.9 million has been utilized by the Electronic News Gathering project of APP on purchase of equipment. Pilot project has been launched from APP Headquarters at Islamabad and provincial headquarters of Karachi, Lahore and Peshawar.

Ministry of Information and Broadcasting: The feasibility reports for Media University and National Press Club Islamabad have been completed. The PC-Is of both the projects are being prepared on the basis of PC-II studies. The Planning and Monitoring Cell of Ministry of Information and Broadcasting monitored the progress of ongoing projects of the Ministry.

Annual Plan 2010-11

The total allocation for the sector will be Rs 507.88 million, of which Rs 121.2 million will go to Radio Broadcasting and Rs 358.71 million to Pakistan Television Corporation. A major chunk of this amount will be spent on ongoing projects.

Pakistan Television Corporation (PTVC): An amount of Rs 358.71 million has been proposed for ongoing projects of PTV. The major allocation of Rs 134.4 million is for completion of TV Station Multan building. An amount of Rs 32.9 million have been proposed for Rebroadcast Station Mian Channu for completion of civil works and fabrication of tower. Besides this Rs 12.3 million each has been proposed for News Bureau Larkana and Rebroadcast Station Pooran for purchase of equipment and civil works. Rs 9.0 million each have been proposed for RBS at Jaglot, Astor, Shigar, Kotli Satiian for civil works. Rs. 7.4 million each have been earmarked for RBS at Karimabad, Chilas, Gakuch and Khaplu. These RBS are in advanced stages of completion. Rs. 56.0 million have been provided to six on-going projects of rebroadcast stations in AJK.

Pakistan Broadcasting Corporation (PBC): Rupees 121.2 million have been proposed for four major ongoing projects of Radio Pakistan. The major allocation of Rs 64.8 million has been made for completion of two shortwave transmitters and aerial system project at Karachi. Similarly Rs 24.7 million have been proposed for the replacement project at Muzaffarabad, Hyderabad and Multan for purchase of transmitters. Rs 29.7 million have been provided for completion of the upgradation of Larkana Project.

Associated Press of Pakistan (APP): Rupees 24.7 million have been proposed for Electronic News Gathering Services, Islamabad for purchase of equipment and expanding the service to other cities also.

Ministry of Information and Broadcasting: An amount of Rs 3.3 million has been earmarked for the Planning and Monitoring Cell of the Ministry of Information and Broadcasting for monitoring the physical progress of all the ongoing projects.

20.2 Culture Sports Tourism and Youth

The Culture, Sports, Tourism and Youth Sectors are looked after by different Ministries yet they are mutually interlinked and interdependent. These sectors are provided separate PSDP allocations under the respective ministries and thus their development activities are undertaken in isolation of each other. Since the sectors of Culture, Sports, Tourism and Youth have a cross-cutting impact and mutually cohesive scope, they have been dealt under one title. The policy in the sector is to preserve, restore and conserve all archaeological and historical monuments from tourism point of view. The idea is to develop these sites as tourist products as well as protect them for posterity. In addition, tourist facilitation services are also being provided in various potential areas.

In the Sports sub-sector the key policy is to provide sporting facilities at district and tehsil level for engaging Youth in constructive activities and keep them off the streets.

Small sports stadium and complexes are under construction throughout the country. For promotion of hockey synthetic turfs are being laid while for indoor games and provision of boxing facilities in the country Gymnasium Halls are being provided in major cities. For provision of recreational and vocational training facilities Youth Development Centers are under implementation at various places.

During the year 2009-10, the revised allocation for Culture, Sports, Tourism and Youth is Rs. 585 million which will be fully utilized by June, 2010 while the proposed allocation for the year 2010-11 is Rs. 783.1 million. The sub-sector wise allocation and utilization status is given below in table 20.2.1.

Table 20.2.1 Culture, Sports, Tourism and Youth: Allocation and Utilization

(2009-10 and 2010-11)

(Rs Million)

Sub-sector	Revised Allocation 2009-10	Utilization 2009-10	Allocation 2010-11
Culture	250	250	353.9
Sports	200	200	229.6
Tourism	100	100	125.00
Youth	35	35	74.5
Total	585	585	783.1

Review of Annual Plan 2009-10

Culture: The culture sub-sector was allocated Rs 250.0 million which is expected to be utilized by June 2010. The major thrust was on preservation, conservation and restoration of historical and archeological sites and monuments throughout the country. Preservation and restoration works continued on major monuments like Rohtas Fort, Shahdara Complex of Monuments Lahore, archeological sites from Taxila to Swat, Mehr Garh sites and Hiran Minar. The project for establishment of Pak-China Friendship Center with the assistance of Chinese grant is nearing completion. Civil works have been completed up to 80 percent while the project has so far consumed an amount of Rs 2329 million including Chinese grant of Rs 2000 million. The project is expected to be completed by end of the year 2010. Preliminary survey and study for preparation of conservation plan for 52 historical monuments of Multan and Uch Sharif was completed and PC-Is for these sites are under preparation. Upgradation and rehabilitation of Quaid-e-Azam's birth place at Karachi was completed. The Awan-e-Quaid building at F-9 Park, Islamabad has been inaugurated. Civil works of the building are almost complete and some finishing works are in progress. Among the new initiatives launched during the year 2009-10 are preparation of database of paintings/art works at PNCA, Islamabad, and Establishment of a laboratory for restoration of damaged paintings, renovation and rehabilitation of Iqbal Manzil and archaeological excavations at Toba Tek Singh.

Sports: The revised allocation for sports sub-sector was Rs 200 million which will be utilized in full by June, 2010. Civil works continued on Boxing Gymnasia at Islamabad, Quetta, Peshawar and Karachi. Prefabricated roof structure has been imported and laid in Karachi while for other gymnasia the roof structures are being imported. The synthetic hockey turfs at Sukkur, Sibbi and Sheikhupura are also underway. The base and sub-base have been completed. The major initiatives launched during the year are mega sports complexes at Sukkur and Narowal at a cost of Rs. 1.5 billion. Preliminary works on both the projects have been initiated. Work continued on sports stadia and complexes throughout the country such as sports stadia at Patoki, Nankana Sahib, Bannu, Dadu, Lora Lai, Zhob, Chaman, Pishin, Mianwali, Upper Dir, Sanghar, Chunnian, Mastung and Chakwal. The new initiatives launched during the year 2009-10 include players' hostel, seating steps and synthetic hockey turf at Shaheed Zulfiqar Ali Bhutto Complex, Mirpur Khas, Sports Complex at Dera Ismail Khan, upgradation of existing football stadium at Qasim Bagh Multan and renovation of swimming pool at Pakistan Sports Board, Islambad.

Tourism: The revised allocation for tourism was Rs 100 million which is expected to be utilized by June 2010. The projects for updation of tourism studies and development of websites will be completed by June 2010. Civil works on bus terminal at Nankana Sahib is in advance stages of completion. Similarly tourist facilitation centers at Quetta and Peshawar are also making headway. During the year work on the following new projects was started: Tourist Facilitation Centers at Lahore, Karachi, Quetta, Muzaffarabad, Islamabad and rehabilitation of PTDC motel at Moenjodaro.

Youth: The revised allocation for youth sub-sector is Rs 35 million which includes Rs 15.0 million for Youth Development at Karachi. The civil works are at advance stages. The mobile literacy youth computer program consumed Rs 5.0 million and computer training was provided to youth in remote and far flung areas of the country. They were also provided computers after training. Youth Development Centers at Gwadar, Gilgit and Sukkur have been initiated. Preliminary works have been done and the projects are making progress.

Annual Plan 2010-11

The allocation for Culture, Sports, Tourism and Youth Sectors is 13 percent higher than the revised allocation. The thrust during the year 2010-11 will be on speedy completion of ongoing projects and particularly those which have consumed more than 80% of the total capital cost. Only those new initiatives have been accommodated in the Plan which has a national impact.

Culture: An amount of Rs 353.9 million has been proposed mostly for ongoing projects for the year 2010-11. Pak-China Friendship Center at Islamabad will be completed during the year and the local component of Rs 45.3 million has been allocated. An amount of Rs 8.2 million each has been proposed for the project of preservation, conservation and restoration of Mehr Garh sites, rehabilitation and cultural tourism at Moenjodaro, Shahdara Complex of Monuments archaeological sites from Taxila to Swat, Hiran Minar and Water Tank, database of paintings and laboratory for restoration of damaged paintings. An amount of Rs 32.7 million has been proposed for feasibility study of National Center for Performing Arts at Islamabad. The new initiatives proposed to be launched during the year are feasibility study for development of walled city of Multan under Pak-Italian debt SWAP agreement, preservation and restoration of shrine and mosque of Musa Pak Shaheed at Multan and Uch Sharif and beautification of Qila Kohna Qasim Bagh area at Multan and other schemes of Southern Punjab for which an amount of Rs 164.6 million has been provided. The creative works for National Monument Museum, Islamabad will be completed and opened for public.

Sports: The sports sub-sector will be provided Rs 229.6 million for ongoing and some new initiatives. Boxing gymnasium at Islamabad, Quetta, Peshawar and Karachi have been proposed about Rs 40 million for making progress on civil works. An amount of Rs 8.2 million each has been earmarked to Sports complex at Sukkur and Narowal. Other projects which are expected to be completed by June 2011 include: Sports Medicine Center at Islamabad, Sports Stadium at Patoki, sports stadium at Nankana Sahib, residential flats at Islamabad, Hockey stadium at Bannu, Malakhra Stadium at Sehwan Sharif, Dadu and Sports Stadium at Chuniyan District Kasur. New initiatives proposed to be taken up during the year 2010-11 are: Boundary Wall and Road Network at Coaching Center Karachi, feasibility study for Sports Residential Academy at Islamabad and Swimming Pool at Nawabshah.

Tourism: An amount of Rs 125.0 million has been proposed for ongoing and new projects of tourism sector. The bus terminal at Nankana Sahib has been proposed Rs 11.6 million for completion. PTDC Motel at Hawks Bay, Karachi has been proposed Rs 13.0 million for the remaining works. The ongoing projects of Tourist Facilitation Centers at Peshawar, Karachi, Lahore, Islamabad, Muzaffarabad, and Gilgit have been provided funds for progress on civil works. New projects to be taken up during the year are: rehabilitation of PTDC motel at Taxila, Extension of PTDC Motel at Bahawalpur, Upgradation of PTDC Motel at Ayubia, Road site Facilities and PTDC Tourist Resort at Dera Ismail Khan. An amount of Rs. 35.0 million has been allocated to new projects of PTDC motels and road side facilities.

Youth: An amount of Rs 74.5 million has been proposed for six ongoing projects of youth sub-sector of which Rs 17.7 million will be spent on Youth Development Center at Karachi for completion. Youth Development Center at Gwadar and Gilgit have been earmarked Rs 8.2 million each for civil works and Rs 15.6 million have been proposed for MobileYouth Computer Literacy and Awareness Program.

Chapter 21

Good Governance

21.1 Reforms Programme

Governance is the process of decision-making and process of implementation of these decisions. Good governance relates to a pluralistic and holistic view where responsibility is jointly shared by players in public sector, the corporate private sector, and civil society by addressing the issues of accountability, transparency, participation, openness, rule of law and predictability. It is an important link between growth and reduction of poverty. As growth generates income, good governance trickles this effect down to the masses, particularly the poor. Development activities under the governance sector revolve around knowledge management, organizational restructuring, institutional reforms, judicial reforms, law & order, professional development, and service delivery. These factors are critical for sustainable development and alleviation of poverty.

The following Governance strategy has been adopted in the Annual Plan 2010-11:

- Strengthen the process of decentralized service delivery;
- Strengthen participatory approaches through capacity building;
- Reforming legal, judicial and law enforcement institutions;
- Address corporate governance and public private interface, thus protecting public interest while minimizing private transaction costs;
- Strengthen public sector management through streamlining revenue administration, improving public financial administration, and civil service reforms;
- Implement policies, programmes, and projects effectively through improved monitoring and evaluation.

Review 2009-10

The government has undertaken a number of initiatives in line with the priorities set in MTDF 2005-10. An amount of Rs12.1 billion including foreign aid of Rs 3.8 billion has been allocated for the Governance sector during 2009-10 and Rs 10.5 billion have been spent, thereby showing a utilization of 87 percent. Some of the major initiatives are discussed as under:

Access to Justice: The "Access to Justice Programme (AJP)" launched at a cost of Rs 21 billion (US $ 350 million) for improvements in judicial and non-judicial legal services, security and equal protection of law to citizens, and ensuring greater transparency and accountability in the performance of judiciary, police and administrative justice institutions. Major efforts have been focused on reduction in backlog of pending cases as well as institutional delays, particularly for the poor and vulnerable segments of the society. Commercial courts have been established for quick disposal of litigation as a pro-investment measure. In spite of some bottlenecks, significant policy reforms under AJP since 2002 include the following:-

- 786 development schemes have been launched pertaining to infrastructure development and capacity building. Out of which 546 schemes have so far been completed;
- Implementation of delay reduction program, as part of National Judicial Policy;
- Annual judicial conferences at national, provincial, regional and district levels have culminated in raising the performance of superior courts, since 2003;
- The laws affecting ordinary citizens have been enacted / amended to facilitate justice, in particular the poor and vulnerable segments of the society. These include contempt of court, freedom of information, defamation, habeas corpus, family disputes, operationalization of Anjuman Musahilat Court inspections, ombudsman, and alternate dispute resolution;
- Under police reform, enactment of New Police order includes provision of Public Safety Commissions; functional separation of investigation from watch and ward;
- Functional separation of prosecution from investigation;
- Internal and external complaints redressal mechanisms; and District Criminal Justice Coordination Committees;
- Institutional strengthening and capacity building measures relate to automation of justice sector institutions including bar councils; training and capacity building;
- Public awareness campaigns for citizens to learn about their rights and entitlements; and
- Payment of judicial allowance (Rs 7000 to the judges of Session Courts and Rs. 6,000 to civil judges) to augment quality of justice. Utility allowance has been allowed to the judicial officers in Sindh & Balochistan.

Public Sector Management Efficiency

Tax Administration Reforms: A number of initiatives were launched by the government to improve public sector management efficiency. Initiatives under the "Tax Administration Reforms" focus on promoting voluntary tax compliance through enhanced taxpayers facilitation and provision of incentive packages to FBR employees. Consequently, these measures have enhanced tax generation. In the long-run, these administrative reforms will also enable tax administrators to set up an effective system of audit. The project is being implemented at a cost of Rs 6.4 billion including foreign aid of Rs 5.4 billion to achieve infrastructure development, end-to-end automation of business processes, and human resource development. *Tax sector reforms in the following areas have helped in enhancing tax collection:*

Reorganization of CBR and its field offices on functional lines; Introduction of a system of Self-assessment in income tax, federal excise, and customs; Simplification of tax laws and procedures; Reduction in litigation cases and introduction of a mechanism of alternate dispute resolution; Taxpayers' education and facilitation; and Setting up of model Custom Collectorates.

With the help of reform measures the registered persons in sales tax have increased from 100 thousands in 2002-03 to 164 thousands at the end of third quarter of 2009-10, with a growth of around 64%. On income tax side, the return filers have increased from one million in 2002-03 to 2.4 million during 2009-10 with 141.5% growth. Another marked achievement of FBR has been the disposal of pending appeals related to both direct and indirect taxes. The maximum traffic which was 150% in 1980s has been gradually reduced to 21%. The GST has been rationalized and a single rate 16% both at local import goods has been introduced.

Improvements in Audit and Accounts: In the area of audit and accounts, the office of the Auditor General of Pakistan has launched phase-II of the 'Project for Improvement of Financial Reporting and Auditing (PIFRA)' at a cost of Rs 5.5 billion including foreign assistance of Rs 4.9 billion. Implementation of the New Accounting Model (NAM) is progressing smoothly. New accounting sites are being automated. Capacity building issues and appropriate training of master trainers has been imparted. So far 117 FABS site out of 143 DAO/TO/AG sites and Four out of four Departmentalized Account Offices have been established. Five SAP Competency Centers (one at HQ and 4 in regional headquarters which are located in provincial capitals) have been established. These competency centres have been equipped with 53 SAP experts who are maintaining the project critical functions and applications.

Public Sector Capacity Building: Public sector capacity building is yet another area of focus for increasing efficiency in civil service. A "Public Sector Capacity Building Project" has been completed at a cost of Rs 3.5 billion including foreign assistance of Rs 3.2 billion. The project aim was to undertake structural and human resource development reforms in the government. Pakistan Administrative Staff College Lahore, has been restructured. It is re-named as National School of Public Policy (NSPP). The focus of training has now shifted from public administration to the policy formulation and implementation. Under the component of Public Sector Capacity Building, 4657 officers have been detailed for foreign/ local trainings. 36 consultants have been hired and 30 studies have been so far conducted under the project.

Public Information and Statistical Management: The report of Pakistan Social and Living Standard Measurement (PSLM) containing National/ Provincial and District Level Surveys for the first, second, third and fourth rounds have been released. Data processing for the fifth round (District level 2008-09) of PSLM project is at final stage and report will be made available during the fourth quarter 2009-10. Rebasing of National Accounts from 1999-2000 to 2006-07 is underway to improve quality of National Accounts.

Devolution and Police Reforms: The MTDF (2005-10) recognized the need for a devolved service delivery mechanism to provide basic facilities to the people at the local level, especially in the social sectors like education and health.

For improvement of law and order in Balochistan, the Ministry of Interior had launched three important projects. The "Raising of Balochistan Constabulary" costing Rs 4.1 billion is meant to add 6000 new personnel in the force. The second project relates to Conversion of 'B' Areas into 'A' Areas" costing Rs 5.5 billion. The third project relates to Procurement/ Installation of Non-Intrusive Vehicles X-ray Inspection System (NVIS) costing Rs one billion which provides security protection to individuals and business. The entire scheme is being review to make it more effective.

Annual Plan 2010-11

An amount of Rs 9.8 billion including foreign aid of Rs 1.5 billion has been allocated for the sectoral programmes in 2010-11. The allocation indicates a decrease of 19% over the last year's allocations. Investment is being made mainly in the on-going initiatives of the Government in the areas of institutional changes in the judiciary, FBR, Auditor General's Office, FBS, Police & Law and Order, National School of Public Policy, Disaster Management, Drought, and Local Government institutions.

21.2 Monitoring & Evaluation

Monitoring assesses the implementation status of projects during execution period on a regular basis. The project monitoring helps in timely identification of bottlenecks and suggesting suitable remedial measures. Evaluation looks at the elements of success and failure of the project with regards to achieving the objectives in an efficient and effective manner besides assessment of impact and sustainability. For effective development spending monitoring and evaluation system needs to be strengthened.

Performance 2009-10

Monitoring of Development Projects: PSDP 2009-10 contained 2243 development projects, out of these 611 projects were earmarked for monitoring during 2009-10. Of these 525 projects have been monitored till third quarter. The releases/expenditure position of the monitored projects during the period July 2009 to March 2010 is given in table 21.2.1 as under:-

Table 21.2.1

Sector	Projects to be Monitored (Target)	Projects Monitored (Achieve-ments)	Allocations for 2009-10 (Rs Billion)	Releases Upto 31-03-2010 (Rs Billion)	Exp. Upto 31-03-2010 (Rs Billion)	Releases as % age of allocation	Exp. as %age of releases
Infrast-ructure	150	128	93.2	48.3	48.5	51.8	100.4
Social	266	202	38.8	11.3	11.0	29.2	97.3
Others	195	195	78.4	20.7	15.4	26.4	74.4
Total	611	525	210.4	80.3	75.0	38.2	93.3

Evaluation of Development Projects: Planning Commission, besides monitoring of the on-going projects, undertakes evaluation of completed development projects for assessing their efficiency, effectiveness relevance, impact and sustainability in relation to planned targets, goals and objectives. During the year 2009-10, 15 projects of various sectors of the economy were targeted for evaluation, of these 10 projects have been evaluated up to March 2010. The evaluation reports were forwarded to the concerned ministries/divisions for taking necessary actions and guidance for future project planning and management. The evaluation of the projects has sensitized the implementing agencies towards ensuring completion of projects within the approved cost, scope and time to realize their impacts and delivering benefits to the target groups.

Management Information System (MIS): Management Information System (MIS) has also been institutionalized and a web based 'Project Monitoring and Evaluation System' (*PMES*) has been developed in the Planning Commission for effective implementation through continuous sharing of e-information amongst all stakeholders. Following progress has been made in MIS during 2009-10:

- Evaluation, Result Base Monitoring (RBM) and Working Paper modules have been incorporated in the Project Monitoring & Evaluation System (PMES)
- PMES software has been successfully operationalized in 21 ministries/divisions while other ministries will be looped within two years.
- 1477 Project Directors / Project Officers got the training on PMES.
- PMES currently houses a data base of 1600 development projects and is available online.
- Cash / Work Plans of 592 projects were processed online through PMES.
- PMES facility has also been endowed to the Government of Sindh for reporting implementation on the provincial ADP projects.

Proposals for 2010-11

PMES will be further improved to realize the Government's Vision of utilizing satellite images to enhance effectiveness of planning and monitoring of mega development projects. Additional ten ministries of the Federal Government of Pakistan will be brought on loop of *PMES* during 2010-11. Intensive Result Based Monitoring will be undertaken. Capacity building of the Monitoring Officers with respect to skills development as per the monitoring standard including submission of cash/work plan and data for PMES will also be ensured.