

GOVERNMENT OF PAKISTAN
PLANNING COMMISSION

ANNUAL PLAN 2000-2001

ECONOMIC FRAMEWORK
AND
PUBLIC SECTOR DEVELOPMENT PROGRAMME

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DEPARTMENT OF TRADE AND
INDUSTRIAL DEVELOPMENT

ANNUAL PLAN 2000-2001

ECONOMIC REFORMS
AND

HOW TO BE A SUCCESSFUL EXPORTER

1999
TRADE

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FOREWORD

In accordance with the mandate given by the National Economic Council, the Planning Commission releases with the budget an Annual Plan containing a brief review of economic framework and main features of Public Sector Development Programme. It also highlights sectoral priorities and programmes during the current year and projections for the next year. A Detailed Annual Plan is released later.

Special features of the Annual Plan 2000-01 are the Poverty Reduction Programme and an emphasis on Information Technology Development.

Fazlullah Qureshi
Secretary

Planning and Development Division
Islamabad June, 2000

OVERVIEW

The Annual Plan 1999-00 was launched at a time when the country was in the throes of a serious economic crisis. Economic growth had decelerated to half of the potential. The stop-go relationship with the IMF had sown the seeds of instability. Credibility was at the lowest ebb. The spectre of rising poverty had raised its head for the first time in the development experience of the country. The budget deficit was going to be very substantially higher than the target.

2. The announcement of the Plan is to be followed by the formulation of policies to achieve the targets. Until October 12, 1999 these were either not in place or not clearly related to the targets. Since then, the government moved quickly to rebuild investors' confidence to revive industry, with a focus on small and medium enterprises. Information technology was identified as the focus of policy for a quantum jump in exports. Oil and gas sector was designated to lead the way to attract foreign direct investment and the privatisation effort. In an attempt to revive growth sooner than later, credit and price support measures were taken to boost agriculture. Public sector development programme was rid of the wasteful and politically motivated programmes and projects. A Rs. 3.5 billion Poverty Reduction Programme was started, with its outreach to the districts. Effective measures were taken to end the default culture. Working of the government institutions was improved through third-party monitoring by the Army.

3. As a result, preliminary estimates indicate that the economy has registered a GDP growth rate of 4.5 per cent, which though half a percentage point less than the target of 5 per cent, is higher than the previous year by 1.4 percentage point, and is likely to improve further as final figures of wheat output become available. The emphasis on agriculture paid off, as the economic recovery has been led by this sector. Agriculture sector significantly exceeded the target by achieving a growth rate of 5.5 per cent, despite a fall of 16 per cent in sugarcane production. The farmers responded to incentives provided by the government so enthusiastically that the growth rate of major crops peaked to 9.6 per cent. Rice output increased by 10.3 per cent and the cotton output by as high as 27.7 per cent. Wheat production estimated at 19.3 million tonnes exceeded the target and increased by 8 per cent over the previous year (1998-99). Indications are that the final tally is likely to be around 21 million tonnes. Agriculture growth will improve further to 7.1 per cent and GDP growth to 4.9

per cent if, as is likely, wheat output touches the 21 million tonnes mark¹. This will bring food security and foreign exchange savings as well as earnings through exports, so very necessary to reduce external vulnerability and achieve self-sufficiency.

4. The large scale manufacturing sector has witnessed serious setbacks for the past many years. In the current year, output of cotton cloth rose by 15.1 per cent signalling the revival of this vital industry. Policy efforts in the large scale manufacturing sector are beginning to break the inertia of producers. Leaving sugar aside, this sector recorded a growth rate of 6.4 per cent. With sugar included, however, the output of which fell by 24 per cent following a 16 per cent decline in sugarcane production, the growth of large scale manufacturing is negligible. The overall growth of manufacturing sector is 1.6 per cent. It could be even higher, had the conventionally repeated figure of 8.4 per cent as the growth of small scale industries been used. But the last survey of small scale industries carried out by the Federal Bureau of Statistics reports a lower growth of 5.3 per cent which has been incorporated in the National Accounts. An advantage of the fresh data on small scale manufacturing is that it sets a realistic benchmark for small and medium enterprise led industrial growth strategy.

5. On the whole, with agriculture growing impressively and large scale manufacturing re-invigorating, the recession of the past few years is bottoming out. In the main, it is a tribute to the relatively less investment intensive higher than targetted achievement of rice, cotton and wheat crops. To not an inconsiderable extent, the revival also reflects the impact of a critical element in the strategy to achieve the economic turnaround: the inculcation of efficiency, productivity and good governance in the government as well as in corporate sector. Agricultural growth and better governance, thus, largely explain the achievement of GDP growth rate of 4.5 per cent, as there has been no increase in the percentage of GDP devoted to investment.

6. While fixed investment by public sector remained at 5.3 per cent of GDP and private fixed investment experienced an insignificant increase of 0.1 percentage point of GDP, there are hopeful signs in the composition of investment. In current prices, total private fixed investment increased by 9.4 per cent, increase in manufacturing investment was of the order of 23.9 per cent and, relatedly, 17.6 per cent in construction. Public fixed investment in agriculture rose by 35.9 per cent and private fixed investment in agriculture by 15.6 per cent. Budgetary Public Sector Development Programme was implemented to the extent of Rs.101.2 billion.

¹ The GDP estimates will be reviewed at the next meeting of the National Accounts Committee, which is the appropriate forum for this purpose.

7. In the comparable July-April periods, foreign direct investment more than doubled in chemicals, pharmaceuticals and fertilizers, but the promise of oil and gas will take some time to materialize. Overall foreign direct investment declined by 3.7 per cent. Nothing from this can be deduced about the confidence of the foreign investors in Pakistan's economy as, precisely at the same time, the more confidence-prone portfolio investment increased from a low of \$ 7.4 million to \$ 57.1 million. The rate of inflation has been 4 per cent, and food inflation even lower. Monetary expansion upto 6th May, 2000 was 4.9 per cent. Improved macroeconomic management is also reflected in the fact that the current account deficit is estimated to come down from 3.8 per cent of GDP to 2.8 per cent, and the achievement of an increase of around 17.6 per cent in the CBR's tax collection.

8. While the economy in 1999-2000 has stabilised, it is still performing below its potential. There are grounds for some optimism for the year 2000-01 provided that the government persists with its objectives of raising domestic resources and of improving the balance of payments. It is important to note that the economy will also be grappling with the consequences of the drought conditions in the real sector and the end of the present debt rescheduling in the financial sector. The Annual Plan 2000-01 will, therefore, have the following five objectives in view:

- (a) Further acceleration of economic growth without exacerbating the debt problem
- (b) Resolute efforts to reverse the trend of increasing poverty
- (c) Consolidation of gains of macroeconomic stability i.e. maintain low inflation rates and stable exchange rate
- (d) Continued structural reform
- (e) Institutional reforms and better governance

9. For 2000-01, a GDP growth target of 5 per cent has been fixed. Agriculture has done extremely well this year, a feat that cannot be repeated next year in terms of growth not just because of the large base but also due to the constrained supply of water expected next year. Agriculture growth target fixed at 3.9 per cent, with major crops growing at 3.2 per cent, depends on improved availability of water.

10. The hopes of the Annual Plan 2000-01 are pinned on manufacturing. With increased investment already made in the current year by the private sector, recovery of sugar output and the acceleration of the growth of textile and garments sector, the large scale manufacturing is envisaged to grow at 6.2 per cent. An overall growth of 5.9 per cent for the manufacturing sector would be supported, to a considerable extent, by the small and medium enterprise development. The announcement of the Information Technology package, an improved access to credit and a plan to engage in active marketing through the

professionalization of foreign missions would contribute to the achievement of this target. Private sector will contribute 60.4 per cent of the total fixed investment, increasing its share from 8.1 per cent of GDP to 8.4 per cent. Public Sector Development Programme has been fixed at Rs.120.5 billion.

11. National savings will have to finance 87.4 per cent of the total investment compared to 81.5 per cent in current year. As growth will continue to come substantially from better utilisation of capacity in large scale manufacturing, less investment intensive small and medium enterprise sector and, assuming adequate water availability, from agriculture, the investment projections have been kept modest. The increase in national saving depends on tax reform. To act on the side of caution, the Annual Plan 2000-01 is projecting net external resource inflow to decline from Rs. 88.1 billion in current year to Rs. 68.7 billion next year. The current account deficit is targeted to decline from 2.8 per cent of GDP to 2.0 per cent, with exports growing at 11 per cent and imports at 3.6 per cent.

12. Fiscal policy will continue to aim at reducing the fiscal deficit, with efforts to expand the tax base as well as to increase development expenditure. The PSDP for 2000-01 has been increased by 19.1 per cent over 1999-2000. Monetary policy, besides making credit affordable and accessible, will focus on keeping the expansion of money supply in line with the GDP growth rate of 5 per cent and the anticipatory rate of inflation of 4.5 per cent. The process of rationalising interest rates to encourage investment will continue.

13. Taking care of the poor is the foremost responsibility of the state. It has to adopt policies to ensure that the poor partake of the overall growth. Secondly, it must see to it that public investment is not hijacked by the rich and the powerful. A sum of Rs. 21.2 billion, 17.6 per cent of PSDP, has been allocated to Poverty Reduction Programme, against Rs. 3.5 billion in the current year. Pakistan Poverty Alleviation Fund has been energized. A Microfinance Bank is being set up. The poor will be provided succour through Food Supplement Programme, which will be financed to the extent of Rs. 2.5 billion from Zakat/Bait-ul-Mal. It will benefit over a million families. The PSDP has been restructured by applying the criteria of contribution to poverty reduction to each of its component. A beginning has been made from this year by strategic reordering of the on-going projects, an emphasis on basic social services and adequate funding of the non-wage components. In 2001, 118 schemes will be completed.

14. Achievements of the current year and targets for the next year are summed up in the following table.

Key Macroeconomic Indicators

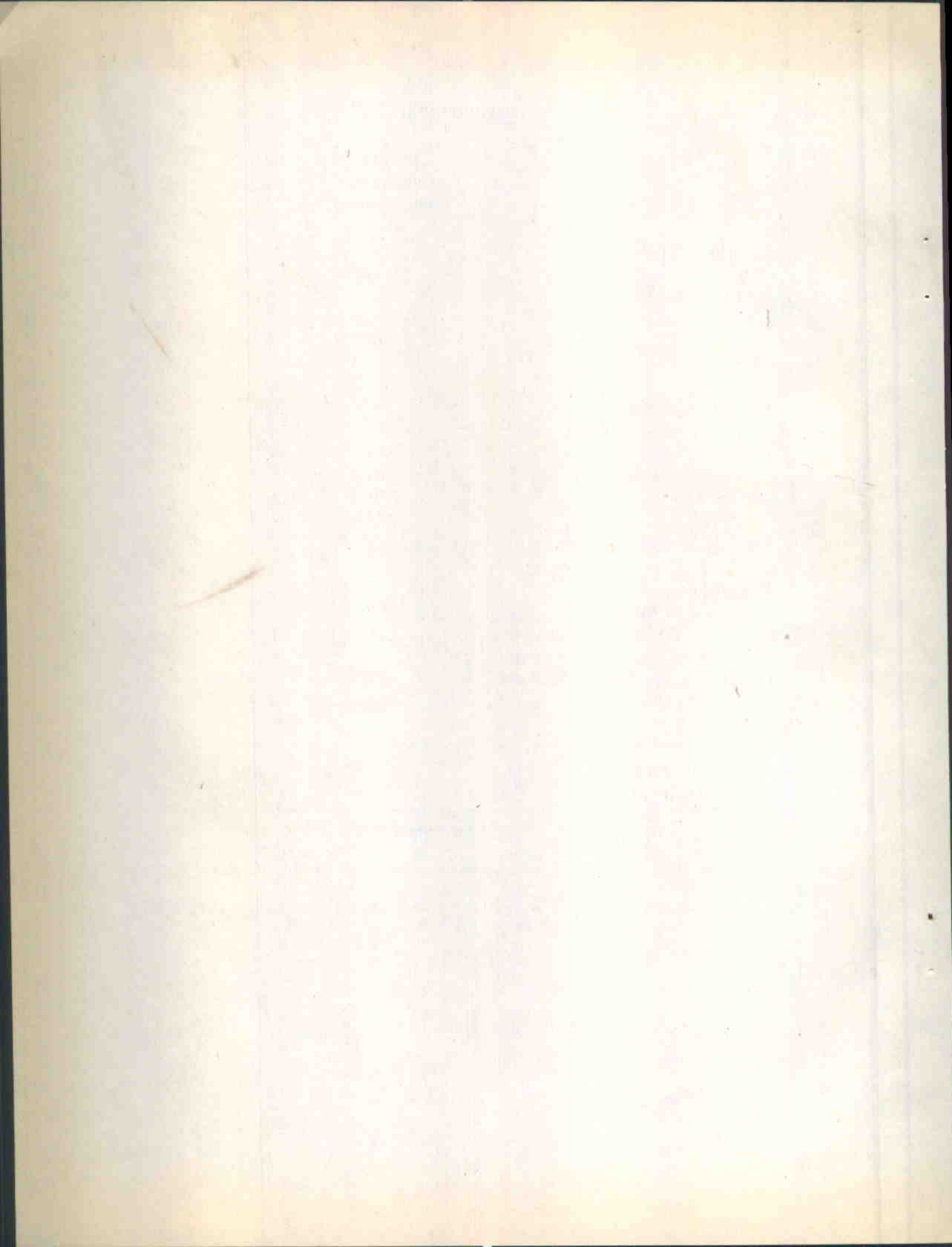
	1999-00 Achievements (Prov. Estimates)	2000-01 Targets
<u>Growth Rates (%)</u>		
GDP	4.5 ^a	5.0
Agriculture	5.5 ^b	3.9
Manufacturing	1.6	5.9
Large Scale	0.04	6.2
Services	4.5	5.2
<u>Investment/Saving</u>		
Total Investment (Billion Rs.)	476.3	545.5
Fixed Investment	424.6	489.3
Public	169.0	193.8
(PSDP)	(101.2)	(120.5)
Private	255.6	295.5
National Savings/Investment (%)	81.5	87.4
<u>External Sector</u>		
Trade Balance (Million \$)	-1862	-1304
Exports (% increase in \$ terms)	10.7	11.1
Imports (% increase in \$ terms)	6.1	3.6
Current Account Balance (Million \$)	-1695	-1260
(As % of GDP)	(2.8)	(1.9)
<u>Monetary Sector (%)</u>		
Rate of Inflation (CPI)	3.4*	4.5
Money Supply (M ₂)	4.9**	9.0

* July 1999 - April 2000

** Unit 6th May, 2000

^a GDP growth will be 4.9 per cent in case the wheat output is 21 million tonnes.

^b Agriculture growth will be 7.1 per cent in case wheat production peaks to 21 million tonnes.



CHAPTER-1

ECONOMIC PERFORMANCE AND PROSPECTS

The Government is pursuing a wide ranging agenda of reforms which aims at strengthening economic base and reduction of poverty coupled with strenuous efforts to attend to structural economic imbalances and institutional decay. The 7 point programme presented on October 17, 1999 and the economic revival package announced in following December reflect Government's determination to move forward.

1.2 This determination will be reinforced by the signs in 1999-2000 that the economy is emerging out of the low-growth patch of the previous three years. GDP is estimated to grow at 4.5 per cent in the current year. The recovery has been led by major crops, which grew at 9.6 per cent against the target of 5.4 per cent, despite a decline of 16 per cent in sugarcane production. Low sugarcane production, however, led to a major shortfall in sugar output, which drove down the large-scale manufacturing growth to negligible. The encouraging sign is that large scale manufacturing growth other than sugar comes to 6.4 per cent. A full recovery of this sector next year and growth of agriculture if water availability improves, allows the fixation of the GDP growth target of 5 per cent for 2000-01. This growth will continue to be accompanied by low inflation. The content of growth will be made pro-poor by the acceleration of the Poverty Reduction Programme.

A. REVIEW OF ANNUAL PLAN 1999-2000

GDP Growth

1.3 The economy was projected to grow by 5.0 percent in 1999-2000, comprising 4.3 percent growth in agriculture, 5.5 percent in industry (4.3 percent in large-scale manufacturing) and 5.1 percent in other sectors. Inflation rate was expected to be 6 percent. According to the provisional estimates the economy is showing a slight slippage in the area of overall growth rate whereas visible improvement occurred on inflation front. The latest data suggests an overall growth rate of GDP of 4.5 percent. This combines an impressive growth in major crops, construction, electricity & gas distribution, and banking & insurance on the one hand and stagnation in large-scale manufacturing on the other hand. The inflation rate was less than expected and has decelerated to 4 percent. Annexure-1.1 gives the details of GDP growth.

Sectoral Growth Performance

1.4 **Agriculture** output was expected to grow by 4.3 percent in 1999-2000, comprising growth rates of 5.4 percent in major crops, 4.5 percent in minor crops, 3.0 percent in livestock and 4.0 percent in fisheries. The growth in **major crops** was premised on production of cotton at 9.7 million bales, wheat at 19.5 million tonnes, rice at 4.86

million tonnes and sugarcane at 55.7 million tonnes. Preliminary estimates represent a mixed trend in production of major crops. The production of cotton estimated at 11.2 million bales and rice at 5.156 million tonnes exceeded the targets and is higher by 27.3 percent and 10.3 percent respectively over last year. However, the sugarcane production (46.3 million tonnes) shows a decline of about 16 percent. On account of timely rains coupled with increase in areas under cultivation, wheat production (19.3 million tonnes) is close to the target and is expected to be higher by 8.0 percent over last year.¹ The production of gram, rapeseed & mustard and barley is, however, likely to decline by 4.4, 7.1 and 5.8 percent respectively. On the whole major crops sector is registering a growth of 9.6 percent against the target of 5.4 percent. Production of selected major crops is given at Annexure-1.2.

1.5 **The minor crops** were projected to grow by 4.5 percent. The production of pulses, vegetables and fruits is expected to grow by 3.6, 2.0 and 1.6 percent respectively over last year. The production of condiments is expected to grow by 21.1 percent based largely on high production of 1630.4 thousand tonnes of onion against its last year's production of 1138.2 thousand tonnes. Oilseeds production is likely to be up by 3.3 percent. On the whole this sector is expected to grow by 2.7 percent.

1.6 **Livestock** sub-sector had been projected to grow by 3.0 percent. The achievement is expected to be 2.8 percent. Provisional estimates show a growth of 2.8 and 2.7 percent in the production of milk and mutton, respectively. Eggs have been estimated to grow by 2.5 percent. Due to substantial increase in the fish catch (marine fishing by 9.5 percent and inland fishing by 7.1 percent) the **fisheries** sub-sector is expected to grow by 8.5 percent over last year. The value added of **forestry** has, however, declined by 38.2 percent mainly because of ban on woodcutting in Punjab and NWFP.

1.7 **The Mining and Quarrying Sector** was projected to grow by 4.5 percent premised on the extraction of 61236 BPD of crude oil, 2404 MMCFD of natural gas and 5620 thousand tonnes of coal, all having 70 percent weight in this sector. The oil production is expected to be 55500 BPD showing an achievement of 90.6 percent of target, gas production 2400 MMCFD achieving the target almost 100 percent and extraction of coal at 3807 thousand tonnes achieving 67 percent of target only. Compared with last year, the crude oil production is up by 1.4 percent, natural gas by 17.6 percent and coal by 10.0 percent. On the whole mining and quarrying sector registered a growth of 7.7 percent for the year 1999-2000.

1.8 The 1999-2000 Annual Plan projected a growth of 4.3 percent in **large-scale manufacturing** and 8.4 percent (as per convention) in **small-scale manufacturing** and overall growth in manufacturing was targeted at 5.8 percent. Large-scale manufacturing

¹Indications of a better crop in Punjab will increase total wheat production to 21 million tonnes, which will push up growth rate of GDP to 4.9 per cent and of agriculture to 7.1 per cent.

output, however, could register a growth rate of 0.04 percent only during July-March 1999-2000, largely on account of a sharp decline in the production of sugar. **Excluding sugar production, the output of large-scale manufacturing shows a reasonably high growth of 6.4 percent over the corresponding period of last year.** Major industries showing high growth during this period include tractors (53.9%), buses (51.2%), cosmetics (39.5%), phosphatic fertilizer (33.4%), paints and varnishes (21.5%), billets (18.8%), cotton cloth (15.1%), paper & board (14.1%), and beverages (8.3%). Nevertheless, some major industries have shown fall in production. These include LCV's (43.2%), sugar (24%), jeeps & cars (23.5%), cigarettes (11.2%), jute goods (9.3%), trucks (6.7%) and motor cycles (3.8%). The output performance of different industries is given at **Annexure-1.3.**

1.9 A fresh survey for **small scale industries** has been conducted by the FBS, which reports growth of this sector at 5.3 percent. As such the growth rate of **small-scale industrial sector has been** changed from the earlier 8.4 percent to 5.3 percent.

1.10 Overall growth of the manufacturing sector in 1999-2000 is estimated at 1.6 percent against the target of 5.8 percent. Value added in the **construction** sector grew at a rate of 6.2 percent compared to the Plan target of 4.5 percent. This is largely due to higher investment on capital assets including expenditure on land improvement, construction of residential and non-residential building, highways, bridges and other utility-lines.

1.11 The **Electricity and Gas Distribution Sector** is estimated to grow by 7.8 percent against the target of 5.0 percent. The installed capacity of power sector is expected to increase by 1854 MW. Energy generation during 1999-2000 is expected to be 65741 GWh compared to 62549 last year, thus growing at a rate of 5.1 percent. During the year, 4121 villages are expected to be electrified.

1.12 The **services** sector as a whole was targeted to grow by 5.1 percent. Among these, the **transport and communications** sector has been assessed to grow by 3.9 percent against the target of 5.3 percent. Growth in the **trade** sector is expected to be 2.5 percent against the target of 4.8 percent. The main factor causing deceleration in growth in trade sector is lower than expected growth in manufacturing sector. The **banking and insurance** is the only sector among services, which is surpassing its growth target. This sector is likely to grow by 6.9 percent, mainly due to 15.5 percent increase in the operating surplus of the scheduled banks and 31.0 percent increase in the case of insurance companies, which taken together account for around 80 percent of the financial sector. The services sector in all is assessed to register 4.5 percent growth against the target of 5.1 percent.

Saving and Investment

1.13 **Investment** : The Annual Plan 1999-2000 envisaged a nominal growth of 38.9 percent in fixed investment. Preliminary estimates, however, suggest 9.5 percent growth. Fixed investment in nominal terms is, thus, estimated at Rs. 424.6 billion compared to last year's figure of Rs. 387.9 billion. Total investment amounts to Rs. 476.3 billion showing an increase of 9.3 percent over last year. As a proportion to GDP, total investment maintained its previous year's level at 15.0 percent in 1999-00. However, fixed

investment increased from 13.3 percent of GDP in 1998-99 to 13.4 percent in 1999-00. The minor increase in fixed investment is attributable to increase in private investment from 8.0 percent to 8.1 percent of GDP. The proportion of public investment maintained its level at 5.3 percent of GDP.

1.14 The **private sector investment** in current market prices increased by 9.4 percent contributed by increase of 23.9 percent in manufacturing sector, 15.6 percent in agriculture sector, 26.4 percent in transport and communication sector and 17.6 percent in construction sector. However, private investment declined in mining and quarrying and electricity and gas sectors by 34.1 percent, 49.8 percent, respectively.

1.15 The **public sector investment** increased by 9.6 percent. This increase is mainly due to increase in public sector investment by 35.9 percent in agriculture and 16.4 percent in transport and communications. The public sector investment declined in mining, construction, financial institutions and services sector by 29.8 percent, 31.4 percent, 6.7 percent and 7.4 percent, respectively.

1.16 **National Savings** as percent of GDP have risen to 12.2 percent in 1999-2000 compared to 11.1 percent last year. Consequently, national savings are financing almost 81.5 percent of total investment while the remaining 18.5 percent would be financed from foreign savings. As such dependence on external resources declined from 3.8 percent of GDP in 1998-99 to 2.8 percent in 1999-2000.

1.17 **Foreign Investment.** During July-April 1999-2000, total foreign investment amounted to \$ 449.6 million (including \$ 57.1 million portfolio investment) as against \$ 415.0 million in the corresponding period of 1998-99 (including \$ 7.4 million portfolio investment), showing an increase of 8.3 per cent. As such, while the direct foreign investment declined by 3.7 percent, the portfolio investment increased manifold from a low base. Direct investment in chemicals, pharmaceutical and fertilizers group is the main contributor in the overall foreign direct investment, as it alone accounted for 28.3 percent of total investment. Economic group-wise foreign direct investment is given at Table-1

Table -1
FOREIGN DIRECT INVESTMENT
(Million US \$)

Economic Groups	July -April	
	1998-99	1999-2000
Power	121.8	60.4
Mining, Quarrying - oil & gas	91.4	59.8
Chemicals, Pharmaceuticals & Fertilizers	45.8	111.1
Food, Beverages and Tobacco	6.9	47.3
Transport, Storage and Communications	29.3	23.5
Others	112.4	90.1
Total	407.6	392.5

Rate of Inflation

1.18 The rate of inflation, measured by the CPI, during the ten months of the year has decelerated to 3.4 percent. Other price indices (SPI, WPI) have also shown deceleration during the period under review. Food inflation was restricted to 2.1 percent. Limited expansion in money supply during the ten months of the year may be one explanation. Money supply up to 6th May 2000 increased only by 4.9 percent compared to the full year target of 9.4 percent for 1999-2000. The second explanation emanates from good harvests witnessed especially in major crops. Table-2 gives the comparative position of price indices.

Table - 2
CHANGES IN PRICE INDICES
(July- April Average over July - April Average)

	1998-99	1999-2000
Sensitive Price Indicator (SPI)	6.77	1.63
Consumer Price Index (CPI)	6.09	3.40
Wholesale Price Index (WPI)	6.70	1.54

Fiscal Policy

1.19 Large fiscal deficit, persisting over the last many years, and heavy dependence on borrowings are the great challenges to the Government in the field of public finance. In order to overcome the problem of persistent fiscal deficit, the Government has undertaken a series of revenue-raising and expenditure-restraining measures. On the revenue side, the Government aims to strengthen the fiscal position by broadening the tax base and improving the tax administration, simplification of assessment procedure and an efficient system of dispute resolution. On the expenditure side, it is pursuing tight policies so that current expenditure, particularly on non-essential items, is curtailed. Many low-priority development projects have been dropped, quality of the budget financed development expenditure improved and allocation to social sectors protected.

1.20 **CBR's Tax Collections:** In the Budget for 1999-2000 the target for tax collection by CBR was set at Rs 379.0 billion which was later reduced to Rs 362.0 billion. The tax collections by the CBR during July-April 1999-2000 were Rs 270.0 billion which showed an increase of 17.6 percent over the corresponding period of last year and constitutes 74.6 percent of the revised target. Collections under the indirect taxes during the period were Rs 186.2 billion showing an improvement of 23.2 percent over the last year's level of Rs 151.2 billion. Sales tax collection recorded an impressive increase of 69.5 percent. 61.2 percent in import related sales tax and 83.2 percent in domestic sales tax. Revenues from customs duties increased by 2.0 percent, while central excise duties decreased by 6.9 per cent. Collections from direct taxes at Rs 83.8 billion during the period were higher by Rs. 5.3 billion or 6.8 percent over the last year. Details are given in Table-3.

Table-3
CBR TAX COLLECTION

Heads	Target 1999-2000	Actual (July-April)			% of Target 1999-2000
		1999-00	1998-99	% Change	
Direct Taxes	123.0	83.8	78.5	6.8	68.1
Indirect Taxes	239.0	186.2	151.2	23.2	77.9
Custom Duties	68.5	50.9	49.9	2.0	74.3
Central Excise	63.0	44.3	47.6	-6.9	70.3
Sales Tax	107.5	91.0	53.7	69.5	84.7
Total:	362.0	270.0	229.6	17.6	74.6

1.21 **Economic Revival Package:** To address fiscal deterioration, the Government announced its economic revival agenda in December 1999, which *inter alia* includes following initiatives in the area of public finance.

- **Broadening the tax base**
 - Income from agriculture sector taxed on the same lines as incomes from any other source. The Provincial Governments to design appropriate mechanism for this purpose.
 - On truthful disclosure of all tax evaded, a payment of 10 percent tax to allow people to bring these assets on their books. The amnesty available until 31st March 2000 (subsequently extended to 15th June 2000).
 - GST to apply at all stages. At each stage, the application simplified and adapted to the needs of each sector.
- **Reducing the multiplicity of taxes**
 - A number of taxes in force at present at the federal and provincial governments level to be phased out gradually.
- **Promotion of documentation of the economy**
 - In order to broaden the tax base, business transaction to be documented.
- **Simplification and improvement in procedures**
 - Tax refunds to be allowed by the CBR within a specified period.
 - Approved refunds due from the CBR to be eligible for offset against taxes payable.
 - 10 percent withholding tax on income from National Saving Schemes withdrawn and refunds made to those who had encashed their saving from September 1999 onwards.

- **Strengthening tax administration**

- A Tax Ombudsman to be appointed to hear and decide complaints against tax authorities.
- Revenue Benches to be established in the High Courts and Supreme Court to deal with tax disputes.

- **Tariff reforms**

- National Tariff Commission to be made autonomous. SROs based on nepotism and corruption to be eliminated.
- An anti-smuggling campaign launched and traders dealing in the sale of smuggled goods to be brought to tax net.

Monetary and Credit Developments

1.22 The monetary policy pursued during the year 1999-2000 aimed to complement other economic policies to achieve national goals of economic revival with macro-economic stability and to ensure adequate credit availability to productive sectors of the economy. The policy has also undergone a good degree of orientation to market friendliness. Market forces were allowed to determine the interest rate and enhance credit to the sectors depending on their relative profitability.

1.23 **Credit Plan 1999-2000** : Credit Plan for the year 1999-2000 envisaged monetary expansion of Rs 121.0 billion or 9.44 percent. This growth rate was fixed in the light of targeted growth of 5 percent in GDP and 6 percent increase in inflation. The Government borrowing for commodity operations was targeted at Rs 10.0 billion keeping in view the utilization of this facility during 1999-2000. Non Government Sector was targeted to expand by Rs. 109 billion, net foreign assets accumulation by Rs 12.0 billion and domestic credit by Rs 109.0 billion (8.21 %) during 1999-2000.

1.24 The implementation of the Credit Plan up to 6th May, 2000 indicates a monetary expansion of Rs 63.0 billion (4.92%) over Rs. 28.0 billion (2.32%) in the corresponding period last year. The domestic credit expansion during 1st July 1999 to 6th May, 2000 stood at Rs. 52.2 billion (3.93%) as compared to contraction figure of Rs. 3.0 billion (-0.24%) for previous year. Major expansion has been observed in budgetary support which stood at Rs.50.1 billion this year, whereas during the same period in the previous year there was a retirement of Rs. 66.7 billion.

1.25 Foreign assets have shown lower expansion of Rs.10.8 billion this year compared to Rs 31.2 billion in the comparable period last year. The over-all credit expansion (change in M2) was higher than last year. Table-4 below gives details of causative factors of monetary survey.

Table-4
MONETARY SURVEY
(CAUSATIVE FACTORS)

(Billion Rs)

	Credit Plan		Actual	
	1999-2000 Target	1998-99 Revised	1999-2000 (up to 06-05-00)	1998-99 (Up to 08-05-99)
I. Government Sector	-7.0	-48.1	42.9	-76.0
a) Budgetary Support(Net)	-15.0	-50.6	50.1	-66.7
b) Commodity Operation	10.0	10.0	-4.2	-6.1
c) Effect of Zakat fund	-2.0		-2.7	-3.5
d) Others			-0.3	0.3
II. Non-Government Sector	113.0	102.1	16.4	75.0
a) Private Sector	119.0	82.1	20.5	51.5
b) PSCEs	-6.0		7.7	1.3
c) Autonomous bodies-etc. & others		20.0	-11.8	22.2
III. Other Items(Net)	3.0	29.4	-7.1	-2.0
IV. Domestic Credit Expansion (I+II+III)	109.0 (8.21%)	83.4 (6.51%)	52.2 (3.93%)	-3.0 (-0.24%)
V. Foreign Assets (Net)	12.0	9.9	10.8	31.0
VI. Total Monetary Expansion (IV+V)	121.0 (9.44%)	93.3 (7.76%)	63.0 (4.92%)	28.0 (2.32%)

1.26 **Money and Credit Policy Measures:** In order to regulate monetary flows effectively, the following measures were adopted:-

- Restoration of Cash Reserve Requirement and Statutory Liquidity Requirements (SLR) to 5 per cent on average basis (subject to a daily minimum of 4 per cent) and 15 percent respectively with effect from 12th July, 1999. Cash Reserve Requirement and SLR were reduced to 3.5 per cent and 13 per cent on May, 19 1999 to provide additional liquidity to the inter-bank market to meet eventualities in anticipation of rapid withdrawals from frozen FCAs.
- A minimum cash margin of 10 per cent was imposed for the import of industrial raw material, 20 per cent for machinery and spare parts and 35 per cent for all other goods. In order to ensure adequate availability of raw material for promotion of industrial activities however, eleven essential items were exempted from the margin restrictions. Subsequently , the minimum

cash margin requirements for both industrial raw material and machinery and spare parts were withdrawn with effect from October 28 and November 1, 1999 respectively

- Effective from 20th October 1999, the State Bank allowed banks and NBFIs to provide financing facilities against the shares of the listed companies subject to a minimum margin of 50 per cent for banks and 30 per cent for NBFIs of their average market value of the preceding 12 months. The banks/NBFIs were, however, free to set a higher margin, if they so desired.
- Effective from 30th November, 1999 the banks/NBFIs were allowed to enter master repo agreement with the counter party before entering into repo transactions.
- Effective from 4th January, 2000, SBP 3-days repo facility against Government's market treasury bills and Federal Investment Bonds was reduced from 13% to 11% on annual basis
- Effective from 15th February, 2000 the banks were no longer required prior clearance of SBP in respect of Modarbas having a credit rating of B-3 and above while extending financing facility whether fund-based or otherwise provided the banks exposure is effectively secured and other prudential regulations and instructions issued by SBP are observed.

Balance of Payments

1.27 The Annual Plan 1999-2000 had visualized an improvement in the trade balance resulting from larger growth in exports as compared to imports. The growth in exports was predicated on increased production of cotton and rice as well as revival of manufacturing sector. The exports (fob) were projected at \$ 8346 million while imports (fob) were anticipated to be \$ 9548 million in view of reduction in the import of wheat and edible oil. The trade deficit was thus projected to decline to \$ 1202 million against a deficit of \$ 1449 million provisionally estimated for 1998-99. Balance on the invisible account was expected to be in deficit by \$ 158 million as against deficit of \$ 967 million during 1998-99. With significant improvement in the trade balance, the current account deficit was projected to decline to \$ 1360 million (2.1 % of GDP) in 1999-2000 from provisional estimates of \$ 2416 million (3.8 % of GDP) during 1998-99.

1.28 The latest estimates for the year 1999-2000 indicate a significant deterioration in the balance of payments (BOP) due to substantial increase in imports and invisible payments. The exports during the first ten months (July-April) of 1999-2000 increased by 9.8 percent and imports by 10.9 percent, resulting in an increase of 16.7 percent in the

trade deficit over the same period last year. Excluding petroleum and its products total imports declined by 3.6 percent. Workers remittances during the first ten months of the year declined by 9.3 percent. On the basis of data so far available, past trends and future assessment, BOP position has been provisionally estimated for the whole year (1999-2000). This indicates that the current account deficit is likely to be \$ 1695 million (2.8 % of GDP) in 1999-2000 as against the actuals of \$2381 million (3.8 % of GDP) during 1998-99.

1.29 **Exports:** During the first ten months (July-April) 1999-2000, exports stood at \$ 6927 million as compared to \$ 6308 million, up by 9.8 percent over the same period last year. The improvement is due to increase in export receipts of raw cotton, fish and fish preparations, cotton yarn, bedwears, knitwear, readymade garments, synthetic textiles, carpets and carpeting and fruits. Export of items for which data on both volume and price are available showed a growth of 12.4 percent. Decomposition of this growth into volume and price effect revealed an increase of 17.3 percent in volume, which had been brought down to (12.4) percent by a price decline of 4.9 percent.

1.30 It is expected that exports would pick up during the coming months and total exports (fob) are estimated at \$ 8334 million as against the target of \$ 8346 million for 1999-2000 and \$ 7528 million during 1998 -99. This shows an increase of 10.7 percent over 1998-99. The exports on shipment basis are projected at around \$ 8.5 billion for 1999-00. Annexure-1.5 gives a detailed account of export performance.

1.31 **Imports:** Imports have increased by 10.9 percent to \$ 8337 million during the ten months (July - April) of 1999-2000 largely on account of a big increase in the prices of petroleum products and petroleum crude which have increased by 76.3 percent and 91.6 percent respectively. Imports of petroleum products, petroleum crude, dry fruit and plastic materials have risen due to increase in prices. Imports of soyabean, palm oil and synthetic fiber declined on account of fall both in volumes and prices. Import of iron and steel scrap, iron and steel, pulses, and synthetic and artificial silk yarn have registered increases, despite their prices having fallen sharply.

1.32 The rising trend in imports is expected to moderate mainly because of anticipated fall in petroleum prices. Total imports (fob) for the full year 1999-2000 are thus estimated at \$ 10196 million, 6.8 percent higher than the target (\$ 9548 million) and 6 percent higher than last years level of \$ 9613 million. Annexure-1.6 gives detailed account of imports.

1.33 **Invisible Account:** During the ten months of the current year, home remittances amounted to \$ 796 million, lower by 9.5 percent over the same period last year (\$ 879 million). Flow of remittances suffered a setback partly due to the freezing of foreign currency accounts. However, with the new steps taken by the government, flow of remittances is expected to increase through the official channels. Remittances for the full year 1999-2000 have been estimated at \$ 950 million. After allowing for other invisible receipts and payments, the invisible balance is estimated to be in surplus by \$ 167 million in 1999-2000 against a deficit of \$ 296 million during 1998- 99.

1.34 **Current Account Balance:** With the trade deficit at \$ 1862 million and invisible surplus of \$ 167 million, the current account deficit for 1999-2000 is estimated to decline to \$ 1695 million (2.8 % of GDP) in 1999 - 2000 from last years level of \$ 2381 million (3.8 % of GDP).

1.35 **Capital Account:** Gross aid disbursements are estimated to decline from \$ 2385 million in 1998-99 to \$ 1568 million disbursed in 1999-2000 largely because of sharp fall in programme loans and project aid. Allowing for other capital flows, the deficit in the overall balance is estimated to deteriorate further from \$ 987million in 1998-99 to \$ 1609 million in 1999-2000. After taking into consideration transactions of the banking system and a draw down of \$ 323 million in gross foreign exchange reserves, the financing gap is estimated at \$ 4089 million in 1999-2000 as compared to \$ 3966 million in 1998-99.

B. PROSPECTS FOR 2000-01

Economic Growth

1.36 Barring an extraordinary setback, growth prospects for the economy during 2000-01 mainly depend on recovery in the large scale-manufacturing sector. Keeping in view the investment-growth relation delineated from the past data, low investment levels in the last few years, IMF's stabilization programme in operation during the year, and micro information gathered from various Ministries like Agriculture, Industries, Petroleum & Natural Resources, Communications, etc., the GDP growth in 2000-01 has been projected at 5.0 percent. This growth in GDP would be contributed by sectoral growth of 3.9 percent in agriculture, 6.2 percent each in large-scale manufacturing and construction, 5.3 percent in electricity & gas distribution, and 5.2 percent in services sector. The commodity producing sector as a whole is projected to grow by 4.8 percent. The main growth targets of Annual Plan 2000-01 are summarised in Table-5 below, while details are given at Annexure-1.1.

Table- 5
REAL GROWTH RATES

Sector	1998-99	1999-2000 (Provisional)	(Percent)
			2000-01 (Target)
Agriculture	1.9	5.5 *	3.9
Manufacturing	4.2	1.6	5.9
Large-scale	3.7	0.04	6.2
Services	4.1	4.5	5.2
GDP-fc	3.1	4.5**	5.0

* In case of wheat output estimate of 21 million tonnes, agriculture growth will be as high as 7.1 per cent.

** Accounting for wheat production of 21 million tonnes will raise the GDP growth to 4.9 per cent.

1.37 **Agriculture** sector growth is being anticipated at 3.9 percent. The output of major crops is projected to grow by 3.2 percent compared to 9.6 percent likely to be achieved in the current year. The growth projection for next year depends on the expectation that water availability improves. With this constraint in mind, the cotton production target has been set at 10.7 million bales (compared to 11.2 million bales this year). Besides, no increase is expected in the production of rice. Sugarcane production is projected at 51.7 million tonnes as against the depressed level of 46.3 million tonnes during the current year and 55.2 million tonnes during 1998-99. Wheat production is targeted to increase by 6.3 percent to 20.5 million tonnes. The production targets of major crops are given at Annexure-1.2. The production of **minor** crops is forecast to increase by 6.9 percent. This growth would be contributed by 7.0 percent increase in pulses, 4.5 percent in fruits and 4.0 percent each in vegetables and condiments. Among oilseeds, sunflower production is projected to increase from 212 thousand tonnes in 1999-2000 to 435 thousand tonnes in 2000-01. This is part of the long term plan of substituting imported edible oils with domestic production. Livestock sub-sector is projected to grow by 2.8 percent, and fisheries by 7.0 percent. Growth in value added in forestry for the next year has been assumed to be 3.1 percent in case the existing ban on woodcutting in Punjab and NWFP is lifted.

1.38 The growth target for **mining and quarrying** sector is fixed at 3.4 percent, premised mainly on 12.0 percent increase in the extraction of natural gas and 13.1 percent in rock salt. There are indications that crude oil production in public sector is likely to decline slightly, requiring acceleration in public investment in the sector. In fact, a big jump in allocation to this sector is being planned in the PSDP for 2000-01.

1.39 In the **manufacturing** sector, 5.9 percent growth is envisaged with 6.2 percent in large-scale manufacturing and 5.3 percent in small-scale-manufacturing. Sugar, cement, cotton yarn & cotton cloth, air conditioners, cigarettes, motor tyres and nitrogenous fertilizer would be the main growing industries. The targeted production of major industrial items is shown in Annexure-1.3.

1.40 The **services** sector as a whole is projected to grow by 5.2 percent. The main contributors of value added in this sector will be transport & communication, trade, and banking & insurance. **The transport and communications** sector accounts for 10.1 percent of GDP (1999-2000) and is forecast to grow at the rate of 5.5 percent. Value added in this sector would come from road transport and air services. The value added in trade sector, having 14.9 percent share in GDP, depends on growth in agriculture, manufacturing, and imports. It is expected that the trade sector would grow by 4.8 percent. Based on the data provided by the **financial institutions**, the banking and insurance sector is projected to grow by 6.5 percent. The sectoral growth rates are reported in Annexure-1.1.

1.41 **Investment:** Total investment consistent with the projected GDP growth of 5.0 percent in 2000-01 works out at Rs 545.5 billion (in current prices), which is 14.5 percent higher over last year's provisional investment of Rs 476.3 billion. As a proportion to GDP, total investment will amount to 15.5 percent against 15.0 percent during 1999-2000. About 60.4 percent of fixed investment would come forth from the private

sector. This will mean that the private sector investment level will be Rs. 295.5 billion whereas public sector investment would amount to Rs 193.8 billion. The highest priority in the public sector investment is being planned in the energy, transport and communications sectors. Poverty alleviation programme will be a new area of priority in the public investment.

1.42 **Consumption-Investment** configuration of the Annual Plan 2000-01 shows that out of total resources of Rs 3535.1 billion being made available through GNP and external resources, consumption expenditure will amount to Rs 2989.6 billion or 84.6 percent of total resources. This consumption level will represent an increase by 9.5 percent over last year. Macroeconomic framework is presented in Annexure-1.4.

1.43 **National Savings:** Since external resource inflow for the coming year has been indicated at Rs 68.7 billion, the remaining investible resources of Rs 476.8 billion are likely to become available through national savings. This places national savings to GDP ratio at 13.6 percent compared to 12.2 percent recorded last year. In terms of financing of investment, the contribution of external resources worked out at 12.6 percent will be about 6.0 percentage points less than that observed last year.

1.44 **Inflation:** The rate of inflation for the year 2000-01 is expected to be around 4.5 %.

Fiscal Policy

1.45 The focus of the fiscal policy during the year 2000-01 would be to reduce the fiscal deficit and to enhance the development expenditure. The reduction in fiscal deficit would help to reduce the debt burden which has over the years reached an alarming level. By increasing the development expenditure, the Government intends to give a boost to the economy for sustained recovery and poverty alleviation. These objectives would be achieved by keeping a check on current expenditure and stepping up resource mobilization. Resource mobilization would come through expanding the tax base, shifting taxes from investment to consumption and reducing tax rates and their number. It is envisaged to improve the administrative machinery and to reform rules and regulations etc. to plug tax evasion. Documentation of the economy is being undertaken through a survey to expand the tax base.

Monetary and Credit Policy

1.46 Monetary and credit policy for the year 2000-01 would ensure enhanced liquidity to the productive sectors of the economy. The rate of interest, as the current trend indicates, is likely to decline further and this would encourage greater investment. Monetary expansion is expected to be around 9 per cent, in line with the GDP growth target of 5 percent and anticipated inflation rate of 4.5 percent.

Balance of Payments

1.47 **Trade Account:** It is expected that 2000-2001 may experience an improvement in trade balance due to high growth of exports and only a modest increase in imports. Exports (fob) are projected to grow by 11 percent while imports (fob) are forecast to increase by 3.6 percent. Projections of exports and imports are based on sustained increase in agricultural production, revival of the manufacturing sector, lower prices of oil and its products and signs of increasing competitiveness of the external sector. For the year 1999 -2000 imports were projected assuming price of crude oil at \$ 18 per barrel. During the year price of crude oil started increasing and reached \$ 30 per barrel in March 2000, but it has now started to decline and is expected to stabilize at around \$ 25 per barrel. Imports of petroleum and petroleum products in value terms are therefore expected to be higher than originally projected for 1999-2000. The trade account is projected to be in deficit by \$ 1304 million in 2000-2001 against a deficit of \$ 1862 million in 1999-2000.

1.48 **Invisible Account:** Prospects for the invisible balance will continue to be governed mainly by the behavior of the workers' remittances. For 2000-2001, remittances have been projected at \$ 1100 million against \$ 950 million during 1999- 2000. Allowing for other invisible receipts and payments, the surplus on invisible account is anticipated to decline to \$ 44 million from a surplus of \$ 167 million during 1999-2000.

1.49 **Current Account Balance:** With a deficit of \$1304 million on the trade account and a surplus of \$ 44 million on the invisible account, the current account deficit is estimated to decline to \$ 1260 million (2.0% of GDP) in 2000-2001 from \$1695 million (2.8 % of GDP) in 1999-2000.

1.50 **Capital Account:** Capital account is expected to improve due to increased flow of both official and private long term capital. Gross disbursements of official development assistance are expected to increase to \$ 2002 million largely on account of disbursements of programme loans and commodity aid. Private long term capital is expected to increase significantly. After allowing for other capital movements, a surplus of \$ 896 million is likely to occur in the overall balance in 2000 - 01 as compared to a deficit of \$ 1609 million during 1999-2000. However, taking into consideration transactions of the banking system and a build up \$ 1120 million in foreign exchange reserves, the financing gap is projected to decline from \$ 4089 million during 1999-2000 to \$ 1825 million in 2000 -01. Annexure-1.7 gives detailed balance of payments position for 2000-01.

CHAPTER 2

PUBLIC SECTOR DEVELOPMENT PROGRAMME

Public Sector Development Programme (PSDP) 2000-2001 has been formulated within the policy framework of the present Government as given in the seven point agenda and Economic Revival Plan. The objectives are i) to pursue the goal of structural reform and macro economic adjustments to ensure sustained growth, ii) to accelerate development in production, social, human resource and physical infrastructure sectors, iii) to reduce poverty and ensure good governance through institutional reforms and measures aimed at achieving cost-effectiveness of public spending and iv) wider dispersal of economic benefits amongst people at large and removing regional disparities.

2.2 An overall PSDP of Rs 120.5 billion with foreign aid component of Rs 41.6 billion has been fixed for 2000-2001. It represents 3.5 percent of the GDP and is higher by 19.1% over the revised PSDP (Rs 101.2 billion) of 1999-2000.

REVIEW OF PUBLIC SECTOR DEVELOPMENT PROGRAMME 1999-2000

2.3 For the year 1999-2000, a PSDP of Rs 116.3 billion with a foreign aid component of Rs.43.6 billion was approved. Subsequently, due to shortfall in resources, a review of PSDP was carried out in January, 2000 to re-prioritize the projects and overall size of PSDP was reduced from Rs. 116.3 billion to Rs,101.2 billion. The cuts were applied essentially on new, slow-moving and politically motivated projects. Ongoing projects of strategic importance, normal ADP of Provinces and foreign aided projects were protected. A fresh allocation of Rs.3.5 billion was made for Integrated Rural-Urban Development programme to alleviate poverty. Adequate funding and supportive measures were taken to ensure that maximum number of on-going schemes are completed. It is expected that by the end of financial year about 96 schemes costing Rs 65 billion would be completed with an allocation of Rs 7 billion.

PUBLIC SECTOR DEVELOPMENT PROGRAMME 2000-2001

2.4 The total size of the budgetary development programme for 2000-2001 is Rs.120.5 billion which is about 19.1% higher than the revised budgetary development programme for 1999-2000 (Rs 101.2 billion). The comparative position for the year 1999-2000 and 2000-2001 is summarized in the table below, whereas the sector-wise comparative position is given in Annexure-2.1.

PSDP ALLOCATION

(Billion Rupees)

PROGRAMME	ALLOCATION FOR 1999-2000 (Revised)		ALLOCATION FOR 2000-2001	
	TOTAL	F.AID	TOTAL	F.AID
1. Federal Ministries	31.5	12.6	35.0	11.1
2. Special Programmes				
i) Tameer-i-Sindh Programme	0.1	0.0	0.0	0.0
ii) Afghan Refugees Rehabilitation Programme	0.1	0.0	0.1	0.0
iii) Tameer-e-Watan Programme	0.3	0.0	0.0	0.0
iv) Integrated Rural Urban Development Programme	3.5	0.0	21.2	0.0
3. Special Areas	4.2	0.7	4.7	0.5
4. WAPDA, OGDC & NHA	32.7	15.3	30.5	17.0
5. Provincial Programme	28.8	13.0	29.0	13.0
TOTAL (BDP)	101.2	41.6	120.5	41.6

2.5 Out of total allocation of Rs. 120.5 billion, Rs. 35.0 billion have been allocated to the Development Programme of Federal Ministries/ Divisions, Rs. 29.0 billion have been earmarked for provinces, Rs. 4.7 billion for Special Areas, Rs. 21.2 billion for Special Programme (Integrated Rural and Urban Development Programme) and Rs. 30.5 billion for the Corporations Programme to be financed from the budget.

2.6 In terms of priorities, 17.6% of the total Budgetary PSDP allocation for 2000-2001 has been provided to Integrated Rural-Urban Development Programme. 15.8% has been allocated to Transport and Communication Sector including NHA Programme. Power Sector including budgetary part of WAPDA and allocations for Village Electrification share 15.1%. Water Sector claims about 8.4%. The project-wise allocative strategy of the plan is to concentrate on completion of on-going projects rather than spreading the funds thinly. New initiatives of national importance have also been included in Public Sector Development Programme (PSDP) 2000-2001. These projects includes Information Technology Programme and Integrated Rural-Urban Development

Programme. Some of the prominent features of various sectors are given in the following paragraphs:-

- i) As development and management of water resources is high in development priorities, an allocation of Rs.10.1 billion has been made to Water sector in PSDP 2000-2001. Major Projects/Programmes which would be covered are Chashma Right Bank Canal (Stage 111), Drainage & Reclamation, including National Drainage Programme, Flood Sector and on Farm Water Management Programme.
- ii) An amount of Rs. 18.2 billion has been provided to Power Sector including budgetary part of WAPDA and allocation for Village Electrification in PSDP 2000-2001 which is higher by 11.0% than the last year's allocation. The important projects included in this Sector are Chashma Nuclear Power Project, Nuclear Mineral Survey, Phase-IV, Lahore, Detailed Exploration of Uranium in D. G. Khan Phase-V, Reshun Hydro Power Project, Chashma Hydro Power Project, Ghazi Brotha Hydro Power Project, Secondary Transmission and Grids (5th Stage Project), Transmission Arrangements for Power and Village Electrification.
- iii) In Fuel sector allocation has been enhanced from Rs. 1.2 billion in 1999-2000 to Rs. 2.2 billion in 2000-2001 showing 83.3% increase. The allocation will be used to provide government share in petroleum concessions and Pak-Iran Refinery.
- iv) Sufficient funds of Rs. 19.1 billion have been provided to Transport and Communications sector including NHA Programme. Major projects to be covered are Track Rehabilitation, Rehabilitation of 101 Diesel Locos, Procurement of 30 Locos (3000 HP), Rehabilitation of Tracks, Rehabilitation of 240 Coaches and Recommissioning of 55 Stabled DE Locos under Railways Division, Special Communication Organization (SCO), Gawader Fish Harbour, Pakistan Telecommunications Regulation and Privatization Support Project under Communications Division.
- v) Physical Planning & Housing sector has been provided adequate funds (Rs 1.7 billion). Major Projects would include Improvement of Existing Sewerage Treatment Plants (I, II, III) and Construction of STP - IV, Islamabad, P/L of Water Supply from Shah Allah Ditta Reservoir (Khanpur-I), Dualization of Kashmir Highway from Zeropoint to Dhokri Chowk, Dualization of Islamabad Highway from Gurah Bridge to Rawat and Construction of 3rd Lane from Faizabad Crossing to Flying Club Turning.
- vi) Adequate allocation of Rs. 1.2 billion in PSDP 2000-2001 has been made to the Education sector which shows an increase of 20.0% over the last year's allocation of Rs 1.0 billion. The allocation would cover Primary Education, Secondary Education, Vocational Training Programme, 82,000 Non Formal Basic Education Community Schools and University Education.
- vii) Consistent with the policy of the government to provide health cover to a large segment of population, Rs. 2.8 billion have been allocated to Health Sector in PSDP

2000-2001. It shows an increase of 3.7% over the last year's allocation of Rs 2.7 billion. The highlights include: Expanded Programme of Immunization, Malaria Control and Aids Programmes, National Programme for Family Planning and Primary Health Care (Lady Health Workers), Upgradation and Renovation of Facilities at PIMS, Islamabad and Karachi Institute of Radiotherapy and Nuclear Medicine (KIRAN).

- viii) Rs 2.4 billion has been provided to Rural Development Sector in PSDP 2000-2001. The major projects included in this sector are ADB Assisted Rural Access Roads Project Phase-I and Japanese Assisted Rural Roads Construction Project Phase-I. Rural Areas will also be the main beneficiaries of Rs 21.2 billion Integrated Rural - Urban Development Programme with the emphasis on reducing poverty.
- ix) Great emphasis has been laid on Science & Technology Sector in PSDP 2000-2001. For this purpose an amount of Rs 2.9 billion has been allocated against Rs 0.3 billion during last year showing a massive increase of 866.6%. Main projects included in this sector are National University of Science & Technology (NUST), Rawalpindi (Phase-I & Phase- II), and National Information Technology/ Development Project/Programme.
- x) In order to arrest the high rate of population growth, sufficient allocations have been made to Population Welfare sector during the past five years. Accordingly, it has been allocated Rs. 2.2 billion for the programme in 2000-2001.
- xi) On the whole, 118 schemes costing Rs. 89 billion will be completed in 2000-2001.

SPECIAL AREAS PROGRAMME

2.7 An allocation of Rs 4.7 billion has been made in the Federal PSDP 2000-2001 for Special Areas (AJK, Northern Areas, FATA and FATA-DC) which is higher by 11.9% over the last year allocation of Rs 4.2 billion. The area-wise allocation as compared to 1999-2000 is shown below:-

SPECIAL AREA ALLOCATION

(Billion Rs.)

Special Areas	Allocations for 1999-2000		Allocations for 2000-2001	
	Total	Foreign Aid	Total	Foreign Aid
AJK	2.2	0.7	2.5	0.3
NA	0.9	0.1	1.1	0.1
FATA	1.0	0.0	1.0	0.0
FATA-DC	0.1	0.1	0.1	0.1
Total:-	4.2	0.9	4.7	0.5

PROVINCES

2.8 An allocation of Rs 29.0 billion has been made to Provinces in PSDP 2000-2001 which is higher by 0.7% over the last year level. Out of this allocation Rs 10.3 billion has been allocated to SAP sectors whereas Rs 18.7 billion is for Non-SAP sectors.

PROVINCIAL ALLOCATION

(Billion Rs)

	1999-2000			2000-2001		
	Total	F.Aid	Local	Total	F.Aid	Local
SAP	16.0	8.0	8.0	10.3	4.5	5.8
Non-SAP	12.8	5.0	7.8	18.7	8.5	10.2
Total:-	28.8	13.0	15.8	29.0	13.0	16.0

PROGRAMME OF WAPDA and NHA

2.9 In the corporate sector, the programme of NHA will be entirely financed from the budget. As regards WAPDA (Power) foreign loans which pass through the budget to this Corporation, would be part of budgetary programme, as in the past. For the rest of its programme, WAPDA would either finance it through own resources or from capital market or foreign loan/equity:-

BUDGETARY CORPORATION DEVELOPMENT PROGRAMME 2000-2001

(Billion Rs)

Corporations	Total	Budgeted Rupees	Budgeted Aid	Self Financing	Bank Borrowing	Foreign Loan/Equity
WAPDA*	30.8	0.3	15.2	8.9	6.2	0.2
NHA	15.0	13.2	1.8	0.0	0.0	0.0
TOTAL:	45.8	13.5	17.0	8.9	6.2	0.2

*Includes village Electrification

2.10 As can be seen from Para 2.9, the total investment programme of NHA has been fixed at Rs 15 billion. With this allocation NHA will boost provision/improvement of infrastructural facilities enhancing the well-being of common man and indirectly adding to the productive capacity of the economy. Major NHA projects include completion of dualisation of N-5 on many sections,

improvement work on Indus Highway, N-25 and N-40 in Balochistan, KKH, Mansehra Naran-Jalkad, Barian-Nathiagali and Tall Parachinar roads. Work on Satra Mile - Murree dual carriageway and Bhera interchange on Lahore-Islamabad Motorway will be accelerated. Work on rehabilitation of existing carriageway N-5 and construction of Makran Coastal Road will be initiated.

2.11 The non budgetary corporations in the T & C, Fuel and Power sectors are planning an investment programme of Rs. 73.3 billion as against Rs 57.9 billion during 1999-2000.

CHAPTER-3

MAIN FEATURES OF SECTORAL PROGRAMMES

AGRICULTURE

Review of 1999-2000

Financial

An allocation of Rs.289.116 million was made for the agriculture sector in the Federal PSDP 1999-2000. After applying cut it was reduced to Rs.264.1 million. Against this allocation Rs.157.213 million were utilized showing 60% utilization. The low utilization was mainly due to non-availability of World Bank loan for the Agriculture Sector Investment Project.

Physical

3.2 The government has decided to revitalize the agriculture sector to exploit its vast potential. It is an important element in the overall strategy of economic revival. As a result of Government's policies, an impressive growth rate of 5.5 per cent has been achieved in the agriculture sector during 1999-2000 against the target of 4.3%. The production of wheat is expected to exceed the target of 19.5 million tonnes. (Final production may be 21 million tonnes, which will increase overall agricultural growth to as high as 7.1 per cent). The country has become self sufficient in wheat and some quantity will be exported to other countries. The production of all the major crops except sugarcane exceeded the target. This was due mainly to timely and attractive support prices announced by the Government. There was increased use of fertilizer and good quality seed, made possible by easy availability of credit to farmers. Weather conditions were also favourable. The production of cotton is estimated at 11.2 million bales against a target of 9.7 million bales showing an increase of 27.3 per cent. The production of rice is estimated at 5.15 million tonnes against a target of 4.86 million tonnes, showing an increase of 10.3 per cent. The sugarcane production was 46.3 million tonnes showing a decline of 16 per cent. Potato production was 1,871 thousand tonnes against a target of 1,778.6 thousand tonnes. Production of onion was 1,630.4 thousand tonnes against a target of 1,250.0 thousand tonnes.

3.3 The major crops registered a growth rate of 9.6 per cent, whereas the minor crops, livestock and fisheries grew by 2.7 per cent, 2.8 per cent and 8.5 per cent, respectively. Forestry sub-sector registered a negative growth rate of 38.2 per cent. The physical targets and achievements are given at Annexure-I.2.

Programme for 2000-01

Financial

3.4 An allocation of Rs. 329.151 million has been made in the Federal PSDP 2000-01 for the agriculture sector.

Physical

3.5 The policies of the Government for enhancing productivity of the agriculture sector will be continued during 2000-2001. Efforts will be made to increase the production of edible oilseeds, in order to reduce the import of edible oil. Support prices of agricultural

commodities will continue to be fixed in order to provide incentive to the farmers to increase agricultural productivity. The government will intervene in exceptional circumstances when the market price falls below the support price to protect the farmers. The Agricultural Development Bank of Pakistan (ADBP) will be revitalized and its effectiveness will be improved to reach out to small farmers. In the livestock sector, production and export of meat and dairy products will be encouraged. Sustainable exploitation of marine fisheries in the Exclusive Economic Zone will be promoted through institution of support for value added exports and the provision of credit. Evacuee agricultural land in Tharparkar area in Sindh which is being cultivated by poor and landless farmers will be allocated to them. State land not distributed so far, will be allotted to landless peasants. A special credit package will be made available to the small farmers to help them develop their land and make it productive. De-silting of canals and water courses will be undertaken in order to increase the water availability and improve its efficiency, which will ultimately increase the production of crops.

3.6 A growth rate of 3.9 per cent has been projected for the agriculture sector during 2000-01 keeping in view the effect of water shortage on the production of kharif crops. The efficient use of water and improved on-farm water management practices will help in overcoming the situation. Increased use of improved seed, balanced application of fertilizers, integrated pest management and efficient sowing and harvesting practices will help in achieving the target. The growth rate of major and minor crops are projected at 3.2 per cent and 6.9 per cent, respectively. Livestock, fisheries and forestry are expected to grow by 2.8 per cent, 7.0 per cent and 3.1 per cent, respectively. The physical targets are given at Annexure-1.2

3.7 Fertilizer off-take target of 3,020 thousand nutrient tonnes has been fixed for the year 2000-01, which is 7.1 per cent higher than the estimated achievement of 2,820 thousand nutrient tonnes during 1999-2000. The target for the distribution of improved seed has been fixed at 221.2 thousand tonnes against the achievement of 150.4 thousand tonnes in 1999-2000.

Major Programmes

3.8 The implementation of on-going projects will be continued. In addition, thirteen new projects have also been accommodated in the PSDP 2000-01. The major programmes are discussed in the subsequent paragraphs.

Agricultural Research

3.9 The Coastal Zone Agricultural Research and Development Project will be continued with a view to conduct research on different crops suitable for growing in coastal areas of Sindh and Balochistan in order to improve their productivity. The project entitled, "National Sugar Crops Research Institute" will continue its research activities on development of disease resistant and high sucrose content varieties of sugarcane. Tea Research and Development Project will be continued. It will impart training on tea cultivation, provide nursery plants to tea growers and assist them in establishment of tea plantation. A black tea processing plant of moderate capacity will be established at Shinkiari. The Research on cultivation of oil crops in Cholistan areas will be continued which will provide research based information, on-farm demonstration and training of the local people. The Research studies on production, sustainability, fertilizer use efficiency and insect pest resistance on rice-based cropping system will be continued. Oilpalm nurseries will be developed on private and Government farms for distribution of seedlings to growers in Sindh and Balochistan under the

"Oilpalm Development Pilot Project".

Agriculture Sector Investment Project

3.10 Agriculture Sector Investment Project (ASIP) will be launched in order to alleviate rural poverty through increased agricultural output in an efficient and sustainable manner. It will finance key agricultural investment projects in such areas as agricultural research and extension, livestock, fisheries and forestry sub-sectors. It will also help identify and put in place necessary changes in the systems, policies and institutions related to agriculture.

Agricultural Extension

3.11 The project entitled, "Increasing Productivity of Kitchen Crops" will be continued. It will provide quality seeds for vegetables and pulses to the growers in order to increase their productivity. The project will also disseminate improved production technologies to growers for increasing production of kitchen crops. The development and research activities for improvement of productivity of arid areas will be continued under "National Aridland Development and Research Project". Priority will be given to dryland farming, agro-forestry, soil/water conservation, range/livestock and wildlife development.

Agricultural Education

3.12 The improvement and strengthening of teaching, research and laboratory facilities at the University of Agriculture, Faisalabad will be continued. The civil works at Agricultural College at Dokri, Larkana will be continued and Agricultural College, Multan will be completed. The Repair and renovation works of old buildings at the University of Agriculture, Faisalabad, construction of hostel for 250 students at Agriculture University, Tandojam and repair of academic block, hostels and residences at NWFP Agricultural University, Peshawar will be continued.

3.13 Improvement of teaching and research facilities at the University of Arid Agriculture, Rawalpindi will be continued under the project titled, "Development of Academic Facilities at University of Arid Agriculture, Rawalpindi". Under this project, post-graduation programmes for various disciplines of arid agriculture will be continued.

Livestock

3.14 The project for establishment of National Veterinary Laboratory at Islamabad will be continued. On completion, it will serve as a national reference laboratory. Provision of vaccine, quality control services, and evaluation of veterinary drugs for safety, potency and efficiency are included in the objectives of the project. Programmes to provide quarantine facilities at Sialkot and Karachi will be initiated.

Soils and Fertilizer

3.15 Two on-going research and development Projects to improve fertilizer use, namely, Application of Gypsum to Improve Soil Fertility and Potash Use for Enhancing Crop Productivity will be continued.

WATER RESOURCES DEVELOPMENT

Review of 1999-2000

Financial

3.16 An expenditure of Rs. 10624 million which is 93% of the financial allocation of Rs. 11330 million for 1999-2000 is expected to be incurred by the June 2000.

Physical

3.17 The overall water availability increased by 0.12 Mhm (0.98 MAF) from 16.50 Mhm (133.78 MAF) in 1998-99 to 16.62 Mhm (134.76 MAF) in year 1999-2000. Out of total water available during 1999-2000 (16.62 Mhm) about 10.36 Mhm (84.01 MAF) was made available from surface water supplies and 6.26 Mhm (50.75 MAF) from underground. Sub-sector-wise physical achievements are given in the following table.

Physical Targets and Achievements during 1999-2000

S.No.	Item	Unit	Targets 1999-2000	Achieve- ments 1999-2000 (Exp)	Percent Achieve- ments
<u>Irrigation</u>					
1.	Water Availability	Mhm	16.62	16.62	100
	(Cumulative)	MAF	134.76	134.76	100
	Incremental (Water)	Mhm	0.12	0.12	100
2.	Additional area to be cultivated	Mha	0.08	0.08	100
<u>Drainage & Reclamation</u>					
3.	Disastrous area protected	Mha	0.20	0.18	90
4.	SCARP Tubewells				
	a. Drilling	No	21	75	357
	b. Energization	No	61	379	621
5.	Surface Drains (Earthwork)	MCM	7.73	7.14	92
6.	Sub-Surface Drainage	Ha	42	47	112
<u>Flood Control</u>					
a.	Earthwork	MCM	6.06	4.04	66
b.	stonework	MCM	0.57	0.38	66
<u>OFWM Programme</u>					
a.	Watercourse Improvement	No	982	820	83
b.	Water Storage Tank	No	66	66	100

Programme for 2000-2001

Financial

3.18 A total sum of Rs. 10122.885 million including foreign aid of Rs. 4108.0 million has been allocated to the Water Sector projects/programmes in the PSDP 2000-2001.

Physical

3.19 It is expected that overall water availability will remain the same as in 1999-2000 i.e. 16.62 Mhm, (134.76 MAF). Out of total of 16.62 Mhm, about 10.38 Mhm would be available from surface water supplies through watercourse improvement, canal remodelling and small irrigation schemes. The remaining 6.24 Mhm (50.55 MAF) would be extracted from underground fresh water aquifer mainly by private tubewells. In the Drainage Sub-sector energization of 34 SCARP tubewells, Transfer of 225 and Rehabilitation of 93 Fresh Ground Water Tube-wells is proposed. Further, 5000 private tubewells are expected to be installed during the year 2000-2001. Moreover, excavation of 10.67 MCM of earth for surface drains/disposal channels, laying of tile drainage in an area of 1722 hectares, construction/rehabilitation of 975 Km of new/old drains, construction of 37 Km and 206 Km of main irrigation canals and distributaries/minors respectively will be carried out. Under OFWM Programme about 850 watercourse will be improved and 600 water storage tank would be constructed. Main programmes/projects to be implemented during 2000-2001 are given below:

i) DRAINAGE AND RECLAMATION PROGRAMME

3.20 This programme will continue to receive major share i.e Rs. 6015.273 million (59.42 % of total Water Sector allocation including allocation for NDP). The programme envisages energization of 34 SCARP tubewells, Transfer of 225 and Rehabilitation of 93 Fresh Ground Water Tube-wells is proposed respectively, excavation of 10.67 MCM of earth for surface drains/disposal channels, construction/rehabilitation of 975 Km of new/old drains. The programme includes 9 drainage projects (5 in Punjab, 2 in Sindh and 2 in NWFP), in addition to NDP which has been shown separately. Adequate allocations have been made for Fordwah Sadiqia (South), SCARP Gojra Khewra, Upper Rechna Remaining Deg Basin, Shorkot Kamalia, LBOD, and Swabi SCARP for their timely completion.

3.21 The National Drainage Programme costing Rs. 31400 million will continue to receive high attention and will be revised in consultation with the Provinces. This programme will restore the sustainability of irrigated agriculture in an environmentally sound manner by (a) minimizing drainable surplus and (b) evacuation of drainable surplus from the Indus Basin to the sea. For this purpose a sum of Rs. 1750 million including foreign aid of Rs. 1200 million, as share of Federal Government, has been allocated. The respective Provincial allocations will be reflected in the Provincial ADPs.

ii) IRRIGATION

Chashma Right Bank Canal Project

3.22 Stage-I and II of CRBC project have been completed whereas work on Stage-III, including construction of 23 miles of main canal, 153 miles of distributaries/minors, flood

carrier channels and a number of structures will be undertaken. An amount of Rs. 2500 million including foreign aid of Rs. 1500 million has been allocated to this project.

iii) **ON-FARM WATER MANAGEMENT (OFWM)**

3.23 It is an on-going programme being implemented with the assistance of World Bank for improvement of 8290 watercourses, construction of 400 storage tanks, Precision Land Levelling of 25000 hectares and establishment of 1000 demonstration centres. Physical works during 2000-2001 include renovation of 850 watercourses and establishment of 600 Storage Tanks. Allocation to this programme during 2000-2001 will be reflected in the Provincial ADPs. However, Rs. 20.00 million have been allocated in the Federal PSDP 2000-2001 to run the Federal Co-ordination Cell.

iv) **FLOOD PROTECTION PROGRAMME**

3.24 The flood control works are undertaken under two main programmes namely, Normal/emergent Flood Works and Second Flood Sector Project (Asian Development Bank Assisted). The programmes aim at protecting village abadies, private property and public infrastructure situated along the rivers. These programmes during 2000-2001 envisage execution of a number of small schemes in Punjab, Sindh, NWFP, Balochistan, FATA, Northern areas and AJK. A total of Rs. 1340 million including foreign aid of Rs. 855 million has been allocated for the above mentioned programmes.

v) **SURVEY, INVESTIGATION AND RESEARCH**

3.25 Survey, Investigation and Research is a continuing programme being carried out by WAPDA and other related agencies like Survey of Pakistan and Pakistan Met Department. During the year 2000-2001, the work will continue on a number of important schemes such as International Waterlogging and Salinity Research Institute, Ground Water Investigation-cum-development in Barani Areas of Gujrat District, and Hydrological Map of Pakistan, Feasibility Study for Utilization of additional water as a result of Indus Water Accord, Feasibility Study for raising of Mangla Dam and National Weather Forecasting Centre for Agrometeorology. A sum of Rs. 120.712 million including foreign aid of Rs. 52 million has been allocated to this programme.

ENERGY

Power

Review of 1999-2000

Financial

3.26 Allocation of Rs.26641.48 million (including F.aid of Rs.12488.5 million) was made for the Power Sub-sector during 1999-2000, including budgetary corporation and excluding non-budgetary corporations. Against the above allocation, the revised estimates for 1999-2000 are Rs.25116.00 million (including F.aid of Rs.12653.00 million).

Physical

3.27 During 1999-2000, an additional capacity of 1,854 MW is expected to be added in the National Grid. The projects commissioned in 1999-2000 are Chashma Nuclear Power Project (325 MW) in Public Sector, and in the private sector Fauji Kabir Wala Power (157 MW), Sabah Power Company (114 MW), Uch Power Project (586 MW), Roush Pak. Limited (412 MW), Japan Power Generation Limited (120 MW) and Habibullah Coastal energy Limited (140 MW). With these additions, the total installed generating capacity of the country increased from 15,812 MW in 1998-99 to 17,666 MW in 1999-2000. Total energy Generation including Private Sector is expected to be 65,741 GWh against the target of 66,776 GWh. System losses are expected to decrease from 28% in 1998-99 to 27 % in 1999-2000.

3.28 During 1999-2000, 5,80,000 number of new connections are expected to be provided by WAPDA and KESC. It is expected that WAPDA and KESC would also electrify 4,107 villages/abadies.

Program for 2000-01

Financial

3.29 An allocation of Rs.33,467.50 million (including F. aid of Rs.15,411.00 million) has been made for the Power Sector including budgetary corporation and excluding non-budgetary corporation.

Physical

3.30 It is planned to add 419 MW additional capacity during 2000-01 comprising of. Chashma Hydropower project (184 MW) in Public sector and Liberty Power project (235 MW) in private sector. By the addition of 419 MW in National Grid System in 1999-2000 total installed generating capacity would increase from 17,666 MW in 1999-2000 to 18,085 MW in 2000-01. The target for total energy generation including Private Sector is fixed to be 68,872 GWh in 2000-01 as compared to 65,741 GWh during 1999-2000, showing an increase of 4.8 %. During 2000-01 about 574,200 number of new connections would be provided by WAPDA and KESC besides completing electrification of 2,500 new villages/abadies by WAPDA & KESC.

POLICY ISSUES IN POWER SECTOR

3.31 The Power Policy announced in 1994 resulted in Nineteen (19) financial closures. Out of these twelve projects with total installed capacity of 2765 MW have been commissioned and are delivering power to their respective grid stations, while other projects are at different stages of development. The private sector projects commissioned in 1999-2000 include Fauji Kabir Wala Power (157 MW), Sabah Power Company (114 MW), Uch Power Project (586 MW), Rousch Pak. Limited (412 MW), Japan Power Generation Limited (120 MW) and Habibullah Coastal energy Limited (140 MW).

Negotiations with IPPs

3.32 A high-powered Committee consisting of Minister of Finance and Chairman WAPDA was constituted by the Government on July 27, 1999. MOUs were signed between WAPDA and ten companies, and tariff reduced accordingly. The same was approved by ECC. Two more MOUs have been signed between IPPs and WAPDA for tariff reduction. These now need a formal approval of the ECC, which is under process. The IPPs with which WAPDA has signed MOUs are listed below: -

Approved by ECC

1. Southern Electric Power Company Limited
2. Habibullah Coastal Power (Pvt) Company
3. Saba Power Company Limited
4. Japan Power Generation Limited
5. Power Generation Systems Limited
6. Altern Energy Limited
7. Liberty Power Project
8. Northern Electric Company Limited
9. Davis Energen (Pvt) Limited
10. Rousch (Pakistan) Power Limited

Under Process for Approval of ECC

1. Fauji Kabirwala Power Company
2. Uch Power Company

Further, negotiations are in progress by the committee while the cases of HUBCO and KAPCO are under litigation.

Current Power Policy

3.33 Keeping in view the power requirement projections from the year 2003-04 onwards, the need for a new power policy was felt where the main thrust has been to explore the potential of indigenous fuels and resources for power generation, especially coal and hydel. The objective of the New Power Policy is to introduce competition to achieve the lowest possible tariff through a transparent bidding process. New power policy was announced in July 1998 and it covers:

- Both solicited and unsolicited proposals.
- Thermal and hydel IPPs
- IPPs with integrated fuel facilities.
- Power plants based on renewable resources, including co-generation plants.

3.34 For the implementation of the New Power Policy one window support at federal level is being provided by PPIB and one window support at provincial level is provided by Provincial Governments. To proceed with the Power Policy 1998, GOP has identified six (6) hydel projects for which feasibility studies are completed and can be implemented at this stage. These projects will be implemented simultaneously, and the process of invitation for pre-qualification of the interested parties has been initiated. Advertisements were placed by the NWFP and the AJ&K Governments regarding expression of interest for pre-qualification of bidders for the following projects:

- | | | |
|------|--|------|
| i. | Khan Khawar Hydropower Project (72 MW) | NWFP |
| ii. | Daral Khwar Hydropower Project (35 MW) | NWFP |
| iii. | Golen Gol Hydropower Project (106 MW) | NWFP |
| iv. | Summar Gah Hydropower Project (28 MW) | NWFP |
| v. | Neelum Jhelum Hydropower Project (963) | AJ&K |

3.35 The pre-qualification documents prepared by PPIB and NESPAK have been issued to the interest parties. PPIB/NESPAK are now in the process of preparing RFP for each project in consultation with all concerned agencies. Furthermore, the standard Implementation Agreement (IA), Power Purchase Agreement (PPA) and Water Use License (WL) are being finalized, and the tariff structure is also under finalization. It is expected that some hydel projects from the above rostrum will materialize in the forthcoming fiscal year 2000-2001. In Northern Areas an 18 MW Naltar Hydel Project with Chinese assistance is under process.

FUEL

Financial

REVIEW OF 1999-2000

3.36 An allocation of Rs. 7962.7 million was made for Fuel sector during 1999-2000, including budgetary corporations but excluding non-budgetary corporations. Against the above allocation, the revised estimates are Rs. 7703.3 million which shows 96.7 % utilization of funds.

Physical

3.37 Oil production during 1999-2000 is expected to be about 55500 BPD against the target of 61236 BPD showing an achievement of 90.6 percent. Gas production is expected to be 2400 MMCFD against the target of 2404 MMCFD, showing an achievement of 99.8 percent. The LPG production is expected to be 540 metric tons per day in 1999-2000 against the target of 560 metric tons per day. This shows 96.4 percent achievement. Similarly, the estimated production of coal during 1999-2000 is 3.8 million tons per annum as compared to target of 3.4 million tons per annum showing 112 percent achievement. A total of 38 wells both in public and private sector comprising 16 exploratory and 22 development/appraisal wells, are being drilled against the target of 45 wells comprising of 19 exploratory and 26 development wells showing 84.4 percent achievement.

3.38 To enhance the exploratory work in off-shore area, a model production sharing agreement based on off-shore petroleum incentives, given in the Petroleum Policy 1997 is being finalized by the government. Moreover, PARCO Refinery with a capacity of 4.5 million tons per annum is expected to be commissioned by September, 2000.

PROGRAMME FOR 2000-2001

3.39 The government has given high priority to the exploitation of gas and petroleum resources and it is one of the three sectors which has been identified for immediate focus to achieve self-reliance. In order to safeguard the interests of all parties, the Gas Regulatory Authority has been established through an ordinance and steps are being taken for establishment of Petroleum Regulatory Board. Further, a new 100 % GOP owned Holding company, is to be made functional soon to separate GOP's ownership and regulatory functions in different joint ventures regarding exploration and development activities in gas and petroleum sector. Further, the Board of Directors of eight energy entities namely, SNGPL, SSGC, OGDCL, PPL, PSO NRL, ARL and PARCO have been reconstituted and restructured. They will be allowed autonomy and authority in all administrative, operational and financial matters. Furthermore, the privatization of fuel sector entities viz SNGPL, SSGCL, OGDCL, etc. is expected to be completed during the Financial year 2000-2001.

Financial

3.40 An allocation of Rs. 2238.7 million has been proposed during 2000-2001 for Fuel Sector excluding Non-Budgetary Corporations. The allocation of Director General of Petroleum Concession has been doubled this year. The OGDCL Programme has been excluded from Budgetary Corporation Programme and included in Non-Budgetary Corporation Programme.

Physical

3.41 Steps are also being taken for the expeditious development of seven out of nine discoveries namely Sui Deep, Bhit, Sawan, Zamzama, Mari Deep, Zarghun, Badhra, Miano and Block-22, as an estimated 5-6 trillion cubic feet (TCF) reserves, would be available from new discoveries made during the recent past in addition to existing reserves of 20.6 TCF as on June 30th, 1999, as follows:

<u>Field</u>	<u>Company</u>	<u>Reserves</u>	<u>Date of discovery</u>
Sui Deep	PPL	336 BCF	April, 99
Bhit	Lasmo	800 BCF	March, 97
Sawan	OMV	1000 BCF	Feb, 98.
Zamzama	BHP	1000 BCF	May, 98.
Mari Deep	MGCL	600 to 200 BCF	June, 97.
Zarghun	PPL	330BCF	August, 98.
Badhra	LASMO	500 BCF	Feb, 99.

3.42 An additional 975 MMCFD gas is likely to become available from the above mentioned gas fields in Sindh and Balochistan. Out of this 975 MMCFD natural gas, SNGPL's share would be 300 MMCFD. In addition to this SSGCL would provide 80 MMCFD each from Pirkoh and Sui gas fields to SNGPL through swapping at Sui. Thus, SNGPL would receive a total of 460 MMCFD pipeline quality gas.

3.43 A conceptual plan has been prepared by SNGPL for optimal utilization of this 460 MMCFD additional gas in its system by increasing the capacity of the system from 725 MMCFD to 1185 MMCFD. This plan envisages construction of about 300 miles of pipeline ranging from 16 to 36 inches diameter and installation of 18000 horsepower of additional compression for transmitting it to various consumption centres along its pipeline system. These facilities, estimated to cost about Rs. 38 billion (inclusive of taxes and duties) with a foreign exchange component of Rs. 14 billion, will take approximately 2-4 years to complete.

3.44 Inter fuel substitution is also planned to save foreign exchange being spent on the import of furnace oil. The power plants presently being run on furnace oil using 5.39 million TOE annually will be switched over to natural gas over a period of 2-3 years. The use of CNG will be expanded and in the transport sector it is planned to convert 100,000 vehicles to replace the gasoline, by the year 2003. Large scale replacement of liquid fuels with CNG will be a major step towards protecting environment.

3.45 During 2000-2001, the crude oil production is planned to be 54500 BPD against estimated production of 55500 BPD in 1999-2000 showing 18 percent decrease over previous year. The decrease in production is attributable to the depletion of existing fields and the new discoveries being gas prone. The gas production is planned to be 2700 MMCFD against estimated production of 2400 MMCFD in 1999-2000 showing 12.5 percent increase over previous year. A total of 52 wells both in Public and Private Sectors are planned to be drilled during 2000-2001, comprising of 22 exploratory and 30 appraisal/development wells.

3.46 The LPG production is estimated to be 1200 metric tons/day against estimated production of 540 metric tons during the previous years showing an increase of 222 percent. The supply is expected to increase by 600 tons/day from PARCO Refinery, (450 tons/day, September 2000) Kunar, (40 tons/day, June 2000) and Bobi, (110 tons/day, July, 2001). The gap between demand and supply will be met through imports.

3.47 Coal production is planned to be 4.0 million tons during 2000-2001 as compared to 3.8 million tons during 1999-2000 showing 5 percent increase over the previous year.

3.48 A proposal to import gas especially from Iran is under active consideration of the government in order to supplement local supplies, if shortage occur. This would also result in payment of annual fee to Government of Pakistan in case the gas is supplied to the neighboring country through Pakistan.

3.49 The de-regulation of import of POL products is underway and the government has initiated various actions in that regard and a phased programme is being put in place. In the first phase, it is proposed to deregulate the Furnace oil. This will facilitate oil marketing companies, IPP, WAPDA, KESC and industrial consumers to import furnace oil over and above the domestic production of the refineries. Moreover, the LPG prices will be de-regulated in order to encourage investment for the development of LPG infrastructure and to ensure its enhanced availability.

3.50 To bridge the gap in the refining sector, the Pak-Iran Refinery with a capacity of 6 million tones per-annum is under active consideration and an allocation of Rs. 181.5 million has been made in the PSDP as equity contribution from GOP in order to facilitate implementation of the project.

MANUFACTURING

REVIEW 1999-2000

3.51 In Federal PSDP an allocation of Rs 260.100 million was made for manufacturing sector projects, which includes Rs 250.00 million for Development Project of Rehabilitation of Peoples Steel Mills Limited Karachi and Rs 10.00 million for Establishment of Special Industrial Zone, Nawabshah and token allocation of Rs 0.1 million for T.A. project for Institutional Support for the Trade Regime. Against this allocation, an excess utilization of Rs 300.50 including FEC of Rs 113.00 million has been reported by Peoples Steel Mills, Karachi upto April and the project namely Establishment of Special Industrial Zone, Nawabshah

has spent Rs 10.00 million against the same allocation. T.A. Project for Institutional Support for the Trade Regime has reported no utilization.

PROGRAMME 2000-2001

3.52 A PSDP allocation of Rs 692.265 million for 2000-2001 has been made for the Manufacturing Sector Projects. This includes two ongoing schemes namely a Development Scheme for Rehabilitation of Peoples Steel Mills Ltd., Karachi with an allocation of Rs 330.00 million and a Special Industrial Zone Nawabshah with an allocation Rs 25.00 million. For the following five new projects an allocation of Rs 337.265 million has been made. Production data for Manufacturing Sector for the year 1999-2000 and targets fixed for 2000-2001 are given at Annexure-1.3.

		Rs in million
-	Balancing and Modernization of workshop facilities at PITAC Lahore	83.200
-	Institutional strengthening/ capacity enhancement of BOI	16.575
-	Modernization of custom administration Karachi	165.250
-	Technical Assistance Project for Institutional Support for the Trade Regime	21.310
-	Institutional Mechanism for anti-dumping/ Tariff analysis NTC, Islamabad.	50.930
	Total:	337.265

INDUSTRIAL POLICY

3.53 A sub-group on Industry, Investment, and Privatization has been constituted under Economic Advisory Board (EAB). The sub group is reviewing and monitoring existing industrial and investment policies and is analyzing their efficacy for stimulating economic growth. The sub-group has made recommendations on Industrial policy, with reference to overall focus of the policy, design of sub-sector initiatives in key industries including textiles, sugar, cement, engineering, chemicals; financing needs and source for industrial growth; promoting employment through industrial development. The sub group is also suggesting measures required to restore viability and efficiency of public sector enterprises and alternatively, in case of economically irredeemable corporations and firms, suggest ways to disengage public sector from inefficient operations to lessen the burden on public resources. In this regard Corporate and Industrial Restructuring Corporation (CIRC) has been set up for reviving sick industrial units. Simultaneously for the development of Small and Medium Industries, a Micro credit finance Bank is being established.

MINERALS

REVIEW 1999-2000

3.54 Against a revised allocation of Rs. 23.00 million for two Mineral Sector projects, the expenditure is estimated to be utilized completely upto June, 2000. Rs 16.00 million is estimated to be spent on "Construction of Offices & Laboratories for GSP at Lahore"

exhibiting 100% utilization where as Rs 7.00 million allocated for the project "GSP-JICA Follow-up Technical Co-operation for Geo-science Laboratories Islamabad will be utilized upto June, 2000 to complete this project.

PROGRAMME 2000-2001

3.55 In Mineral Sector, PSDP allocation of Rs 8.110 million has been made for completion of one on-going project namely " Construction of Laboratory and Offices for GSP at Lahore". Selected Mineral Production for the year 1999-2000 and targets fixed for 2000-2001 are given at Annexure-1.3.

PRIVATE INVESTMENT

3.56 Encouraged by the incentives provided by the Government, a number of multinational companies have shown interest in exploration and development of precious and base metals in Pakistan.

TRANSPORT AND COMMUNICATIONS

REVIEW OF 1999-00

3.57 The public sector development programme for 1999-2000 envisaged an outlay of Rs.51,423.50 million in the Federal Public Sector Programme comprising of Rs.3,186.5 million for the budgetary programme, Rs.19,100.00 million for the budgetary corporation programme (NHA) and Rs.29,137.00 million for the non-budgetary corporation programme viz. PTCL, PIAC, CAA and PNSC. Against this an expenditure of Rs.40,313.66 million is expected to be incurred by the end of June, 2000, which would include Rs.2,887.91 million for the budgetary programme, Rs.18,798.00 million for the budgetary corporation programme (NHA) and Rs.18,627.75 million for the non-budgetary corporation programme viz. PTCL, PIAC, CAA and PNSC, giving an overall utilization of 78.40 per cent. Salient features of implementation are given below:

I- RAILWAYS

3.58 Against the allocation of Rs.2,016.60 million an expenditure of Rs.1,851.99 million is expected to be incurred by the end of June, 2000. The major works carried out during the current FY included rehabilitation of railway track & manufacture / assembly of 16 DE Locomotives. Fitment of roller bearings to freight wagons and track circuiting of 91 stations was accelerated while work on the overhead bridge at Pattoki and track circuiting of 94 stations will be completed.

II. PORTS & SHIPPING

3.59 Against an allocation of Rs.80.00 million Rs.34.68 million is expected to be incurred by the end of June, 2000 on works relating to the desalination plant, ice plant and cold storage for the Gwadar Fish Harbour cum mini port project.

III. NATIONAL HIGHWAYS and BRIDGES

3.60 Against an allocation of Rs.19,100 million an expenditure of Rs.18,798.00 million is expected to be incurred by the end of June, 2000 on the development programme of National Highways giving a utilization of 98.42 percent. Work on dualization of National Highway (N-5) on different sections, improvement of the 1,189 Km long Indus Highway, progressed. Physical work on Sukkur Bridge & Bypass has been completed ; only some allied worked and liabilities to be covered in the next year's PSDP. Work on the Lahore Bypass was also completed. Improvement of various sections of National Highway N-25 in Baluchistan was carried out. Work on Provincial projects viz Chiniot Bridge and work on Barian Nathiagali Road & the Tall Parachinar Road is expected to be near completion. Work on construction of Islamabad-Peshawar motorway & the Bhera interchange on the Lahore-Islamabad Motorway progressed.

IV. AIR TRANSPORT

CIVIL AVIATION AUTHORITY

3.61 Against an allocation of Rs.4,993.00 million an expenditure of Rs.4,400.00 million is expected to be incurred by the end of June, 2000. Work relating to aeronautical communications & control, strengthening / extension of runway at Islamabad, new passenger terminal at Lahore, concourse at Quetta, development of the airport at Nawab Shah as an alternate to Karachi airport, acquisition of land for extension of runway / terminal building at Rahim Yar Khan, construction of terminal building & allied facilities and airconditioning in terminal building at Sukkur and rebuilding of secondary runway at Karachi will be carried out.

AIRPORT SECURITY FORCE

3.62 An allocation of Rs.2.00 million was made for construction of residential accommodation at Quetta and five small airports. The allocation remained un-utilized.

PAKISTAN METEOROLOGICAL DEPARTMENT

3.63 Against the allocation of Rs.1.00 million an expenditure of Rs.0.60 million is expected to be incurred by the end of June, 2000 on provision of additional Met. facilities in the Northern Areas.

V. Research

NATIONAL TRANSPORT RESEARCH CENTRE (NTRC)

3.64 Against the allocation of Rs.10.00 million an expenditure of Rs.9.55 million is expected to be incurred by the end of June, 2000 on continuation of transport / traffic related research programme.

VI. TELECOMMUNICATION

PAKISTAN TELECOMMUNICATION CORPORATION LTD (PTCL)

3.65 Against an allocation of Rs.16,000 million an expenditure of Rs.14,227.75 million is expected to be incurred by the end of June, 2000 on the provision of new telephone connections, long distance PCOs and other telecommunication facilities by the PTCL.

SPECIAL COMMUNICATION ORGANIZATION (S.C.O.)

3.66 Against the allocation of Rs.294.75 million an expenditure of Rs.215.13 million is expected to be incurred by the end of June, 2000 on telecommunication uplift programme for AJ&K and the Northern Areas.

PAKISTAN POST OFFICES

3.67 Against the allocation of Rs.15.71 million an expenditure of Rs.10.96 million is expected to be incurred by the end of June, 2000 for completion of 5 post office's operational / administrative buildings.

PROGRAMME FOR 2000-01

3.68 An allocation of Rs.44,372.086 million has been made for the development of Transport & Communications sector. This includes Rs.4,057.086 million for the budgetary programme, Rs.15,000 million for the budgetary corporations (NHA) and Rs.25,315 million for the non-budgetary corporation programme i.e. PTCL, PIAC, CAA and PNSC.

I. PAKISTAN RAILWAYS

3.69 An allocation of Rs.3,000.00 million (48.76% increase over 1999-2000) has been made for completion of work on track circuiting of 87 stations, acceleration of work on track rehabilitation, rehabilitation of DE Locomotives under the project for rehabilitation of 101 D.E.locomotives, assembly of 10 D.E.Locomotives & improvement of signalling and bridge works. Work will be initiated under the Emergency Repair & Rehabilitation Plan on the rehabilitation & improvement of the railway track, signalling & electrical works, modification of 320 redundant tank wagons & provision of assemblies for 680 freight wagons, conversion of 20 single unit power vans into double unit power vans, replacement of breakdown cranes & procurement of relief trains, rehabilitation of 240 coaches & recommissioning of 55 stabled D.E.locomotives and rehabilitation of 36 D.E.locomotives.

II. PORTS & SHIPPING

3.70 An allocation of Rs.63.05 million has been made for works relating to the desalination & ice plant and cold storage for the Gwadar Fish Harbour, which will make the harbour functional. A token allocation of Rs.1.00 million has been kept for the construction of Gwadar Deep Sea port (Phase-I) under public sector. The work will largely be carried out in the private sector.

III. NATIONAL HIGHWAYS AND BRIDGES

3.71 An allocation of Rs.15,000 million has been made for the National Highways development Programme. The main thrust of the programme is aimed at the acceleration of work on the dualization of National Highway N-5 many sections of which will be completed, completion of work on improvement of Indus Highway N-55, completion of on going improvement works on N-40 & N-25 in Baluchistan, completion of work on KKH (N-35), Mansehra Naran-Jalkad, Barian-Nathiagali & Tall Parachinar Road. Work on Satra Mile - Murree dual carriageway will be accelerated. Work on Bhera interchange on Lahore-Islamabad motorway will be continued. Work on rehabilitation of existing carriageway N-5 & construction of the Makran Coastal Road will be initiated. Work on Kohat tunnel will continue.

IV. COMMERCE DIVISION

3.72 An allocation of Rs.20.00 million has been made for Trade and Transport Facilitation project, Pakistan.

V. AIR TRANSPORT

CIVIL AVIATION AUTHORITY

3.73 An allocation of Rs.5,943 million has been made for acceleration of work relating to procurement of antenna for radar at Karachi, garages for new RFFs vehicles, Concourse Hall / Car Parking at Quetta, rebuilding of the secondary runway at Karachi airport, new air terminal at Lahore, procurement of indigenous 11 small and 8 large Fire Crash Tenders, addition / alteration of Domestic / International lounge at Islamabad.

PAKISTAN INTERNATIONAL AIRLINES (PIA)

3.74 PIAC is developing a comprehensive plan envisaging restructuring of the airline including its operation to overcome the financial difficulties presently being faced by it.

PAKISTAN METEOROLOGICAL DEPARTMENT (PMD)

3.75 An allocation of Rs.1.94 million has been made for the provision of additional meteorological facilities in Northern Areas.

VI. Research

NATIONAL TRANSPORT RESEARCH CENTRE

3.76. An allocation of Rs.12.75 million has been made for continuation of research programme.

VII. TELECOMMUNICATION

PAKISTAN TELECOMMUNICATION CORPORATION LTD (PTCL)

3.77 An allocation of Rs.17,500.00 million has been made for development of telecommunication facilities viz providing new telephone connections and long distance PCOs.

3.78 During 2000-2001, 350,000 new telephone connections will be provided and 250,000 analogue lines will be replaced by digital lines. Other works to be completed during 2000-2001 includes long distance network, development of data communications, improvement of billing operation, modernization of enquiry system and expansion of value added services.

PAKISTAN TELECOMMUNICATIONS AUTHORITY (PTA)

3.79 An allocation of Rs.637.00 million has been made for the Pakistan Telecommunications Regulation & Support project financed by the world bank, for purchase of land, construction of buildings, installation of equipment and purchase of vehicles, mobile system etc.

SPECIAL COMMUNICATION ORGANIZATION (SCO)

3.80 An allocation of Rs.280.00 million has been made for telecommunication uplift programme in the AJ&K and Northern Areas. This includes the project for provision of 16,000 lines Outside Plant for AJK.

PAKISTAN POST OFFICES

3.81 An allocation of Rs.42.35 million has been made for acceleration of work on post office buildings and residential quarters.

PHYSICAL PLANNING AND HOUSING

3.82 Policies in the Physical Planning and Housing Sector (PP&H) aim at increasing the supply of housing units, to meet basic needs of drinking water supply and sanitation, channelize urbanization, and ensure proper urban development and management.

Review of 1999-2000

3.83 The highlights of PP&H activities/achievements undertaken during 1999-2000, are as follows:

- i) Development of small size residential plots in Site and Services projects at various cities/towns for the urban poor, as well as provision of 5 Marla plots to the rural shelterless population, continued during the year.
- ii) Regularization and improvement of katchi abadies and upgradation of the urban slums were undertaken, as part of urban-renewal programmes in major cities.
- iii) Work to develop houses/flats for Federal Government Employees and Office buildings continued by various development agencies, to provide additional accommodation at various cities and places.

- iv) As per the policy of Government to provide essential utilities to maximum possible population, the works on rural water supply and sanitation projects serving villages under Social Action Programme, as well as the urban water supply and sewerage projects in various cities and towns were continued.
- v) To cater for the housing requirement of industrial workers, 13866 houses/flats have already been constructed and 50,000 plots developed by Workers Welfare Fund, meeting 29 percent of the demand. During this year, the work on completing additional 2650 housing units continued (1700 in Sindh, 650 in NWFP and 300 in Baluchistan).
- vi) Overseas Pakistanis Foundation is implementing a Package of Incentives for Overseas Pakistanis. The OPF continued work on ongoing housing schemes at Lahore, Faisalabad, Peshawar, Moro Dadu and Islamabad to provide more than 5,000 residential plots to the Pakistanis abroad.

Financial

3.84 Against the total PP&H allocation of Rs 9.978 billion made during 1999-2000, the overall utilization upto 30th June, 2000 is estimated around Rs 6.50 billion (i.e. 65 per cent), due to the late and limited PSDP releases.

3.85 In case of **Federal areas**, for 1999-2000, against original allocation of Rs 3184 million, Rs 2374.9 million have been allocated in revised Federal PSDP for implementing physical planning and housing, water supply and sewage projects. These include over Rs 815 million for implementing the new projects, while more than Rs 500 million are allocated to implement Federal projects located in provinces, Frontier Regions and FATA.

Physical

3.86 During 1999-2000, efforts are being made to complete the near completion PP&H projects. The project of Water Supply for Khanpur Dam to Islamabad/Rawalpindi (Phase-I), providing connection mains from Shah Allah Ditta Reservoir (Khanpur-I) to Islamabad Water Distribution System and Augmentation of Islamabad Water Supply with Seepage Water & Tubewells in National Park Area, have almost been completed, while Replacement of Conduction Mains from Sectors F-5 to G-7/2 is nearing completion. Additional works on Projects for Safety of Simly Dam, and Rehabilitation of Islamabad Sewage Treatment Plants will be continued. The work on dualization of "Kashmir Highway from Zero Point to Dhokri Chowk" and "Islamabad Highway from Gurah Bridge to Rawat" is progressing, while it is planned to commence work on the construction of "I.J. Principal Road from Faizabad Inter-Change to G.T. Road". "3rd Lane from Faizabad Crossing to Flying Club Crossing on Islamabad Highway" will soon be completed. The under-construction National Police Academy, Election House and AGPR Office at Islamabad, Civil Defence Training College Quetta and Haj Complex Sukker will be completed. Various Office buildings being constructed at different locations by the Ministry of Housing and Works (Pak-PWD, CBR); Interior Division (Frontier Constabulary NWFP/Baluchistan; Pakistan Rangers Punjab/Sindh, FIA; Islamabad Capital Territory Administration, Department of Immigration, Coast Guards); and the Ministry of KANA & SAFRON, will also be completed. Also, the works on construction of Parliament Lodges Islamabad by Capital Development Authority, Bagh-e-Quaid-e-Azam Karachi by Ministry of Environment, and the High Court Bench at Larkana by Law & Justice Division will be continued. Bagh-e-Quaid-e-Azam will be completed by December, 2000 with

contribution from Provinces. In case of housing for Federal Government Employees, near completion and in-hand works will be completed, including residences for Judges of Supreme Court, the Chief Executive's Staff Colony and the AGPR's Karachi and Quetta.

Programme of 2000-2001

3.87 The Federal PSDP of 2000-2001 envisages a financial outlay for PP&H Sector of Rs 1736.523 million including Foreign Assistance of Rs 130 million. Its major share is for implementing mostly the ongoing projects of Capital Development Authority Islamabad (i.e. Rs 1138.541 million). The PP&H programmes of Ministry of Housing and Works, Ministry of Interior (including CAF etc.), Law & Justice Division, Ministries of Religious Affairs and Environment, and KANA/SAFRON have also been included in the Sectoral PSDP.

3.88 It is planned to complete this year two ongoing road projects i.e. Dualization of Kashmir Highway from Zero point to Dhokri Chowk and 3rd Lane from Faizabad to Flying Club Turning, besides the residences for the Judges of Supreme Court and AGPR Office, Water Supply Distribution from Shah Allah Ditta Reservoir to Islamabad, Helipad for the Cabinet Division and Replacement of Water Supply Mains in Blue Area, Islamabad, etc. The CDA will commence the project of Sewage Treatment Plants, Additional Safety Works at Simly Dam, Replacement of Airconditioning System and Renovation of Lifts in Pakistan Secretariat Blocks, Dualization of Islamabad Highway from Gurah Bridge to Rawat and Rehabilitation of Government Houses in Sector G-6 Islamabad. The CDA will also undertake the implementation of road construction projects from its own resources in future, with the revenue being generated through Toll Tax

3.89 The ongoing in-hand PP&H Projects of other Ministries shall be completed by June, 2001, specially the Category-IV & V Flats for government Servants being constructed by Pak-PWD in various sectors of Islamabad. The Ministry of Religious Affairs and Environment Division have been advised to complete ongoing projects of Hajj Complex Sukkur and Bagh-e-Quaid-i-Azam, Karachi. Keeping in view the numerous small scale housing and office accommodation projects of various agencies, being implemented since long throughout Pakistan, a policy decision has been taken not to initiate any new PP&H Project during 2000-2001 and first complete all the ongoing and in-hand projects by June 2001.

MASS MEDIA

Review of PSDP 1999-2000

3.90 Rupees 130.025 million were allocated for the year 1999-2000 which included Rs.34.00 million for new and Rs.96.025 million for ongoing projects. After applying cut it was reduced to Rs 106 million (Foreign Aid Rs 20.4 million). Sub-sectoral position is as follows:

M/O Information and Media Development

a) Pakistan Television Corporation (PTVC).

3.91 The original allocation for PTV was Rs 35.00 million which was reduced to Rs 15.00 million after cut. This includes Rs.10.00 million for the Second TV Channel Phase-II and Rs 5.00 million for PTV archives library. The amount for Second TV Channel Project would be utilised on purchase of equipment like towers etc and some civil works at Dir.

Self-financing

3.92 Pakistan Television Corporation is planning to obtain an OB van at a cost of Rs 100.00 million for Lahore under the self-financed Balancing, Modernisation and Replacement project. Rupees 45.00 million have been spent on the project of News and Current Affairs Channel-3 on import of equipment.

b) Pakistan Broadcasting Corporation (PBC)

3.93 The amount allocated for PBC was not curtailed and its original allocation of Rs.70.00 million for nine projects was intact. Rs 20.00 million will be spent on Broadcasting House (BH) Karachi project on installation of equipment, technical services and outstanding payments. The project is under revision. The 100KWMW transmitter Rawalpindi will be completed this year after erection of mast. Mirpur Project will utilise Rs 10.00 million on civil works. The project for replacement of equipment will consume Rs 15.00 million by the end of the year.

Ministry of Law, Justice and Human Rights

3.94 The Human Right mass awareness and education project has been allocated Rs.21.025 million including Rs.20.425 million Norwegian Grant. So far Rs 16.652 million grant and a small amount (Rs 72000/- have been released to this project). Project Director is in place. The administrative set-up has been established and selection of the consultant will be completed in next few weeks. The Steering Committee for the Project has approved the work plans for establishment of Centre for Human Rights Studies at Faculty of Law, University of Peshawar and Mass Awareness Campaign. The amount released would soon be disbursed for these plans. Other components of the project are curriculum development with the help M/O Education and University Grants Commission and Training of Police Officers, Jail Wardens and Administration Staff.

Portrayal of Women in Media

3.95 It is a UNDP funded project. By December, 1999 the project management received 700000/-US\$ from UNDP through EAD of which 425000/- US\$ were utilised on purchase of TV equipment. Professionals from PTV, NGOs, Private Sector were given training. Women Hour was launched and three productions were also done. According to approved PC-I, 70% of total cost will be spent on training while 30% on equipment.

Programme for 2000-2001

3.96 The allocation for Mass Media Sector for the year 2000-2001 is Rs.126.927 million. This includes Rs.21.500 million for new projects and Rs.105.427 million for ongoing projects. The sub-sector wise details are as follows:

Pakistan Television Corporation

3.97 A sum of Rs 26.400 million has been allocated for Pakistan Television Corporation. Rs. 22.400 million have been recommended for Second TV Channel for Education (Phase-II). The amount will be spent on purchase of equipment and civil works at

some places. The project has already been launched but it will be fully completed after utilizing this amount. Rupees 2.00 million each has been proposed for video playback centres at Lasbella and Wad. The amounts will be spent on civil works of these projects.

Self-financing

3.98 An amount of Rupees 100 million will be incurred on the Balancing, Modernisation and Replacement of Equipment under the self-financing endeavour of PTV.

Pakistan Broadcasting Corporation

3.99 An amount of Rs.69.727 million has been allocated for PBC. 100KW MW 100KW SW transmitters and Broadcasting House, Mirpur has been recommended Rs. 15.00 million. The amount will be spent on completion of transmitter building and outhouses. 100KW MW transmitter and broadcasting house, Larkana has been recommended Rs.20.00 million for completion of Broadcasting House building. A sum of Rs. 13.727 million has been proposed for replacement of old and obsolete equipment at various stations throughout the country. The new project for replacement of damaged aerial system at HPT Karachi will also be initiated at an amount of Rs.15.00 million. The amount will be spent on mast foundations.

Associasted Press of Pakistan

3.100 Rs.6.500 million have been provided for the three new projects of APP. The expansion of computerized news transmission project has been proposed Rs.2.00 million for purchase of modern equipment. Rs.3.00 million have been recommended for the purchase of photo equipment and its maintenance while Rs.1.5 million have been proposed for purchase of high speed newsprinters.

Ministry of Law, Justice and Human Rights

3.101 The Human Right mass awareness and education project has been earmarked Rs. 24.300 million including Rs.23.600 million Norwegian Grant. The amount will be utilised on creating awareness about Human rights through media campaign, curriculum development and trainings.

CULTURE, SPORTS, TOURISM AND YOUTH AFFAIRS

REVIEW 1999-2000

3.102 Allocation for Culture, Sports, Tourism & Youth affairs Sectors was reduced from Rs. 276.429 million to Rs. 176.429 million under Revised Federal PSDP 1999-2000. Against this amount, utilization is estimated to be Rs 104.501 million upto June, 2000.

PROGRAMME 2000-2001

Culture and Archaeology

3.103 A PSDP allocation of Rs 48.667 million for 2000-2001 has been made for Culture and Archaeology sub-sector Projects. This includes Rs 20.167 million for eleven on-

going projects of Archaeology sub-sector and Rs 28.50 million for two on-going projects of Culture sub-sector.

Sports

3.104 A PSDP allocation of Rs 0.725 million for 2000-2001 has been made for one on-going project of Sports sub-sector namely "Construction of sports stadium at Mansehra" regarding liability of construction through Federal Government share.

Tourism

3.105 A PSDP allocation of Rs 80.286 million for PSDP 2000-2001 has been made for Tourism sub-sector projects. This includes Rs 25.22 million for completion of two ongoing projects under Tourism Division and Rs 55.066 million for fourteen on-going projects of Pakistan Tourism Development Corporation (PTDC) to complete these by June, 2001.

Youth

3.106 A PSDP allocation of Rs 8.522 million for 2000-2001 has been made for five on-going projects relating to Youth sub-sector. This includes Rs 5.522 million for three on-going Youth Hostels Recreational Facilities projects which are expected to be completed by June, 2001 and Rs 3.00 million for two on-going project namely "Construction of Youth Development Centers (YDC) at Quetta & Peshawar".

TOURISM MASTER PLAN

3.107 During the year 1999-2000, Tourism Master Plan has been initiated to provide a systematic and scientific framework for the planned, orderly and co-ordinated development of tourism. This will assist in the conservation and preservation of the country's natural environment and cultural heritage. In addition the project will motivate the private sector to invest in tourism related projects. The project aims both at institution building and support to the Government of Pakistan by WTO/UNDP. The project is funded by World Tourism Organization/United Nations Development Programme and Government of Pakistan. It is under implementation and the consultants have started their work in collaboration with their national counterpart at Ministry of Sports Culture and Tourism and Youth Affairs.

EDUCATION AND TRAINING

Review of 1999-2000

3.108 For the financial year 1999-2000 Rs. 1622.688 million were provided originally for development and expansion of education sector programmes in the Federal PSDP. However, these allocations were later on revised downwards to Rs.1014.0 million and the same are expected to be utilized in the year under review.

3.109 Major programmes implemented during the year are expansion and development of higher education facilities and award of scholarships. An amount of Rs.351 million (34%) was earmarked for universities. Various urgent development works of the universities were undertaken. Rs.50 million were allocated for establishment of Third

World Centre for Science & Technology in Chemical Sciences, University of Karachi. Rs.129 million were spent on local/foreign scholarships supporting expenditures on higher education of deserving students in the country and abroad. During the year about 50 scholars returned after completion of their studies. About 500 foreign students sought admission in various institutions of the country on self-finance basis. Expansion of primary education, literacy and mass educational were the other priority projects. During the year under review funds were provided to the already established 7000 Non-Formal Basic Education Schools and 350 Non-Formal Basic Education Schools were established. Physical facilities of primary and secondary schools in Islamabad and Cantts/Garrisons were improved by constructing new buildings of schools and adding new classrooms in the required schools. Work on renovation and upgrading Administrative Block of NIPA, Lahore was completed during the year.

PSDP 2000-2001

3.110 PSDP allocation of Rs.1209.050 million (excluding allocation of Rs.72.482 million for Agriculture universities) have been provided for 2000-2001 against the last year's allocation of Rs.1014.0 million.

3.111 Out of total provision of Rs.1209.050 million for 2000-2001, an amount of Rs.415.233 million has been allocated as local component for expansion and development of University Education, out of which Rs.40 million have been earmarked for establishment of Third World Centre for Science and Technology in Chemical Science, University of Karachi. Rs. 78 million have been earmarked for award of scholarships and loans to deserving students and teachers on merit to pursue their higher education in the country and abroad. It is expected that during the year 2000-01 about 500 foreign students will seek admission in various institutions of the country on self-finance basis. Rs.150.900 million have been allocated for establishment of Non-Formal Basic Education Schools. Work on provision of physical facilities to primary and secondary schools will continue.

SCIENCE AND TECHNOLOGY

Review of 1999-2000

3.112 An amount of Rs 423.250 million was allocated for science & technology in PSDP 1999-2000, but was reduced to Rs 258.3 million. Expected utilization is Rs 158.250 million. Major thrust of Ministry of Sciences and Technology remained on development of manpower in high-technology fields. National University of Sciences and Technology (NUST), in addition to civil works, strengthened its training and research facilities through induction of modern laboratory equipment.

3.113 Pakistan Council of Scientific and Industrial Research (PCSIR) upgraded facilities at its various centres and laboratories to address problems faced by industrial sector. Various export oriented firms of private sector were encouraged to obtain ISO-9000 certification to compete in the international market.

3.114 PCRWR completed its R&D programmes on reclamation of salt affected soils, water harvesting and soil salinity. Central Testing Laboratories (CTL) improved its testing facilities through induction of modern equipment. Research work of national importance was

conducted at National Institute for Biotechnology and Genetic Engineering (NIBGE).

Programme for 2000-2001

3.115 Science and Technology sector has been given a more than three times increase in its allocation. An allocation of Rs 2870.539 million including foreign aid of Rs 744.785 million has been made for Science and Information Technology, out of which Rs 870.539 million (Foreign Aid Rs 744.785 million) are for Science and Technology Programmes while Rs 2000 million block allocation is for Information Technology Sector. Special emphasis has been given to information technology, bio-technology and genetic engineering, oceanography and human resources development. NUST will strengthen its training and research capabilities through induction of modern equipment with financial assistance of Islamic Development Bank.

3.116 PCSIR will upgrade and strengthen its R&D potential to provide technical support to local industry. Institute of Industrial Electronics Engineering and Technical Training Centre in PSTC will provide training to cater for the needs of industrial sector. PCRWR envisages to undertake research activities to address problems relating to salts affected soils, water harvesting and soil salinity. National Institute of Biotechnology and Genetic Engineering will continue R&D programmes in agriculture, health, industry and power sectors.

3.117 National Institute of Oceanography (NIO) is working for the acquisition of a multidisciplinary research vessel for extension of continental shelf (EEZ). National Accreditation Council (NAC) will be set-up to monitor the ISO-9000 and ISO-14000 certification in the country.

INFORMATION TECHNOLOGY

3.118 Information Technology (IT) has been earmarked by the Government as the highest priority sector which can help face the challenges of the world, which is rapidly transforming itself into a global village. The importance and need of IT has now been universally accepted as a pre-requisite and norm for progress and development since IT is a symbol of efficiency, consistency, reliability, and quality control. The importance of IT is further enhanced in the context of global free international trade where Competition is the rule of the game. In future, only those nations will be able to survive the competition whose governments and businesses are fully equipped to respond to the rapid changes emerging on the global scene. The Government of Pakistan has shown its commitment at the highest levels to introduce IT in all its operations and in the country.

3.119 At present, Pakistan is characterized by loose quality control, low value addition, and low levels of labour productivity in the regional and international trade. It has to compete with the countries of the South Asian and South East Asian Regions, which have high literacy rate and a substantially higher computer literacy. In addition to this, these nations have better infrastructure, a disciplined, educated, skilled, and computer-literate manpower due to which they have been able to make their mark in international trade. Pakistan too, needs to find its own niche in the world market.

3.120 At the domestic front, the country is faced with the challenges of poor public service, poor contact of Government with the common man, inefficient public utilities and

services, lack of transparency and accountability, corruption, inefficient businesses, high inflation, high degree of unemployment, substantial imports, and low domestic production. Promotion of Information Technology will help find solutions to all these ills.

3.121 There exists enormous potential in the export of software, services and IT trained manpower to the International software market, whose magnitude has been estimated at over one trillion US Dollars this year. India has already taken the lead in promoting IT and has been successful in achieving the software exports to the tune of US \$ 6 Billion/annum. They have set the target of \$50 Billion worth of software exports for the year 2008. To follow the same path of progress at the fastest rate, Pakistan, too, needs to adopt a crash programme .

3.122 The Government aims at following an ambitious plan in the area of Information Technology. The concepts of Electronic Government, Electronic Commerce, Electronic Business, and Electronic Medicine would be implemented in order to achieve the targets of Efficient Government and Private Sector in a medium term period. The production of Software Engineers, Computer Scientists, technicians, etc. coupled with the telecommunication infrastructure, would be enhanced, in proportion to the demand. It is also planned to substantially increase the earnings of foreign exchange from the export of Software, IT professionals and technicians.

3.123 The Information Technology and Telecommunication Division has recently been established in the Ministry of Science and Technology. A draft Information Technology Policy has been prepared and is in the final stage of approval from the Cabinet. The Government plans to pursue the Information Technology initiatives in an aggressive way. An ambitious IT development programme has been chalked out and a block allocation of Rs 2 billion has been earmarked in Federal PSDP 2000-2001 for various information technology projects/initiatives . The main initiatives include the addition of facilities for computer education and training at affordable rates while ensuring quality of education, enhancement of Internet infrastructure and the provision of efficient internet services at reasonable rates, establishment of software technology parks and data networks, incentives for software exports and computer hardware manufacturing, making arrangements for marketing of software overseas and addressing other issues relating to the provision of a legal cover to the electronic transactions enabling implementation of e-commerce and e-government. The physical targets proposed for the year 2000-01 are as follows:-

Physical Targets for 2000-01

S.No.	Item	Targets
1.	Number of I.T. professionals (Annual Output)	600-800
2.	Number of Towns connected for internet purposes	50
3.	Number of internet connectors (cumulative).	150,000.
4.	Software Export	\$ 60 million

HEALTH AND NUTRITION

HEALTH

Review 1999-2000

Financial

3.124 Total allocation for Health Sector in Federal PSDP was Rs.2735.0 million including foreign aid of Rs.115.00 million during 1999-2000. Revised Estimates were Rs.2538.321 million showing 93 percent utilization during the period under review.

Physical

3.125 Health Sector Programme continued to place emphasis on strengthening of primary health care for improvement of effectiveness and quality of health services addressing the disparities and creation of awareness in the community. National Programme for Family Planning and Primary Health Care has been working as a bridge for creation of awareness and development of health attitude, between communities and Primary Health Care facilities.

3.126 Achievement for 1999-2000 include new construction of 15 RHCs and 25 BHUs, upgradation of 30 RHCs and 45 BHUs, construction of 4 urban health centers; and total of 2050 hospital beds were established. Manpower production targets include graduation of 400 doctors, 400 dentists, 2500 nurses, 6000 paramedics and 8500 TBAs and 13000 LHWs. Immunization programme has protected 4.5 million children against 6 communicable diseases while management of diarrhoea included provision of 25 million ORS packets. An additional activity of the programme was providing Polio drops to more than 20 million children towards the achievement of global target of 'Polio eradication by year 2000'.

PSDP 2000-2001

Financial

3.127 An amount of Rs.2841.374 million including foreign aid of Rs.112.00 million has been allocated to Health Sector in the Federal PSDP during 2000-2001. There is an increase of 4.0% during 2000-2001 PSDP over 1999-2000 PSDP of Health Sector.

Plan of Action for 2000-2001

3.128 Preventive programmes have been given priority during 2000-2001. An amount of Rs.2442 million has been allocated to these programmes. National Programme for Primary Health Care has been allocated Rs.1400 million, Expanded Programme on Immunization (EPI) (Rs.900.00 million), Malaria (Rs.40 million) AIDS Prevention and Control Programme (Rs.92.00) million & Tuberculosis Control Programme (Rs.10.00) million which is 86.0% of the total PSDP of Health Sector. Towards the improvement of health status of women and infants, two projects, namely, Women Health project (Rs.50.00 million) and High Risk Area Approach for Neo-Natal Tetanus (Rs.50.270 million) are being launched in the country with the financial assistance of Asian Development Bank and Government. of Japan respectively.

NUTRITION

Review 1999-2000

3.129 An amount of Rs. 3.00 million was allocated in the Federal PSDP for the financial year 1999-2000 for Iodine Deficiency Disorders (IDD) Control Programme, which have been utilized. The implementation of the following programmes remained in progress during 1999-2000. For reducing Micronutrient Deficiencies, especially Iodine, Iron and Vitamin A, the following efforts were tried: i) Iodine Deficiency Disorder Control Programme ii) Anaemia Control Programme and iii) Vitamin A Deficiency Control through Fortification and Supplementation. The programme on promotion of breastfeeding throughout the country is in progress. The PC-I for National Nutrition Survey has been approved. The exercise is to assess the National Nutrition Situation in the country, macro and micro-nutritional status. Technical support is being provided to LHWs to deliver nutrition services and awareness for benefits of women and young children in rural areas and urban slums.

Programme for 2000-2001

3.130 An amount of Rs. 2 million have been allocated for IDD Control Programme in the Federal PSDP 2000-2001.

3.131 A National Nutrition Survey has been planned to assess the national nutrition situation in the country. The survey will include assessment of macro and micro-nutrient status of population. This will also help to set up a base line information which will be used for formulating future programmes. The Nutrition Survey will be conducted with the collaboration of Health Division, National Institute of Health (NIH) and the provincial governments.

Pakistan Nutrition Project (Food Fortification and Diversification, Coordination, Monitoring and Evaluation)

3.132 Provincial governments will be assisted to develop provincial Nutrition programmes and PC- Documents for improvement of nutritional status of vulnerable groups on sustainable basis. This project would strengthen institutions, the concerned line departments and involve NGOs and private sector to improve coordination and delivery of nutrition services to the vulnerable Groups. The project will include programmes for combating micro-nutrient and protein - energy malnutrition and improving food security and strengthening information, education and communication, institutional capacity and research.

POPULATION WELFARE PROGRAMME

3.133 Pakistan has quadrupled its population size from 33.8 million (1951) to 130.6 million (1998), during a period of five decades. However, the demographic transition has started and the growth rate has declined to an estimated 2.3 percent in 2000.

3.134 Only 24 percent (PFFP 1996-97) of couples are reported using contraceptives, indicating a large unmet need of about 38 percent for services.

Review of 1999-2000

3.135 The main objective of Population Welfare Programme during the period under review was fertility management through voluntary Family Planning Services to target population. Furthermore, the said services were also provided at the door steps of the target population through male and female Family Planning workers and sale points of the private sector. To maximize the coverage the programme also involved different stake-holders including private sector NGOs, Target Group Institutions and Provincial Line Departments. The private sector played an important role in providing contraceptives and family planning Services to eligible couples.

Financial

3.136 The financial performance of the Programme remained satisfactory. The programme will utilize an estimated amount of Rs. 2106.2 (96 %) against the financial allocation of Rs.2200 million.

Physical

3.137 During the period under review, the delivery of services was strengthened. The programme involved 1600 Family Welfare Centres, retained 131 Mobile Service Units (MSUs) and 107 Reproductive Health Service "A" Centres, recruited and deployed 13000 FP Workers. The programme also involved 7108 service outlets of health and Provincial Line Departments, 450 outlets of Target Group Institutions, 15000 Private Registered Medical Practitioners (RMPs), 20000 Hakeems and Homoeopaths and 600 Service Outlets of NGOs and 43000 Lady Health Workers of the health department. For the easy delivery of conventional contraceptives the programme utilized 48000 sale points. In the private sector the Social Marketing Pakistan involved 1000 private Lady Medical Practitioners, under the brand name "Green Star Clinics".

Programme for 2000-2001

Financial

3.138 An allocation of Rs.2200 million has been made for the Population Welfare Programme for 2000-2001, keeping it at the level of 1999-2000.

Physical Targets

3.139 During 2000-2001, the Ministry of Population Welfare envisages to retain 131 Mobile Service Units (MSUs), involve 2009 Family Welfare Centres, 140 Reproductive Health Service "A" Centres, recruit and deploy 13000 FP Workers. The programme also envisages to involve 7869 service outlets of health and Provincial Line Departments, 550 outlets of Target Group Institutions, 25989 Private Registered Medical Practitioners (RMPs), 16287 Hakeems and Homoeopaths and 629 outlets of NGOs. In addition Ministry of Health will maintain existing 43000 LHWS.

MANPOWER AND EMPLOYMENT

Employment Promotion Policies

3.140 The government being cognizant of the unemployment situation in the country, is pursuing a multi pronged employment policy which focuses on higher investment in labour intensive sectors viz small scale industry, social sectors and rural development programmes, provision of credit facilities for self employment, encouraging overseas migration, expansion of technical training facilities alongwith decentralized decision making and involvement of private, sector to reverse the trend of growing unemployment. Some of the specific measures which the present Government has adopted for generating employment are:-

i) Vocational Training

Vocational training enhances ability of an individual to gain access to gainful and sustainable job. At present, a training capacity of 46452 trainees is available in the country. The programmes will be expanded and made demand driven, as per market needs. The training institutions will be re-oriented to enhance its support function, provide flexibility and autonomy in training programmes and make them more responsive to training needs. Skill Development Councils (SDCs) have been established by the Ministry of Labour, Manpower and Overseas Pakistanis, as an industry led autonomous organization. The aim is to assess the training needs by the geographical areas, prioritise them on the basis of market demand and to facilitate training of the workers through training providers in the public and private sectors. The SDCs will be provided support to bridge the gap between public sector institutions and private sector industry. The SDCs will also help to meet the needs of small and medium scale enterprises. Besides, the High Tech Training Institutions will be established to meet the demand of new technologies.

ii) Poverty Reduction Programme

An allocation of Rs.21.2 billion has been made in the PSDP 2000-2001 for Integrated Rural-Urban Development Programme against Rs. 3.5 billion in 1999-2000, which will be implemented in poorest and low income rural and urban areas. The programme will generate significant employment for the poor and will have a impact on a large number of households in terms of their incomes.

In the poorest of rural areas the programme will include development of farm to market roads, de-silting of canals, lining of water courses, construction of spurs, culverts, ponds and soil conservation. In the poorest urban areas, schemes of water supply and sewerage and garbage collection and disposal will be included.

iii) Micro Finance Bank

The Government will establish a new bank for enhancing the access of poor people to credit. The Micro Finance bank will do business with established community organisations, NGOs involved in micro credit and with individuals. It will also promote the process of establishing community organisations which can sustain credit operations and promote the savings habit among the poor. Small infrastructure projects will also be financed by the bank. On completion these projects will be maintained by the community organizations.

iv) Promoting Small and Medium Scale Industries

The economy has vast opportunities and talent which needs to be properly exploited. Small and medium enterprises (SMEs) are a major source of job creation and business expansion. Pakistan's growing industrial base has been damaged by the rapid shift of policies in recent years. Government policy in this sector will be consistent and transparent. The highest priority will be for small and medium industry. The government will facilitate more credit and advisory support.

v) Other Measures

a) During the year 1999, about 80496 persons have been sent abroad for employment. Efforts would be made to explore more opportunities for overseas employment. For this purpose, high level contacts would be established with labour importing countries in the Middle East and Far East.

b) The liberal economic and fiscal policies of the Government also help in generating economic activities thereby creating new opportunities for employment and business in the country. An economic revival package has been announced to stimulate investment and industrial production, boost exports, broaden the tax bases and lower tariffs. In addition, construction of additional Highways and setting up of industrial zones throughout the country, would also generate new opportunities for employment in the country.

Review of Public Sector Development Programme(PSDP) 1999-200

3.141 An allocation of Rs. 19.4 million was made for the Manpower Sector for 1999-2000. Thrust of the programme continued to be skill development and workers education programme.

National Vocational Training Project Phase-II

3.142 The project was initially approved by ECNEC in March, 1987 at a total cost of Rs.2041.353 million with an FEC of Rs.1171.409 million. The Restructured/Revised project was approved by ECNEC on February 11, 1993 at total cost of Rs.2882.18 million including FEC of RS.1884.02 million.

3.143 The project is likely to utilize fully allocated amount of Rs.17 million during 1999-2000 for completion of remaining construction work and other liabilities at VTCs/TTCs at Toba Tek Singh, Jaranwala, Okara, Vehari, Muzaffargarh, Hangu, Kark, Shikarpur and Khairpur by the respective provincial Governments. Civil work of main office of National Training Bureau and National Staff Training Institute were continued.

Public Sector Development Programme 2000-2001

3.144 An allocation of Rs.21.00 million has been provided in the Federal PSDP 2000-2001 for the "National Vocational Training Project Phase-II" (Revised/Re-structured)to complete the remaining civil work at VTCs/TTCs at Toba Tek Singh, Jaranwala, Okara, Vehari, Muzaffargarh, Hangu, Kark, Shikarpur and Khairpur.

WOMEN DEVELOPMENT

3.145 The Ministry of Women Development sponsors a variety of small projects of women development to cater for special concerns of women. These projects are planned and implemented in collaboration with federal agencies, provincial line departments, and NGOs. The projects consist of community/welfare centres, dispensaries, eye units, gynaecology wards, day care centres, women hostels, industrial homes, training centres, water supply schemes, strengthening cooperatives, darul falah/amans, legal aid centres, credit schemes, strengthening of female educational/technical institutions, grant-in-aid for women programmes and to NGOs. The programme is divided under two main heads viz regular programme and special women action programme (SWAP).

3.146 The Government of Pakistan is establishing a Permanent Commission on Status of Women which will review the laws and other problems related to women including women rights.

REVIEW OF PSDP 1999-2000

3.147 The projects for the current year were prepared keeping in view the improvement in the conditions of poor/needy women & children, development programme for overall welfare of female population. Originally the PSDP allocation for women development for the year 1999-2000 was Rs.50.00 million (Rs.35.00 million for Regular Programme and Rs.15.00 million for Special Women Action Programme (SWAP). After applying cut, it was

reduced to Rs. 30.0 million (Rs. 22.0 million for regular programme and Rs 8.0 million SWAP).

PSDP Allocation for 2000-2001

3.148 Rs.51.247 million has been provided to complete 34 on-going projects during 2000-2001.

SOCIAL WELFARE

Review of the Programme 1999-2000

Financial

3.149 Social Welfare Sector during the year 1999-2000 was allocated an amount of Rs 95.075 million. The break-up of this allocation included Rs 68.5 million for special education and rehabilitation services for the disabled, Rs 1 million for Social Welfare Services, Rs 2 million for the capacity building of voluntary Social Welfare Agencies or NGOs and Rs 23.575 million for the Establishment Division (Staff Welfare Organization). All these allocations were primarily provided for the continuance of on-going activities. The entire allocation is expected to be utilized by the end of financial year 1999-2000.

Physical

3.150 The executing agencies during the current fiscal year laid more emphasis on the construction of Special Education Schools, Social Welfare and Staff Welfare Centres functioning at the national, provincial, divisional and district levels. The Federal Government continued its programme of providing financial assistance to the University of Punjab for the Masters Degree Training Programme started for manpower training in the field of Special Education. The other achievements included the provision of stipendiary support to the children of low paid government employees. Through this development scheme 12000 students were provided scholarships for the continuation of their studies. The National Council of Social Welfare provided financial assistance to 350 voluntary Social Welfare Agencies.

Programme for the year 2000-2001

Financial

3.151 The Public Sector Development Programme for the year 2000-2001 contains a provision of Rs 104.405 million for the Social Welfare Sector. The sub-sectorwise distribution of this allocation include Rs 68.000 million for the welfare of the handicapped, Rs 1 million for Social Welfare Services, Rs 4 million for the financial and technical assistance to voluntary agencies and Rs 31.405 million for Staff Welfare Services

Physical

3.152 The major emphasis will be on the completion of the construction work of the projects which have reached at an advanced stage and physical progress is more than 80 percent. The construction work pertaining to multi-purpose community centres, lady industrial

homes, holiday homes and other infrastructure of Staff Welfare Organization is expected to be completed. The stipendiary support would continue to be provided to the children of low paid government employees for the purchase of text books, note books and tuition fees, etc. Two on-going projects pertaining to National Education Centre for Mentally Retarded Children and Post Graduate Sequence at the University of Punjab will be completed. The next year programmes also provide a little margin and cushion for the introduction of a few new schemes for the education, training and rehabilitation of the handicapped children. An integrated education or inclusive education programme will be started in normal schools for the education of handicapped children. Vocational Training Centres for imparting training to disabled children well suited to their functional abilities will be established. Homes for the profoundly handicapped children will be established one in each Province to provide them boarding, lodging, education, training, occupational therapy and other rehabilitation services. Technical assistance programme for institutional strengthening and capacity building of NGOs will be started in collaboration with the Asian Development Bank. Appropriate training will be provided to the representatives of NGOs and government functionaries for improving their efficiency and equipping them with the latest concepts, techniques and strategies of participatory development.

RURAL DEVELOPMENT

Review of 1999-2000

3.153 During the financial year 1999-2000, an amount of Rs. 3369.96 million including foreign aid of Rs. 3348.59 million was provided for rural development sector. Agency-wise allocation and utilization is given in Table below:-

		(Rs in Million)			
Sl. No.	Agency	Allocation 1999-2000 (Revised)		Utilization 1999-2000	
		Total	F. Aid	Total	F. Aid
1	2	3	4	5	6
1.	M/O Environment Local Govt. & Rural Development	3220.00	3210.00	3220.00	3210.00
2.	Narcotics Control Division	145.26	138.59	145.26	138.67
3.	Interior Division	4.70	0.00	4.70	0.00
Total:-		*3369.96	3348.59	3369.96	3348.59

* Includes Rs.632 million Supplementary Grants.

3.154 It is estimated that Ministry of Environment, Local Government & Rural Development would be able to utilize Rs. 3220.00 million including Rs 3210.00 million of foreign aid for construction of about 500 kilometers of farm-to-market/rural roads. Narcotics Control Division is expected to utilize Rs. 145.26 million including Rs. 138.59 million of foreign aid on Integrated Area Development projects in Bajaur, Mohmand agencies and Dir district in the NWFP. Interior Division will be able to utilize Rs. 4.70 million on construction of rural roads in Islamabad Capital Territory.

Programme for 2000-2001

3.155 During 2000-2001 an amount of Rs. 2419.80 million including Rs. 2387.61 million of foreign aid has been allocated for rural development sector. Out of this Ministry of Environment, Local Government & Rural Development have been provided Rs. 2226.02 million including Rs 2214.00 million of foreign aid for construction/ rehabilitation of farm-to-market/rural roads. During 2000-2001, 500 kms farm-to-market/rural roads under ADB assisted Rural Access Roads project and Japanese Assisted Farm to Market Roads will be constructed. Interior Division have been provided Rs.10.91 million for construction of 5 kilometer of rural roads, women development and income generating programmes in Islamabad Capital Territory. Narcotics Control Division has been provided Rs. 182.87 million including Rs. 173.61 million of foreign aid for Agricultural & Areas Development projects in poppy growing areas of NWFP.

ENVIRONMENT

3.156 The integration of environmental issues and concerns into development processes is important. The positive linkages between efficient economic growth and environmental protection need to be explored. Success in implementing this agenda will require strengthening the consensus in favour of environmental protection. It will also require wider participation in development processes and more effective partnership among and between the Government, the private sector, and the public in general.

Review of 1999-2000

Financial

3.157 An allocation of Rs 274.867 million (with FEC Rs 181.485 million) was originally made in PSDP 1999-2000 for Environment Sector, After applying cut it was reduced to Rs.244.9 million The estimated expenditure during current fiscal year is Rs. 243.867 million or 99.58 percent of the allocation.

Physical

3.158 Following major sectoral programmes have been persued during the year.

a) Legislation

The Environmental Protection Act 1997 provided basis for developing legal frame work and implementation strategy in the country. Preparation of Environmental Laws and

establishment of Environmental Court were achievements towards assuring implementation of the Act and developing environment friendly surroundings. The Pakistan Environmental Protection Council in its recent meeting decided to develop methodologies and mechanism for enforcement of environmental laws. The Environmental Tribunals in Lahore and Karachi have started to function while tribunals for other areas (particularly for provincial capitals) are being set up and will be functional shortly.

b) Institutional Strengthening

More than Rs. 40.00 million have been spent on the institutional strengthening which included hiring of international and local consultants, training (local and international) of officials, workshops/seminars, procurement of office and pollution monitoring equipment, establishment charges, contingencies etc.

c) Mass Awareness

Public awareness on environmental issues is of fore-most importance to overcome environmental problems in a coordinated and sustained manner. M/o Environment, LG&RD prepared environmental education programmes and projected them through print and electronic media, discussions and seminars. An amount of about Rs. 6.000 million have been utilized during 1999-2000 for this purpose.

d) Forestry Sector Policy

Draft National Forestry Sector Policy, prepared in 1998 has now been updated in accordance with the comments/suggestions received from different stakeholder. The policy aims at conserving the existing forests, expansion of forestry resource base and protection of biodiversity particularly the endangered species of fauna & flora.

e) Upgradation of Forestry Sector Master Plan

The upgradation of the Master Plan has been envisaged to identify new strategies for investment in forestry sector. The project Strengthening of Forestry Wing in the Ministry of Environment, Local Government & Rural Development will be continued. It will facilitate monitoring and evaluation of the effectiveness of various programmes of the forestry sector.

f) Afforestation

Considering the depleting forest resources, the M/o Environment and the Punjab Forest Departments supported afforestation activities under the "Rachna Doab Afforestation Project" envisaging planting and protecting the forests over 30,000 Acres/Avenue Miles area (in seven districts of Rachna Doab Corridor) of the Punjab, at an overall cost of Rs. 485.382 million. An amount of Rs. 50.00 million allocated for the year 1999-2000, will be utilized by end of fiscal year 1999-2000.

g) Watershed Management

Watershed management is a critical area of activity having manifold dimensions in habitat development, improving forest area and vegetation cover, developing natural resources particularly managing productive potential lands, soil erosion, controlling siltation in dams and ensuring community participation for sustainability of the development activities. The Tarbella and Mangla Watershed Management projects have been allocated over Rs. 111.000 million and about Rs. 10.000 million respectively, which will be utilized by these projects during 1999-2000. The Tarbella Watershed Management project, which extends over an area of 16058 sq. km. covers parts of Haripur, Abbottabad, Mansehra, Batagram, Dasu and Bunair Districts. This area falls in the active monsoon zone and contributes 40% of the silt deposits in Tarbella and Mangla reservoirs. The project aims ecological stability in uplands through afforestation and managing soil erosion and reducing silt discharge into two main reservoirs beside contributing to reduce rural poverty and enhance productivity of land. Similar activities will continue under the Mangla Watershed Management project being executed by WAPDA.

h) International Protocols and Conventions

Pakistan has signed and ratified conventions and protocols on protection of the atmosphere, land, water resources and wildlife, like UN Framework Convention on Climate Change, Basel Convention on Transboundary Movements of Hazardous Wastes and their disposal and the Montreal Protocol on Ozone Depleting Substances. Various policy measures have been taken and will be further taken to fulfil Pakistan's obligations as a party to these conventions.

i) Environmental Impact Assessment

Under Pakistan Environmental Protection Act 1997, it has been made mandatory for the project proponents, of both public and private sectors, to carry out and submit the Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA) reports at the time of submission of any development project to P&D Division or P&D Department in case of provinces. The EIA or IEE reports will be cleared and or endorsed by the concerned EPAs, to ensure that the proposed development would not have any adverse impact on environment.

j) Biodiversity Conservation and Protected Areas Management Project (PAMP)

The Global Environment Facility (GEF) and UNDP funded Mountain Areas Conservancy Project (MACP) approved at a total cost of US\$ 10.35 million (Rs. 503.33 million) is being implemented by M/o EGL&RD and IUCN in the Northern Areas and Chitral Valley. The project aims at conserving and rehabilitating the endangered species of fauna and flora alongwith improvement of degraded ecosystem. Approximately an amount of Rs. 54.000 million will be utilized by end of fiscal year 1999-2000.

Programme for 2000-2001

3.159 An allocation of Rs. 286.980 million (F.Aid Rs. 177.438 million) has been made for the Environment Sector in the PSDP 2000-2001. The projects at advance stage of

completion and foreign funded project have been protected so that these could be completed on time. An allocation of over Rs. 160 million have been made for Terbela Watershed and Mangla Watershed Management projects. The project for preparation of the Master Plan for Urban Waste Water (Municipal and Industrial) treatment facilities in Pakistan has been started at the cost of Rs. 4.462 million and an amount of Rs. 1.250 million has been earmarked in PSDP 2000-2001 for this purpose. Also, an allocation of Rs. 75 million has been made for the Rachna Doab Afforestation Project for contributing to afforestation cover for strategic purposes in the Rachna Doab corridor.

3.160 The GEF/World Bank funded "Protected Areas Management Project (PAMP)" has been approved by the ECNEC at a total cost of US\$ 10.736 million including GEF grant of US\$ 10.084 million. An amount of Rs.0.5 million has been allocated for this project in PSDP 2000-2001.

POVERTY REDUCTION PROGRAMME

3.161 According to latest estimates, poverty in Pakistan is increasing. Pakistan has weak profile of adult literacy. Life expectancy is low. Mother mortality rate is high. Access to clean water and sanitation is patchy. The situation is worse if gender, rural, urban, regional disparities are taken into account. The present government is committed to achieve a high level of growth in the shortest period and to reduce poverty. The poverty reduction strategy, as an integrated and comprehensive approach, dwells on not only economic development policies and considerations related to the promotion of human capital, but also on greater involvement of the poor as well as management of risks faced by the poor and vulnerable groups.

3.162 The poverty reduction strategy has four key elements: (a) economic revival through job promoting growth, (b) a development programme directly benefiting the poor, (c) social safety nets for the most vulnerable and the poorest of the poor, and (d) institutional arrangements to enhance participation of the poor in decision making.

(a) Pro-Poor Growth

Pro-poor growth has three key elements:

- i) **Development of agriculture sector:** Agriculture growth reduces poverty because it generates income for poor farmers and increases the demand for goods and services that can easily be produced by the poor.
- ii) **On Farm Water Management** help to conserve water, increase farm productivity and create job opportunities.
- iii) **Labour Absorption in Industrial Sector:** An efficient and growing industrial sector raises the overall growth of the economy leading to improved income and employment. A focus on small and medium enterprises (SMEs) reduces poverty directly because of higher and quick labour absorption.

(b) **Pro-Poor Development Programmes**

These programmes include the following:

- i) **Pro-Poor Public Works Programme:** The Government has launched Integrated Rural-Urban Development Programme (IRUDP) Small Public Works will increase employment and augment opportunities for the poor. An allocation of Rs. 21.2 billion has been made in PSDP 2000-01 against Rs. 3.5 billion in 1999-2000. Rs. 18 billion will be released to the provinces for poverty reducing projects and programme and Rs. 1.2 billion to special areas. Rs. 2 billion have been earmarked for empowering the poor in the field of information technology through human resource development. The share of each district shall be determined by the Provincial Government itself keeping in view the relative poverty of the Districts.
- ii) **Social Action Programme:** There is direct correlation between low social indicators and poverty. Social Action Programme aims at improving the access and quality of basic and non-formal education, primary health, rural water supply and sanitation and family planning. The SAP-I has already been implemented and the five year SAP-II has been under way since 1997-98 at a total outlay of Rs. 498.8 billion.
- iii) **Micro-Finance:** Access to credit from public and private financial institutions is often difficult for small and micro-enterprises due to requirement of providing collateral. The poor, therefore, have no or limited accesses to formal credit and hence is an important factor in worsening poverty profile of the country. In addition to Pakistan Poverty Alleviation Fund (PPAF) and other existing windows, a Micro Finance Bank is being established as a major step toward bringing credit nearer to the poor.
- c) **Social Safety Nets:** These are necessary for the most vulnerable groups. The system of *Zakat* and *Bait-ul-Maal* is being revamped for effective implementation. Also, Food Supplement Programme is being launched to mitigate the adverse impact of increase in prices. Its size has been fixed at Rs.2.5 billion.
- d) **Devolution of Power to the Grassroots:** The crisis of governance in Pakistan mainly stems from pervasive centralized control and inability to efficiently decentralize and devolve power to lower echelons. The prime purposes of devolution policy being formulated are to enable citizen participation, especially the more vulnerable among them, in governance matters that affect their lives and livelihoods. The elected district governments will be the main vehicle for poverty reduction.

SOCIAL ACTION PROGRAMME

3.163 The SAP covers primary/elementary (middle and technical) including non-formal education, primary health care, rural water supply and sanitation and family planning programmes.

REVIEW OF 1999-2000

3.164 During 1999-2000, an allocation of Rs 67.3 billion was earmarked for SAP. Rs 21.3 billion for development expenditure and Rs 46.0 billion for current budget. The development expenditure earmarked to provinces was Rs 14.7 billion while the balance Rs. 6.6 billion to federal areas and concerned ministries. Out of this Rs.47.67 billion are expected to be spent showing to 71% utilization. The lower utilization is linked with the financial constraints and tight economic situation. The province executing agency-wise, sector-wise details of SAP estimated expenditure for the fiscal year 1999-2000 are given in Annexure-3.1. Expected physical achievements during 1999-2000 are given in Annexure-3.2.

3.165 Participatory Development Programme (PDP) was launched with the primary objective to encourage community involvement in the institutional options available for promoting SAP related activities. Financial assistance of Rs 170.754 million was provided to 28 NGO's sponsored projects after completion of scrutiny and site verification from over three hundred applicants.

PROGRAMME 2000-2001

3.166 In 2000-2001, the focus of SAP will be on its restructuring to develop ownership at all levels by replication of Social Sector Coordination Committee (SSCC) of the Cabinet at provincial levels for proper monitoring implementation of the programme and removing bottlenecks.

3.167 Salient features of SAP for the fiscal year 1999-2000 are articulated as under:

Elementary Education The major thrust for the implementation strategy under SAPP-II will be on adding new class rooms in existing primary and middle schools, provisioning of facilities of existing schools and buildings for shelterless schools, hiring of local teachers, providing additional incentives to female teachers in the shape of higher allowances, re-deployment of teachers, initiations of decentralized teachers training programme, initiation of programmes like decentralization of administrative and financial powers to the grass root level for establishment of SMCs and PTAs, strengthening of education management information system (EMIS) and ensuring of enhanced allocation to non salary items for free text books, reading materials, furniture etc, appointment of District Education Coordinators.

Primary Health Care The Principal strategy comprises of health care, general health education, training of paramedics, decentralization of administrative and financial powers, strengthening of health management information system, training of the paramedics, ensured supply of medicine at the health outlets, development of reproduction health package and integration of health and family health services will be implemented. The private sector will be encouraged to participate in service delivery, especially the curative services in urban areas. The service quality also will be improved by ensuring elimination and discouraging non-qualified service providers. The overall aim of these reforms is to reduce mortality and morbidity, eliminate malnutrition particularly in infant and mothers and increase quality of health services. The health staff i.e. Doctors, Nurses and paramedics will be recruited in accordance to needs of the

system. The coordination between health and population welfare departments will further be tightened and more health outlets will be designated to provide family planning services. In addition to above in order to enhance reproductive health services (RHSs) the government has introduced RHS package which will continue aiming at following:

- a) Comprehensive family planning services for males and females, for enhancement of male involvement in adoption of family planning measures.
- b) Promotion of safe motherhood through maternal health care and pre/post abortion care.
- c) Child health care (both new born and less than 5 years).
- d) Management of reproductive health related problems of adolescents, infertility and other problems related to women, including detection of breast and cervical cancers.
- e) Prevention and management of RTIs/STDs and HIV/AIDS and T.B Control.

Population Welfare: The quality and access to population planning services will be improved, especially in rural areas. A stronger technical and logistical cooperation will be forged between the Ministry of Population Welfare and Health Departments. IEC programmes and other activities will be devised to increase the demand for family planning, and to improve female education and children's survival prospects. The innovative and incentive oriented schemes will be launched to implement the programme. The overall goal is to slow down the population growth by promoting idea of small family norms.

Water Supply and Sanitation. The beneficiaries will be made responsible for selecting the type of system/service levels, so that they are able to contribute cost of operation and maintenance of schemes according to their ability to pay. Partnerships will be established and strengthened between the beneficiaries and the Government in scheme implementation, and capacity of beneficiaries will be strengthened for better management of services. A strategy will be introduced for sustainable service delivery in urban slums. The overall goal is to promote maximum population access to drinking water supply and sanitation services in a sustainable manner. Following four point policy will be adopted:

- i) Water supply schemes should be conceptualized by communities who should contribute a part of the capital cost and bear the O&M of the schemes on completion.
- ii) The communities should be involved in initial planning, design and choice of technology they can afford for sustaining the scheme.
- iii) Before handing over the scheme, the Village Water User Committees (VWUCs)

should be formed and people responsible provided necessary training to run the scheme and collect water tariffs for meeting O&M costs of the project. Furthermore, the rules of business need to be framed and properly introduced to communities.

- iv) The working of the VWUCs and communities should be monitored and community activities promoted for playing their role as the driving force.

3.168 The categorization of non-functional units in the public sector in the following three categories would be completed:-

- a) Number of non-functional units which could be rehabilitated and made functional in public sector;
- b) Number of non-functional units which could be handed over to CBOs/NGOs after rehabilitation for running and meeting O&M costs, and
- c) Number of redundant units to be sold out.

3.169 Under the programme 265 communities were organized in 1999-2000 with a target of 580 communities to be organized to whom 650 schemes would be transferred.

Participatory Development Programme (PDP)

3.170 PDP being a new concept of involving communities in SAP delivery of services has become a funding window of NGOs owned and run by the influential. The present government has decided for redesign for PDP to make it more transparent and result oriented. The redesigned programme will also cover finance for rehabilitation of non-functional units and for meeting a part of O&M cost from PDP funds on declining basis in respect of those units which are transferred to the communities..

FINANCIAL ALLOCATIONS

3.171 During 2000-2001 an allocation of Rs 64.07 billion (34 percent higher than amount utilized in 1999-2000) has been projected for SAP, of which Rs 17.56 billion are expected to be provided in development budget and Rs 46.51 billion in recurrent budget. Rs. 7.18 billion or 15.4 percent of recurrent budget has been earmarked for non-salary budget. These funds are to be utilized on SAP tied development projects sponsored by the Federal Ministries of Education, Health and Population Welfare, Provincial Governments and Area/Agency administrations. The amount would be spent on development and provision of primary/middle level education, non-formal, technical and Teacher Training, primary health care, nutrition, family planning, rural water supply and sanitation facilities. Table-3.1 provides utilization for 1999-2000 and outlays for 2000-01 and Annexure-3.3 provides sector wise details of financial utilization and outlays for the fiscal year 1999-2000 and 2000-01, respectively. Physical targets are given at Annexure-3.2

Table-3.1
SAP TIED DEVELOPMENT AND RECURRENT EXPENDITURE
(Billion Rs)

Agency	Expected Utilization 99- 2000	Projected Outlays 2000-01	% Increase Over 99-2000
<u>A. DEVELOPMENT:</u>	<u>11.88</u>	<u>17.56</u>	<u>47.8</u>
(a) Provinces	7.49	10.30	37.5
(b) F.Areas/Ministries	4.39	7.26	65.4
<u>B. RECURRENT:</u>	<u>35.79</u>	<u>46.51</u>	<u>30.0</u>
(a) Provinces	33.00	43.96	33.2
(b) F.Areas/Ministries	2.79	2.55	(-) 8.0
<u>TOTAL (A + B)</u>	<u>47.67</u>	<u>64.07</u>	<u>34.4</u>
(a) Provinces	40.48	54.26	34.0
(b) F.Areas/Ministries	7.19	9.81	36.4

SOURCE: Provincial Governments, Area Administrations and Federal Ministries of Education, Health and Population Welfare.

GOOD GOVERNANCE

3.172 In order to address the issue of governance, the Government of Pakistan set up a Good Governance Group (G3) in 1998 under the auspices of UNDP. As per initial design, G3 aimed at basic awareness about key institutional issues among stakeholders across the board and generate a common understanding and meaningful dialogue on good governance through participatory and collaborative mechanisms. Major areas selected for review, inter alia, included civil services reforms, local government, taxation system, police, social sector development, sport, culture, tourism, science and technology and administrative issues of large cities.

3.173 G3 generated an intellectual debate among respective of government and non-government organizations, politicians, academia, media, civil society and local citizenry, particularly, women. It was agreed at various forums that without the rule of law, predictable administration, legitimate power and responsive regulation, neither sustained economic growth no social justice could be achieved. In practice, lipservice rather than action dominated the scene, with allocations made in the name of grass roots development appropriated by vested interests through adhoc political programmes.

The New Reform Agenda

3.174 The take-over of the Government by the military on October 12, 1999 brought into sharp focus the mess of governance. The seven-point agenda announced by the new government is essentially a programme of institutional reform and good governance. This is evident from the following set of objectives:

- i) Rebuild national confidence and morale.
- ii) Strengthen federation, remove inter-provincial disharmony and restore national cohesion.
- iii) Revive economy and restore investor confidence.
- iv) Ensure law and order and dispense speedy justice.
- v) De-politicise state institutions.
- vi) Devolution of power to the grass roots level.
- vii) Ensure swift and across the board accountability

3.175 To concretise the above objectives, the ordinary business of governance has been separated from structural and long-term reform.

3.176 For providing coordinated policy guidelines, a National Security Council has been set up. The policies will be implemented by the Cabinet. However, to run the ordinary business of governance effectively and to root out the cancer of corruption, two important institutions have been put in place.

- a) Mechanism for monitoring the functions of the state institutions and organizations-the Monitoring system
- b) National Accountability Bureau-NAB.

(a) **The Monitoring System.** The Monitoring System is the eyes and ears of the government down to the level of "patwaris". Since the basic purpose of Monitoring System is to help reinvigorate government machinery, the concept is essentially orchestrated around the principle: not to undertake the corrective measures directly but to point the observations to CE and Governors' Secretariats and monitor the implementation of corrective measures undertaken by them. The concept hinges on:-

- i) The monitoring mechanism is a whole-time institutionlised system working under the Army's overall instructions. It will not be an 'on-now' and 'off-now' affair.
- ii) The monitoring mechanism will itself not be the means of change, but will act as eyes and ears for the CE, governors and the ministers providing them feedback to initiate corrective efforts through the administrative chain. This mechanism would then monitor the implementation of corrective measures.
- iii) It is a command driven mechanism and will be tasked through the military chain of command. However, since it is designed to assist the government machinery, the governors and the ministers may ask any assistance from the Army,

including additional specific monitoring activity.

- iv) The mechanism would essentially revolve around the Army, with necessary assistance from the Pakistan Navy and the Pakistan Air Force.
- v) The backbone of the system would be the field formations, assisted by the intelligence agencies, which will monitor the government machinery through District Monitoring Teams for general monitoring of governance at the district level and Special laws will be enacted, where necessary.
- vi) This mechanism will only address collective issues, with a view to enhancing institutional efficiency. For redress of public grievances, the administrative machinery will constitute a network of complaint cells at all levels, to receive and process complaints of the common man. However, performance of all such complaint cells will be monitored through this mechanism.
- vii) Deterrence is the essence of this mechanism, which would also be a means of replacing personnel who become a burden on the state machinery.

(b) **National Accountability Bureau.** Lack of accountability has resulted in corruption of horrendous proportion. Whatever measures were taken in the name of "Ehtesab", in fact, were neither transparent nor even handed. The military government has put in place a law with sharp teeth and an institution-the NAB- with adequate investigative capability. Its main focus is on big loan defaulters, tax dodgers and utility bill delinquents.

3.177 The right-sizing of the government ministries, departments and corporations has been taken up in right earnest. The reports put in cold storage by the previous governments are being implemented. Federal Public Service Commission (FPSC) and the Establishment Division are being reformed. The FPSC has been made fully autonomous. All appointments will be made on merit. Election Commission has also been made fully autonomous.

National Reconstruction Bureau(NRB)

3.178 While the federal and provincial government focus on the operational objectives of reform, the strategic objective of the reconstruction of the institutions of the state has been assigned to a separate entity-the NRB. The list of *Fields of Focus* which has been approved by the National Security Council is as follows:-

- a. Political Structure and System.
- b. Governmental Structure and System.
- c. Law Enforcement Structure and System.
- d. Public Employment System.
- e. Primary Health Care System.
- f. Educational Structure and System.
- g. Population Welfare Structure and System.
- h. Public Information Structure and System.
- i. Economic Structure and System.

3.179 The District and Local Government Reform has been developed by The National Reconstruction Bureau (NRB), which will now conduct an expansive and exhaustive consultation exercise towards the fine-tuning of an implementation plan to be announced on August 14th, 2000. Once finalized the National Reconstruction Bureau will manage the implementation of the new vision of Local government under the official direction of the Chief Executive through the provincial governments of all the provinces. The elections for union councils across the country will begin in December this year and carry on into next year in a phased manner as and when the new electoral rolls are ready. The elections to union council will be completed in May and the election of chief mayor, tehsil council and district assembly will be held in July next year. By 14th August next year, the components of the local government political system will be in place.

ANNEXURES

(67—68)

REVISED

GROSS DOMESTIC PRODUCT
(At 1980-81 Prices)

	1998-99 (R)	1999-2000		2000-01 (T)	(Million Rs) % CHANGE		
		(T)	(P)		1999-2000		2000-01 (T)
					(T)	(P)	
I COMMODITY SECTORS	315528	340237	329573	345440	4.9	4.5	4.8
A. AGRICULTURE	158782	161908	167584	174045	4.3	5.5	3.9
Major crops	64413	67526	70590	72830	5.4	9.6	3.2
Minor crops	30333	29126	31163	33308	4.5	2.7	6.9
Livestocks	57821	58597	59431	61080	3.0	2.8	2.8
Fisheries	5477	5974	5944	6357	4.0	8.5	7.0
Forestry	738	685	456	470	0.0	-38.2	3.1
B. INDUSTRY	156746	178329	161989	171395	5.5	3.3	5.8
Mining & quarrying	2844	2975	3062	3165	4.5	7.7	3.4
<u>Manufacturing</u>	<u>106877</u>	<u>124595</u>	<u>108553</u>	<u>114985</u>	<u>5.8</u>	<u>1.6</u>	<u>5.9</u>
Large Scale	75820	78319	75847	80542	4.3	0.04	6.2
Small Scale	31057	46276	32706	34443	8.4	5.3	5.3
Construction	21059	23664	22373	23760	4.5	6.2	6.2
Electricity & gas distribution	25966	27095	28001	29485	5.0	7.8	5.3
II SERVICES SECTORS	303488	323934	317076	333518	5.1	4.5	5.2
Transport & Communication	62834	68137	65282	68873	5.3	3.9	5.5
Trade	94131	101705	96486	101111	4.8	2.5	4.8
Banking & insurance	14907	15182	15931	16967	5.0	6.9	6.5
Ownership of Dwellings	36682	38619	38618	40657	5.3	5.3	5.3
Public Administration & Defence	38357	40020	40488	41703	3.5	5.6	3.0
Other Services	56577	60271	60271	64207	6.5	6.5	6.5
GDP (fc)	619016	664171	646649	678958	5.0	4.5 *	5.0

P: Provisional

R: Revised

T: Target

* 4.46 to be precise

Note: Annexure-1.1 data, based on wheat output of 19.3 million tonnes, was approved at the National Accounts Committee meeting on 3rd May, 2000. In case of wheat production at 21 million tonnes, GDP growth will increase to 4.9 percent per cent and agriculture growth to 7.1 per cent. The final picture will emerge at the next meeting of the National Account Committee.

OUTPUT OF AGRICULTURE

ITEMS	UNIT	1998-99	1999-2000		2000-01	Percent Change	
			Targets	Prov	Targets	1999-2000	2000-01
						Prov.	Targets
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I. KHARIF CROPS							
Rice	(000 MT)	4673.8	4865.0	5155.6	5155.6	10.3	0.0
Basmati	(000 MT)	1687.1	1763.0	1868.8	1868.8	10.8	0.0
Others	(000 MT)	2986.7	3102.0	3286.8	3286.8	10.0	0.0
Bajra	(000 MT)	212.9	215.0	155.6	230.0	-26.9	47.8
Maize	(000 MT)	1665	1501.3	1713.9	1900.0	2.9	10.9
Jawar	(000 MT)	227.8	235.0	226.8	240.0	-0.4	5.8
Sugarcane	(000 MT)	55191	55700.0	46333	51663.0	-16.0	11.5
Cotton	(Mln Bales)	8.8	9.7	11.2	10.7	27.7	-4.8
II. RABI CROPS							
Wheat	(000 MT)	17857.6	19506.0	19288.4	20500.0	8.0	6.3
Barley	(000 MT)	137.4	180.0	129.4	185.0	-5.8	43.0
Gram	(000 MT)	697.9	772.0	667.1	772.0	-4.4	15.7
Rapeseed & Mustard	(000 MT)	282.1	300.0	262.2	419.0	-7.1	59.8
Tabacco	(000 MT)	108.8	100.0	113.9	107.0	4.7	-6.1
III. LIVESTOCK							
Milk	(000 MT)	24876.0	27984.0	25566.0	26284.0	2.8	2.8
Meat	(000 MT)	1906.0	2023.0	1957.0	2009.0	2.7	2.7
Wool	(000 MT)	38.7	40.4	38.9	39.6	0.6	1.6
Hides	(Mln No)	7.47	7.8	7.6	7.8	2.3	2.4
Skins	(000 No)	36260.0	37500.0	37220.0	38208.0	2.6	2.7

* Wheat production is likely to be as high as 21 million tonnes when final estimates become available.

MANUFACTURING AND MINERAL PRODUCTION

ITEMS	UNIT	1998-99 Revised	1999-2000		2000-01 Targets	Percent Change	
			Targets	Prov. @		1999-2000	2000-01
A. MANUFACTURING PRODUCTION							
<i>(Large Scale)</i>							
Sugar	(000 MT)	3,541.8	3,452.4	2,412.0	2,745.1	-24.0	13.8
Jute Goods	(000 MT)	85.5	87.4	77.5	80.1	-9.3	3.4
Cement	(000 MT)	9,599.0	10,105.0	9,721.0	10,168.0	1.3	4.6
Paper & Board	(000 MT)	356.1	352.1	406.2	446.9	14.1	10.0
Fertilizer (N)	(000 MT)	1,773.6	1,804.4	1,894.4	2,017.5	6.8	6.5
Soda Ash	(000 MT)	239.4	259.8	243.9	243.9	1.9	0.0
Caustic Soda	(000 MT)	120.4	125.2	141.8	149.5	17.7	5.4
Billets	(000 MT)	276.1	271.0	328.1	387.1	18.8	18.0
H & C R Sheets	(000 MT)	661.9	408.6	752.0	815.5	13.6	8.5
Cotton Yarn	(000 MT)	1,540.3	1,613.0	1,683.3	1,885.3	9.3	12.0
Cotton Cloth	(Min Sq M)	384.6	389.6	442.7	507.7	15.1	14.7
Cigarettes	(Bln Nos.)	51.6	54.1	45.8	46.7	-11.2	2.0
Motor Tyres	(000 Nos.)	845.0	494.0	881.0	935.0	4.3	6.1
Trucks/Buses	(000 Nos.)	2.4	2.3	2.9	3.1	23.4	6.0
LCVs/Cars/Vehicles	(000 Nos.)	47.4	57.6	34.6	34.7	-26.9	0.3
Bicycles	(000 Nos.)	504.0	543.7	520.1	537.5	3.2	3.3
Tractors	(000 Nos.)	26.6	29.4	41.0	43.1	53.9	5.0
Sewing Machines	(000 Nos.)	29.7	32.5	25.7	26.6	-13.3	3.2
Air Conditioners	(000 Nos.)	1.1	1.8	1.0	1.1	-13.5	8.5
Electric Motors	(000 Nos.)	33.6	20.8	33.0	34.6	-2.0	5.0
Cotton Ginning	(Min Bales)	8.8	9.7	11.2	10.7	27.9	-4.8
Petroleum Products	(Min Ltr)	7,599.7	7,979.0	7,536.2	7,825.5	-0.8	3.8
B. MINERAL PRODUCTION							
Crude Oil	(BPD)	54,755.0	61,236.0	55,500.0	54,500.0	1.4	-1.8
Natural Gas	(MMCFD)	2,041.0	2,404.0	2,400.0	2,700.0	17.6	12.5
Coal	(000 MT)	3,461.3	5,620.0	3,807.4	3,800.0	10.0	-0.2
Limestone	(000 MT)	9,437.0	10,947.0	9,909.0	10,380.0	5.0	4.8
Rock salt	(000 MT)	1,019.0	1,495.0	1,070.0	1,210.0	5.0	13.1

@ Estimated annualized growth rates derived from 9 months' production data, except for sugar in which case the 9 months' figure has been compared with the corresponding 9 months' figure.

MACRO-ECONOMIC FRAMEWORK
(Current Billion Rs)

	1998-99 (R)	1999-2000		2000-01 (T)	Percentage Change		
		(T)	(P)		1999-2000		2000-01 (T)
					(T)	(P)	
GDP (fc)	2711.1	3097.0	2922.9	3207.1	11.2	7.8	9.7
Indirect Taxes (Net)	202.4	278.6	250.8	303.4	15.8	23.9	21.0
GDP (mp)	2913.5	3375.6	3173.7	3510.5	11.6	8.9	10.6
Net Factor Income from abroad	-35.0	-42.3	-55.1	-44.1	-27.0	-57.5	20.0
GNP (mp)	2878.5	3333.3	3118.6	3466.4	11.4	8.3	11.2
External Resource Inflow (Net)	111.4	70.7	88.1	68.7	-15.1	-20.9	-22.1
Total Resources / Uses	2989.9	3404.0	3206.7	3535.1	10.7	7.3	10.2
Total Consumption	2554.0	2796.1	2730.4	2989.6	6.4	6.9	9.5
Total Investment	435.9	607.9	476.3	545.5	36.0	9.3	14.5
Fixed Investment	387.9	556.2	424.6	489.3	38.9	9.5	15.2
Public	154.2	205.8	169.0	193.8	36.4	9.6	14.7
Budgeted	92.1	116.3	101.2	120.5		9.8	19.1
Non-Budgeted	62.1	89.5	67.8	73.3		9.2	8.2
Private	233.7	350.4	255.6	295.5	40.4	9.4	15.6
Changes in Stocks	48.0	51.6	51.7	56.2	-	-	-
National Savings	324.5	537.1	388.2	476.8	47.4	19.6	22.8
As % of GDP (mp)							
Total Investment	15.0	18.0	15.0	15.5	-	-	-
Fixed Investment	13.3	16.5	13.4	13.9	-	-	-
Public	5.3	6.1	5.3	5.5	-	-	-
Private	8.0	10.4	8.1	8.4	-	-	-
External Resources	3.8	2.1	2.8	2.0	-	-	-
National Savings	11.1	15.9	12.2	13.6	-	-	-
Inflation Rate % (CPI)	5.7	6.0	4.0	4.5			

EXPORTS

Commodities	\$ Million			
	1998-99	1999-00		2000-01
	Actuals	Plan Target	Actual/Prov.	Projection
I. Primary Commodities	536	674	688	752
Raw Cotton	2.3	81.0	101	112.0
Volume (Mln Bales)	0.01	0.40	0.75	0.70
Price (Cents/Lb)	61.3	54.0	35.9	42.7
Total Rice	533	593	587	640
Basmati Rice	283	315	333	363
Volume (000 MT)	589	607	640	659
Price (\$/MT)	481	519	520	551
Other Rice	250	278	254	277
Volume (000 MT)	1200	1260	1350	1351
Price (\$/MT)	209	221	188	205
II. Cotton based Manufactures	4539	4825	4940	5700
Yarn	945	983	1020	1192
Volume (Mln Kgs)	422	460	477	549
Price (\$/Kg)	2.24	2.14	2.14	2.17
Cloth	1115	1163	1163	1337
Volume (Mln Sq. Meter)	1355	-	1615	1825
Price (\$/Sq Meter)	0.82	-	0.72	0.73
Readymade Garments	651	703	732	842
Tents and Canvas	41	44	45	52
Hosiery	742	804	825	949
Made ups (incl. towels & Bedwear)	1044	1128	1155	1328
III. Other Traditionals	901	1000	965	1049
Fish and Fish Preparations	123	166	150	179
Leather	177	185	250	159
Carpets	203	211	166	280
Synthetic Textiles	399	438	399	431
IV. All Others	1804	1985	1875	1997
Total (Gross)	7779	8484	8468	9498
Total (fob)	7528	8346	8334	9262

IMPORTS

Commodities	\$ Million			
	1998-99	1999-00		2000-01
	Actuals	Plan Target	Actual/Prov.	Projection
Wheat	407	142	259	0*
Volume (Million MT)	3.24	1.00	1.80	0
Price (\$/MT)	125.6	142.0	143.9	0
Edible Oils	824.1	662	454	483
Palm Oil	597.2	475	293	309
Volume (000 MT)	961.2	949	732	772
Price (\$/MT)	621.3	500.5	400.3	400.3
Soyabean Oil	226.9	187	161	174
Volume (000 MT)	363.7	359	359	379
Price (\$/MT)	623.9	520.9	448.5	459.1
POL	1477	2279	2852	3143
Crude Oil	414	706	791	1400
Volume (Million barrel)	33.14	37.80	37.80	60.00
Price (\$/barrel)	12.5	18.7	20.9	23.0
POL Products	1063	1573	2061	1743
Volume (Million MT)	11.00	11.40	12.30	10.00
Price (\$/MT)	96.6	138.0	167.6	167.0
Fertilizers	265	105	170	174
Volume (000 MT)	1617	500	1000	1055
Price (\$/MT)	163.9	210.0	170.0	167.0
Capital Goods (Value)	3238	3350	3350	2850
All Others	4246	3851	3997	4833
Total (c&f)	10457	10389	11082	11483
Total (fob)	9613	9548	10196	10566

*Assuming wheat production of 20 million tonnes.

BALANCE OF PAYMENTS

Items	\$ Million			
	1998-99 Actuals	1999-00 Plan Target	1999-00 Actual/Prov.	2000-01 Projection
TRADE BALANCE	-2085	-1202	-1862	-1304
Exports (fob)	7528	8346	8334	9262
Imports (fob)	9613	9548	10196	10566
INVISIBLES BALANCE	-296	-158	167	44
Services (net)	-2570	-2692	-2890	-2818
Invisibles Receipts	1409	1573	1519	1625
Invisibles Payments	3979	4265	4409	4443
Freight & Insurance	844	841	879	909
Public & Guaranteed Debt	949	1125	1122	1142
Others	2186	2299	2408	2392
Private Transfers	2274	2534	3057	2862
Remittances	1060	1200	950	1100
F.C.A.(Resident Pakistanis)	539	533	290	135
Others	675	801	1817	1627
CURRENT ACCOUNT BALANCE	-2381	-1360	-1695	-1260
Long term capital (net)	1576	522	513	1684
Gross Disbursements	2385	2005	1568	2002
Project Aid	1563	1331	1217	1200
Programme /Commodity Aid	550	672	125	802
Food Aid	270	0	224	0
Refugees Assistance	2	2	2	0
Bilateral Disbursement	379	0	764	949
Other official transfers (net)	346	166	-1	165
Amortization	-2038	-1900	-1974	-1764
Other (Incl. Private long term capital (net)	504	251	156	332
Errors & Omissions	992	744	509	527
BAL. REQ. OFFICIAL FINANCING	187	-94	-673	951
Official assistance & debt relief	-1174	-847	-936	-55
Accumulation of arrears	0	0	0	0
Medium/short term capital (net)	-863	-17	-114	2
Other short term assets/liability	-425	-370	-233	0
FEBC, DBC, FCBC, Eu. Bond(net)	114	-460	-589	-57
OVERALL BALANCE/				
NET FOREIGN ASSETS	-987	-941	-1609	896
IMF (net)	430	-296	-280	-252
Purchases	626	0	0	0
Repurchases	-196	-296	-280	-252
Repayment of deposits	250	0	0	-250
Banks foreign currency deposits	-2445	-2799	-2436	-1012
Outstanding export bills	40	-87	-87	-87
CHANGES IN RESERVES	1254	1009	-323	1120
Financing Gap	3966	5132	4089	1825
Reserve position incl.FE-25 dep.	1740	2748	1402	2522
Reserve position excl.FE-25 dep.	1573	2075	1009	1979

BUDGETARY PSDP 2000-01

(Sector-wise Summary)

(Million Rupees)

Sl. No.	Sectors	PSDP 2000-01		
		Total	Foreign Aid	Rupee
1	2	3	4	5
A.	FEDERAL MINISTRIES	35011.700	11120.907	23890.793
1	Agriculture	329.151	116.800	212.351
2	Industry	692.265	308.574	383.691
3	Minerals	8.110	0.000	8.110
4	Water	10122.885	4108.000	6014.885
5	Power	2682.500	10.000	2672.500
6	Fuels	2238.700	0.100	2238.600
7	Transport and Communications	4057.086	1939.000	2118.086
8	Physical Planning and Housing	1736.523	130.000	1606.523
9	Education and Training	1209.050	178.900	1030.150
10	Science & Information Technology	2870.539	744.785	2125.754
11	Health and Nutrition	2841.374	112.000	2729.374
12	Rural Development	2419.800	2387.610	32.190
13	Mass Media	126.927	23.600	103.327
14	Culture, Sports, Tourism & Youth	138.200	0.000	138.200
15	Manpower and Employment	21.000	0.000	21.000
16	Women Development	51.247	0.000	51.247
17	Population Welfare	2200.000	258.000	1942.000
18	Social Welfare	104.405	0.000	104.405
19	Research, Statistics & Planning	874.958	626.100	248.858
20	Environment	286.980	177.438	109.542

*Excluding Rs 2 billion for HRD.

BUDGETARY PSDP 2000-01

(Sector-wise Summary)

		(Million Rupees)		
Sl. No.	Sectors	PSDP 2000-01		
		Total	Foreign Aid	Rupee
1	2	3	4	5
	B. SPECIAL AREAS	4705.300	459.000	4246.300
(a)	Azad Kashmir	2435.300	330.100	2105.200
(b)	Northern Areas	1120.000	120.000	1000.000
(c)	FATA	1015.000	0.000	1015.000
(d)	FATA-DC	135.000	8.900	126.100
	C. SPECIAL PROGRAMMES	21300.000	0.000	21300.000
		*		
1.	Integrated Rural-Urban Development Programme (IRUDP)	21200.000	0.000	21200.000
2.	Afghan Refugees Programme	100.000	0.000	100.000
	D. CORPORATIONS	30483.000	16995.250	13487.750
(a)	WAPDA	14983.000	14983.000	0.000
(b)	Village Electrification	500.000	185.000	315.000
(c)	NHA	15000.000	1827.250	13172.750
	Total (Federal)	91500.000	28575.157	62924.843
	E. PROVINCES	29000.000	13000.000	16000.000
1.	SAP	10300.000	4500.000	5800.000
2.	Non-SAP	18700.000	8500.000	10200.000
	Total (Budgetary PSDP)	120500.000	41575.157	78924.843

* Including Rs 2 billion for HRD.

AGREED BUDGET AND ESTIMATED EXPENDITURE FOR 1999-2000

(Million Rs)

Sl. No.	Sub-Sector	Allocation for 1999-2000						Grand Total	Estimated Expenditures 1999-2000						Grand Total
		Development			Non-Development				Development			Non-Development			
		Rupee	F. Aid	Total	Salary	Non-Salary	Total		Rupee	F. Aid	Total	Salary	Non-Salary	Total	
3	4	5	6	7	8	9	18	19	20	21	22	23	24		
1	Punjab	3837.0	4605.3	8442.3	18370.3	2466.5	20839.8	29282.1	3319.6	1656.3	4975.9	16115.0	502.4	16617.4	21593.3
	Education	1132.0	3425.3	4557.3	16000.0	780.0	16780.0	21343.3	804.0	982.5	1886.5	14032.4	49.2	14081.6	15968.1
	Health	496.0	821.0	1317.0	2063.0	1336.0	3401.0	4716.0	347.2	406.5	753.7	1775.3	336.8	2112.1	2865.8
	RWSS	2046.0	359.0	2405.0	307.3	345.5	652.8	3057.8	2064.3	267.3	2331.6	307.3	116.4	423.7	2755.3
	Miscellaneous	163.0	0.0	163.0	0.0	0.0	163.0	163.0	4.2	0.0	4.2	0.0	0.0	4.2	
2	Sindh	1525.0	1003.6	2528.6	9571.0	1144.0	10715.0	13243.6	395.2	548.8	944.0	8358.2	342.2	8700.4	9644.4
	Education	590.0	242.6	832.6	7485.0	510.0	7995.0	8827.6	85.3	148.3	233.6	6620.3	25.1	6645.3	6877.0
	Health	258.0	255.1	513.1	1789.0	452.0	2241.0	2755.1	83.7	156.2	241.9	1541.9	241.0	1782.9	2024.9
	RWSS	600.0	505.9	1105.9	297.0	182.0	479.0	1584.9	223.8	244.3	468.1	196.0	76.1	272.1	740.2
	Miscellaneous	76.0	0.0	76.0	0.0	0.0	76.0	76.0	2.4	0.0	2.4	0.0	0.0	2.4	
3	RWSS	1630.4	0.0	1630.4	6329.1	1344.9	7674.0	9304.4	976.2	0.0	976.2	3949.6	552.1	4501.7	5477.9
	Education	648.3	0.0	648.3	5200.0	462.0	5662.0	6310.3	345.5	0.0	345.5	3006.4	114.7	3211.1	3556.5
	Health	120.0	0.0	120.0	894.7	476.7	1371.4	1493.4	45.3	0.0	45.3	640.3	134.6	774.9	820.2
	RWSS	856.5	0.0	856.5	234.4	404.2	638.6	1485.1	585.5	0.0	585.5	212.9	302.8	515.7	1101.2
	Miscellaneous	5.6	0.0	5.6	0.0	0.0	5.6	5.6	0.0	0.0	0.0	0.0	0.0	5.6	
4	Balochistan	788.9	1321.2	2110.1	3057.4	759.0	3816.4	5926.5	211.5	380.2	591.7	2769.1	408.2	3177.3	3769.0
	Education	455.0	1143.8	1598.8	1950.3	138.0	2088.3	3687.1	25.8	285.8	311.6	1997.6	45.1	2042.7	2354.3
	Health	118.6	0.0	118.6	731.6	426.0	1157.6	1276.2	32.0	0.0	32.0	447.3	257.3	704.6	736.6
	RWSS	213.3	177.4	390.7	375.5	195.0	570.5	961.2	153.7	94.4	248.1	324.2	105.7	430.0	678.1
	Miscellaneous	2.0	0.0	2.0	0.0	0.0	2.0	2.0	0.0	0.0	0.0	0.0	0.0	2.0	
	Total Provinces	7781.3	6930.1	14711.4	37327.8	5717.4	43045.2	57758.6	4902.5	2585.3	7487.8	31191.9	1804.8	32996.7	40484.6
	Education	2825.3	4811.7	7637.0	30635.3	1896.0	32531.3	40168.3	1360.6	1414.6	2775.2	25746.7	234.0	25980.7	28755.9
	Health	993.6	1076.1	2069.7	5478.3	2694.7	8173.0	10242.7	508.2	564.7	1072.9	4404.8	969.8	5374.6	6447.5
	RWSS	3715.8	1042.3	4758.1	1214.2	1126.7	2340.9	7096.0	3027.2	606.0	3633.2	1040.4	601.0	1641.5	5274.7
	Miscellaneous	246.6	0.0	246.6	0.0	0.0	246.6	246.6	6.5	0.0	6.5	0.0	0.0	6.5	
1	Azad Kashmir	382.0	382.0	764.0	960.3	197.6	1157.9	1901.9	282.3	181.7	464.0	1019.2	175.4	1194.6	1658.7
	Education	92.0	90.0	182.0	720.0	40.0	760.0	942.0	54.9	29.0	83.9	720.0	40.0	780.0	843.9
	Health	228.0	0.0	228.0	232.0	157.0	389.0	617.0	152.3	0.0	152.3	282.8	134.9	417.7	570.0
	RWSS	61.0	272.0	333.0	8.3	0.8	9.1	341.9	75.1	152.7	227.8	16.4	0.6	17.0	244.7
	Miscellaneous	1.0	0.0	1.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0	
2	FATA	384.3	0.0	384.3	1030.0	181.0	1211.0	1595.3	187.6	0.0	187.6	981.1	74.1	1055.2	1242.8
	Education	120.3	0.0	120.3	746.8	70.0	816.8	939.1	72.8	0.0	72.8	720.7	19.8	740.4	813.2
	Health	152.0	0.0	152.0	218.0	61.0	279.0	431.0	54.3	0.0	54.3	199.1	11.3	210.4	264.7
	RWSS	112.0	0.0	112.0	83.2	50.0	113.2	225.2	60.5	0.0	60.5	61.4	43.0	104.4	164.9
	Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
3	Northern Areas	243.0	194.0	437.0	333.0	89.0	422.0	859.0	184.8	63.8	248.6	295.2	61.9	357.2	605.7
	Education	70.0	150.0	220.0	184.0	27.0	211.0	431.0	26.1	53.8	79.9	179.7	6.7	186.4	266.2
	Health	153.0	34.0	187.0	136.0	60.0	196.0	385.0	147.5	0.0	147.5	109.9	54.0	163.8	311.3
	RWSS	20.0	10.0	30.0	11.0	2.0	13.0	43.0	11.2	10.0	21.2	5.7	1.3	7.0	28.2
	Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
4	ICT	122.0	0.0	122.0	172.0	22.0	194.0	316.0	84.7	0.0	84.7	171.9	18.6	190.4	275.1
	Education	65.0	0.0	65.0	162.0	11.0	173.0	258.0	53.3	0.0	53.3	162.0	7.8	169.6	222.9
	Health	6.0	0.0	6.0	9.0	3.0	12.0	18.0	3.0	0.0	3.0	8.9	3.0	11.9	14.9
	RWSS	31.0	0.0	31.0	1.0	8.0	9.0	40.0	28.4	0.0	28.4	1.0	8.0	9.0	37.4
	Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	Total Areas	1131.3	556.0	1687.3	2495.3	489.6	2984.9	4672.2	739.4	245.5	984.9	2467.4	330.0	2797.5	3782.3
	Education	367.3	240.0	607.3	1814.8	148.0	1962.8	2570.1	207.1	82.8	289.9	1782.3	74.0	1856.4	2446.2
	Health	539.0	34.0	573.0	597.0	281.0	878.0	1451.0	357.2	0.0	357.2	600.6	203.2	803.7	1160.9
	RWSS	224.0	282.0	506.0	83.5	60.6	144.1	850.1	175.1	162.7	337.8	84.5	52.9	137.4	475.2
	Miscellaneous	1.0	0.0	1.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0	
	Federal Ministries	4481.0	352.8	4833.8	0.0	0.0	0.0	4833.8	3306.9	95.9	3402.8	0.0	0.0	0.0	3402.8
	M/o Health	2324.7	0.0	2324.7	0.0	0.0	0.0	2324.7	1203.5	0.0	1203.5	0.0	0.0	0.0	1203.5
	M/o Population	1942.0	258.0	2200.0	0.0	0.0	0.0	2200.0	1942.0	91.9	2033.9	0.0	0.0	0.0	2033.9
	M/o Education	183.3	0.0	183.3	0.0	0.0	0.0	183.3	123.4	0.0	123.4	0.0	0.0	123.4	
	Federal SAP Secretariat	3.0	94.5	97.5	0.0	0.0	0.0	97.5	0.0	4.0	4.0	0.0	0.0	4.0	
	PIHS	22.0	0.0	22.0	0.0	0.0	0.0	22.0	22.0	0.0	22.0	0.0	0.0	22.0	
	Auditor General (TPV)	16.0	0.0	16.0	0.0	0.0	0.0	16.0	16.0	0.0	16.0	0.0	0.0	16.0	
	Grand Total	13403.6	7838.9	21242.5	39823.1	6207.0	46030.1	67272.6	8948.8	2626.7	11575.5	33659.3	2134.9	35794.2	47669.7
	Education	3375.9	5051.7	8427.6	32450.1	2044.0	34494.1	42921.7	1691.1	1497.4	3188.5	27529.0	308.1	27837.1	31025.5
	Health	3857.3	1110.1	4967.4	6075.3	2975.7	9051.0	14018.4	2068.9	564.7	2633.6	5005.4	1172.9	6178.3	8811.9
	RWSS	3939.8	1324.3	5264.1	1297.7	1187.3	2485.0	7749.1	3202.3	768.7	3971.0	1125.0	653.9	1778.9	5749.9
	Miscellaneous	2230.6	352.8	2583.4	0.0	0.0	0.0	2583.4	1986.5	95.9	2082.4	0.0	0.0	0.0	2082.4

Source: Implementing agencies

EXPECTED PHYSICAL ACHIEVEMENTS 1999-2000 AND TARGETS 2000-01

Item	Unit	Expected Achievements 1999-2000	Projected Targets 2000-01
1. Enrolment at primary school level	Million	18.9	19.1
2. Primary school participation rate	%	82.8	83.6
3. Adult Literacy rate	%	47.2	47.7
4. Immunization	Million Nos	12.3	14.0
5. Contraceptive Prevalence rate	%	30.1	39.0
6. TFR	%	4.88	4.6
7. Growth rate	%	2.30	2.2
8. Rural Water Supply Coverage	%	61.1	64.0
9. Rural Sanitation Coverage	%	26.8	30.0

ALLOCATION AND UTILIZATIONS 1999-2000 AND OUTLAYS FOR 2000-01
(Billion Rs)

Sector	Estimated Utilization 1999-2000	Projected Outlays 2000-01	% Increase Over 1999-2000
Elementary Education	31.03	38.71	24.8
Primary Health Care	8.81	14.72	67.1
Rural Water Supply & Sanitation	5.75	6.41	11.5
Population Welfare	2.03	2.20	8.4
PDP, Monitoring, Evaluation & Technical Assistance	0.05	2.03	3060.0
Total	47.67	64.07	34.0

Source: Provincial Governments, Area Administrations and Federal Ministries of Education, Health, Population Welfare and Programming Section of P&D Division.